



# Poland Daily

## HEADLINES:

**POL:** The Monetary Policy Council didn't change interest rates, as expected. In the communique after the meeting the MPC underlined that due to gradual opening of economies, business conditions improved in services' sector, also in euro-zone. The MPC expects further recovery in economic activity in industry and continued disruptions to supply chains in some markets. The MPC underlined that prices of raw materials, including oil, were clearly higher than year ago what together with supply disruptions resulted in higher inflation in global economy. Concerning Poland, the MPC said that strong recovery in industry was not coupled with return of retail sales to pre-covid level. The Council said that increase of inflation to 4.8% in May stemmed mainly from increase in fuel prices, higher energy prices, rising food prices and a hike in utility prices. The above factors will keep inflation above upper bound of inflation target in coming months, but the MPC expect inflation to decelerate next year. The NBP will continue to conduct purchases of Treasury bonds and bonds guaranteed by State Treasury in secondary market. The MPC also signaled, that the NBP might intervene in FX market, in order to amplify impact of loosening of monetary policy on the economy.

## THE DAY AHEAD...

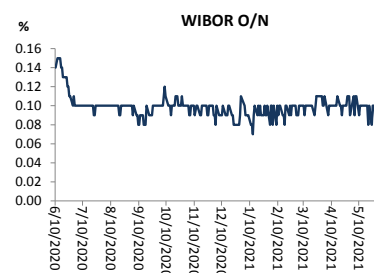
EMU: ECB decision

USA: CPI (May), Core CPI (May), initial jobless claims

## TODAY'S FOCUS:

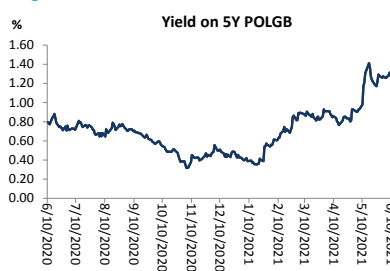
Today economic calendar contains ECB meeting and US inflation, core inflation and initial jobless claims.

Figure 1: WIBOR O/N



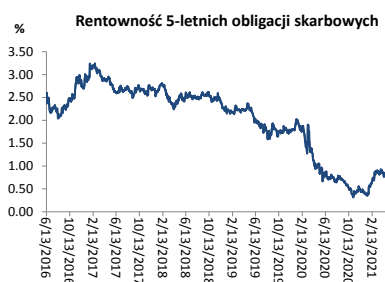
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg

## DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
EMU	11:45	ECB decision	0.00%		0.00%
USA	12:30	Inflation (May)	0.4% (4.7%)		0.4% (4.7%)
USA	12:30	Core Inflation (May)	0.4% (3.4%)		0.4% (3.4%)
USA	12:30	Initial jobless claims	370k		370k



### Foreign Exchange

Today in the morning the zloty was 0.7% weaker versus the USD and was 0.5% weaker versus the EUR compared to the previous NBP fixing. The zloty should be moving in a range of 4.4500-4.4850 PLN per EUR today.

The USD firmed by 0.2% versus the EUR ahead of publication of US CPI today.

### Fixed Income

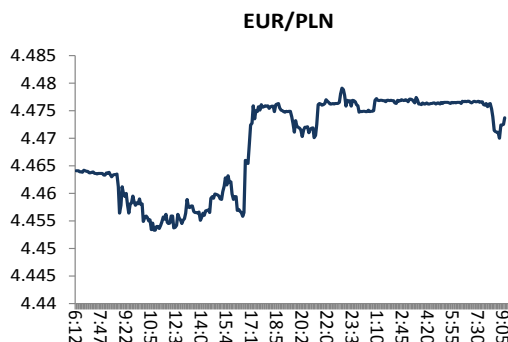
The yields on Poland's government bonds were 4bps down in 10-year sector as the MPC kept interest rates unchanged.

### Interest Rates

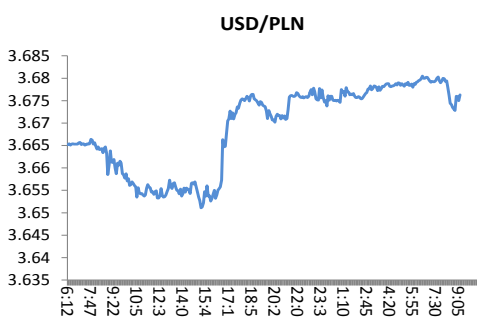
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 10bps down in 10-year sector.

### Equities

Yesterday the Dow Jones index closed 0.44% down and the S&P 500 index fell by 0.18%. Today in the morning the FTSE 100 index was 0.34% up, the CAC 40 index was 0.17% down and the DAX index was 0.28% down. The Nikkei index closed 0.34% up. Today in the morning the WIG index was 0.20% up and the WIG20 index was 0.09% down.



Source: Bloomberg

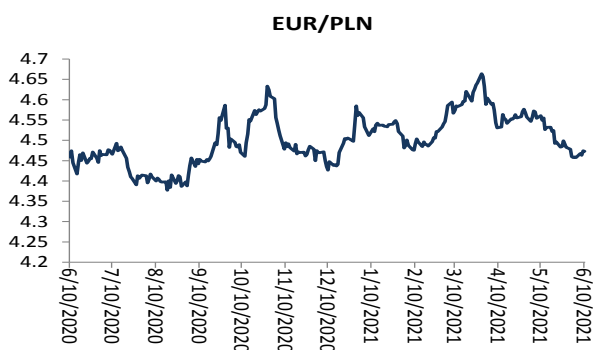


Source: Bloomberg

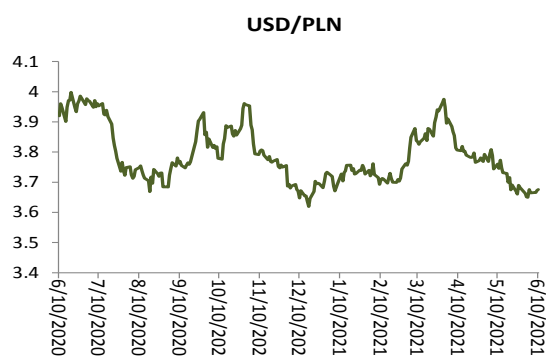


Source: Bloomberg

### Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



# Appendix 1

## Important Disclosures

### Additional information available upon request

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