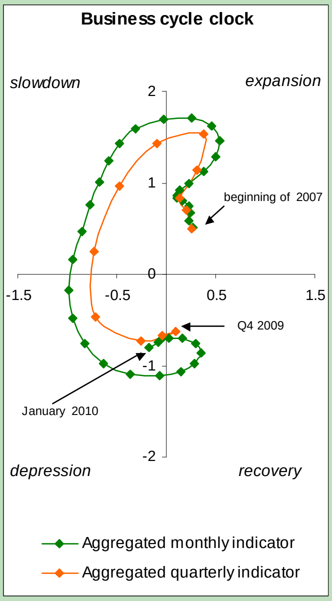
Bank Zachodni WBK

MACROscope

Polish Economy and Financial Markets

March 2010



Note: construction of business cycle clock, including concepts and methodology used for its creation was presented in November's MACROscope http://english.bzwbk.pl/_items/english/doc/m_eng_2009_11.pdf

Talking Heads

- **The first meeting of the new Monetary Policy Council did not really surprise anyone in contrast with the numerous talks by the MPC members which in fact did.** The official communiqué and press conference consolidated the view whereby the monetary policy tightening would take place later during the year. However, the later comments given by the MPC members who were perceived as doves (including the NBP Governor), were followed by much of a confusion on the market. In our view, those statements supported the building of the anti-inflation reputation in the first days of the new term in office and were an attempt by the Governor to move towards the centre on the MPC restrictiveness' scale. After a significant zloty appreciation in the wake of those signals, the Governor softened his tone and even the more hawkish MPC members were quite moderate in their comments. Given the situation on the FX market, it seems that going forward the MPC members will have a greater control over stirring up expectations for prompt hikes. We keep unchanged our monetary policy forecast and stick to the assumption whereby the MPC's bias will be changed to restrictive somewhere in mid-2010, with the first hike of the NBP rates to be witnessed in October. A relatively low inflation rate in 2010 (as assumed both by our team and the NBP) coupled by the recently recorded and increasingly evident zloty appreciation will probably discourage the MPC from taking quick steps. Possibly, the hawkish element that may appear in the next couple of months in the NBP communication will be a mention of a possible change in policy bias.
- **In line with our expectations presented in the previous report, the PLN strengthened though its appreciation was more significant than forecasted.** This was driven, among others, by statements made by the NBP Governor. Very positive sentiment continued also on the debt market, in particular, at the long end of the yield curve. In our opinion, the PLN is close to the overbought levels and therefore we expect the correction of EURPLN rate towards 3.95-3.97 (and higher yields). We have reduced slightly the FX rate path for the following months of the year (EURPLN 3.70 in December) taking account of the overall high risk appetite, positive recommendations for the Polish assets and slightly better macroeconomic forecasts.
- **We have decided to increase slightly the 2010 GDP forecast up to 2.8%.** Although the official GDP figure for Q4 2009 met the forecast, the incoming current statistical data are positive, in particular, with regard to industrial production and the PMI. It should be noted that the monthly data for January were partly distorted by the impact of statistic and/or temporary effects which hampered their interpretation. Nevertheless, the data indicate a continued GDP growth at ca. 3% in Q1 2010. Our business cycle clock shows (see the margin chart on the left), based on the quarterly data, that the Polish economy has entered the recovery phase, while the aggregated monthly indicator has moved back to the depression phase, the latter, however, in our opinion should be interpreted as a type of a mini-cycle rather than a persistent trend. The following quarters may see a slightly lower pace of economic growth, as compared to the turn of 2009, and there is still a big question mark over the prospects for recovery abroad.

Financial market on 26 February 2010:

NBP deposit rate	2.00	WIBOR 3M	4.15	USDPLN	2.9251
NBP reference rate	3.50	Yield on 2-year T-bonds	4.87	EURPLN	3.9768
NBP lombard rate	5.00	Yield on 5-year T-bonds	5.42	EURUSD	1.3595

This report is based on information available until 10.03.2010

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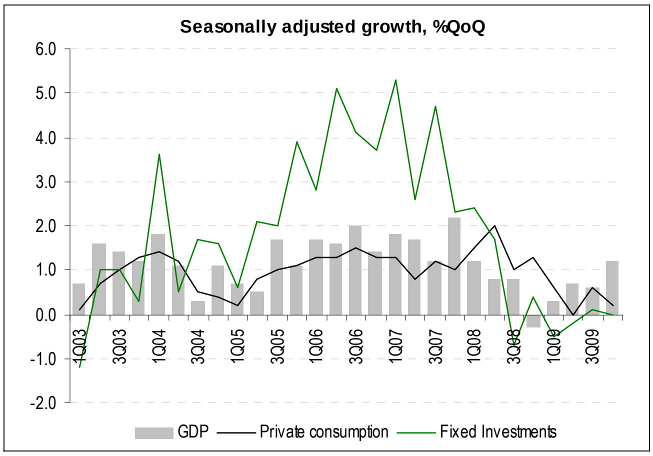
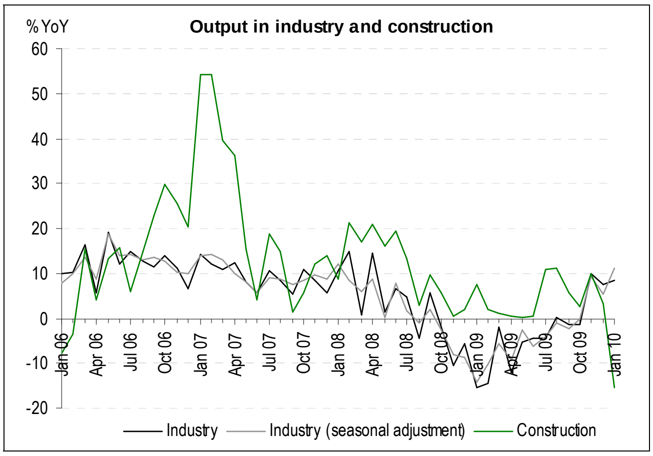
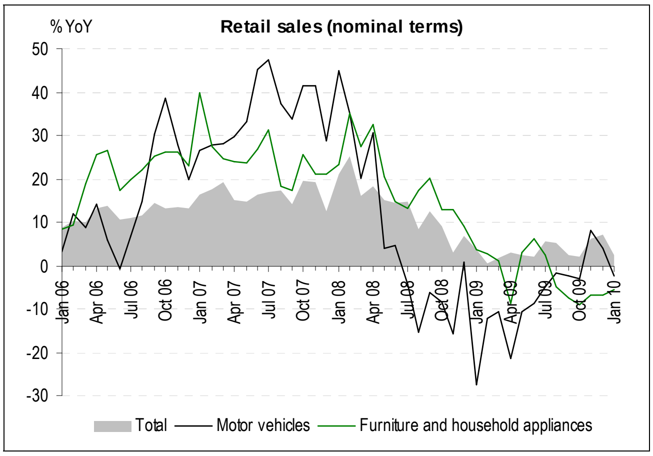
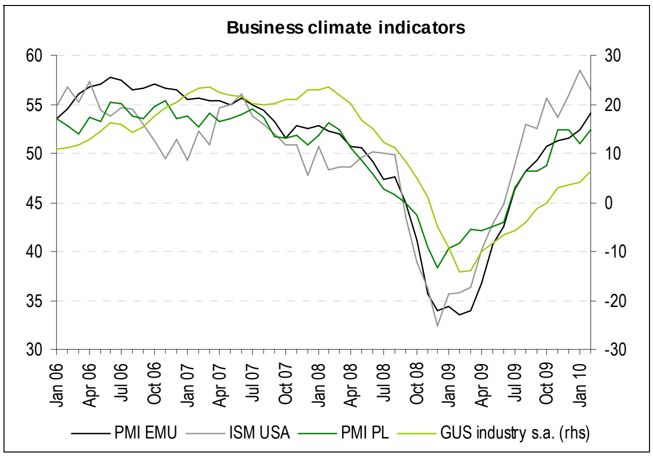
Economic update









Source: CSO, Reuters, own calculations

Data on GDP in Q4 2009 in line with expectations

- GDP growth in Q4 2009 reached 3.1%YoY and matched our estimates based of flash data for the entire year. There were no revisions to GDP data for the previous quarters.
- Seasonally adjusted GDP growth reached 1.2%QoQ, and was the highest since the start of 2008.
- Fixed investment grew 1.6%YoY in Q4 after only two quarters of decline, and individual consumption rose 2.0%YoY. Contribution of net exports to GDP reached 2.2pp, and contribution of change in inventories was close to zero (which means reduction of inventories in nominal terms by ca. PLN2.5bn). Total value added growth reached 3%.
- We decided to lift slightly GDP forecast for this year from 2.6% to 2.8%, taking into account signals of recovery in manufacturing and predicted lower trade balance in Q1 and entire year.

