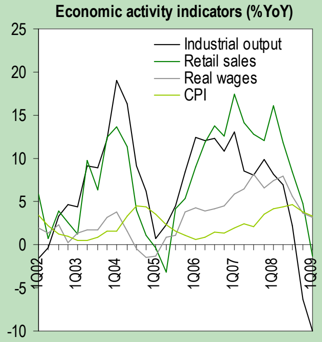
Bank Zachodni WBK

MACROscope

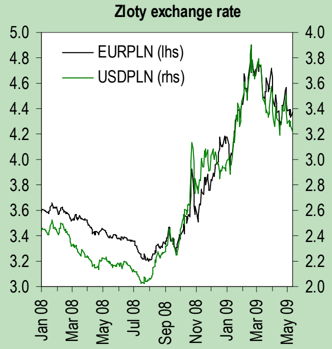
Polish Economy and Financial Markets

May 2009

Economic activity indicators (%YoY)



Zloty exchange rate



In this issue:

Maciej Reluga
Chief economist
+48 22 586 8363

Piotr Bielski
+48 22 586 8333

Piotr Bujak
+48 22 586 8341

Cezary Chrapek
+48 22 586 8342

Email: ekonomia@bzwbk.pl

Still waiting

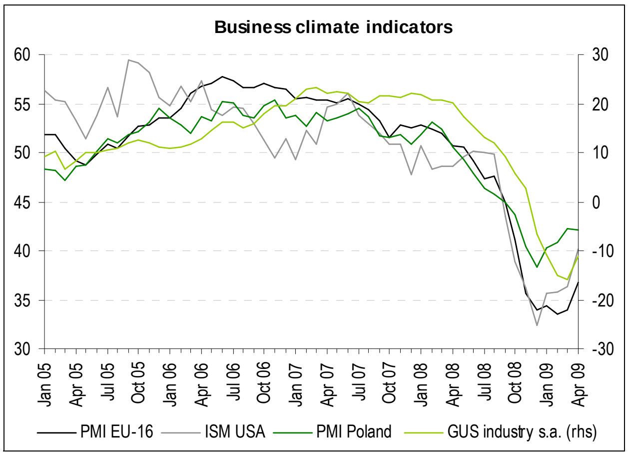
- **This month we could give our report similar title as a month ago, i.e. “One swallow does not make spring” as we are still waiting for tangible evidence that some positive signs appearing in the global economy will translate into actual recovery.** Market consensus was lowered again (from 0.8% last month to 0.5-0.6% at the beginning of May). Our forecast remained unchanged with risk asymmetrical to the downside. We wait with a change in our forecasts until publication of the GDP numbers for Q1 as to which there is large discrepancy between market forecasts at the moment, reaching 1pp (against discrepancy in forecasts for the whole year reaching slightly above 2pp). The latest European Commission’s GDP forecast for Poland is much lower than the previous one, but still the best in the region. Also, the Commission expects that after GDP drop by 1.4% this year (by over 3%YoY in the fourth quarter), 2010 should bring a speedy rebound (GDP is predicted to grow by 3.3% in the final quarter of 2010).
- **So far, financial markets have been quite positive about the signs of economic recovery – prices of shares and commodities as well as exchange rates of emerging market currencies have went up**. In a short term, however, we see the risk of a correction and zloty depreciation. The domestic currency may become under pressure due to stock markets correction globally and an intensifying fiscal risk domestically. Still, the zloty should appreciate gradually later in the year on the back of improving macroeconomic indicators and a growing risk appetite globally.
- **The MPC, which decided to keep interest rates on hold in April, is also still waiting for macro figures. However, as to interest rates, we believe that pause is just a pause…** The main argument for leaving rates unchanged in April (inflation above 3.5%YoY) continues to be valid in May with inflation estimated to hit nearly 4%. However, the medium-term inflation outlook is favourable, which will certainly be reflected in the new NBP projection due for release in June, so there is still room for rate cuts. This may also be encouraged by another interest rate reduction by the ECB.
- **All signs show that we will wait the longest for euro adoption**. We have been arguing for a long time the government’s ambitious plan is unrealistic. Firstly, the exchange rate is still volatile, which hinders to set a central rate in ERM2. Secondly, the current political situation does not seem to change soon so that enable to implement necessary changes in law. Thus, guessing when Poland will adopt the euro is as good as guessing results of 2010 elections (with uncertainty whether a constitutional majority will be formed). On top of this, there are a growing concerns about the public finance stance – general government deficit reported in 2008 proved to be much higher than planned and reached 3.9% of GDP. Fiscal deficit in 2009-2010 will be even higher, regardless of likely changes to this year’s central budget. A chance to bring the deficit below the 3% threshold are for 2011 (safety thresholds for public debt will help to curb the deficit), so theoretically Poland could adopt the euro in 2013. For the time being, however, politicians are getting busy with the upcoming Euro elections in early June.

Financial market on 30 April 2009:

NBP deposit rate	2.25	WIBOR 3M	4.30	USDPLN	3.2859
NBP reference rate	3.75	Yield on 2-year T-bonds	5.47	EURPLN	4.3838
NBP lombard rate	5.25	Yield on 5-year T-bonds	5.80	EURUSD	1.3341

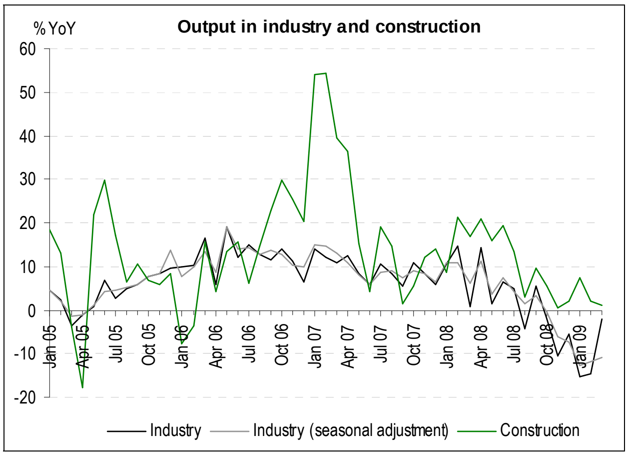
This report is based on information available until 11.05.2009

Economic update



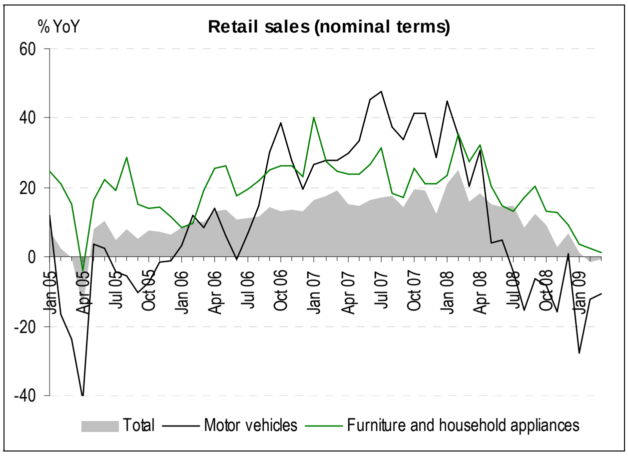
Improvement in moods... a bottoming out?

- Most surveys of economic climate and leading indicators, not only in Poland but also in many other countries, rebounded in April. There was a broad-based improvement in moods of enterprises as well as in consumer sentiment.
- The domestic PMI index for manufacturing was an exception, as it recorded a small decline after three straight months of gains.
- Despite improvement, most indicators are sill at very low levels, close to all-time lows. In majority of cases, growth of indices resulted mainly from improvement in expectations, while assessment of current conditions remained very poor.
- We are not ignoring a worldwide whiff of optimism, however it seems that a significance of this signal should not be overestimated. It is still a long way to go before the world economy shows a substantial revival.



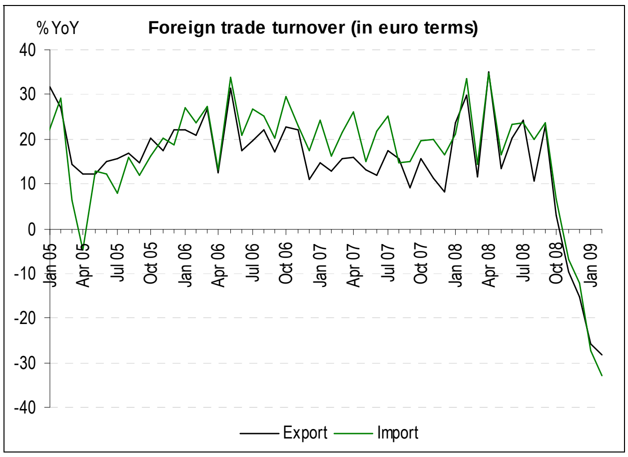
Slower production fall in industry

- Results of industrial production in March were better than expected as output fell by -2%YoY. Much smaller decline then in February (-14.6%) and January (-15.3%) resulted mainly from higher number of working days than in March last year.
- After seasonal adjustment, annual production drop was only slightly smaller than in previous two months (-10.8%YoY versus -12.4% in February and -12.7% in January), and it is hard to treat this result as a sign of bottoming out.
- Partly, the output figure was supported by growing production of passenger cars, connected with demand from Germany, boosted by state subsidies. There was also a strong revival in production of drinks and food, probably also mainly destined for export (higher competitiveness of Polish goods after zloty depreciation).



... but worse results in sales and construction

- Growth in construction output decelerated in March to 1.2%YoY, more than expected, and after seasonal adjustment to only 0.6%YoY (from 2.1% in February).
- Also, retail sales data was a negative surprise for the market and fell for the second straight month. Retail sales declined by 0.8%YoY in nominal and by 1.8%YoY in real terms. The main factor responsible for this fall was much lower than last year sales in motor vehicles, fuels, and food (the latter as an effect of later Easter). A slowdown was also recorded in sales of durable goods.
- In environment of clear deterioration in the labour market it is hard to expect a significant improvement in consumption demand and sales growth in the subsequent months.

