



Poland Daily

HEADLINES:

POL: According to flash estimate, consumer inflation for November amounted to 1.0% m/m and 7.7% y/y and was much above market consensus expectations of 7.3% y/y. Acceleration in inflation stemmed from a hike in energy prices (up 2.7% m/m and up 13.4% y/y) and fuel prices (up 2.2% m/m and up 36.6% y/y) as well as significant 1.3% m/m and 6.4% y/y increase in food prices. Such strong rise in CPI the MPC will have to act quickly to stabilize inflation expectations. We expect the MPC to hike the main reference rate by 75bps at the meeting next week.

POL: In Q3 real GDP growth was 2.3% q/q and 5.3% y/y. Private consumption rose by 4.7% y/y in real terms and investments in fixed assets rose by 9.3% y/y. In Q3 2021 GDP growth was generated mainly by gross accumulation, that added 5.2 percentage points to GDP growth, of which as much as 3.7 p.p. added inventory investments while investments in fixed assets added remaining 1.5 p.p. Contribution of personal consumption was 2.7 p.p. and was neutralized by negative contribution of net exports (-2.7 p.p.).

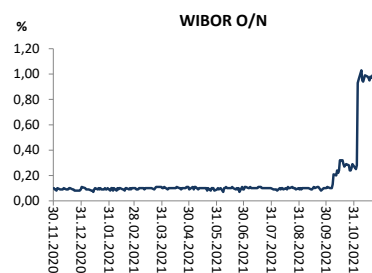
THE DAY AHEAD...

POL: Inflation (Nov, flash), GDP (Q3, F)

TODAY'S FOCUS:

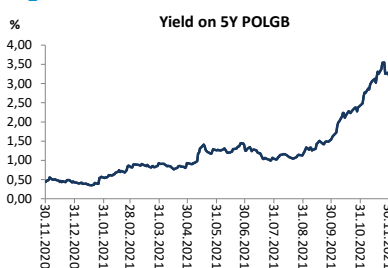
Today economic calendar contains preliminary inflation for November and final Q3 GDP data from Poland.

Figure 1: WIBOR O/N



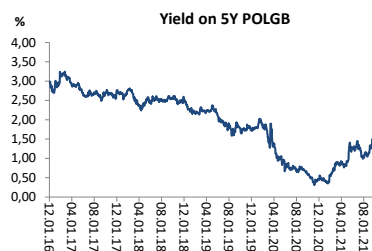
Source: Bloomberg

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	9:00	Inflation (Nov, flash)	0.5% (7.2%)	1.0% (7.7%)	0.6% (7.3%)
POL	9:00	GDP (Q3, F)	2.1% (5.1%)	2.3% (5.3%)	2.1% (5.1%)



Foreign Exchange

Today in the morning the zloty was 1.1% firmer versus the USD and was 0.4% firmer versus the EUR compared to previous NBP fixing. The zloty firmed as much higher than expected CPI for November is likely to increase pressure on the MPC to hike. Also weaker USD was supportive for the zloty. The zloty should be moving within a range of 4.6650-4.6950 PLN per EUR today.

The USD weakened by 0.7% versus the EUR as euro-zone inflation for November exceeded expectations.

Fixed Income

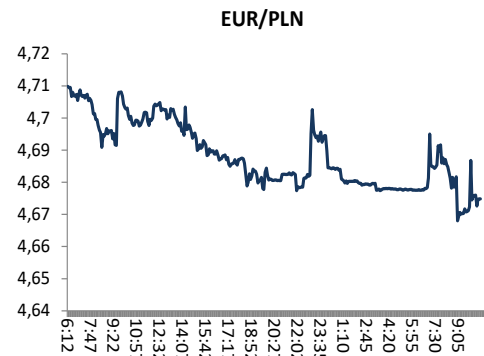
The yields on Poland's government bonds fell by 7bps in 5-year and 10-year sectors following decline of yields in core markets.

Interest Rates

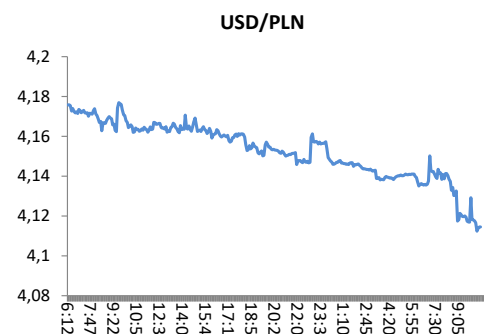
Today the O/N bid rate should be within a range of 0.75% - 1.05%. Swap rates were 7-12bps down in all tenors.

Equities

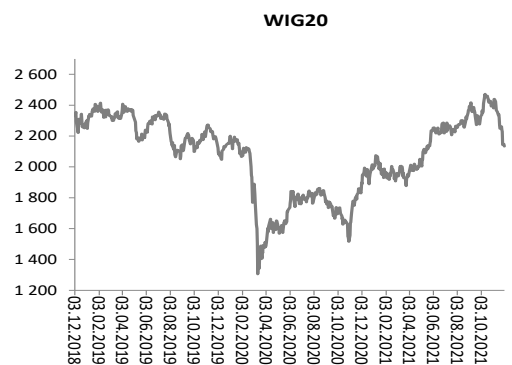
Yesterday the Dow Jones index closed 0.68% up and the S&P 500 index rose by 1.32%. Today in the morning the FTSE 100 index was 1.38% down, the CAC 40 index was 1.53% down and the DAX index was 1.49% down. The Nikkei index closed 1.63% down. Today in the morning the WIG index was 0.82% down and the WIG20 index was 0.76% down. Stock markets in Europe were negatively impacted by concerns of inefficacy of existing vaccines against new variant of Covid-19.



Source: Bloomberg

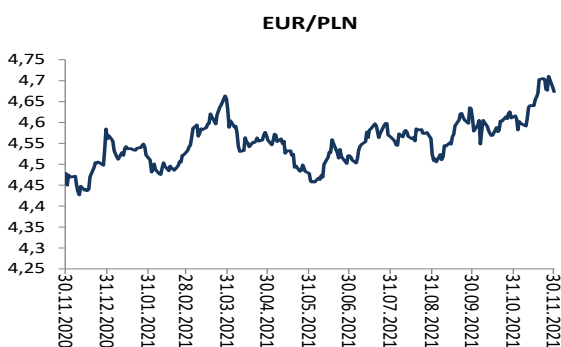


Source: Bloomberg

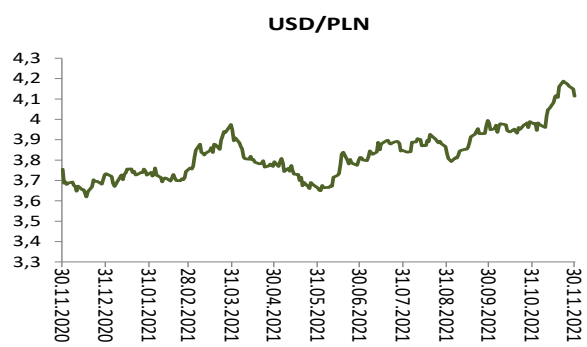


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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