



Poland Daily

HEADLINES:

POL: The Monetary Policy Council, as expected, didn't change monetary policy settings. In the communique the MPC devoted more space than usual to justify why inflation, that reached 5.4% in July, stemmed from supply-side shocks and why it would stabilize next year. The MPC reiterated that rise in inflation was a result of rising fuel prices, food prices, electric energy prices, rising waste disposal costs and higher operating costs of companies related to sanitary restrictions and disruptions to supply chains, that were independent from domestic monetary policy. The MPC said that the above factors would keep inflation above the upper bound of inflation target but lower inflation was expected next year. The Council informed that the central bank would continue bond purchases and underlined that the NBP might intervene in the FX market.

THE DAY AHEAD...

EMU: ECB decision

USA: Initial jobless claims

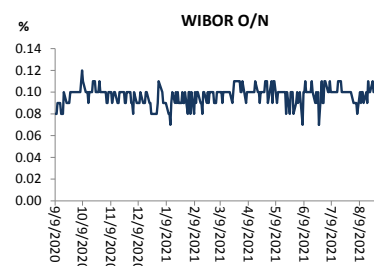
TODAY'S FOCUS:

Today economic calendar contains ECB policy meeting at which the ECB is expected to announce tapering of the PEPP. US initial jobless claims will be also of interest today.

DIARY (Today)

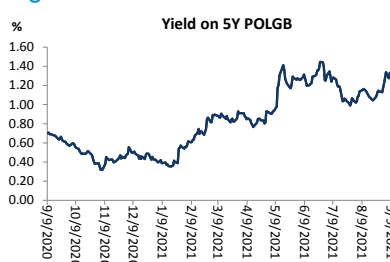
| Country | GMT | Release | DB Expected | Actual | Consensus |
|---------|-------|------------------------|-------------|--------|-----------|
| EMU | 11:45 | ECB decision | 0.00% | | 0.00% |
| USA | 12:30 | Initial jobless claims | 335k | | 335k |

Figure 1: WIBOR O/N



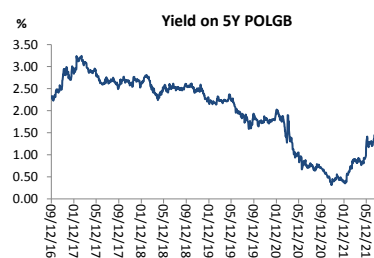
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg



Foreign Exchange

Today in the morning the zloty was 0.2% weaker versus the USD and was 0.3% weaker versus the EUR compared to previous NBP fixing. The zloty weakened as expectations of rate hike in coming months were reduced. The zloty should be moving within a range of 4.5150-4.5450 PLN per EUR today.

The USD weakened by 0.1% versus the EUR ahead of ECB meeting today.

Fixed Income

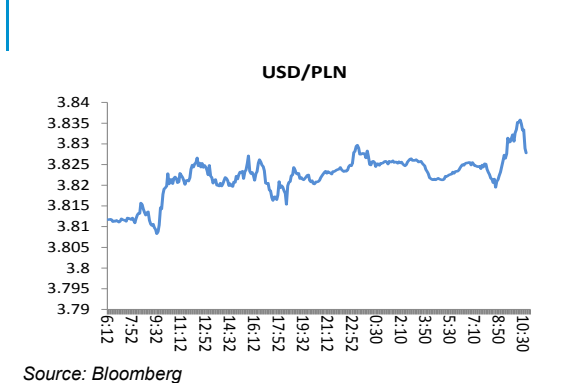
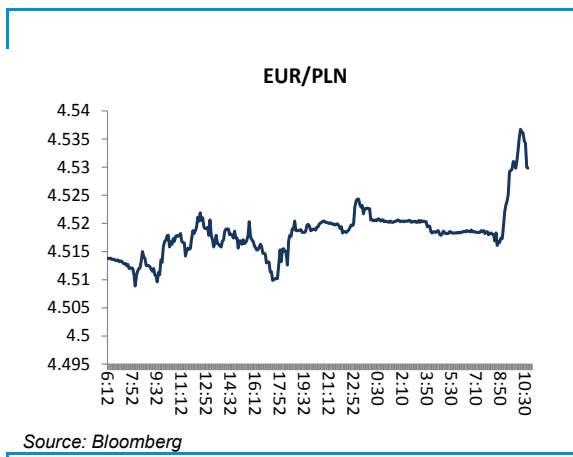
The yields on Poland's government bonds fell by 4bps in 2-year and 5-year sectors and declined by 2bps in 2-year one.

Interest Rates

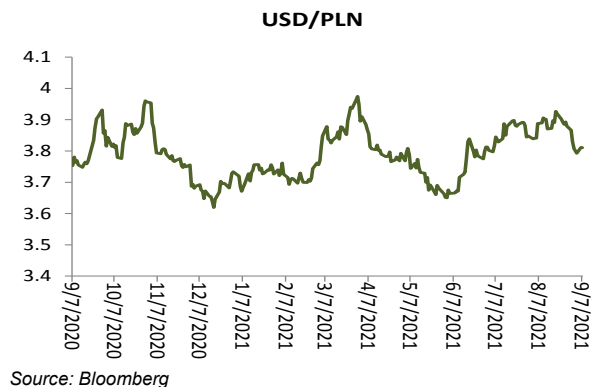
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 3-4bps down across the curve.

Equities

Yesterday the Dow Jones index closed 0.20% down and the S&P 500 index fell by 0.13%. Today in the morning the FTSE 100 index was 1.15% down, the CAC 40 index was 0.40% down and the DAX index was 0.32% down. The Nikkei index closed 0.57% down today. Today in the morning the WIG index was 0.32% down and the WIG20 index was 0.54% down.



Medium term FX trends:





Appendix 1

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Additional information available upon request

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