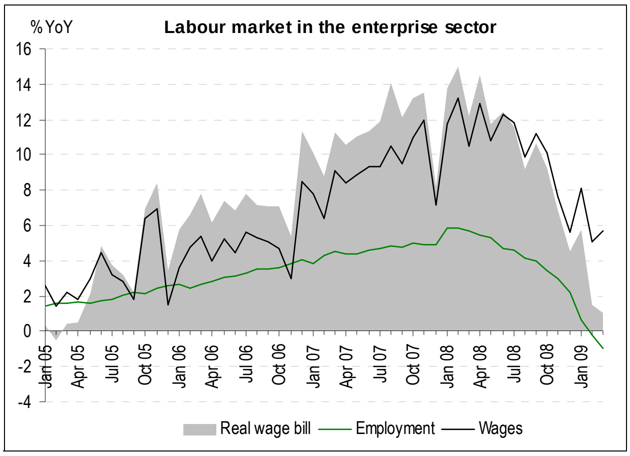


Source: CSO, own calculations

Export and import sharply down, but C/A in surplus

- A collapse in Polish foreign trade turnover deepened in February. Import fell by 33%YoY, and export by 28.2%YoY, retreating to levels seen three years ago, even though the latter was to some extent supported by export of passenger cars. While improvement in balance of goods and services may have positive impact on GDP growth rate in Q1, in general the data confirmed stagnation tendencies and were negative signal for Polish economy prospects.
- In February, there was a record-high inflow of EU funds recorded (€2.9bn in sum). Although majority of those funds were recorded in capital account, current transfers balance was also high (€965m) and together with small trade gap (-€142m) contributed to surplus in current account balance of €525m.

Economic update

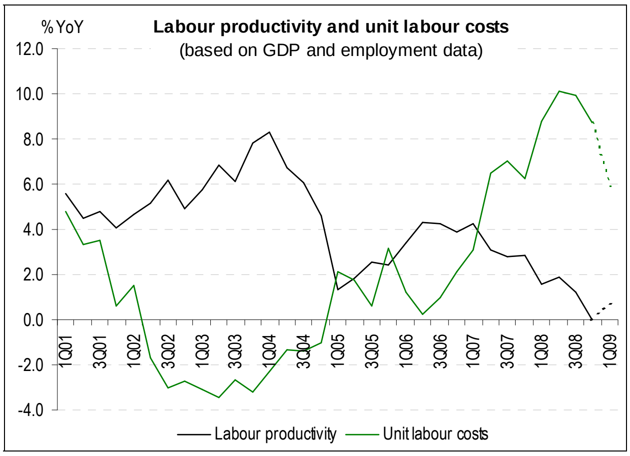


Job reductions gaining momentum

▪ Monthly data from labour market for March showed higher than expected wage growth (5.7%YoY) and at the same time faster employment decline (-0.9%YoY) in the enterprises sector. The biggest job reduction took place in manufacturing, particularly in light industry and car production.

▪ Wage bill in enterprises sector has maintained deceleration trend observed for a couple of months. In real terms it increased ca. 1%, which was the lowest growth in four years.

▪ Registered unemployment rate increased in March for the fifth straight month, to 11.2%. The number of unemployed reached 1.76m, which implies 40,000 growth as compared to February and first annual growth since 2003. According to Labour Ministry in April unemployment fell to 11%. This is much smaller seasonal improvement than in previous years.

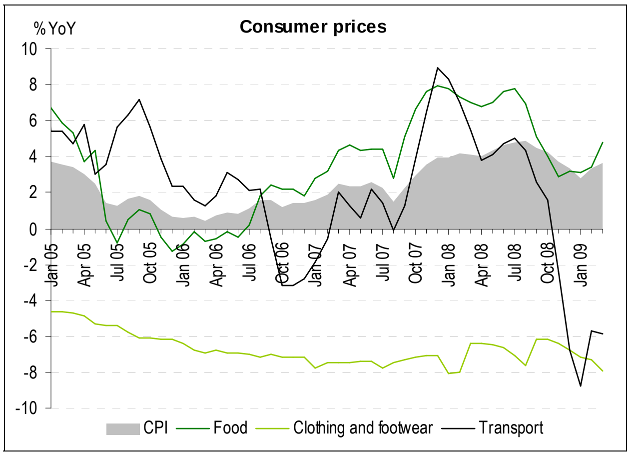


Weakening labour market pressure on inflation

▪ Accelerating employment drop and gradual slowdown in wage growth result in decreasing inflationary pressure from the labour market and reduction of labour cost pressure on enterprises.

▪ According to our estimates, based on available data from enterprises sector and GDP forecast for Q1, at the start of the year there was a significant slowdown of unit labour costs growth (to ca. 6% from over 10% in the middle of 2008). Also, the trend of descending growth in labour productivity has been reversed (despite our low GDP forecast).

▪ This process will be most likely continued in the following quarters, which will have positive impact on medium-term inflation prospects.



Temporary inflation rise due to food market

▪ Inflation in March rose to 3.6%YoY from 3.3% in February, exceeding the most pessimistic forecasts.

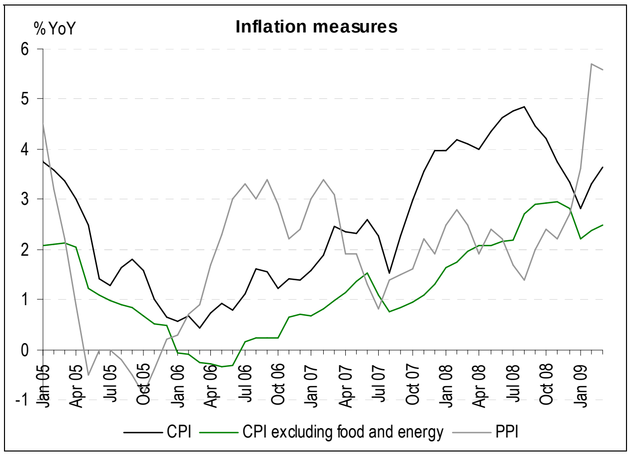
▪ The most important factor responsible for accelerating CPI growth was much higher than assumed hike in food prices – in part, related to regulatory changes in EU markets (sugar prices), and in part effect of zloty weakening (higher prices of imported fruit).

▪ Other categories of consumer prices increased a bit more than we expected. In effect, core inflation excluding prices of food and energy increased only slightly, to 2.5% from 2.4% in February. Other measures of core inflation also increased in March.

▪ PPI inflation slightly fell in March to 5.6%YoY after a strong acceleration to 5.7% in February. In March prices of commodities and related to water supply maintained growth. In manufacturing price growth halted (0%MoM and 3.3%YoY) along with zloty stabilisation. One can expect that amid zloty appreciation in the following months, growth in producer prices seen at the start of the year will start reversing.

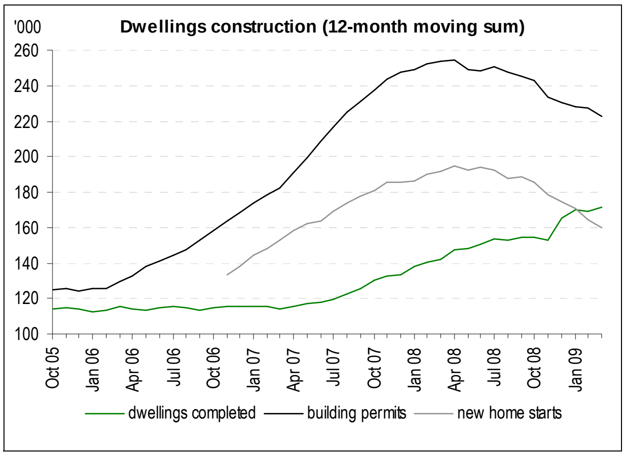
▪ High prices of food had most likely unfavourable impact on inflation also in April. It was again a consequence of zloty depreciation, which, apart from raising costs of import, also boosted competitiveness of Polish food abroad. This resulted in surge in food exports and drained local market.

▪ According to Finance Ministry's forecast, inflation rose again in April, to 3.9%, and once again it was largely contributed by food prices. Nevertheless, in next months the Ministry foresees a substantial drop in inflation towards 2.5% target. This is more or less in line with our predicted scenario.



Source: CSO, NBP, own calculations

Housing market update

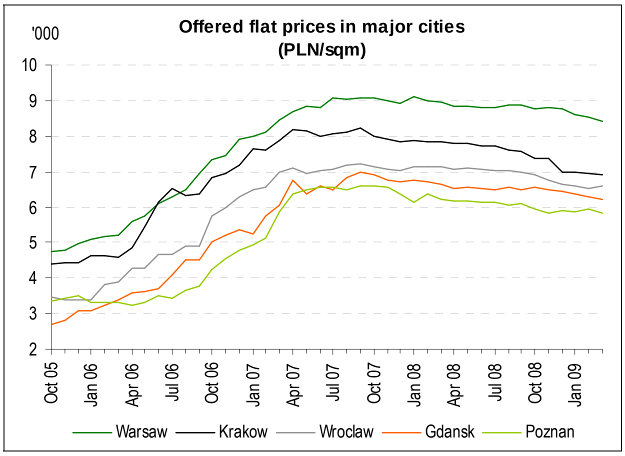


Many new flats, but investments decelerating

▪ The number of houses completed in March reached almost 12,000, and was ca. 22% higher than last year. This is still the product of record-high number of investments started in the last two years. However, the number of new building permits and new house starts has already started declining, which will result in lower supply in the primary housing market in a horizon of six to eight quarters.

▪ There was a significant rise in supply of flats in the secondary market. According to szybko.pl, in March there were 58% more offers to sell flat than in December and 83% more than in March 2008. Possibly, a large part of this amount were recently completed flats.

