



Poland Daily

HEADLINES:

POL: In May manufacturing PMI fell to 48.5 from 52.4 in April. Such a deep decline in PMI index was a surprise, as market consensus view assumed more gradual deceleration, consistent with slow deterioration PMI in euro-zone. A decline of Poland's PMI in May stemmed from rapid decline in output and new orders. Market instability that resulted from war in Ukraine and high inflation weighed on domestic and foreign demand. New export orders has been falling for a third month in a row, mainly in major EU markets. Increasing prices of commodities, energy and fuel generated cost inflation and induced companies to hike prices of final goods. In May cost inflation and inflation of prices of final goods were somewhat less than in April. In May increase in commodity prices was caused mainly by supply disruptions. In May business confidence declined to 19-month low due to inflation, war in Ukraine and following market instability.

THE DAY AHEAD...

- POL: PMI manufacturing (May)
- HUN: PMI manufacturing (May)
- CZK: PMI manufacturing (May)
- DEU: PMI manufacturing (May)
- EMU: PMI manufacturing (May)
- USA: PMI manufacturing (May)

TODAY'S FOCUS:

Today economic calendar contains preliminary PMI data in manufacturing for May from Poland and other CEE countries, eurozone and the US. These indicators will show the impact of supply disruptions and inflationary pressure related to war in Ukraine.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
POL	7:00	PMI manufacturing (May)	52.0	48.5	52.0
HUN	7:00	PMI manufacturing (May)		51.5	55.0
CZK	7:30	PMI manufacturing (May)		52.3	54.1
DEU	7:55	PMI manufacturing (May)		54.8	54.7
EMU	8:00	PMI manufacturing (May)		54.6	54.4
USA	13:45	PMI manufacturing (May)			57.5

Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



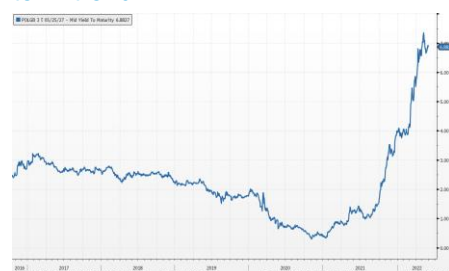
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

Figure 3: Yield on 5Y POLGB – long term trend



Source: Bloomberg



Foreign Exchange

Today in the morning the zloty was 0.3% weaker versus the USD and the zloty was 0.3% weaker versus the CHF and weakened by 0.3% versus the EUR compared to the previous NBP fixing. The zloty weakened after release of much weaker manufacturing PMI for May.

The USD firmed by 0.1% versus the EUR, compared to the previous NBP fixing.

Fixed Income

The yields on Poland's government bonds were 6-7 bps down in 5-year and 10-year segments.

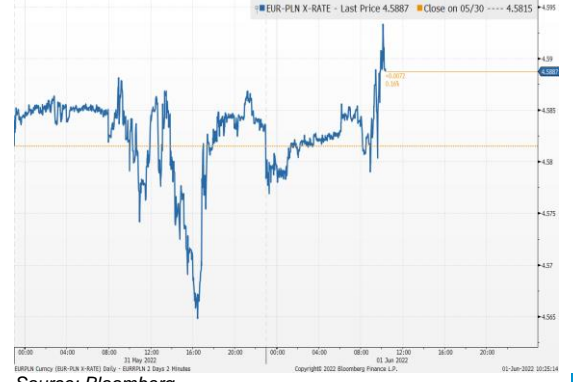
Interest Rates

PLN swap rates were 4 bps down in 2-year and 5-year segment.

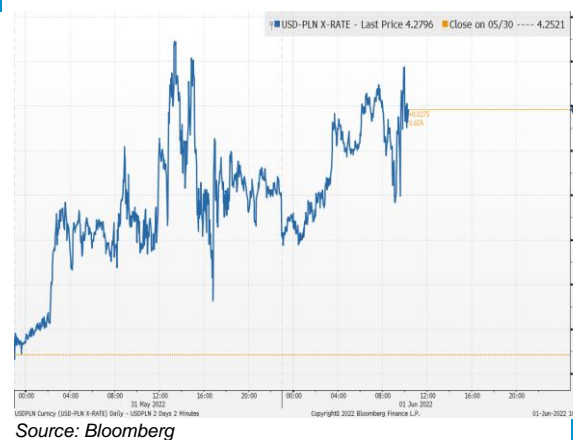
Equities

Yesterday the Dow Jones index closed 0.67% down and the S&P 500 index fell by 0.63%. Today in the morning the FTSE 100 index was 0.13% down, the CAC 40 index was 0.16% up and the DAX index was 0.65% up. The Nikkei index closed 0.52% down. Today in the morning the WIG index fell by 0.52% and the WIG20 index was 0.70% down.

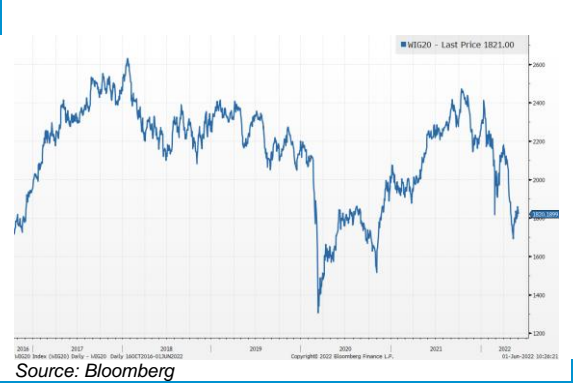
EUR/PLN



USD/PLN

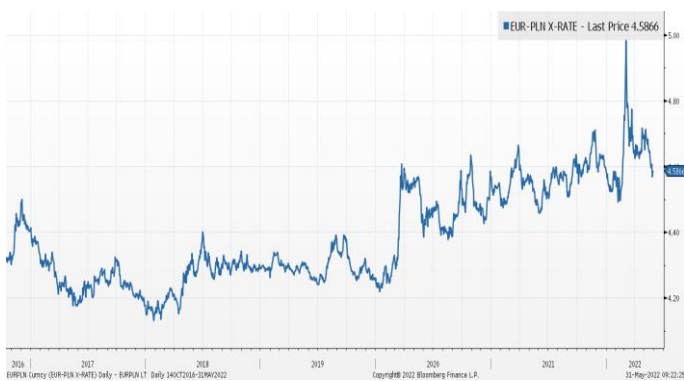


WIG20

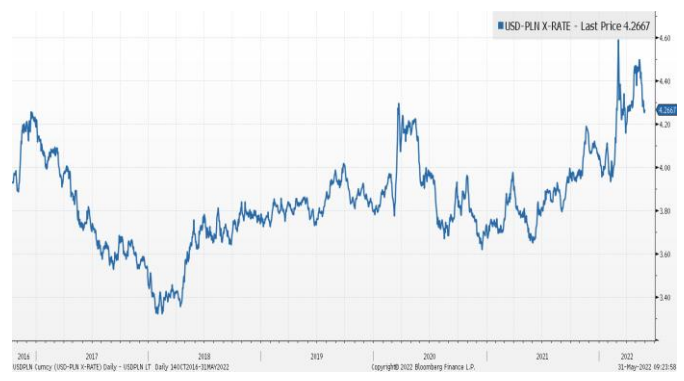


Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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