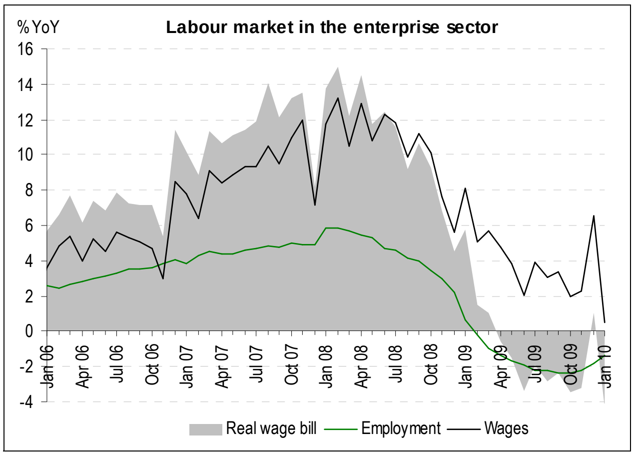
... while most of data for January did surprise

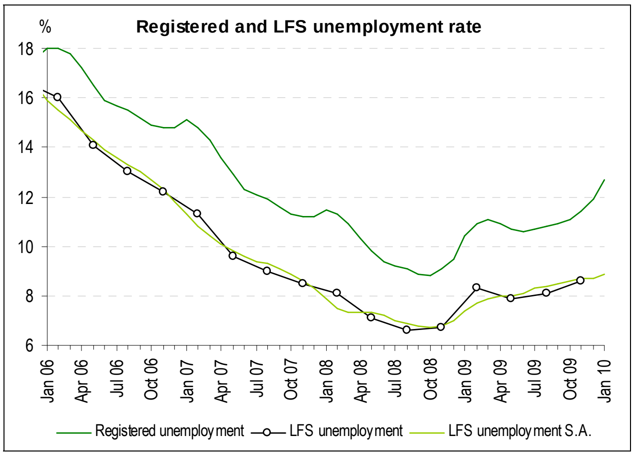
- Output in industry in January was considerably higher than forecast and rose by 8.5%YoY (11.1% after seasonal adjustment), instead of the expected slowdown. Surprise was due, inter alia, to strong growth in production of computers and electronics (68%YoY!). We may suspect that this was a one-off rather than a permanent upturn, however there are no sufficient data to confirm it. Increases in other sectors were also good, suggesting a continued recovery in external demand (this was confirmed by data on new orders in industry, which increased in January by 6.2%YoY, for the first time since September 2008).
- Construction output fell in January by ca. 15%YoY, in line with our prediction, due to severe weather conditions which halted construction work. In February, the weather was unfavourable for construction as well, which means that fall in production probably continued. It implies that investment growth in the first quarter of this year may be weaker than assumed until recently.
- Data on retail sales for January were a disappointment, showing much stronger than expected deceleration in nominal growth to 2.5%YoY from 7.2% in December. In real terms, retail sales fell by 1.1%YoY (the worst result for almost five years). Analysing these data, one should keep in mind however that, similarly as in case of many other indicators for January, there were some transitory and statistical factors affecting the result (including high statistical base resulting from delayed deterioration in households' income last year and impact of weaker zloty on goods prices). Assessment of real trends in consumer demand will have to wait for data for the subsequent months.

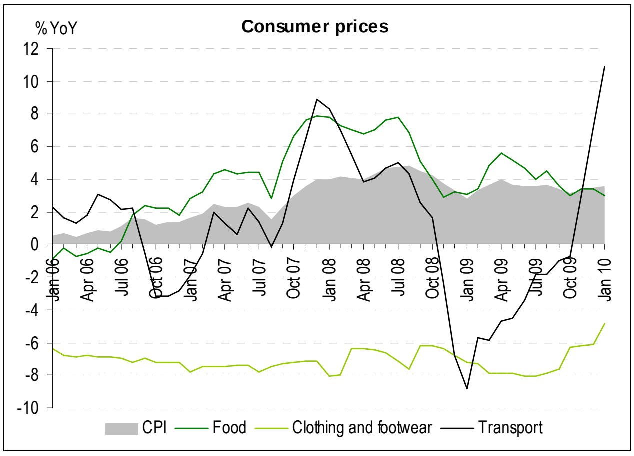
Leading indicators suggest continuation of recovery

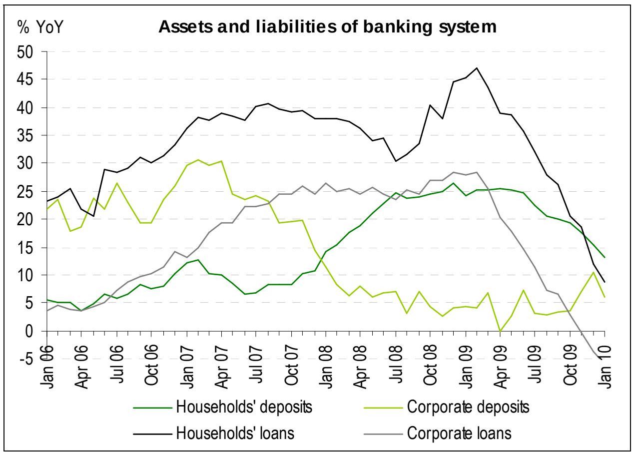
- Business climate surveys suggest that the economic recovery continues. PMI index for the Polish manufacturing sector in February was better than forecast, returning to the level seen in November-December (52.4 pts.) after a temporary fall to 51.0 in January. An improvement was recorded in all components of the index, pointing among others to increase in output and orders and diminishing scale of redundancies in enterprises.
- Euro zone's manufacturing PMI was also higher than expected and rose to 54.2 vs. forecast 54.1. What is important for Polish exports, there was a large PMI increase in Germany to 57.2 from 53.7 in January.
- CSO business climate indicators for February were also quite optimistic, showing improvement in annual growth of indices in industry, construction and trade.

Economic update









Source: CSO, NBP, own calculations

Unemployment rate still on the rise

▪ The January data on wages and employment in the corporate sector were also different from analysts' forecasts, being influenced by statistical effects. This reduces their usefulness to assess the actual trends in the labour market.

▪ The dynamics of employment in January (-1.4%YoY) was higher than forecast, which resulted from changes in the sample of companies employing more than 9 people surveyed by the CSO. Contrary to expectations, there was an increase rather than a decrease in the number of firms in the sample.

▪ Wage growth disappointed decreasing to 0.5%YoY from 6.5% in December. However, the data in January were under the influence of difficult to estimate effect of a high base (related to the reduction of PIT rates at the beginning of 2009, which resulted in the transfer of payment of salaries from December 2008 to January 2009). The assessment of actual trends in the labour market must wait until the data for February.

▪ The registered unemployment rate at the end of January rose to 12.7% from 11.9% in December. The number of unemployed exceeded 2 million people for the first time since April 2007.

▪ A significant increase in official unemployment at the turn of the year was to some extent associated with delaying registrations by people, who lost jobs in the last months of 2009, though wanted to receive higher unemployment benefit granted for those who registered starting from January 2010.

▪ However, jobless data based on the LFS methodology also confirmed upward trend in unemployment. To some extent, this is caused by growing activity rate, which was caused inter alia by a decrease in group of people entitled for disability pensions.

▪ According to estimates of the Ministry of Labour in February the registered unemployment rate rose to 13%.

CPI inflation still high, but about to fall

▪ CPI inflation in January was slightly higher than expected and rose to 3.6%YoY from 3.5% in December. It should be noted that the data are preliminary, since they are based on a system of weights from the previous year. In mid-March, the CSO will give data on inflation for two months (January and February), taking into account the revised inflation basket. It is difficult at this time to determine the extent to which adjustments in the shopping cart will affect the estimates of inflation.

▪ We expect a fall in inflation in February to 3%, similarly to FinMin, and further rapid drop in next months (to below 2% in the summer) due to the high base from the previous year.

▪ PPI growth decelerated in January in line with our expectations, to 0.2%YoY from 2.1% in December, and will probably remain very low (even below zero) until the end of this year.

Decelerating loan and deposit growth

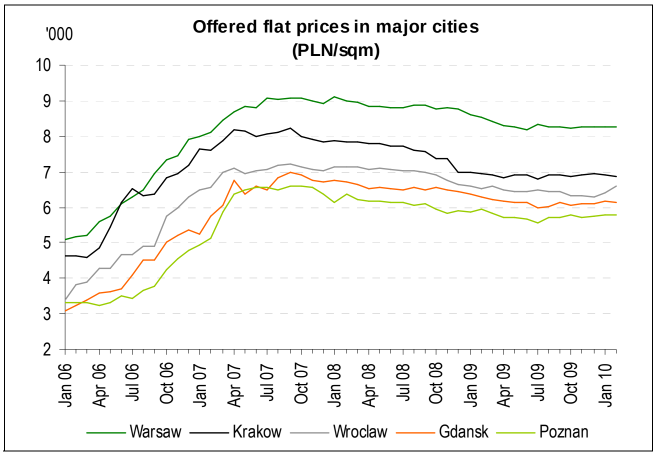
▪ Money supply growth decelerated in January to 6.2%YoY from 8.1% in December, more than predicted.

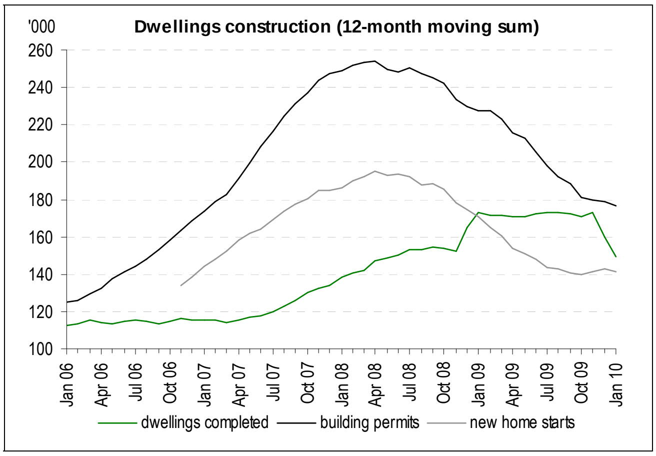
▪ Growth of deposits and loans weakened, both for households and businesses.

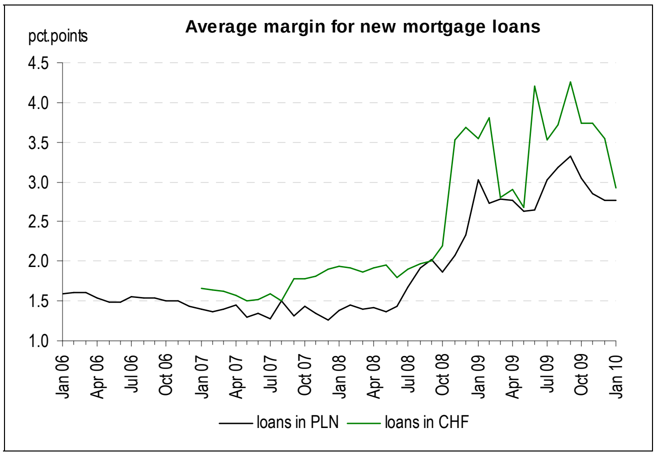
▪ Increase in lending to households slowed to 8.7%YoY from 12% in December, but after eliminating the impact of exchange rate, the change was not so significant: 12.1% versus 12.5% in December.