▪ There was also a rise in supply of construction land in the secondary market (ca. 10%YoY rise in number of offers).

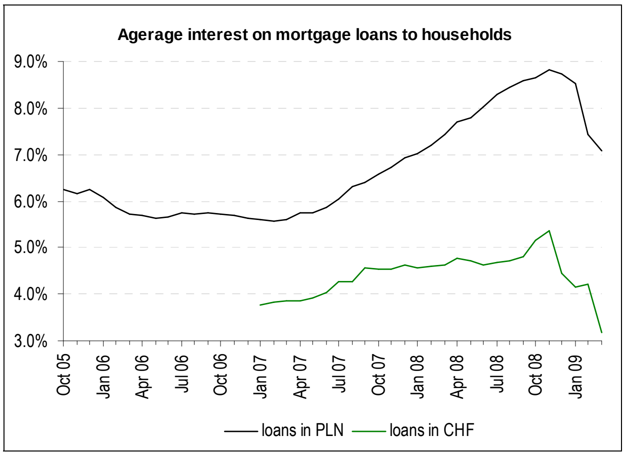


House prices slowly declining

▪ Under influence of high supply and limited demand, prices of flats maintained downward trend. Nevertheless, a scale of decline was still quite moderate – in most of the biggest cities they were in range of 6%-8%YoY (only in Kraków there was a double digit fall, over 12%YoY). In some smaller towns a little increase in prices was observed in March.

▪ There are signals about some rebound in buyers' interest in housing market, nevertheless in general the demand remains limited due to more difficult access to credit and deteriorating situation in the labour market.

▪ We expect to see a continuation of gradual fall in house prices in the nearest months and then a rebound after several quarters, when economic revival will coincide with limitation of supply of new houses.

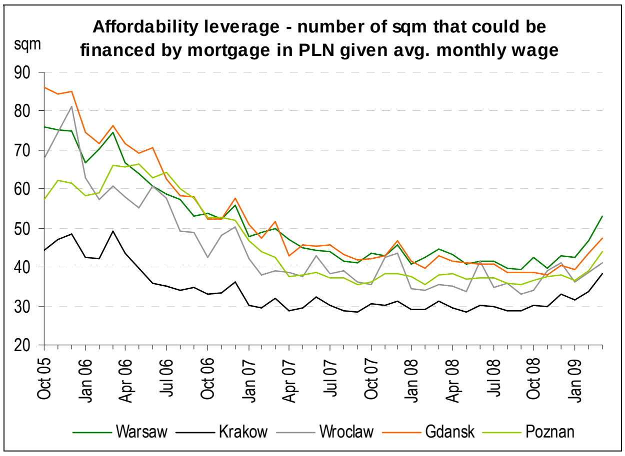


Interest rates decreasing, banks' criteria tightening

▪ In March there was a clear drop in average interest rate on new mortgage loans, particularly in Swiss francs (despite retaining high margins by banks).

▪ However, it does not imply higher availability of loans, as banks are still tightening their credit policies. According to NBP report, in Q1 around 50% of banks tightened criteria of granting mortgage loans, among others raising margins, lifting required own contribution and tightening requirements concerning collaterals. Many banks also raised non-interest costs of credit.

▪ After the first quarter, there was a rise in limit of house price qualifying for state subsidy to mortgage loans. At the same time, a hike in banks' margins and falling value of subsidy (tied to the reference rate) caused a fall in relative attractiveness of those loans as compared to standard banks' offer.



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

Price to income ratio improving

▪ For those, who are able to get mortgage loan, despite tighter credit policy of banks, condition for buying real estate is becoming increasingly attractive.

▪ Due to fall in house prices and mortgage interest rates, amid still growing (yet more slowly) households' income, there was a clear rise in our index of leveraged house affordability, assuming financing flat purchase with zloty-denominated loan. In most cities the index reached the highest level in two years (three years in Kraków).

▪ Taking into account only costs of loan repayment, person with the same wage as average in the region may now afford a flat with 10-20% higher area (depending on location) than one year ago, and 22-35% higher area than six months ago.

Central bank watch

Fragments of the MPC statement after its meeting in April (changed font indicates changes as compared to March's statement)

Data released recently confirm low economic activity in Poland. Decline in manufacturing, exports and retail sales in the first months of 2009 ~~confirm that economic growth in Poland has been slowing considerably. Strong economic slowdown which is mainly driven by~~ **points to a slightly lower GDP growth in 2009 Q1 than previously forecast. At the same time, the data on economic situation abroad confirm that** recession in Poland's major trading partners has ~~been spilling over to further sectors of the economy~~ **deepened.** Similarly to other countries, **lower demand connected with deteriorated sentiment of economic agents and their worsened financial condition, driven by** limited credit availability stemming from increased risk aversion **in the financial sector** and considerable tightening of banks' lending conditions ~~as well as deteriorating sentiment of economic agents~~ contribute to slowing economic growth **in Poland**.

The recent period was marked by still heightened exchange rate volatility of currencies of Central and Eastern European countries, as well as currencies of developed economies. This has also affected the zloty exchange rate.

In the Council's assessment, inflation in the coming months is likely to temporarily remain at an elevated level, mainly as a result of the ~~already observed~~ **relatively high growth of food prices and a** rise in administered prices, primarily **prices** of energy.

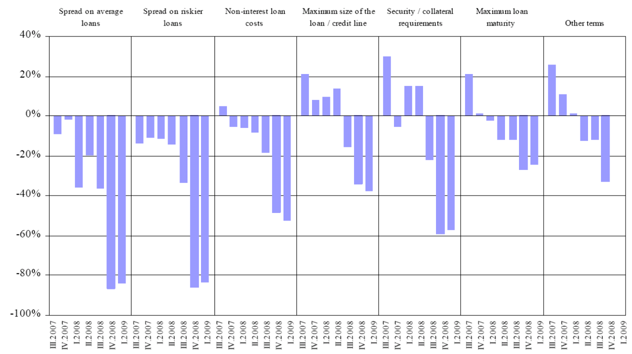
In the medium term, the recession in the global economy bringing about the decline in the domestic economic growth will lower the inflationary pressure in Poland. ~~Deteriorating~~ **Gradual deterioration of the** situation in the labour market and ~~worsening~~ **of** financial condition of enterprises as well as **tightening of** banks' lending ~~tightening~~ conditions will also be conducive to curbing demand and, consequently, inflationary pressure. On the other hand, the previously observed considerable depreciation of the zloty exchange rate will drive price increases. ~~Weakening of the zloty exchange rate has also increased the zloty value of liabilities of economic agents (both households and enterprises) denominated in foreign currency, which might lead to lowering domestic demand.~~

~~Maintaining fiscal discipline in the public finance sector may be conducive to easing the monetary policy.~~

Rates unchanged in April, but still easing bias

- In April, for the first time since October 2008, the MPC did not change interest rates, the reference rate remained at 3.75%. Factors, which were arguments for a pause in rate cuts in April, were elevated inflation in March (3.6%YoY, i.e. above the upper end of allowed fluctuations around the target and not much below the current level of the reference rate, which would imply negative real interest rate with another rate cut of 25bp) and the fact that some economic activity indicators locally and abroad surprised on the upside. The zloty performance was also important (still high volatility) as well as developments in fiscal policy (dropped sentence in the statement on fiscal discipline as a factor in favour of monetary easing).
- However, as one could have expected, the Council maintained informal easing bias in its policy and overtone of the official statement remained dovish, confirming that April decision should be interpreted as a pause in the cycle and not an end to rate cuts. The MPC stressed that recent data confirmed deepening of recession abroad, low economic activity in Poland and risk of slightly lower GDP growth in Q1, fall in demand related to deterioration in moods and further drop in employment. These factors mean weaker price pressure in the medium-term. The current increase in inflation was described by the MPC as temporary. This suggests readiness of the Council to continue monetary easing later in the year.
- Interest rates are likely to be kept on hold also in May (although it depends on new data), but we think the June projection will convince the MPC that the medium-term inflation and GDP prospects justify further monetary easing. We still expect that the reference rate will be reduced to 3%.

Terms on loans for enterprises

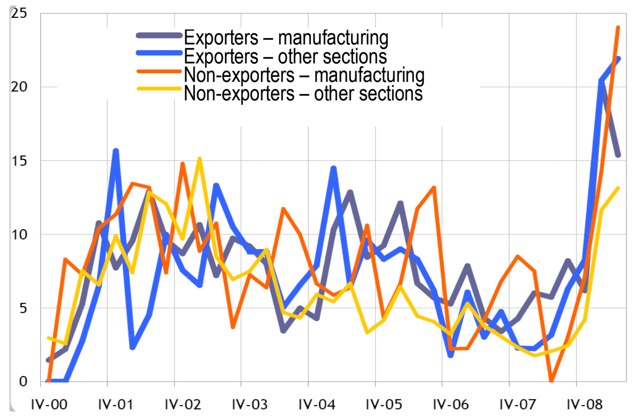


Note: A negative value of net percentage should be interpreted as the tightening of lending policy.

Further tightening of banks' lending policy

- The NBP report on situation in the credit market showed that in Q1 for the second time in a row there was clear limitation of supply in all segments of the credit market. There was tightening of terms on all kinds of loans (including rise in credit margins). Such changes in the credit market weaken the effect of reduction in NBP interest rates.
- According to declaration of banks, changes in credit policy resulted from very high uncertainty regarding future economic situation (more difficult assessment of credit risk) and intensifying capital constraints. Fall in credit supply was also related to deterioration in quality of current credit portfolio.
- NBP survey showed that weakening of credit activity was also caused by lower demand for loans both from enterprises and households.

