

Weekly Market Analysis 02.02.2010

Millennium Bank

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Economic growth slows to 1.7% in 2009

Poland's GDP growth slowed in 2009 to 1.7% from 5.0% in 2008. The figure was in line with our expectations and slightly higher than the market consensus. In Q4 the growth rate reached 2.9%-3.2% and was much higher than in the previous three quarters.

Government presents programme to consolidate public finances

As expected, the government has presented a programme to consolidate public finances for the years 2010-2011. The programme includes a number of proposals aimed at increasing the transparency of public finances. Improving the management of public sector liquidity is an interesting and advantageous proposal.

Monetary Policy Council keeps interest rates on hold

As expected, the Monetary Policy Council has kept interest rates unchanged, with the reference rate still at 3.50%. The meeting in January was the first one attended by new Council members.

Zloty strengthens to the euro

Last week saw a strong appreciation of the zloty to the euro. At the beginning of this week, the EUR/PLN rate dropped to 3.9881, following a short-term correction to 4.10. The increased interest in the zloty was due to trends on international markets and partly to good macroeconomic data. Polish Treasury bills also strengthened on good macroeconomic results. The PMI and inflation figures released on Monday, Feb. 1, did not cause any significant changes on the market.