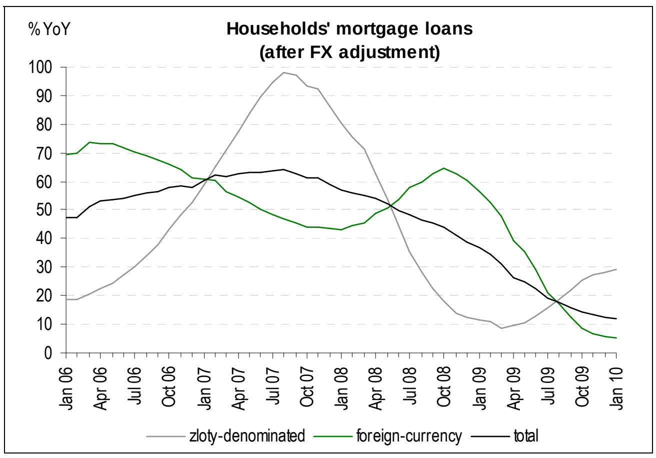
▪ Loans of companies fell by 5.9%YoY, and after elimination of exchange rate fluctuations by 3.8%YoY, which is the deepest fall in 5.5 years. Investment loans dropped 2.4%YoY (for the first time since mid-2005), and a slump in operating loans exceeded 15% (the largest since the beginning of available data). Decrease in overdrafts slightly weakened (from -8.7% to -7%YoY).

Housing market update









Source: CSO, NBP, szybko.pl, own calculations

Prices inched up

▪ Data from szybko.pl showed ambiguous trends in prices in major Polish cities in February. Compared with the end of 2009 prices were slightly lower in some major markets (in Warsaw by 0.2%, in Kraków by 1%), and in other went slightly up (in Wrocław by 4.5%, in Gdańsk and Poznań by about 1%).

▪ A report by the Open Finance and Home Broker showed that in February there was an increase in transaction prices in major cities (including Warsaw, Gdańsk and Poznań). The rise in prices was accompanied by increase in the number of transactions by 15%MoM and 47%YoY, suggesting that the price rise was the result of growing demand, rather than, for example, possible change in structure of the supply (e.g., introduction of luxury estates to the market). Still, it is difficult to talk about the turn of the market and the beginning of the upward trend in prices.

Mixed signals from the supply side of the market

▪ Start of 2010 brought a marked reduction in the number of housing put into use. Annual decline in total houses completed in January amounted to nearly 50%. To some extent this relates, however, to the high base effect (strong increase in the number of finished flats at the turn of 2008-2009). Perhaps also unfavourable weather had some impact on the data.

▪ In the following months, annual drop in the number of dwellings completed should be smaller. However, the decrease in the completions, and signals from developers and brokers on the gradual exhaustion of the stock of unsold flats work towards improving the relationship between demand and supply in the market.

▪ On the other hand, developers have ready projects at their disposal and run them in response to signs of growing demand.

.. as well as from the housing loan market

▪ The continuation of revival in housing demand is supported by easing of credit policies by banks observed for several months (shown by the results of the last NBP survey among banks, which we reported last month). This is evident also in the increase in the number of banks offering mortgage loans with LTV equal or above 100%, broadening the range of foreign currency loans and the recent decrease in margins.

▪ The revival in demand for housing and easing credit conditions by the banks resulted in the slowdown of downward trend in housing loans (after elimination of the FX effect).

▪ Nevertheless, the rest of the year may bring a halt to easing credit conditions due to the formal adoption of the Recommendation T by the financial supervision on 23 February, which is tightening the requirements for assessing the creditworthiness of customers and the general risk management for retail loan exposures of banks. Recommendation introduces among others a requirement that when assessing the creditworthiness of customers, banks should assume that safe level of debt is 50% of income for people with average wages, and in no case more than 65%.

▪ The various components of recommendations are supposed to be implemented in the banks not later than in 6-10 months (a record for a maximum level of debt of the client no later than 10 months from the adoption of recommendations).

▪ According to the Financial Supervision Authority (KNF), most banks have already implemented the recommendation, so drop in new lending is expected to concern only banks with a more aggressive policy. The KNF estimates that the reduction of new lending for housing loans will be less than 5% and similar estimate was presented by the Union of Polish Banks.

Central bank watch

Selected fragments of the MPC statement in February

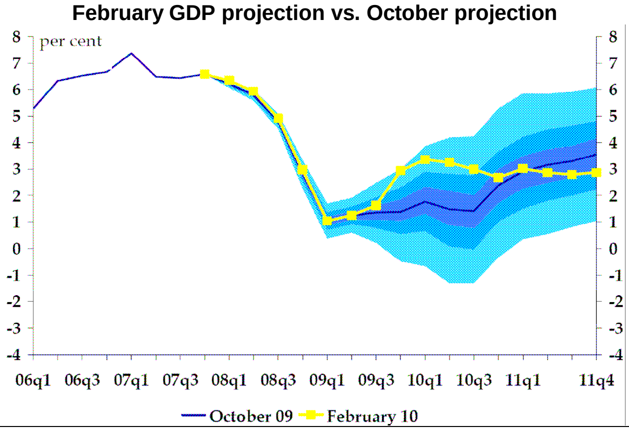
Released data point to a further increase in economic activity in the United States and a ~~slightly weaker~~ **slow** improvement in economic conditions in the euro area. However, the labour market situation in the developed economies remains unfavourable, **which is in line with expectations**. Moreover, lending continues to shrink**, though the difference between the share of banks tightening and those loosening their credit policies in the euro area has narrowed**. At the same time, the largest emerging economies, including China, ~~where the risk connected with excessive lending and asset prices growth has also recently increased~~ see their GDP growth accelerate. The recovery in economic activity around the world is still being supported by strongly expansionary macro policies based on both conventional and non-standard instruments.

~~Over the recent period the prices of financial assets in developed economies have remained relatively stable, while oil prices have displayed considerable volatility.~~ **In the recent period, the risk aversion in international financial markets has risen, which was largely related to fears about the effects of the fiscal problems in some of the euro-area economies. The rise in risk aversion contributed to declines in prices of some financial assets. At the same time, oil prices remained highly volatile. Inflation increase in emerging market economies was accompanied with a slight rise in inflation in some of the developed economies.** ~~Those economies have seen a rise in headline inflation, which was mainly the result of higher annual growth of energy prices.~~

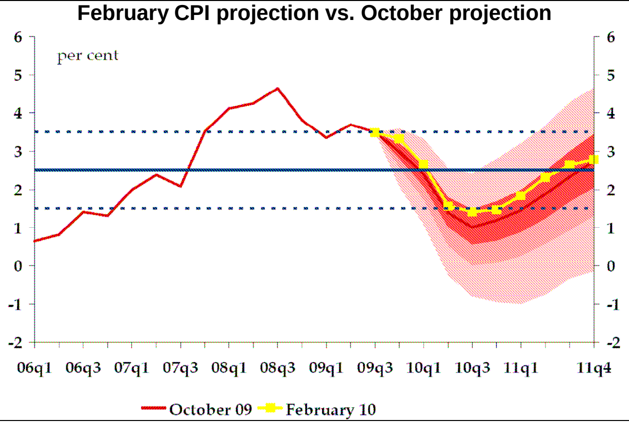
~~The latest~~ **Preliminary GUS data on GDP in 2009 imply that 2009 Q4 saw further recovery of economic growth. The newest monthly** data on the Polish economy also point to improved economic activity. ~~Despite increase in the unemployment rate, relative~~ **Some** stabilisation of employment in the enterprise sector may signal a gradual deceleration of the unfavourable labour market tendencies, **though unemployment rate is still rising, which is largely driven by increasing labour force participation. The growth in loans to the non-financial sector remains low, though banks envisage higher lending to this sector in the coming period.** ~~Lending to enterprises is still shrinking and the growth in household loans remains much lower than in the past.~~

~~In the Council's assessment~~ **In line with available forecasts,** in the months to come the annual CPI will be lowered by negative base effects connected with surge in administered prices and food prices in early 2009. Other factors conducive to lower inflation include: low demand pressure, previously observed moderate growth of labour costs and ~~previous~~ **hitherto observed** zloty appreciation. In turn, inflation decline in 2010 may be curbed by rises in: commodity prices in the world markets, fees subject to local governments' decisions, ~~excise duty~~ and administered prices.

February GDP projection vs. October projection



February CPI projection vs. October projection



Source: NBP, Reuters, own calculations

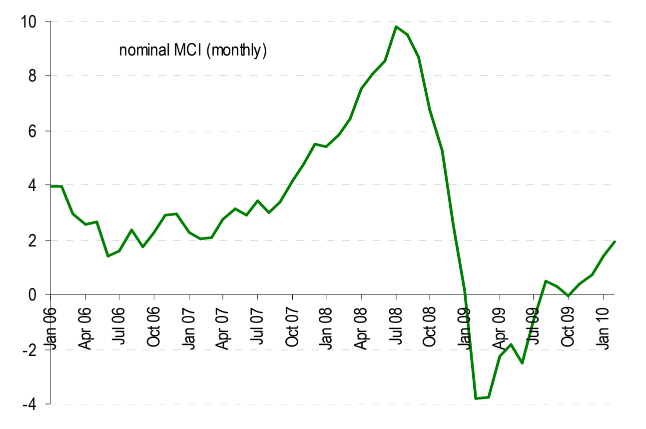
For the warm up, rates on hold

- In February the MPC met for the first time with all nine new members. As expected, interest rates were kept on hold and informal neutral policy bias was maintained.
- The contents of the MPC post-meeting statement have not changed significantly as compared to previous months (please see selected fragments of the statement in February with indication of changes as compared to statement in January). The warning, which appeared a month earlier, about the growing risks of excessive credit growth and asset prices in China, has been deleted. At the same time, the paragraph from January was maintained, underscoring important role of situation in public finances and the need to take action to enable sustained reduction in government deficit (and additionally stopping debt increase), which will allow meeting the criteria required for euro adoption.
- Comments from MPC members during the press conference and shortly afterwards, even from those perceived as hawks (Andrzej Bratkowski and Anna Zielińska-Głębocka) clearly suggested that the neutral policy bias is currently justified and changes in monetary policy are unlikely to occur quickly.
- Taking into account the official post-meeting statement of the MPC, comments from central bankers in the whole past month (please see the next page) and conclusions from the new NBP projection of GDP and inflation, we do not change our expectations concerning domestic monetary policy. We assume the first rate hike in October and a change in monetary policy bias to tightening more or less in the middle of the year. Relatively low inflation this year (assumed both by us and by the NBP) as well as recently observed appreciation of the zloty should not encourage to take hasty decisions.