Percentage of firms planning to reduce prices

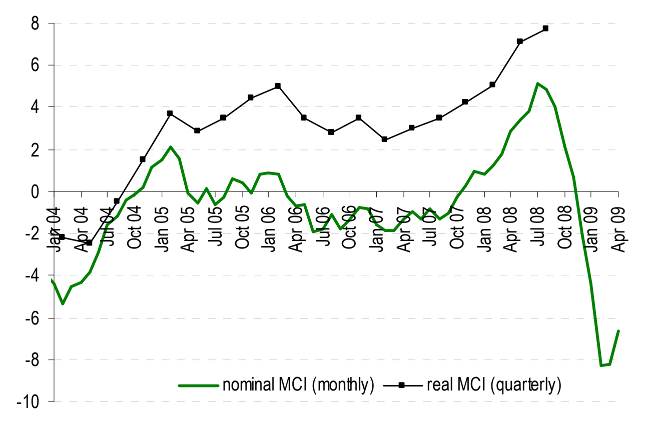


Source: NBP

NBP survey shows further deterioration in business climate

- According to NBP survey, Q2 is expected to bring further deterioration in business climate, but on a lower scale than in Q1. The main problem of companies is low demand (it is reported by 30% of firms, the most in history of the survey). Plans for Q2 assume further fall in production, despite slight signs of improvement in orders (also in export sector). Among firms, which felt deterioration in situation, a half expects that already in 2009 business climate will improve.
- As to assessment of inflation prospects, it is important that NBP survey showed a fall in percentage of firms planning to hike prices and rise in percentage of firms planning to lower prices, also for products offered only domestically. This supports opinions of those MPC members who expect that weak demand will lead to inflation fall later in the year.

Restrictiveness of the Monetary Policy (Council)



MCI went up in April

▪ April saw rise in nominal MCI after its stabilisation in March. Increase of the MCI was caused by appreciation of the zloty (smaller deviation in direction of depreciation from estimated long-term trend),which was only partially offset by an effect of a fall in interest rates (larger deviation in direction of lower rates from the estimated long-term trend). At the beginning of May changes in EURPLN and WIBOR acted in direction of further rise in the nominal MCI.

▪ Looking at changes in MCI in a few recent and next months one should still remember about ambiguous effects of changes in the exchange rate given the dramatic zloty depreciation observed at the turn of the year. One should also take into account changes in banks' lending policy, which affects effective impact of changes in WIBOR rates.

4,00%

Filar 1,62 (1,61)

Wasilewska-Trenkner 1,58 (1,48)

Noga 1,50 (1,52)

Wojtyna 1,46 (0,91)

Sławiński 1,15 (0,91)

3,00%

Czekaj 1,00 (0,86)

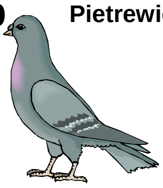
Skrzypek 0,85 (N/A)

Owsiak 0,88 (0,91)

Nieckarz 0,88 (0,83)

2,50%

Pietrewicz 0,81 (0,74)



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 within the nearest 12 months. Values in percent indicate **our subjective** assumption as regards a preferred level of the reference rate in 12 months by a particular MPC member.

Not all hawks against rate cut of 25bps in February

Over the past month our knowledge about voting patter of MPC members enriched by results of MPC vote regarding rate cut by 25bp in February (results of the lost vote in February regarding 50bps will be revealed only in the Inflation Report due for release in June). What is interesting, once again one of clearly hawkish rate-setters voted for a rate cuts. In January it was Marian Noga and in February it was Halina Wasilewska-Trenkner. This shows that even hawkish central bankers see a need for rate cuts, although in their opinion rate reductions should be of lower frequency and of lower total scale.

Hawks see room for next cuts, but after May

The most recent comments from hawks on the rate-setting panel indicate that they still see a possibility of further monetary easing, although at the same time strongly opt for a pause in rate cuts until June. In opinion of the most radical hawk, Dariusz Filar, it is "obviously too early to determine whether the economy actually begins to stabilise at some level, which would justify stabilisation of the interest rates". However, according to him, one of the reasons to wait with a possible next rate cut until June is the new NBP projection of inflation and GDP. The second reason for a pause until June is the inflation increase in April to 3.9%YoY, according to estimates of the FinMin. Filar would like to see whether the growth proves temporary. Thus, he wants to get the CPI data for May due for release in mid-June. Next rate cuts were not excluded also by Halina Wasilewska-Trenkner, but in her opinion no much room left for rate cuts. According to Marian Noga, the Council is still in the phase of rate cuts, but he did not exclude a pause in rate cuts also in May, as "it may happen that despite leaving rate on hold in April, we will have negative real interest rate". Andrzej Wojtyna underscored a change in calendar of entry to ERM2 and the euro zone and its implications of the zloty exchange rate, which suggest that his willingness to trim rates has lowered. Moderate hawk Andrzej Sławiński said he does not see factors, which could lead to inflation increase beyond the current period, and stated that the MPC is still in the easing mode. However, Sławiński would like to avoid real negative interest rate, which indicates he wants to wait with next rate cuts until June.

Radical dove sees urgent need for rate cuts, does not wait for projection

Mirosław Pietrewicz told PAP on May 4 that "only after the June projection one could say with higher probability what should be our actions in next months". However, he said that already now he sees a need for next cut and further monetary easing should take place in steps of 25bps. In an interview with Reuters on May 11 he said that "one should not postpone actions, which are needed for the economy so that the crisis period was as short as possible".

Moderate Czekaj does not fully exclude a rate cut in May

MPC member, Jan Czekaj said that June will be a good moment for better assessment of the situation, "but this does not mean at all that we will wait with decisions until June". In our view, given expected high inflation figure for April it is likely there will be again no rate cut at the MPC meeting in May. An argument for that is also still uncertain situation in the FX market and macroeconomic data for April will probably be not that weak as figures for January and February, so that convince the Council to resume rate cuts before data on GDP for Q1 (in our opinion they will be weaker than MPC members expect, but they will appear only after the MPC meeting in May) and the June projection of inflation and GDP.

Source: CSO, Eurostat, NBP, own calculations

Government and politics

General government deficit and debt in 2008 as % of GDP

Country	Deficit	Debt	Country	Deficit	Debt
Ireland	-7.1	43.2	Estonia	-3.0	4.8
UK	-5.5	52.0	Italy	-2.7	105.8
Romania	-5.4	13.6	Portugal	-2.6	66.4
Greece	-5.0	97.6	EU-27	-2.3	61.5
Latvia	-4.7	64.1	Slovakia	-2.2	27.6
Malta	-4.0	19.5	Euro area	-1.9	69.6
Poland	-3.9	47.1	Czech Rep.	-1.5	29.8
Spain	-3.8	39.5	Belgium	-1.2	89.6
France	-3.4	68.0	Slovenia	-0.9	22.8
Hungary	-3.4	73.0	Austria	-0.4	62.5
Lithuania	-3.2	15.6	Germany	-0.1	65.9

* the remaining 7 EU countries had general government surpluses in 2008

Higher-than-expected fiscal deficit in 2008

▪ While already in December 2008 the government assumed in the Convergence Program that the fiscal deficit in 2008 would reach 2.7% of GDP, actually it was 3.9% (the 7th highest in the EU). Debt also proved higher than assumed. Together with further rise in deficit predicted by EC in 2009, this is a reason for imposing the excessive deficit procedure on Poland, although one should not expect sanctions for that with weak fiscal performance of many countries in the EU.

▪ The discrepancy between estimate of the FinMin in December and official data was caused among others by higher-than-estimated costs of reduction in disability pension contribution, rise in military spending, VAT refunding, balance of local governments (deficit instead of surplus) and deficit in social security funds.

European Commission's forecast for Poland

Variable	2007	2008	2009	2010
GDP growth	6.7	4.9	-1.4	0.8
Private consumption	5.0	5.4	0.6	0.2
Fixed investment	17.6	8.1	-6.2	-0.8
Net exports contribution	-2.0	-0.7	0.3	0.7
HICP inflation	2.6	4.2	2.6	1.9
Unemployment rate*	9.6	7.1	9.9	12.1
Current account balance	-5.1	-5.3	-4.7	-3.7
General government balance	-1.9	-3.9	-6.6	-7.3
Structural budget balance	-3.2	-5.3	-6.0	-5.6
General government gross debt (% of GDP)	44.9	47.1	53.6	59.7

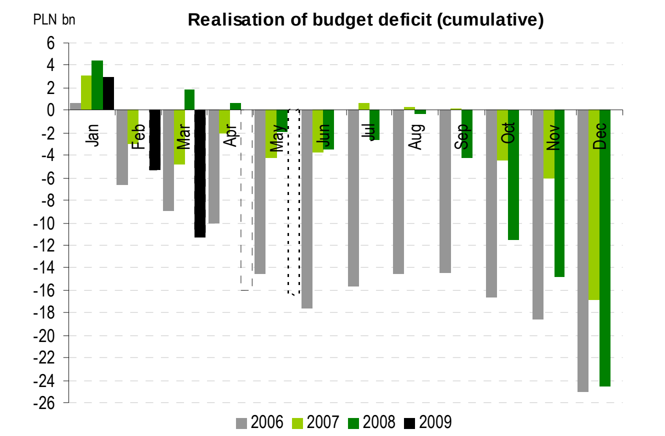
* annual average for data according to Eurostat definition (LFS methodology)

Spring pessimism of the European Commission

▪ Spring economic forecasts of the EC brought lowering of forecasted GDP growth rate for Poland to –1.4% from 2% in January. However, scale of forecasts revision for Poland was the smallest in the region. For this year the EC predict higher growth only for Malta, Greece and Cyprus. Forecast for 2010 (0.8%) is the highest within the entire EU and in Q4 2010 GDP growth in Poland is predicted to reach over 3%YoY.

▪ In our view, the EC forecast is too pessimistic and this relates to too low assumption regarding private consumption and net exports contribution with fall in domestic demand.

▪ EC forecasts for fiscal parameters are caused by, apart from too pessimistic GDP forecasts, an assumption of no reaction of the fiscal policy. FinMin predicts fiscal gap this year at maximum 4.6% of GDP (we expect over 5%).



