



Poland Daily

HEADLINES:

POL: In August consumer prices rose by 0.3% m/m and increased by 5.5%, what surprised market participants as actual inflation was above flash estimate of 5.4%. The main factors hiking consumer prices in August were (i) increase in energy prices that added 0.13 perc. point to monthly CPI and (ii) increase in fuel prices that added 0.11 p.p. to monthly CPI. In August impact of prices of services on inflation was moderate, but decline in food prices reduced monthly inflation. We estimate that inflation will increase to 5.6% y/y in December this year and average inflation will amount to 4.3% in 2021 and 4.1% in 2022. Thus, market participants will be focusing on new NBP inflation projection to be released in the beginning of November. Increase in inflation, albeit primary caused by supply-side shocks, will continue to exert pressure on the MPC to hike interest rates earlier.

THE DAY AHEAD...

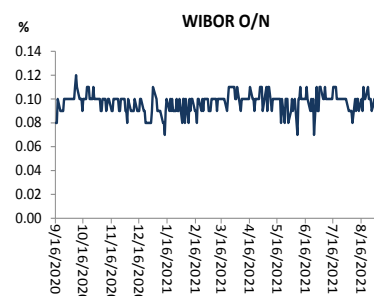
POL: Core inflation (Aug)

USA: Retail sales (Aug), initial jobless claims

TODAY'S FOCUS:

Today economic calendar Poland's core CPI for August and US initial jobless claims and retail sales for August.

Figure 1: WIBOR O/N



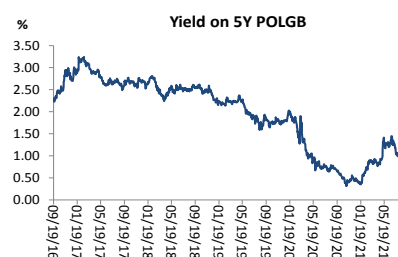
Source: Bloomberg

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
POL	12:00	Core CPI (Aug)	0.1% (3.8%)		0.2% (3.9%)
USA	12:30	Initial jobless claims	330k		323k
USA	12:30	Retail sales (Aug)	-1.5%		-0.7%



Foreign Exchange

Today in the morning the zloty was 1.0% weaker versus the USD and was 0.5% weaker versus the EUR compared to previous NBP fixing. The zloty weakened after comments from MPC Kropiwnicki that interest rate hike would be small. The zloty should be moving within a range of 4.5550-4.5850 PLN per EUR today.

The USD firmed by 0.5% versus the EUR ahead of US retail sales for August due today.

Fixed Income

The yields on Poland's government bonds rose by 2bps in 5-year and 10-year sectors. Yesterday under structural operations programme the NBP bought bonds worth total PLN1.83bn, including BGK bonds worth PLN1.4bn.

At switch auction today the Finance Ministry offers bonds series OK0724, PS1026, WZ1126, WZ1131 i DS0432.

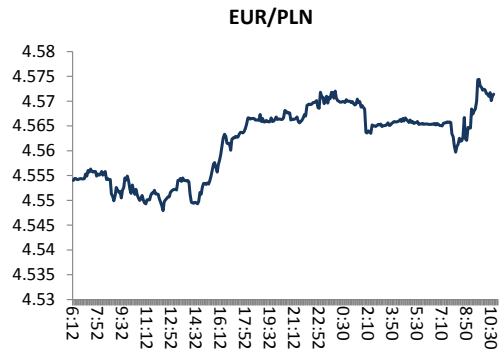
Interest Rates

Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 6bps up in 2-year sector and rose by 1-2bps elsewhere.

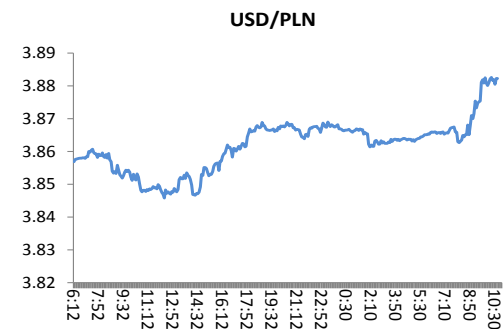
Equities

Yesterday the Dow Jones index closed 0.68% up and the S&P 500 index rose by 0.85%. Today in the morning the FTSE 100 index was 0.54% up, the CAC 40 index was 0.81% up and the DAX index was 0.59% up. The Nikkei index closed 0.62% down today. Today in the morning the WIG index was 0.17% up and the WIG20 index was 0.27% up.

Medium term FX trends:



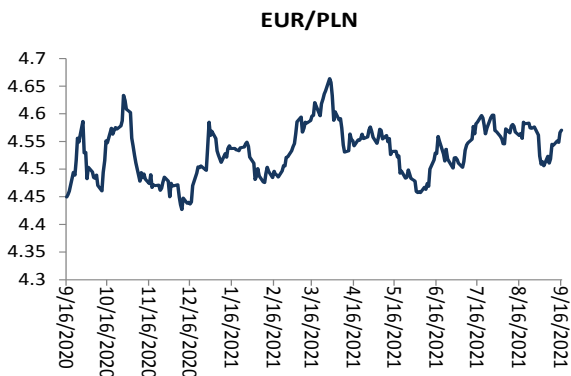
Source: Bloomberg



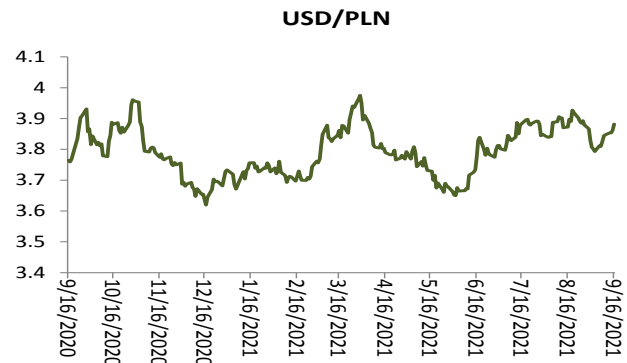
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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