New projection is not an argument for swift hikes

- Our view on future decision of the MPC is supported by the new NBP projection of inflation and GDP, which shows a rise in inflation clearly above the target only in 2012 and low pace of economic growth throughout the projection horizon.
- As regards GDP projection, the *Inflation Report* underscores the expected change in the breakdown of economic growth in the next couple of years – acceleration in domestic demand (slight in case of consumption and stronger in fixed investment) and neutral or slightly negative effect of net exports. We assume the similar change in the GDP breakdown but of a larger scale and also we predict higher GDP growth.
- According to the NBP, the balance of risks for GDP and CPI projections is broadly balanced. On the one hand, NBP said that substantial upside risk to inflation path is connected with a possibility of higher food and energy prices (their growth accelerates in the projection in 2012). On the other hand, inflation path (and GDP path) may be lower due to zloty appreciation. In our opinion, the latter factor is more important and more probable.
- It is also worth to note that the NBP assumed in the projection that there will be quite significant drop in WIBOR 3M (from 4.32% in 2009 to 3.85% in 2010 and 3.7% in the next years) while development of situation in the money market and gradual withdrawal of NBP tools supporting the money market suggest that actual level of average WBOR rates this year would be higher even if interest rates remained unchanged.
- All in all, in our view the new NBP projection of inflation and GDP is not an argument for swift tightening of monetary policy.

Restrictiveness of the Monetary Policy (Council)



MCI in upward trend for a year

- According to our estimates, the nominal MCI has been in the upward trend for a year, pointing to gradual tightening of overall monetary conditions connected with changes in short-term interest rates and nominal exchange rate. The rise in MCI has been driven mainly by clear rebound of the zloty.
- Also in February the rise in MCI was caused by the zloty gains (smaller deviation of EURPLN upwards from its long-term trend), while fall in WIBOR rates (and wider deviation of WIBOR downwards from the long-term trend) was constraining rise in monetary policy restrictiveness.
- Taking into account our FX forecasts, the nominal MCI is set to remain in the upward trend for the remainder of this year, even without rate hikes by the MPC.

Filar 1.63 (1.61)

Wasilewska-Trenkner 1.59 (1.48)

Noga 1.53 (1.52)

Wojtyna 1.50 (0.91)

Sławiński 1.25 (0.91)

Czekaj 1.00 (0.86)

Owsiak 0.88 (0.91)

Nieckarz 0.88 (0.83)

Skrzypek 0.81 (b.d.)

Pietrewicz 0.80 (0.74)

Winiecki

Rzońca

Zielińska-Głębocka

Bratkowski

Hausner

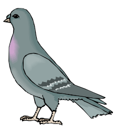
Chojna-Duch

Gilowska

Skrzypek

Glapiński

Kaźmierczak



Index is between 0 and 2. A vote for the majority view is given a score of 1. A vote for a more hawkish (less dovish) decision than the majority view has a score of 2 and a vote for a less hawkish (more dovish) decision than the majority view has a score of 0. Average of points for all votes is the value of the index for a given MPC member.

Numbers directly by the name are values of the index for period since the beginning of Sławomir Skrzypek's term as NBP governor and numbers in parentheses are values of the index for 2004-2006.

Direction of the restrictiveness axis reflects our expectations regarding direction of interest rate changes in the nearest months – till the end of the MPC's term of office. Values in percent indicate **our subjective** assumption as regards a preferred level of the reference rate in 12 months by current MPC members.

Farewell to the old MPC

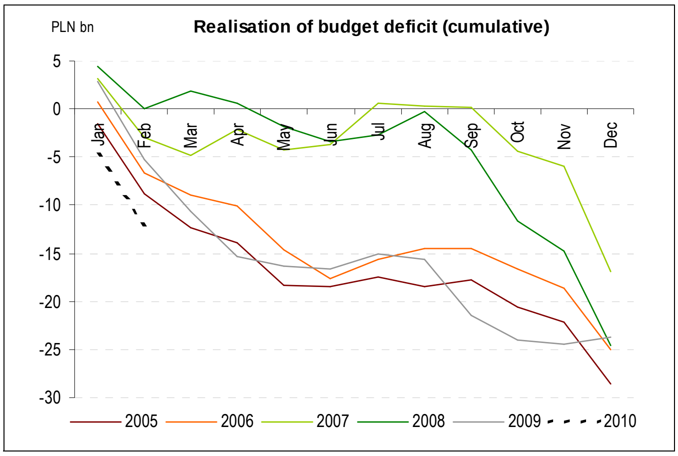
We already know results of all votes during term of the old MPC. They show that in the second half of term of the MPC, after change on the post of NBP governor, the key swing vote was Jan Czekaj, because he voted in line with decision of the whole Council and many time his vote determined result of a vote. What is interesting, in the first half of the previous MPC's term prof. Czekaj was rather in the dovish camp while key swing voters were Stanisław Owsiak, Andrzej Sławiński and Andrzej Wojtyna. After dovish Sławomir Skrzypek became NBP governor, Sławiński and Wojtyna (particularly the latter) moved towards the hawkish faction, neutralising replacement of the hawkish Leszek Balcerowicz by dovish Skrzypek.

Crowds of MPC members in the middle of restrictiveness axis

Last month the most important comments for moves on our axis of central bankers' restrictiveness were from dovish faction, namely from Adam Glapiński and NBP governor Sławomir Skrzypek. Glapiński said in an interview with PAP on March 2 that he is not as convinced as earlier that one can wait with rate hike until the year-end and added that rate hike could take place without a change in informal policy bias. However, these were comments from governor Skrzypek, which triggered clear appreciation of the zloty. He said that looking at end of the inflation projection horizon one should start thinking about monetary tightening. In our view such comments from MPC's doves were an attempt to build anti-inflationary reputation at the beginning of the new MPC's term and at the same time an attempt to move towards middle of restrictiveness' axis of central bankers. However, following clear appreciation of the zloty in reaction to hawkish comments from doves, the NBP governor corrected his rhetoric. In an interview with Bloomberg on March 9 he said that stronger zloty would lower future inflation and the strength of the zloty is an important factor taken into account by the MPC. One day later he said in an interview with Reuters that the recent gains of the zloty are not justified by fundamentals, which point to stabilisation of the exchange rate. What is interesting, in reaction to appreciation of the zloty hawkish members took the floor. Namely, Andrzej Bratkowski and Andrzej Rzońca stressed risks connected with excessive appreciation of the zloty and the fact that this limits a need for interest rate hikes. Bratkowski was particularly clear on that point, saying that it is too early to talk about monetary tightening and in the most likely scenario rates will not change this year due to uncertainty regarding performance of the global economy. In his view probability of a rate hike this year is only 30%. What is more, he thinks "there is 25% probability that situation in the euro zone and the EU will not be positive and at the same time the zloty will appreciate and thus a rate cut would be needed". Bratkowski believes that chances for a change in policy bias in the next 2-3 month a minimal. According to him, the MPC should take the exchange rate into account to a much greater extent that earlier and try to stabilise the zloty and not to focus only on the traditionally perceived direct inflation target. He thinks the NBP should be more active in the FX market, but this should not be targeting any zloty level, but smoothing its fluctuations. In our opinion, a more active approach to the zloty exchange rate and cautious attempts aimed at avoiding excessive appreciation of the zloty would be a step in the right direction.

Source: CSO, Eurostat, NBP, own calculations

Government and politics



Sizeable budget deficit in January

▪ According to preliminary data of the Ministry of Finance, deficit of the domestic budget in January amounted to PLN4.8bn, or 9.3% of the annual plan of PLN52.2bn. Income and expenditure were at 8.9% of the annual plan.

▪ Deficit of the budget of European funds amounted to ca. PLN2.5bn, which is ca. 17% of the annual plan of PLN14.4bn.

▪ It is hard to compare these figures with previous years because this year for the first time there is a separate budget of domestic funds and funds from the EU budget.

▪ However, one should note a significant decline in the growth of almost all types of tax revenue. At the same time, subsidies to the Social Security Fund are growing fast (in January 15% of the annual plan was fulfilled), however this allowed the fund to pay off some debts to banks (from 3.8 to 1.6 billion PLN).

Comments of government officials on fiscal perspectives

Jacek Rostowski, finance minister, Reuters, 11 Mar

I think that it (NBP profit for 2009) should be significant and I want to make sure that every zloty from this profit will be used to lower the budget deficit and Poland's public debt. (...) Now I do not see any threat that public debt this year could exceed 55% of GDP.

Michał Boni, head of PM's advisors, PAP, 10 Mar

Budget deficit (in 2010) may be lower by several billion zlotys. Above all, we have assumed in the budget act conservative GDP growth. Now, think tanks all indicate that it may be much higher. Thus, there will be higher budget revenues and expenditures will in any case remain in check. (...) In the whole 2010 growth (of GDP) should be in the range of 2.5-3%.

Dominik Radziwiłł, deputy finance minister, Reuters, 4 Mar

This year we plan to further bond issues in foreign markets for the equivalent of €3bn. We plan to return to the market for the yen and Swiss franc, and primarily the U.S. dollar. (...) I am convinced that this year's gross borrowing needs will be significantly lower than planned. Amid assumed GDP growth of around 3 percent, which we consider to be totally realistic, borrowing needs will be for sure a few billion lower versus the plan at PLN196.8bn.