What about this year's central budget?

▪ An gauge for current condition of the economy and strength of the crisis' influence on the public finance stance is realisation of the central budget. After March the central budget gap reached PLN11.2bn, or 61.7% of the annual plan while the official schedule assumed it would be PLN12.3bn.

▪ Revenues from VAT were weak in March, but this could be related to the change in rules for its refunding. Thus, one should wait some time with more precise assessment of the crisis impact on the budget condition. FinMin also waits for final results of PIT settlements. Without this information, deficit after April is estimated by FinMin at no more than PLN16bn.

▪ Likely changes in the central budget for this year as due in July, according to recent comments from Prime Minister Donald Tusk and finance minister Jacek Rostowski.

Fragments of the document 'Conditions of the realisation of consecutive stages of Road Map of Euro Adoption in Poland'

So that the parity rate could effectively constrain fluctuations of the zloty, some conditions should be met. First, the level of the parity rate should be consistent with macroeconomic situation of the country.

Second, the declared period of presence in the ERM2 should be as short as possible, which – through closer perspective of adopting the single currency – will increase credibility of the current level of parity rate as a benchmark for the final rate of zloty conversion into the euro.

Third, at the moment of assessing readiness for euro adoption, Poland should fulfil all formal conditions of joining the euro zone, as only then it will be possible to adopt the euro in the targeted date.

Fourth, it is necessary to reach political agreement regarding indispensable formal adjustments required for euro adoption. The character of the agreement should not arouse any doubts as regards the credibility of the taken obligations.

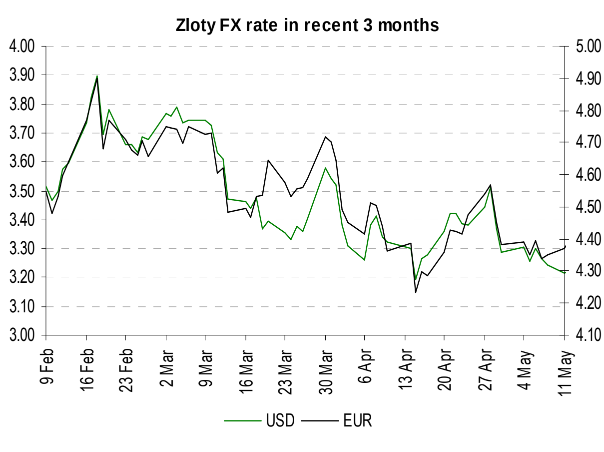
Update of the euro road map – EMR2 rather not this year

▪ Towards the end of April the FinMin published document entitled 'Conditions of the realisation of consecutive stages of Road Map of Euro Adoption in Poland'. Its content indicates that ERM2 in H1 2009 is unlikely due to still heightened volatility in the FX market, which makes it difficult to set a proper parity rate so that it could function as nominal anchor stabilising the market exchange rate.

▪ However, in light of the document one cannot exclude that ERM2 entry will take place in H2 2009. In our view, ERM2 entry this year as an element of the credible path of euro adoption in 2012 will be impossible due to problems with reducing the fiscal deficit below 3% of GDP in 2010. During this year it will be also difficult to reach political agreement regarding necessary adjustments in law.

Source: European Commission, Eurostat, Ministry of Finance, own calculations

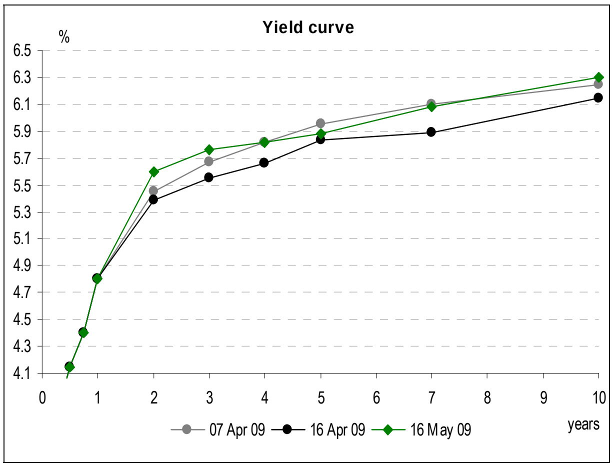
Market monitor



Zloty stronger on global moods and FCL

▪ The EURPLN rate approached 4.20 level in mid-April after the Poland's motion for granting flexible credit line from IMF ($20.5bn). The zloty strengthening was supported by positive global moods and rally in the equity markets. In the second half of April there was a correction to 4.60 on concerns over fiscal situation (higher than expected fiscal deficit). In May the zloty stabilised in range of 4.30-4.40 vs. euro.

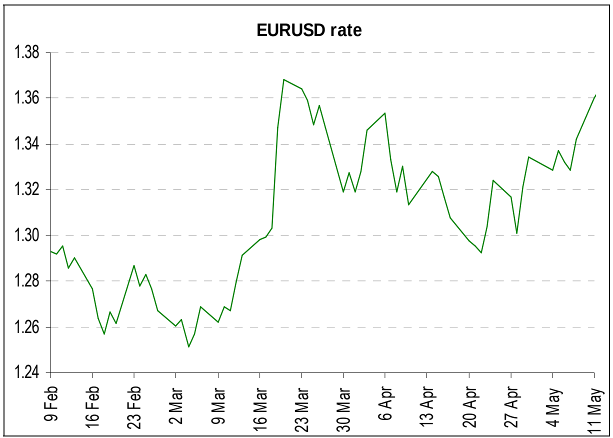
▪ In our view the zloty volatility may remain quite low in the coming weeks, and the EURPLN rate will fluctuate in range of 4.20-4.52. In the short run the zloty may stay under pressure due to probable correction in equity markets on global moods and incoming amendment to the budget bill. However, in the longer term the zloty should gradually strengthen (to ca. 4.00) due to gradual improvement in economic figures and appetite for risk with 4.20 as important resistance for the zloty.



Yields slightly up

▪ Since mid-April the market interest rates started rising. This was supported by the economic data (higher CPI, output, wages). Moreover, the debt market was negatively affected by news on deteriorating fiscal situation, and additionally the MPC did not lower the interest rates. Higher rates also resulted from comments of the MPC. The expectations for rate cuts in later term influenced most of all the short end of the IRS and debt curves, which contributed to yield curve flattening.

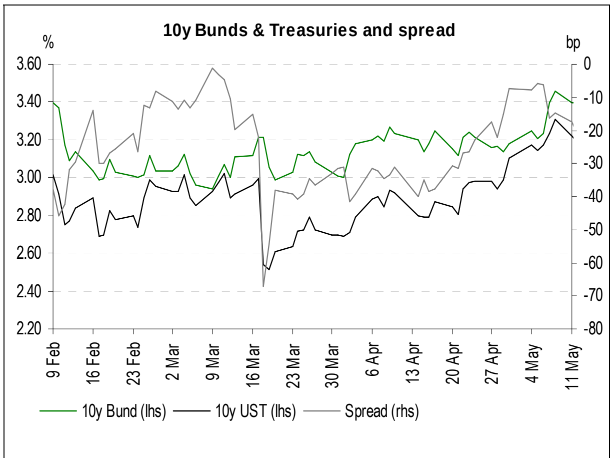
▪ In the nearest time the upward trend in interest rates may be continued. The MPC will probably not change interest rates in May as well due to high inflation. The recovery at the long end of the curve will be also constrained by high yields of Bunds. Quite stable zloty will rather not give an impulse for rates decline. There should be some rates decline while approaching the June MPC meeting and perhaps also after Q1 GDP.



Appetite for risk supports the euro

▪ EURUSD rate clearly declined in the middle of the previous month among others after comments from the ECB about non-standard measure of monetary policy easing ans strong dollar policy with lower appetite for risk. Better than expected data in the US and in the euro zone as well as quite optimistic results of the Q1 earning reports resulted in gradual euro recovery. The EURUSD rate rose at the start of May supported by positive data from the US labour market. Euro was not hurt by the ECB rate cut by 25 bp and announcement of bond purchases.

▪ After significant increase of the EURUSD rate in the nearest time there may be a downward correction with possible deterioration of risk appetite and some take-profit in stock markets. In the following months the EURUSD rate should be relatively stable with declining tendency toward 1.30.



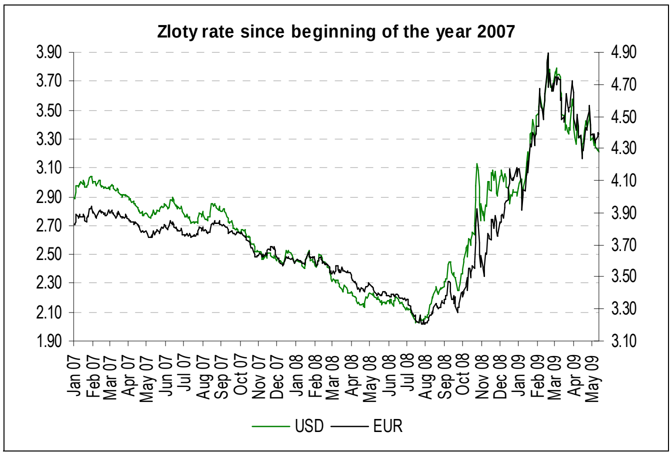
Debt supply concerns and hopes for recovery hurt core debt

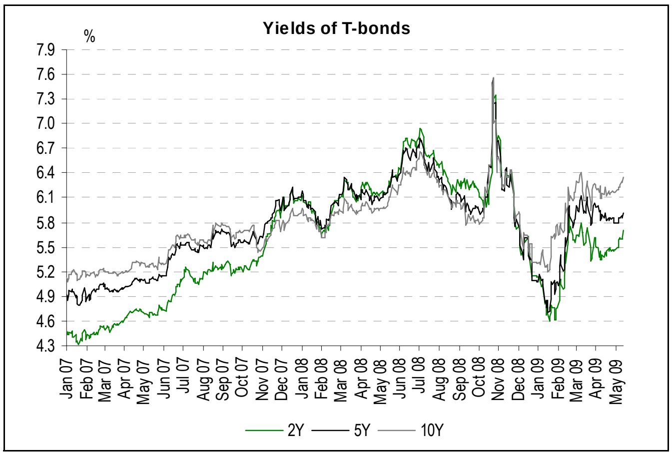
▪ In the core debt markets there was a significant increase in yields due to decline in appetite for safe-haven assets with few-weeks uptrend in the equity markets after better than expected economic data. Large debt issues were negative factor for US market. The euro zone debt market was not supported by the ECB covered bonds purchases and interest rates by the ECB. In the last month yields of 10Y Treasuries rose by 32 bp (to 3.22%) and 10Y Bunds rose by 18 bp to 3.39%.

