



Poland Daily

HEADLINES:

POL: Core inflation (excluding food and energy prices) in May rose to 3.1% year-on-year from 3.0% year-on-year in April and fell by 0.1% month-on-month. The increase in core inflation could be an argument in discussions at the Monetary Policy Council supporting the view that the rise in fuel prices that lasted for three months will also translate into greater inflationary pressure in core inflation. A lasting reduction in energy prices will be possible after normal traffic in the Strait of Hormuz is restored and provided that all three countries involved in the war—USA, Israel, and Iran—adhere to peace conditions..

THE DAY AHEAD...

UK: CPI (May)

EMU: CPI (May)

USA: FOMC decision, retail sales (May)

TODAY'S FOCUS:

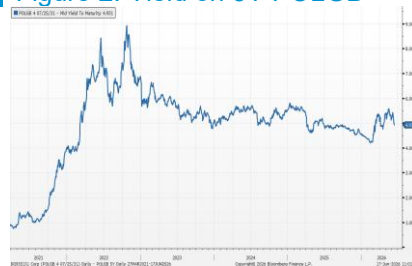
Today, the focus of market participants will be the Fed meeting. DB, like the market, expects rates to stay unchanged. The economic calendar also includes May CPI inflation from the UK and the eurozone, as well as retail sales for May from the US.

Figure 1: Brent oil price



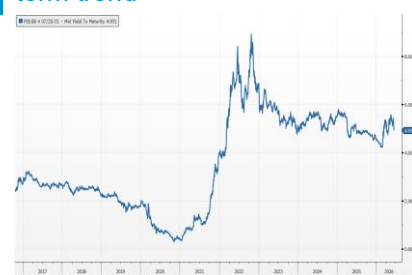
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg

DIARY (Today)

Country	CET	Release	DB Expected	Actual	Consensus
UK	8:00	CPI (May)		0.2% (2.8%)	0.4% (3.0%)
EMU	11:00	CPI (May)		0.1% (3.2%)	0.1% (3.2%)
USA	14:30	Retail sales (May)	0.8%		0.6%
USA	20:00	FOMC decision	3.50%-3.75%		3.50%-3.75%



Foreign Exchange

This morning, the zloty was 0.1% stronger against the USD and 0.2% stronger against the EUR compared to yesterday's fixing. The zloty was 0.2% weaker against the CHF and 0.2% stronger against the GBP compared to yesterday's fixing.

This morning, the USD was unchanged against the EUR, the CHF was 0.4% stronger against the EUR, and the GBP was unchanged against the USD compared to yesterday's fixing. The currency market is waiting for the signing of a peace treaty between the US and Iran this coming Friday.

Fixed Income

At today's auction, the Ministry of Finance will offer government bonds worth total 7.0-12.0 billion PLN. This morning, the yield on Polish government bonds fell by 1 basis point in the 2-year and 10-year sectors, while it remained unchanged in the 5-year sector. Government bond yields dropped in anticipation of a peace agreement between the USA and Iran.

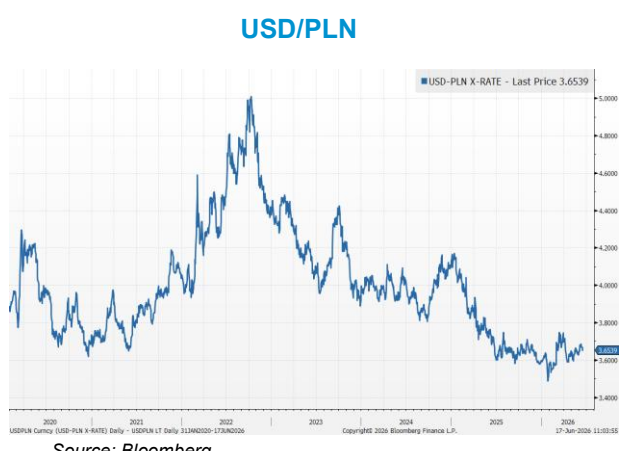
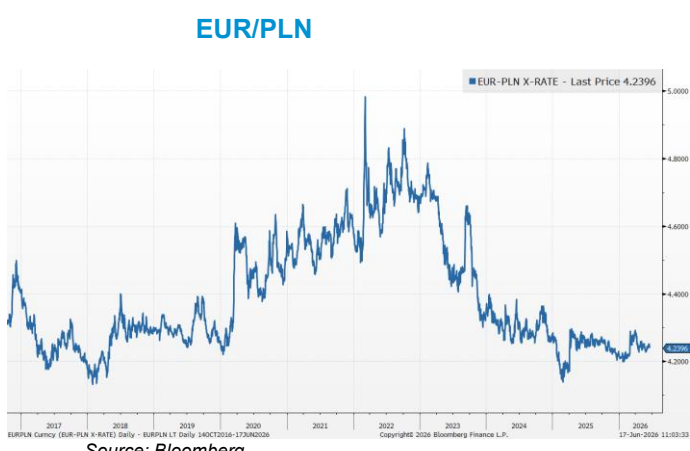
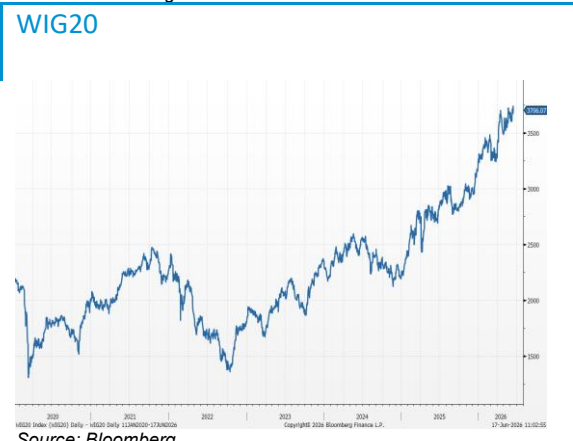
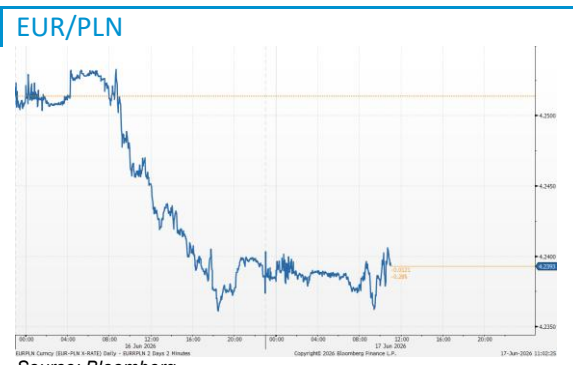
Interest Rates

This morning, swap rates fell by 1 basis point across the curve.

Equities

Yesterday at the close, the Dow Jones index rose by 0.64%, the S&P 500 index fell by 0.57%, and the NASDAQ fell by 1.15%. This morning, the FTSE 100 index dropped by 0.16%, the CAC 40 index was up by 0.05%, and the DAX index fell by 0.40%. The Nikkei index went up by 0.72% at the close, while the Hang Seng index fell by 0.74% today at the close. This morning, the WIG index rose by 0.13%, and the WIG20 was down by 0.60%. Investors are focusing on the Fed meeting, the upcoming signing of a peace agreement between the US and Iran, and the rise in SpaceX stocks after its record IPO.

Medium term FX trends:





Appendix 1

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