Ludwik Kotecki, deputy finance minister PAP, 24 Feb

I would not expect that in 2010 the borrowing needs will decrease against 2009, but they may be smaller than planned. I think that it is possible not to meet the deficit for 2010 and I expect to see a very nice surprise here of a scale of several billion zlotys.

... but will be significantly below plan in the whole year

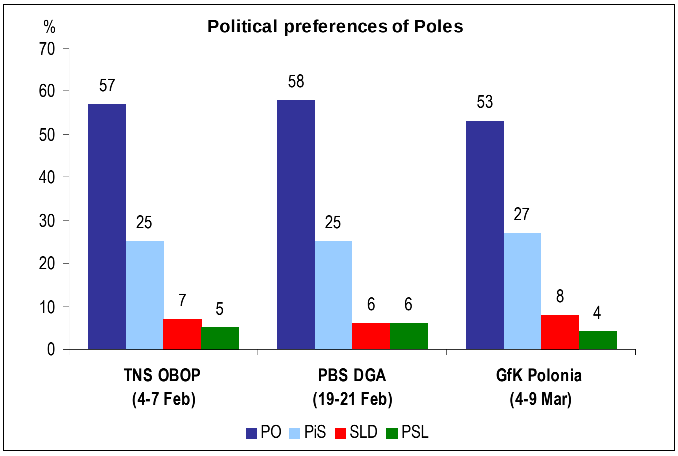
▪ According to government officials, the budget deficit this year may be lower than planned by several billion zlotys. This confirms our prediction, which we wrote a month ago. Tax revenues have been planned in the budget at fairly ambitious level, so it will be difficult to exceed the plan significantly. However, the budget will receive higher than planned dividends and NBP profit for 2009.

▪ Domestic borrowing needs may be also significantly lower than planned. In addition to smaller deficit, it will result from higher than originally assumed issuance of foreign debt, and possible higher payments to the budget from privatization.

▪ In March, Poland issued 4-year bonds worth CHF475m. FinMin announced also further issue abroad in Q2, including the issue of dollar-denominated bonds worth $1-1.5bn.

▪ Due to reduction in deductions from the privatization for various funds, the budget will receive higher than originally estimated portion of those funds. Even if the total state revenue from privatization will be less than planned PLN25bn, the amount transferred to the budget may be greater than the plan. According to the assumptions in Plan of Development and Consolidation of Finance this factor will allow to reduce supply of Treasury securities by almost PLN4bn this year.

▪ According to information from FinMin, after February they financed 27% of the total gross borrowing needs for this year, and funds on the state budget accounts at the end of February amounted to ca. PLN32bn. This indicates that the Ministry of Finance has the record-high cushion of liquidity at the start of the year, giving it considerable flexibility in issuance of Treasury securities in the coming months.



Civic Platform still in the lead

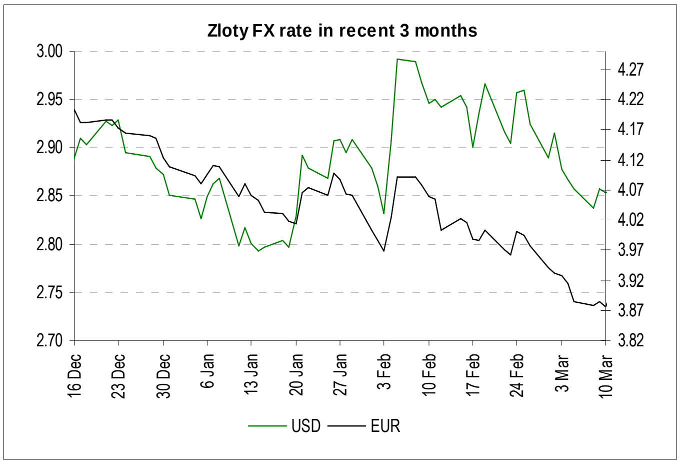
▪ Public support for Civic Platform in opinion polls has grown in recent months, widening the already considerable advantage over the other political parties. The results suggest that the PO may count on an absolute majority in parliament if elections were held in the near future.

▪ In turn, the results of the presidential election polls indicated that PiS candidate Lech Kaczyński would loose with PO candidate, regardless of whether it is Radosław Sikorski or Bronisław Komorowski. PO candidate would be chosen in pre-elections, which should be resolved soon.

▪ In our view, the result of the presidential election will not have a major impact on the government's economic policy, due to parliamentary elections in 2011. Some investors may, however, believe that the lack of president's veto may speed up reforms.

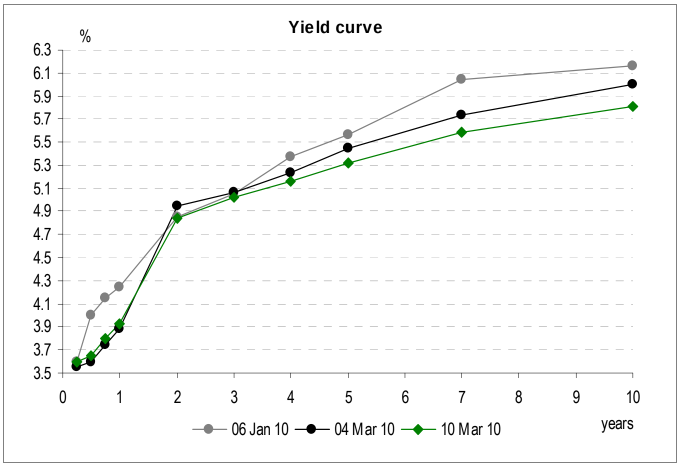
Source: Ministry of Finance, polling institutes, own calculations

Market monitor



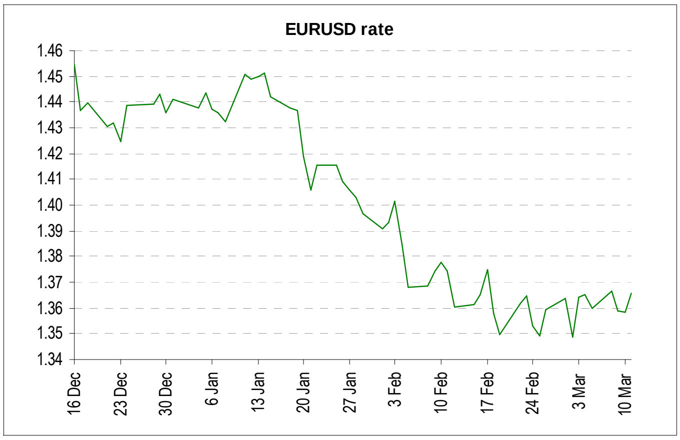
Zloty the strongest in 15 months

- In the past month there was a substantial appreciation of the zloty. This was temporarily stopped by periodically rising concerns over fiscal situation of the PIIGS countries (mainly Greece). In the period of increase in risk appetite the zloty was breaking resistances: 4.00, 3.95-3.96 and after hawkish comments of the NBP president also 3.9. Further drop in the EURPLN might have resulted from stop-losses.
- Currently the zloty is near overbought levels and we expect some profit taking and a correction of the EURPLN rate toward 3.95-3.97. This may be supported by the dovish tone of the recent MPC members' comments. However, the favourable fundamental situation, positive recommendations for the zloty, privatisation flows and rising risk appetite will support the zloty strengthening in the medium term. Range of 3.85-3.87 is the short term support level for the EURPLN.



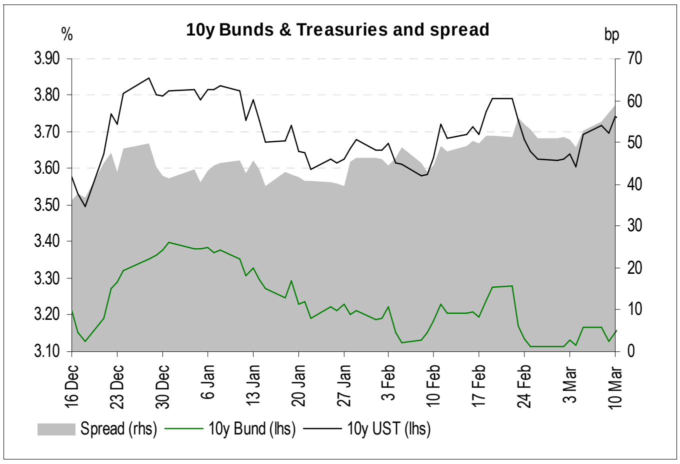
Bonds strengthening, yield curve flattening

- In the recent weeks there was a significant strengthening in the market, mainly at the longer end of the curve, which led to some flattening (spread 2-10 fell below 100 bp). There was also decline in asset swap spread and spread of 10Y bonds vs. 10Y Bunds and Treasuries. Good moods were supported by sound results of the bond auction in the domestic and foreign markets. The market was also backed by comments from the FinMin on lower debt supply. Long end of the curve was supported by the relatively good assessment of the fundamental situation of Poland vs. other EU countries.
- Along with possible correction in the zloty and foreign stock markets there may come some weakening and profit taking in the domestic debt market. The short end of the yield curve may be supported by any dovish comments from the MPC.



EURUSD influenced by Greece, Fed&ECB rate outlook

- In the recent weeks the EURUSD rate moved in narrow range and was under significant influence of the tone of incoming news regarding Greece. The dollar appreciation was backed by good data from the US, Fed's decision to raise discount rate. Euro was supported by Fed's chairman comments before the Congress that rates will stay unchanged for long period, though suggestions of the ECB president signalling no soon rate hikes had the opposite effect. Euro was appreciating after approving of additional saving package by Greece.
- We expect the dollar will stay relatively strong vs. the euro and the EURUSD will fluctuate in range 1.344-1.374. After calming down of concerns over fiscal situation of Greece the euro may recover but data suggesting sooner economic recovery in the US will favour the dollar.