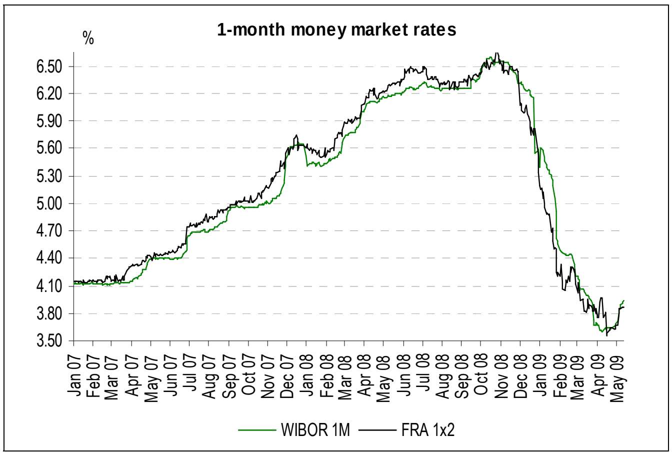
▪ Interest rates in the euro zone may lower even further, though rather not in June. However the level of risk appetite will be crucial for the debt markets. Bonds weakening and effect of large debt supply could be offset mainly by significant deterioration in global moods and hopes for economic recovery as well as purchases for bonds by the central banks.

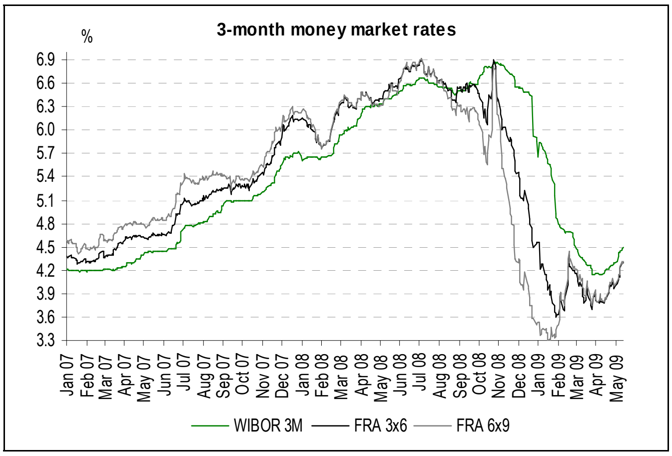
Source: Reuters, BZ WBK

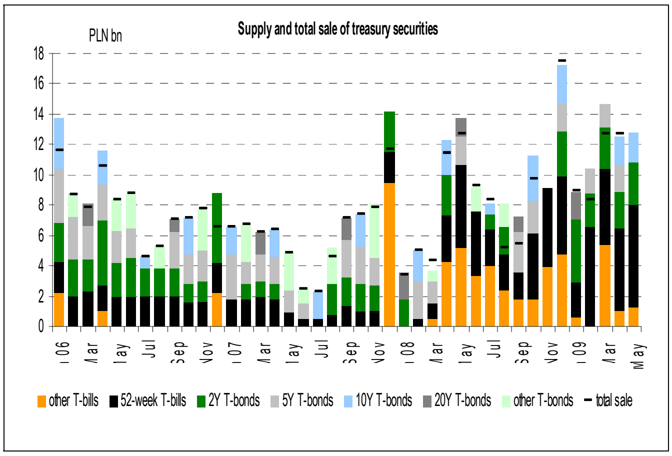
Market monitor











Treasury bills auctions (PLN m)

Auction date	(OFFER)*/SALE 52W	28W	26W	25W
6.04.2009	800-1000/1077	-	-	-
9.04.2009	1000-1500/1961	800-1000/500	-	-
20.04.2009	1000-1500/1492	-	-	-
27.04.2009	1000-1500/1215	-	-	-
4.05.2009	<2700/1328	-	-	<2700/1294
11.05.2009	600-800/758	-	-	-
18.05.2009	600-800	-	-	-
25.05.2009	2000-2500	-	-	-
1.06.2009	-	-	-	-
8.06.2009	-	-	-	-
15.06.2009	-	-	-	-
22.06.2009	-	-	-	-
29.06.2009	-	-	-	-

** based on data of the Ministry of Finance*

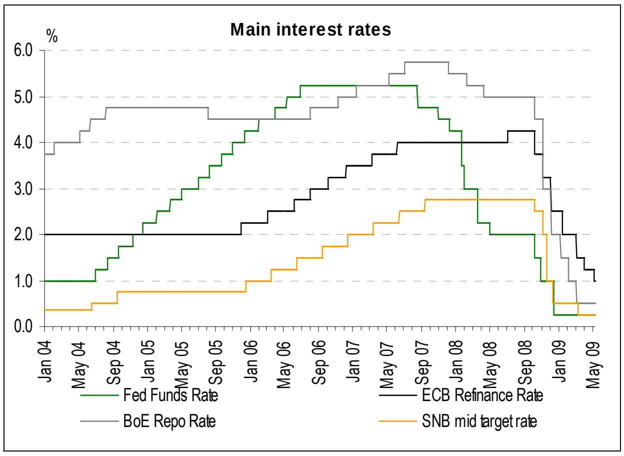
Treasury bond auctions in 2008/2009 (PLN m)

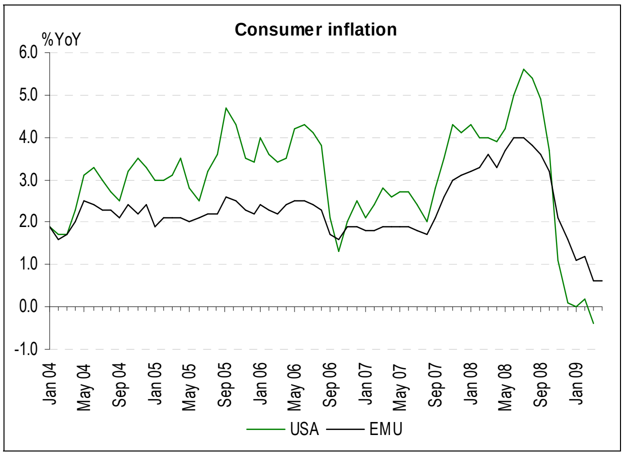
month	First auction date	T-bonds	offer	sale	Second auction date	T-bonds	Offer	sale	Switch auction date	T-bonds	sale
July	2.07	OK0710	1 000	1 000	9.07	DS1017	700	705	23.07	PS0413	1558
August	6.08	OK0710	1 800	1 830	13.08	WZ0118|IZ0823 zm.WZ0118	1 000 | 500	1 000 | 451	22.08	DS1017	1244
September	3.09*	PS0413	2 640	2 640	10.09	WS0429	1 000	1 000	17.09	DS1017/WS0429	3113/590
October	1.10*	PS0414	2 160	2 160	8.10*	DS1019	3 000	3 000	24.10	IZ0816/WZ0118	620 / 655
November	-	-	-	-	-	-	-	-	12.11	OK0710/PS0414	874 / 313
December	10.12*	Ok0711	3000	3430	17.12*	PS0414|DS1019	1800 | 2500	2042|2340	3.12	PS0414/DS1019	1212 / 1350
January	7.01*	OK0711	4200	4296	14.01	WS0429	1500	1500	21.01	PS0414/DS1019	2800/1300
February	4.02	OK0711/PS0414	2200/1600	722/1186	-	-	-	-	18.02	-	-
March	4.03	OK0711/PS0414	2760/1500	2550/640	-	-	-	-	11.03	OK0711/PS0414	2759/1809
April	1.04	OK0711/PS0414	2400/1800	2544/1814	8.04	DS1019	1000-1800	2120	15.04	PS0414/DS1019/WS0922	1437/3129/1158
May	13.05	OK0711	2300-2800	-	20.05	DS i/lub WS	1000-2000	-	6.05	DS1013/DS1015	765/2505
June	3.06	OK i/lub PS	-	-	10.06	DS i/lub WS	-	-	-	-	

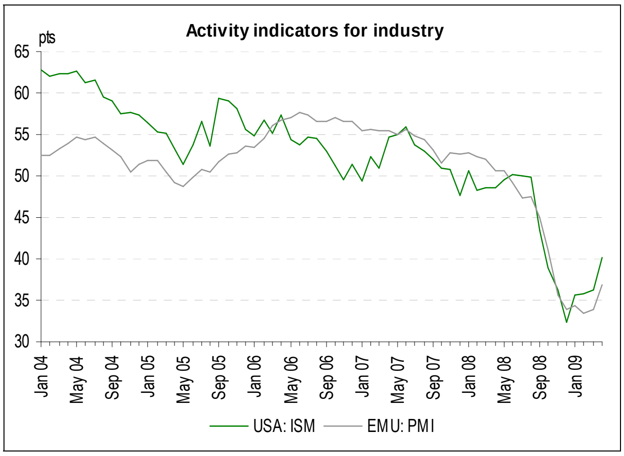
* with supplementary auction

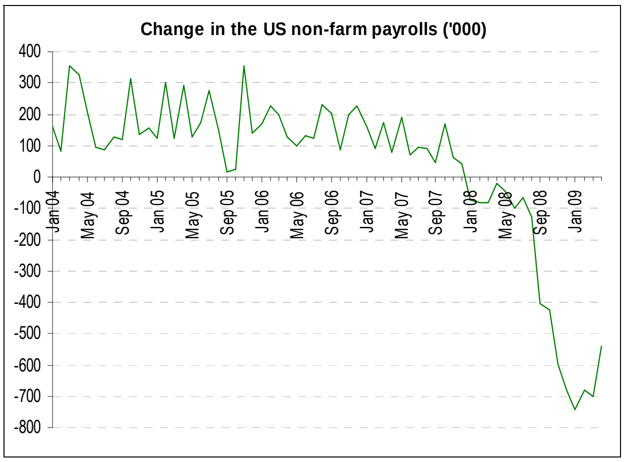
Source: Ministry of Finance, Reuters, BZ WBK