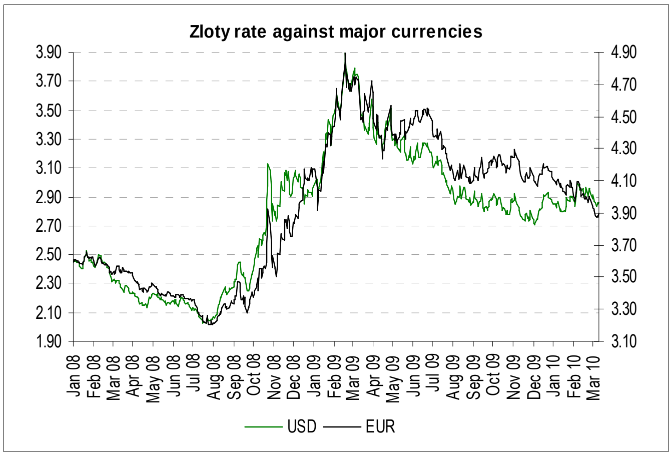


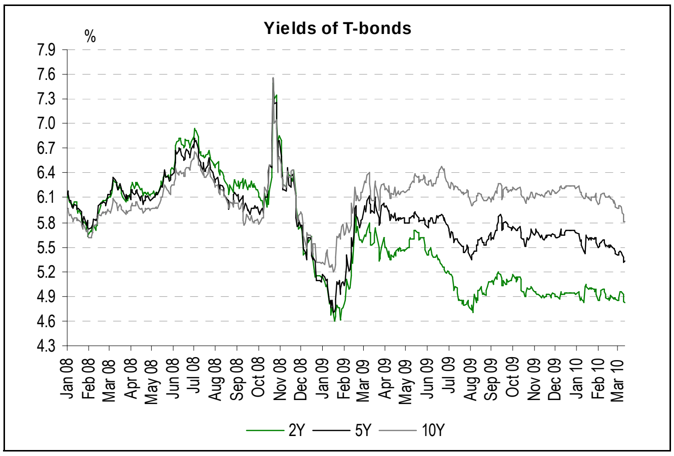
Further increase in 10Y Treasuries vs. Bunds spread

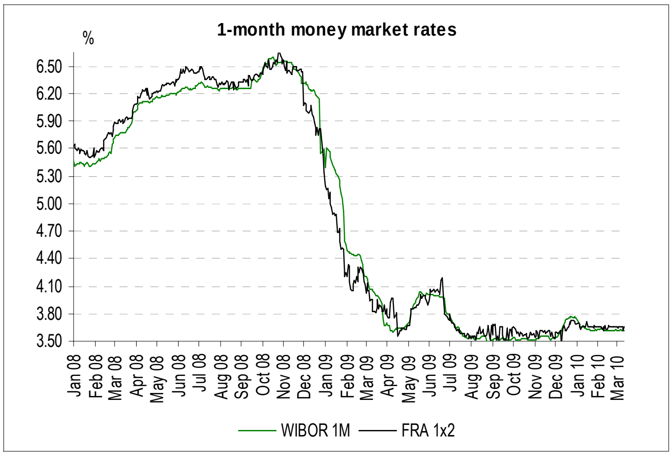
- In the past month there was strengthening of 10Y Bunds and weakening at the longer end in the US. Although there was increase in yields in the second half of February amid increases in the stock markets and hike in the discount rate by Fed the end of the past month brought significant recovery in prices especially of Bunds, which was gaining vs. other euro zone bonds amid rising concerns over fiscal situation of Greece. ECB and Fed comments about keeping low interest rates supported bonds. The start of March brought further falls in prices after positive data from the US and on rise in risk appetite.
- After calming down of concerns regarding the PIGS countries Bunds may weaken. Along with withdrawal of bond purchases by Fed the US market may be under pressure. However, increase in yields should be limited by fall in risk appetite and postponing of rate hikes in the euro zone and the US.

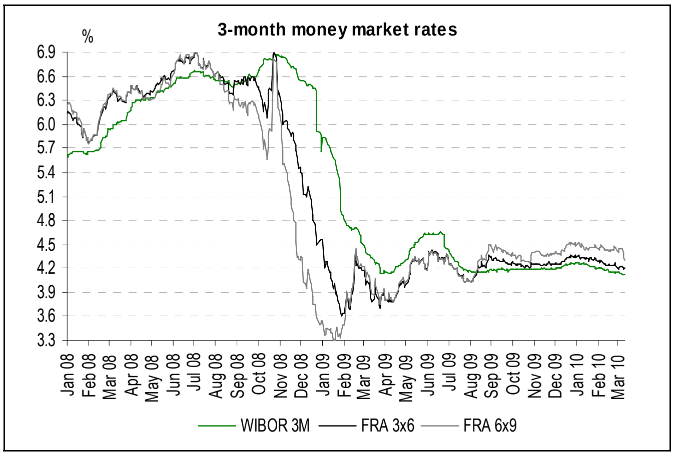
Source: Reuters, BZ WBK

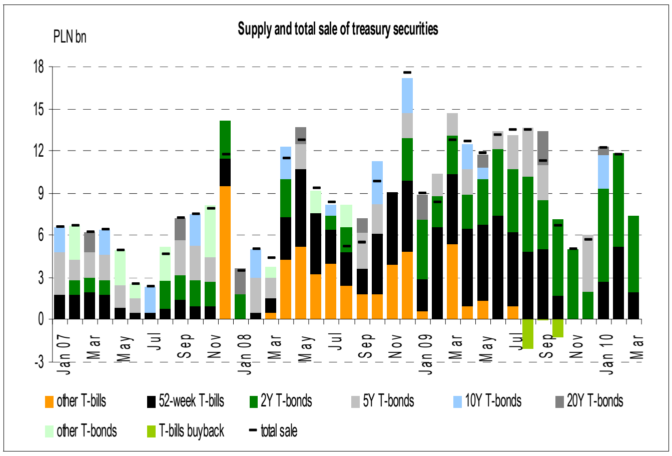
Market monitor











Treasury bills auctions (PLN m)

Auction date	OFFER	DEMAND/SALE
18.01.2010	500-700	3934/638
25.01.2010	1000-1300	4550/1300
1.02.2010	900-1200	3848/1200
8.02.2010	700-1200	3134/1090
15.02.2010	700-1000	2862/952
22.02.2010	1300-1800	3920/1800
1.03.2010	700-1000	2933/1000
8.03.2010	700-1000	1949/1000
15.03.2010	-	-
22.03.2010	-	-
29.03.2010	-	-
1.04.2010	-	-
12.04.2010	-	-

** based on data of the Ministry of Finance*

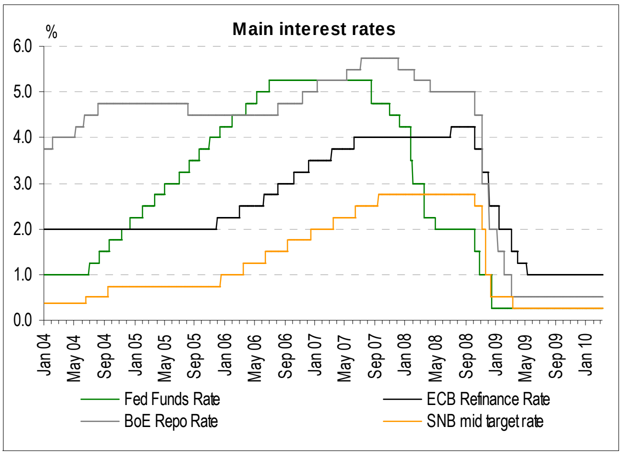
Treasury bond auctions in 2009/2010 (PLNm)

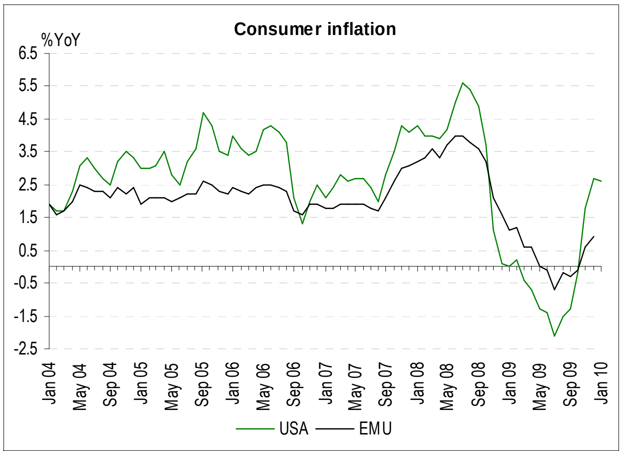
month	First auction				Second auction				Switch auction		
	date	T-bonds	offer	sale	date	T-bonds	Offer	sale	date	T-bonds	sale
July	1.07	OK0112	3000-4500	4006	15.07*	PS0414	1000-2000	-	8.07	PS0414/ DS1019	0/1982
August	5.08*	OK0112	3900-5400	5402	12.08	PS0414	2000-3500	3500	-	-	-
September	2.09	OK0112	2500-3500	3500	9.09	PS0414	1000-2500	1109	23.09**	WS0922	1000-2400/2400
October	7.10*	OK0112	3000-5400	5400	-	-	-	-	29.10	PS0413/PS0414/DS1019	1573/1753/1290
November	10.11	OK0712	3500-5000	5000	-	-	-	-	26.11	OK0712/P0414	1121/2243
December	2.12	OK0712/PS0415	3000-6000	5651	-	-	-	-	16.12	-	-
January	13.01*	OK0712	6600	6600	20.01*	DS1019/WS0429	2400/600	2409/591	6.01	PS0415/WZ0118	2494/2383
February	10.02*	OK/PS	6600	6600	17.02*	DS1019	1000-2400	2400	3.02	PS0413/PS0415/WZ0118	882/2775/2806
March	10.03*	OK0712	3500-5400	5448	17.03	WZ0121	-	-	3.03	PS0415/DS1019/WS0429	1784/2662/315
April	7.04	OK	-	-	14.04	PS	-	-	24.04**	DS/WS/WZ/IZ	-
May	5.05	OK	-	-	12.05	PS	-	-	19.05	DS/WS/WZ/IZ	-
June	2.06	OK	-	-	9.06	PS	-	-	16.06	DS/WS/WZ/IZ	-

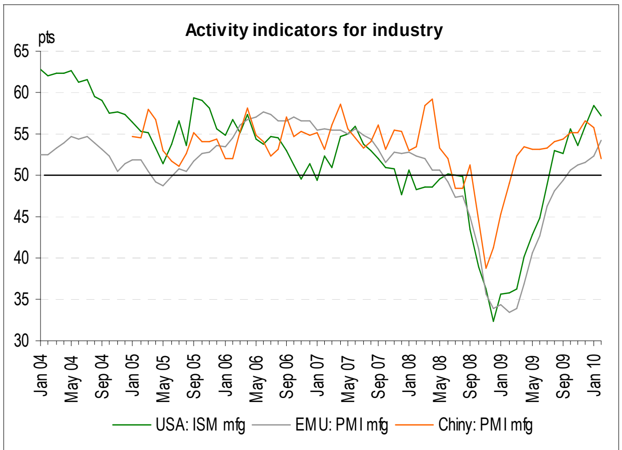
* with supplementary auction, ** primary auction

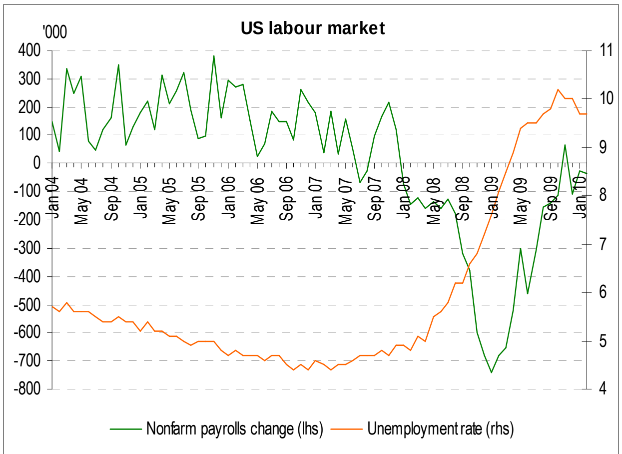
Source: Ministry of Finance, Reuters, BZ WBK

International review









Source: Reuters, ECB, Federal Reserve

Low rates for extended period

▪ The January FOMC minutes showed that the recovery in the US economy will be continued, though at slow pace. The employment growth will be gradual and inflation should stay limited yet for "some time". Fed members signalled that they want to relatively soon withdraw the excessive amount of cash from the banking system. In second part of February Fed raised discount rate, which was a proof of improvement of situation in the economy and normalisation of the situation in the financial markets. However, in the testimony before the Congress Ben Bernanke said the US economy still needs low interest rates.

▪ In March the ECB left interest rates unchanged. At the press conference the bank's President, Jean-Claude Trichet, reiterated that the current level of interest rates is appropriate, stating that inflation should remain subdued and the economic recovery is moderate and uneven. Both these comments and economic forecasts presented by the ECB (GDP growth in the euro zone at 0.8%YoY in 2010 and 1.5% in 2011, inflation at 1.2% and 1.5%, respectively) point in our view that the bank will not hurry to hike interest rates and they may come only in 2011. Trichet stressed that the ECB is pleased with the additional saving steps proposed by the Greek government.

▪ US inflation fell in January to 2.6% from 2.7% against expected 2.8%. Total US PPI rose in January by 1.4%MoM, and PPI excluding food and energy prices rose by 0.3%MoM, while the market expected increase of 0.8%MoM and 0.1%MoM.

▪ Inflation data from the euro zone were near expectations. According to preliminary estimates HICP inflation in the euro zone was at 0.9% in February, slightly below expectations (1.0%). Meanwhile, the PPI growth in January was at –1.0YoY against a forecast of –1.1%YoY and fall in December by 2.9%YoY.

Quite good data from the US, decline of the Chinese PMI

▪ Chinese manufacturing PMI index fell second month in a row to 52 pts from 55.8 in January, which showed there are still some concerns regarding the durability of the economic recovery

▪ Euro zone PMI rose in February to 54.2 from 52.4. Strong increase in the index in February was recorded for Germany up to 57.2 pts from 53.7. The euro zone services index was below the initial estimate (52 pts) and was at 51.8 vs. 52.5 pts in January. PMI for German services was better than expected (51.9 pts). Euro zone GDP confirmed the early estimate of the Eurostat (0.1%QoQ and –2.1%YoY).

▪ Manufacturing ISM in the US fell in February from 58.4 pts to 56.5 pts slightly above expectations (57.9 pts), though it remained clearly above 50 pts, pointing to maintaining recovery in the manufacturing sector. The services ISM was stronger than expected and rose in February to 53.0 from 50.5.

▪ The US Q4 GDP growth was upwardly revised (to 5.9% from 5.7%). The Beige Book had neutral tone. News that in February the economic activity moderately increased in most of the region in the were offset by the statement that situation in the labour market is still weak and most of the regions there is no improvement in the commercial real estate.

▪ Employment outside farming in the US fell 36k in February after a fall of 26k in January. Market had expected drop of 50k. The unemployment rate reached 9.7% and was unchanged from the previous month, despite severe weather conditions, which negatively affected activity in many enterprises and raised concerns about rise in unemployment. The data supported view that economic recovery in the US gains strength. According to some analysts, if not the weather conditions, there could have been employment rise in February.

Economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
8 March ***PL: Auction of Treasury Bills***	**9**	**10** ***PL: Bond auction*** US: Wholesale inventories (Jan)	**11** EZ: ECB decision CH: SNB decision (Q1) US: Trade balance (Jan)	**12** ***PL: Money supply (Feb)*** ***PL: Balance of payments (Jan)*** EZ: Industrial production (Jan) US: Retail sales (Feb) US: Flash Michigan (Mar)
15 ***PL: Auction of Treasury Bills*** ***PL: CPI (Jan&Feb)*** US: NY Fed index (Mar) US: Capital flows (Jan) US: Capacity utilisation (Feb) US: Industrial production (Feb)	**16** ***PL: Wages and employment (Feb)*** DE: ZEW index (Mar) EZ: Final HICP (Mar) US: House starts (Mar) US: Building permits (Mar) US: Import prices (Feb) US: Fed decision	**17** ***PL: Bond auction*** ***PL: Industrial output (Feb)*** ***PL: PPI (Feb)*** US: PPI (Feb) JP: BoJ decision	**18** ***PL: MPC minutes (Feb)*** US: CPI (Feb) US: Leading indicators (Feb) US: Philly Fed index (Mar)	**19**
22 ***PL: Auction of Treasury Bills*** ***PL: Business climate indicators (Mar)*** ***PL: Core inflation (Jan & Feb)*** JP: Market holiday	**23** US: Home sales (Feb) US: House prices (Feb)	**24** ***PL: Retail sales (Feb)*** ***PL: Unemployment rate (Feb)*** EZ: Flash manufacturing PMI (Mar) EZ: Flash services PMI (Mar) DE: Ifo index (Mar) US: Durable goods orders (Feb) US: New home sales (Feb)	**25** DE: Gfk index (Apr) EZ: M3 money supply (Feb)	**26** US: Final GDP (Q4) US: Final Michigan (Mar)
29 ***PL: Auction of Treasury Bills*** EZ: Economic sentiment (Feb) US: Core PCE (Feb) US: Income& spending of households	**30** ***PL: MPC meeting*** US: Case/Shiller (Jan) US: Consumer confidence (Mar)	**31** ***PL: MPC meeting-decision*** ***PL: Balance of payments (Q4)*** EZ: Flash HICP (Mar) US: Chicago PMI (Mar) US: Factory orders (Feb) US: ADP report (Mar)	**1 April** ***PL: PMI (Feb)*** EZ: Manufacturing PMI (Mar) US: Manufacturing PMI (Mar)	**2** US, DE, GB, CH: Market holiday US: Non-farm payrolls (Mar) US: Unemployment rate (Mar)
5 ***PL: Easter holiday*** DE, GB, CH: Market holiday US: Pending home sales (Feb) US: Non-manufacturing PMI (Feb)	**6**	**7** ***PL: Bond auction*** EZ: Non-manufacturing PMI (Mar) EZ: Final GDP (Q4) EZ: PPI (Feb) JP: BoJ decision	**8** EZ: Retail sales (feb) EZ: ECB decision GB: BoE decision	**9** DE: Export (Feb) US: Wholesale inventories (Feb)

Source: CSO, NBP, Ministry of Finance, Reuters.