International review









Source: Reuters, ECB, Federal Reserve

ECB lowers rates and announces bond purchases

- In April Fed did not change interest rates leaving Fed Funds rate in range of 0-0.25%. The Federal Reserve did not update the plan of debt securities repurchases and suggested in the statement that the prospects of the economy moderately improved, which positively affected investors' moods. At the same time Fed announced that it will leave interest rates at low level for a long time.
- In May Bank of England left interest rates unchanged with the main rate at 0.5%. ECB cut the refinance rate by 25 bp to 1%, the record low level. Although the ECB President J.C.Trichet stated the interest rates are at appropriate levels he also noted that ECB did not decide whether interest rate could not be lowered even further, though the next move in June seems little probable. ECB announced that it is going to purchase covered bonds denominated in euro for €60bn, and the details of this operations will be presented at the June meeting.
- Inflation data point that the price pressures are not noticeable in a situation of limited demand and output below potential thus central banks may run extraordinarily loose monetary policy.
- Final data on HICP inflation of the Eurostat for March confirmed flash estimate of the Office at 0.6%YoY from 1.2% in February. Meanwhile the preliminary estimates of Eurostat for April indicate stabilisation of annual growth at record low level from March. There is hardly any price pressure among producers as PPI index in the euro zone fell by 0.7%MoM against expected –0.6%MoM.
- In the US the CPI inflation for March dropped by 0.1%MoM (-0.4%YoY) against expected +0.1% (-0.1%). Core inflation (0.2%MoM, 1.8%YoY) was slightly higher than forecasted (0.1%MoM, 1.7%YoY).

Activity and sentiment indices decrease pessimism

- Activity and moods indices positively surprised, though it is worth to remember, the figures still point to activity weakening.
- The manufacturing PMI for the euro zone rose to 36.8, marginally above market forecast. Services PMI rose in April to 43.8 pts from 40.9 pts in March, while the market expected increase to 43.1 pts.
- Data from the German economy positively surprised. In March industrial orders rose by 3.3%MoM (-26.7%YoY) against expected decline by 1.0%MoM (-35.8%YoY). Industrial production remained unchanged in March in monthly terms, while the market expected a drop by 1.3%.
- The PMI index for the US rose in April to 40.1 pts from 36.3 pts against expected 38.4 pts. ISM index for services in April appeared better than expected (increase to 43.7 pts against expected 42.2 pts).
- The Michigan consumer sentiment index rose in April to 65.1 pts from 57.3 pts against expected 61.9 pts.
- US Q1 GDP growth fell in Q1 more than expected by 6.1% (annualised) against forecasted –5.3%, after –6.3% in Q4. Worse than expected data resulted from record drop of business inventories (contribution to GDP: -2.8% p.p.) and falling exports (-30%). Drop in inventories was interpreted to some extent as positive signal for H2 due to expected increase in new orders and industrial production. Investments fell by ca. 38%, and private consumption rose by 2.2% with first increase in durable goods spending for in 4 quarters (9.4%).
- US non-farm payrolls fell in April by 539k against expected decline by 590-600k. Data for the previous months were only slightly downwardly revised. Meanwhile, the unemployment rate rose more than expected to 8.9%, the highest since 1983.

Economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
11 May ***PL: Auction of Treasury Bills*** EZ: Retail sales (Feb)	**12** US: Trade balance (Mar)	**13** ***PL: Auction of Treasury bonds*** EZ: Industrial production (Mar) US: Retail sales (Apr) US: Import prices (Apr)	**14** ***PL: CPI (Apr)*** ***PL: Money supply (Apr)*** US: PPI (Apr)	**15** ***PL: Balance of payments (Mar)*** EZ: Preliminary GDP (Q1) EZ: Final HICP (Apr) US: CPI (Apr) US: Capital flows (Mar) US: Industrial production (Apr) US: Preliminary Michigan (May)
18 ***PL: Auction of Treasury Bills***	**19** ***PL: Wage and employment (Apr)*** DE: ZEW index (May) US: House starts (Apr) US: Building permits (Apr)	**20** ***PL: Auction of Treasury bonds*** ***PL: Industrial production (Apr)*** ***PL: PPI (Apr)*** US: FOMC minutes	**21** ***PL: Core inflation (Apr)*** ***PL: MPC minutes (Apr)*** EZ: Flash manufacturing PMI (May) EZ: Flash services PMI (May) US: Philly Fed index (May) US: Leading indicators (Apr)	**22** ***PL: Business climate (May)***
25 ***PL: Auction of Treasury Bills*** US,GB: Market holiday JP: BoJ meeting – decision DE: Ifo index (May)	**26** ***PL: MPC meeting*** ***PL: Retail sales (Apr)*** ***PL: Unemployment rate (Apr)*** DE: Gfk index (Jun) US: Case/Shiller report (Mar) US: Consumer confidence (May)	**27** ***PL: MPC meeting – decision*** US: Home sales (Apr)	**28** EZ: Economic sentiment index (May) US: Durable goods orders (Apr) US: New home sales (Apr)	**29** ***PL: GDP (Q1)*** EZ: M3 money supply (Mar) (Apr) EZ: Flash HICP (May) US: Preliminary GDP (Q1) US: Core PCE (Q1) US: Chicago PMI (May) US: Final Michigan (May)
1 ***PL: PMI (May)*** ***PL: Auction of Treasury Bills*** EZ: Manufacturing PMI (May) US: Core PCE (Apr) US: Manufacturing ISM (May)	**2** US: Pending home sales (Apr)	**3** ***PL: Auction of Treasury bonds*** JP: Market holiday EZ: PMI services (May) US: ADP report (May) US: Factory orders (Apr) US: Non-manufacturing ISM (May)	**4** EZ: Retail sales (Apr) GB: BoE decision EZ: ECB decision US: Productivity & unit labour costs (Q1)	**5** US: Non-farm payrolls (May) US: Rate of unemployment (May)
8 ***PL: Auction of Treasury Bills***	**9** US: Wholesale inventories (Apr)	**10** ***PL: Auction of Treasury bonds*** US: Trade balance (Apr)	**11** ***PL: Market holiday*** US: Retail sales (May)	**12** ***PL: Money supply (May)*** EZ: Industrial production (Apr) US: Import prices (Jun)

Source: CSO, NBP, Finance Ministry, Reuters

MPC meetings and data release calendar for 2009

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
MPC meeting	27	24-25	24-25	28-29	26-27	23-24	28-29	25-26	29-30	27-28	24-25	22-23
MPC minutes	22	19	19	23	21	18	23	20	24	22	19	17
GDP*	-	-	2	-	29	-	-	28	-	-	30	-
CPI	14	13[a]	13[b]	15	14	15	14	13	15	14	13	15
Core inflation	21	20	22	21	22	22	20					
PPI	20	19	18	20	20	19	17	19	17	19	19	17
Industrial output	20	19	18	20	20	19	17	19	17	19	19	17
Retail sales	29	24	24	27	26	-	-	-	-	-	-	-
Gross wages, employment	19	17	17	17	19	18	16	18	16	16	18	16
Unemployment	29	24	24	27	26	-	-	-	-	-	-	-
Foreign trade	about 50 working days after reported period											
Balance of payments*	-	-	31	-	-	30	-	-	-	-	-	-
Balance of payments	15	12	13	14	15	17	14	11	-	-	-	-
Money supply	14	13	13	14	14	12	14	13	-	-	-	-
NBP balance sheet	7	6	6	7	7	5	7	7	-	-	-	-
Business climate indices	22	20	20	22	22	22	22	21	22	22	20	22