MPC meetings and data release calendar for 2010

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
MPC meeting	25-26	23-24	30-31	-	-	-	-	-	-	-	-	-
MPC minutes	21	18	18	-	-	-	-	-	-	-	-	-
GDP*	-	-	2	-	31	-	-	30	-	-	30	-
CPI	14	15[a]	15[b]	15	14	15	13	13	14	13	15	14
Core inflation	21	-	22	21	20	22	21	20	21	21	22	21
PPI	21	18	17	20	20	18	19	18	17	19	19	17
Industrial output	21	18	17	20	20	18	19	18	17	19	19	17
Retail sales	28	23	24	-	-	-	-	-	-	-	-	-
Gross wages, employment	19	16	16	19	19	17	16	17	16	18	18	16
Unemployment	28	23	24	-	-	-	-	-	-	-	-	-
Foreign trade	about 50 working days after reported period											
Balance of payments*	-	-	31	-	-	30	-	-	-	-	-	-
Balance of payments	15	12	12	13	17	14	-	-	-	-	-	-
Money supply	14	12	12	14	14	14	-	-	-	-	-	-
NBP balance sheet	7	5	5	7	7	7	-	-	-	-	-	-
Business climate indices	22	22	22	22	21	22	22	20	22	22	22	22

* quarterly data, [a] preliminary data for January, [b] January and February

Source: CSO, NBP

Economic data and forecasts

Monthly economic indicators

		Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
PMI	pts	40.8	42.2	42.1	42.5	43.0	46.5	48.2	48.2	48.8	52.4	52.4	51.0	52.4	52.8
Industrial production	%YoY	-14.6	-1.9	-12.2	-5.2	-4.5	-4.4	0.1	-1.3	-1.3	9.9	7.4	8.5	7.0	10.1
Construction production	%YoY	1.9	1.2	0.5	0.3	0.5	10.7	11.0	5.7	2.7	9.9	3.2	-15.3	-11.1	5.1
Retail sales [a]	%YoY	0.6	1.8	2.9	2.4	2.1	5.7	5.2	2.5	2.1	6.3	7.2	2.5	2.5	3.2
Unemployment rate	%	10.9	11.1	10.9	10.7	10.6	10.7	10.8	10.9	11.1	11.4	11.9	12.7	13.0	13.0
Gross wages in enterprises sector [a]	%YoY	5.1	5.7	4.8	3.8	2.0	3.9	3.0	3.3	2.0	2.3	6.5	0.5	2.1	1.7
Employment in enterprises sector	%YoY	-0.2	-0.9	-1.4	-1.7	-1.9	-2.2	-2.2	-2.4	-2.4	-2.2	-1.8	-1.4	-1.0	-0.6
Export (€)	%YoY	-26.3	-16.6	-28.9	-20.6	-21.3	-23.5	-21.3	-18.4	-10.9	1.1	12.3	15.0	15.3	17.9
Import (€)	%YoY	-32.7	-25.9	-35.1	-30.7	-30.6	-29.1	-27.2	-27.4	-21.5	-10.7	-2.6	7.7	13.0	16.5
Trade balance	EURm	-67	-214	-205	-26	-279	-539	-470	-25	-103	-305	-711	18	95	-135
Current account balance	EURm	790	-131	-451	-405	-232	-833	-107	-308	-266	-1 237	-1 034	-232	-155	-435
Current account balance	% GDP	-4.5	-4.0	-3.8	-3.5	-3.0	-3.1	-2.8	-2.3	-1.9	-1.8	-1.6	-1.4	-1.7	-1.8
Budget deficit (cumulative)	PLNbn	-5.3	-10.6	-15.3	-16.4	-16.7	-15.0	-15.6	-21.5	-24.0	-24.4	-23.8	-4.8	-12.0	-15.0
Budget deficit (cumulative)	% of FY plan	22.2	44.6	64.5	68.9	70.0	63.2	65.8	90.3	101.1	102.6	100.0	9.3	23.0	28.7
CPI	%YoY	3.3	3.6	4.0	3.6	3.5	3.6	3.7	3.4	3.1	3.3	3.5	3.6	3.0	2.5
Core inflation excluding prices of food and energy	%YoY	2.4	2.5	2.6	2.8	2.7	2.9	2.9	2.9	2.9	2.8	2.6	2.2	2.0	1.8
PPI	%YoY	5.7	5.5	4.8	3.7	4.1	2.8	2.2	1.6	2.0	1.9	2.1	0.2	-2.0	-2.3
Broad money (M3)	%YoY	17.8	17.5	14.4	14.2	14.4	11.9	9.0	9.6	11.9	8.0	8.1	6.2	5.6	6.5
Deposits	%YoY	19.2	19.4	16.1	15.7	15.9	13.0	10.7	10.9	13.5	10.3	9.8	7.5	6.9	6.6
Loans	%YoY	37.2	34.5	30.3	29.3	26.8	23.3	19.8	18.6	14.9	13.4	8.6	5.3	4.7	4.3
USD/PLN	PLN	3.63	3.55	3.36	3.23	3.22	3.05	2.90	2.86	2.85	2.79	2.83	2.85	2.93	2.89
EUR/PLN	PLN	4.65	4.62	4.43	4.41	4.51	4.30	4.13	4.16	4.21	4.17	4.14	4.07	4.01	3.92
Reference rate [b]	%	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Lombard rate [b]	%	5.50	5.25	5.25	5.25	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
WIBOR 3M	%	4.69	4.30	4.20	4.52	4.60	4.26	4.16	4.18	4.18	4.19	4.23	4.24	4.17	4.15
Yield on 52-week T-bills	%	4.62	4.78	4.80	4.91	4.73	4.43	4.23	4.33	4.35	4.26	4.25	4.01	3.90	3.90
Yield on 2-year T-bonds	%	5.37	5.60	5.44	5.60	5.34	4.93	4.92	5.10	5.03	4.92	4.92	4.95	4.90	4.88
Yield on 5-year T-bonds	%	5.57	5.97	5.88	5.85	5.83	5.55	5.53	5.74	5.65	5.64	5.67	5.58	5.51	5.40
Yield on 10-year T-bonds	%	5.94	6.21	6.17	6.30	6.34	6.19	6.08	6.18	6.15	6.14	6.21	6.12	6.09	5.92

Source: CSO, NBP, Finance Ministry, BZ WBK own estimates; [a] in nominal terms, [b] at the end of period

Quarterly and annual economic indicators

		2007	2008	2009	2010	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
GDP	PLNbn	1 176.7	1 272.8	1 341.9	1 408.0	314.1	326.3	331.5	370.0	335.3	340.2	342.1	390.4
GDP	%YoY	6.8	5.0	1.7	2.8	0.8	1.1	1.7	3.1	3.1	2.7	2.5	3.1
Domestic demand	%YoY	8.7	5.5	-0.9	3.5	-1.5	-2.1	-1.2	0.9	2.8	3.7	3.2	4.2
Private consumption	%YoY	4.9	5.9	2.3	1.9	3.3	1.7	2.2	2.0	1.8	2.0	2.0	2.0
Fixed investments	%YoY	17.6	8.2	-0.3	4.1	1.0	-3.0	-1.5	1.6	-2.5	5.0	5.0	6.0
Industrial production	%YoY	9.7	3.5	-3.1	5.8	-10.0	-6.7	-1.3	5.5	8.5	5.7	5.0	4.0
Construction production	%YoY	22.5	11.4	4.6	4.5	3.5	0.4	9.1	5.3	-7.1	7.4	6.6	11.2
Retail sales (real terms)	%YoY	14.0	9.6	2.6	3.6	1.0	1.0	3.6	4.7	0.4	3.9	4.6	5.5
Unemployment rate [a]	%	11.2	9.5	11.9	12.3	11.1	10.6	10.9	11.9	13.0	11.9	11.7	12.3
Gross wages in enterprise sector (real terms)	%YoY	6.7	5.9	0.9	1.6	3.2	0.2	0.5	0.5	-1.5	1.8	2.7	3.4
Employment in enterprise sector	%YoY	4.6	4.8	-1.2	0.2	0.1	-1.0	-1.8	-2.0	-1.0	0.2	0.7	1.0
Export (€)	%YoY	13.4	14.2	-17.4	9.0	-22.2	-23.8	-21.1	0.1	15.8	10.0	6.0	5.0
Import (€)	%YoY	19.5	17.2	-25.5	12.0	-28.2	-32.2	-28.0	-12.1	12.4	14.0	12.0	10.0
Trade balance	EURm	-12 369	-17 724	-3 415	-6 829	-744	-513	-1 039	-1 119	-22	-1 555	-2 676	-2 576
Current account balance	EURm	-14 696	-18 302	-4 919	-8 779	-30	-1 088	-1 264	-2 537	-822	-2 655	-2 976	-2 326
Current account balance	% GDP	-4.7	-5.1	-1.6	-2.4	-4.0	-3.0	-2.3	-1.6	-1.8	-2.1	-2.6	-2.4
General government balance	% GDP	-1.9	-3.6	-7.2	-6.8	-	-	-	-	-	-	-	-
CPI	%YoY	2.5	4.2	3.5	2.3	3.3	3.7	3.5	3.3	3.0	2.1	1.8	2.4
CPI [a]	%YoY	4.0	3.3	3.5	2.5	3.6	3.5	3.4	3.5	2.5	2.0	2.1	2.5
PPI	%YoY	2.0	2.2	3.3	-1.2	4.9	4.2	2.2	2.0	-1.4	-1.7	-0.8	-0.9
Broad money (M3) [a]	%YoY	13.4	18.6	8.1	6.2	17.5	14.4	9.6	8.1	6.5	6.3	6.9	6.2
Deposits [a]	%YoY	14.5	20.6	9.8	6.1	19.4	15.9	10.9	9.8	6.6	6.3	6.8	6.1
Loans [a]	%YoY	29.9	36.0	8.6	9.4	34.5	26.8	18.6	8.6	4.3	5.3	7.2	9.4
USD/PLN	PLN	2.77	2.41	3.12	2.80	3.45	3.27	2.94	2.83	2.89	2.85	2.76	2.69
EUR/PLN	PLN	3.78	3.52	4.33	3.84	4.50	4.45	4.20	4.17	4.00	3.85	3.78	3.73
Reference rate [a]	%	5.00	5.00	3.50	4.00	3.75	3.50	3.50	3.50	3.50	3.50	3.50	4.00
Lombard rate [a]	%	6.50	6.50	5.00	5.50	5.25	5.00	5.00	5.00	5.00	5.00	5.00	5.50
WIBOR 3M	%	4.73	6.36	4.42	4.20	4.83	4.44	4.20	4.20	4.19	4.15	4.15	4.32
Yield on 52-week T-bills	%	4.69	6.26	4.54	4.18	4.75	4.81	4.33	4.29	3.94	4.00	4.30	4.50
Yield on 2-year T-bonds	%	5.23	6.22	5.17	5.02	5.26	5.46	4.98	4.96	4.91	4.95	5.05	5.15
Yield on 5-year T-bonds	%	5.52	6.15	5.65	5.49	5.50	5.85	5.61	5.66	5.50	5.45	5.50	5.50
Yield on 10-year T-bonds	%	5.56	6.06	6.11	5.95	5.86	6.27	6.15	6.17	6.04	5.95	5.90	5.90

Source: CSO, NBP, Finance Ministry, BZ WBK own estimates

[a] at the end of period

Bank Zachodni WBK

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