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

Source: CSO, NBP

Economic data and forecasts

Monthly economic indicators

		Apr 08	May 08	Jun 07	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09
Industrial production	%YoY	14.4	1.4	6.5	4.8	-4.4	5.5	-2.0	-10.6	-5.6	-15.3	-14.6	-2.0	-9.9	-9.2
Retail sales [c]	%YoY	18.3	15.2	14.3	14.7	8.3	12.4	9.2	3.0	6.9	1.3	-1.6	-0.8	-0.1	-1.6
Unemployment rate	%	10.3	9.8	9.4	9.2	9.1	8.9	8.8	9.1	9.5	10.5	10.9	11.2	11.0	11.1
Gross wages [b c]	%YoY	12.9	10.8	12.3	11.8	9.9	11.2	10.1	7.6	5.6	8.1	5.1	5.7	4.7	4.4
Employment [b]	%YoY	5.5	5.3	4.7	4.6	4.1	4.0	3.5	3.0	2.2	0.7	-0.2	-0.9	-1.5	-1.9
Export (€) [d]	%YoY	35.2	13.5	20.2	24.3	10.8	23.0	3.0	-9.8	-15.1	-25.7	-28.2	-16.3	-20.8	-14.4
Import (€) [d]	%YoY	34.9	16.4	23.2	23.5	20.1	23.7	6.7	-6.9	-12.2	-27.5	-33.0	-24.9	-25.1	-19.7
Trade balance [d]	EURm	-1235	-1413	-1678	-1606	-1420	-1334	-1473	-1526	-1710	-441	-142	-233	-434	-611
Current account balance [d]	EURm	-1583	-1781	-2173	-972	-1278	-2088	-1733	-1689	-1703	-1078	525	-483	-634	-541
Current account balance [d]	% GDP	-5.2	-5.2	-5.2	-5.0	-5.1	-5.3	-5.4	-5.6	-5.5	-5.5	-5.0	-4.6	-4.4	-4.1
Budget deficit (cumulative)	PLNbn	0.6	-1.9	-3.5	-2.7	-0.3	-4.2	-11.6	-14.8	-24.6	2.9	-5.3	-10.6	-14.5	-14.2
Budget deficit (cumulative) [e]	% of FY plan	-2.4	7.5	14.1	10.9	1.3	17.0	47.1	60.3	100.0	-16.0	29.0	58.3	80.0	78.0
CPI	%YoY	4.0	4.4	4.6	4.8	4.8	4.5	4.2	3.7	3.3	2.8	3.3	3.6	3.8	3.3
PPI	%YoY	1.9	2.4	2.2	1.7	1.4	2.0	2.4	2.2	2.7	3.6	5.7	5.6	5.5	4.9
Broad money (M3)	%YoY	15.0	15.1	16.3	16.8	16.8	17.3	17.3	18.1	18.6	17.6	17.8	17.6	16.1	15.3
Deposits	%YoY	16.7	17.4	18.5	19.4	18.9	20.0	18.7	19.4	20.6	19.5	19.2	19.4	17.7	16.7
Loans	%YoY	28.3	27.6	27.7	25.3	26.7	28.0	32.8	31.7	36.0	35.8	37.2	34.4	30.4	29.2
USD/PLN	PLN	2.19	2.19	2.17	2.07	2.19	2.34	2.69	2.93	2.98	3.18	3.63	3.55	3.36	3.45
EUR/PLN	PLN	3.45	3.40	3.37	3.26	3.29	3.37	3.57	3.73	4.01	4.22	4.65	4.62	4.43	4.45
Reference rate [a]	%	5.75	5.75	6.00	6.00	6.00	6.00	6.00	5.75	5.00	4.25	4.00	3.75	3.75	3.75
Lombard rate [a]	%	7.25	7.25	7.50	7.50	7.50	7.50	7.50	7.25	6.50	5.75	5.50	5.25	5.25	5.25
WIBOR 3M	%	6.29	6.41	6.58	6.62	6.52	6.56	6.80	6.74	6.40	5.51	4.69	4.30	4.20	4.15
Yield on 52-week T-bills	%	6.10	6.10	6.63	6.70	6.60	6.46	6.45	6.52	6.10	4.85	4.62	4.78	4.80	4.80
Yield on 2-year T-bonds	%	6.20	6.27	6.73	6.66	6.32	6.25	6.46	6.26	5.43	4.81	5.37	5.60	5.44	5.60
Yield on 5-year T-bonds	%	6.12	6.25	6.62	6.53	6.15	6.01	6.48	6.21	5.42	4.96	5.57	5.97	5.88	5.85
Yield on 10-year T-bonds	%	5.98	6.10	6.41	6.43	6.10	5.89	6.39	6.25	5.57	5.43	5.94	6.21	6.17	6.25

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

[a] at the end of period [b] in corporate sector [c] in nominal terms [d] balance of payments data on transaction basis [e] 2008 - % of Dec, 2009 - % of plan

Quarterly and annual economic indicators

		2006	2007	2008	2009	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
GDP	PLNbn	1 060.0	1 175.3	1 271.7	1 319.5	297.8	310.6	314.3	349.0	308.8	322.5	324.2	364.0
GDP	%YoY	6.2	6.7	4.9	0.8	6.1	6.0	5.0	3.0	0.4	0.5	0.5	1.6
Domestic demand	%YoY	7.3	8.6	5.5	-0.6	7.3	6.4	4.9	3.7	-1.3	-1.2	-0.6	0.5
Private consumption	%YoY	5.0	5.0	5.4	1.6	5.6	5.6	5.1	5.3	2.0	1.8	1.4	1.0
Fixed investments	%YoY	14.9	17.6	8.1	-2.8	15.7	14.7	3.5	4.4	-4.0	-6.0	-3.5	0.0
Industrial production	%YoY	12.5	9.7	3.5	-6.8	8.2	7.0	2.2	-6.3	-10.0	-9.3	-6.1	-1.9
Retail sales (real terms)	%YoY	11.9	14.0	9.6	-2.0	16.1	11.8	8.4	4.8	-1.4	-2.0	-2.1	-2.6
Unemployment rate [a]	%	14.8	11.2	9.5	13.9	10.9	9.4	8.9	9.5	11.2	11.2	12.2	13.9
Gross wages (real terms) [c]	%YoY	4.2	6.7	5.9	0.9	7.5	7.9	5.6	3.6	3.2	0.4	0.2	-0.1
Employment [c]	%YoY	3.2	4.6	4.8	-2.2	5.9	4.9	4.5	3.9	0.1	-1.9	-3.1	-3.8
Export (€) [b]	%YoY	20.4	13.4	12.7	-16.1	21.2	19.8	19.5	-7.5	-23.4	-13.9	-18.0	-8.0
Import (€) [b]	%YoY	24.0	19.5	14.9	-19.8	22.5	21.7	22.6	-4.4	-28.4	-19.1	-20.0	-11.0
Trade balance [b]	EURm	-5 539	-12 369	-16 538	-8 869	-3 241	-4 218	-4 356	-4 723	-816	-1 793	-2 851	-3 408
Current account balance [b]	EURm	-7 445	-14 586	-19 613	-8 889	-4 727	-5 401	-4 361	-5 124	-1 036	-1 673	-2 471	-3 708
Current account balance [b]	% GDP	-2.7	-4.7	-5.4	-2.9	-5.0	-5.2	-5.3	-5.4	-4.6	-3.7	-3.3	-2.9
General government balance	% GDP	-3.8	-2.0	-3.9	-5.2	-	-	-	-	-	-	-	-
CPI	%YoY	1.0	2.5	4.2	3.0	4.1	4.3	4.7	3.8	3.3	3.3	2.7	2.6
CPI [a]	%YoY	1.4	4.0	3.3	2.9	4.1	4.6	4.5	3.3	3.6	2.9	2.6	2.9
PPI	%YoY	2.4	2.0	2.2	4.3	2.6	2.2	1.7	2.4	5.0	5.0	3.9	3.4
Broad money (M3) [a]	%YoY	16.0	13.4	18.6	5.2	13.6	16.3	17.3	18.6	17.6	14.4	10.3	5.2
Deposits [a]	%YoY	15.2	14.5	20.6	5.1	15.3	18.5	20.0	20.6	19.4	15.7	10.6	5.1
Loans [a]	%YoY	23.4	29.9	36.0	3.9	29.7	27.7	28.0	36.0	34.4	25.9	15.7	3.9
USD/PLN	PLN	3.10	2.77	2.41	3.29	2.39	2.18	2.20	2.87	3.45	3.43	3.23	3.05
EUR/PLN	PLN	3.90	3.78	3.52	4.29	3.58	3.41	3.31	3.77	4.50	4.44	4.20	4.00
Reference rate [a]	%	4.00	5.00	5.00	3.00	5.75	6.00	6.00	5.00	3.75	3.50	3.00	3.00
Lombard rate [a]	%	5.50	6.50	6.50	4.50	7.25	7.50	7.50	6.50	5.25	5.00	4.50	4.50
WIBOR 3M	%	4.21	4.73	6.36	3.98	5.80	6.43	6.57	6.65	4.83	4.16	3.63	3.30
Yield on 52-week T-bills	%	4.18	4.69	6.26	4.35	5.84	6.28	6.59	6.36	4.75	4.67	4.00	4.00
Yield on 2-year T-bonds	%	4.57	5.23	6.22	5.04	5.99	6.40	6.41	6.05	5.26	5.41	5.10	4.80
Yield on 5-year T-bonds	%	5.03	5.52	6.15	5.49	6.02	6.33	6.23	6.04	5.50	5.81	5.55	5.35
Yield on 10-year T-bonds	%	5.22	5.56	6.06	5.93	5.87	6.16	6.14	6.07	5.86	6.17	5.90	5.80

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

[a] at the end of period; [b] balance of payments data on transaction basis [c] in corporate sector

Bank Zachodni WBK

This analysis is based on information available until 11.05.2009 has been prepared by:

ECONOMIC ANALYSIS UNIT

TREASURY DIVISION

ul. Marszałkowska 142, 00-061 Warszawa, fax +48 022 586 83 40

Email: ekonomia@bzwbk.pl Web site (including Economic Service page): http://www.bzwbk.pl

Maciej Reluga – Chief Economist

tel. +48 022 586 83 63, Email: maciej.reluga@bzwbk.pl

Piotr Bielski	+48 022 586 83 33
Piotr Bujak	+48 022 586 83 41
Cezary Chrapek	+48 022 586 83 42

TREASURY SERVICES DEPARTMENT

Gdańsk

Długie Ogrody 10
80-765 Gdańsk
tel. +48 058 326 26 40
fax +48 058 326 26 42

Kraków

Rynek Główny 30/8
31-010 Kraków
tel. +48 012 424 95 01
fax +48 012 424 21 41

Poznań

pl. Gen. W. Andersa 5
61-894 Poznań
tel. +48 061 856 58 14
fax +48 061 856 55 65

Warszawa

ul. Marszałkowska 142
00-061 Warszawa
tel. +48 022 586 83 20
fax +48 022 586 83 40

Wrocław

ul. Rynek 9/11
50-950 Wrocław
tel. +48 071 370 25 87
fax +48 071 370 26 22