



Poland Daily

HEADLINES:

POL: Today the MPC will make decision on interest rates. We expect a hike by 100bps that will bring the main reference rate to 5.50%. The MPC will prefer to act promptly and to hike interest rates as soon as inflationary signals emerge. An increase in consumer inflation by 2.0% m/m and 12.3% y/y in April and halted supply of Russian natural gas to Poland are strong signals that inflationary pressure will continue. An increase in food prices in April signals that second-round effects from higher energy and fuel prices has already emerged. Supply of natural gas to Poland from alternative sources in coming quarters is secured and anti-Putin shield will freeze gas prices for households until 2027 but increase in natural gas prices induced by halt of supply from Russia will raise costs of enterprises and will indirectly raise energy prices. In the circumstances the MPC will have to raise intervention rate to terminal level of 7%-8%, depending on how strong inflation is in May and June.

USA: The Fed, as expected, hiked fed funds rate by 50bps to 0.75%-1.00%. FOMC Chairman Jerome Powell said that there was a broad sense within the committee that additional 50 bps should be at the table for the next couple of meetings.

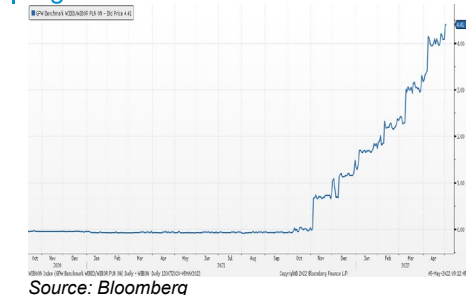
THE DAY AHEAD...

- POL: MPC decision
- UK: BoE decision
- CZK: CNB decision
- DEU: Factory orders (Mar)
- USA: Initial jobless claims

TODAY'S FOCUS:

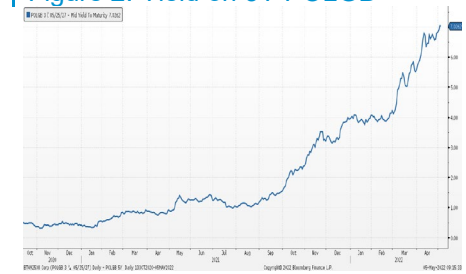
Today three central banks hold policy meeting. We expect the NBP to hike reference rate by 100bps to 5.50%, the Bank of England is expected to hike policy rate by 25bps to 1.00% and the CNB is likely to hike policy rate by 50bps to 5.50%.

Figure 1: WIBOR O/N



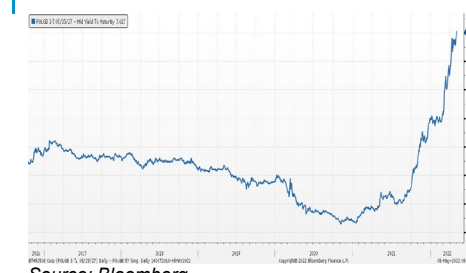
Source: Bloomberg

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 |
|---------|-------|------------------------|-------------|---------------|---------------|
| DEU | 6:00 | Factory orders (Mar) | | -4.7% (-3.1%) | -1.1% (-0.7%) |
| POL | | MPC decision | 5.50% | | 5.50% |
| UK | 11:30 | BoE decision | 1.00% | | 1.00% |
| CZK | 12:30 | CNB decision | 5.50% | | 5.50% |
| USA | 12:30 | Initial jobless claims | | | 180k |

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.7% firmer versus the USD, firmed by 0.5% versus the CHF and was 0.1% firmer versus the EUR compared to the previous NBP fixing.

The USD weakened by 0.6% versus the EUR as FOMC Chairman Jerome Powell excluded 75bps hikes in the coming Fed meetings.

Fixed Income

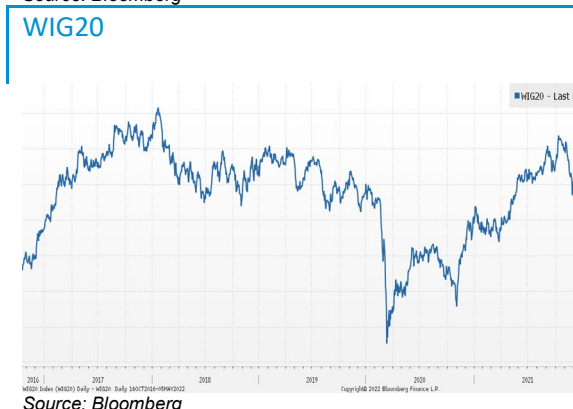
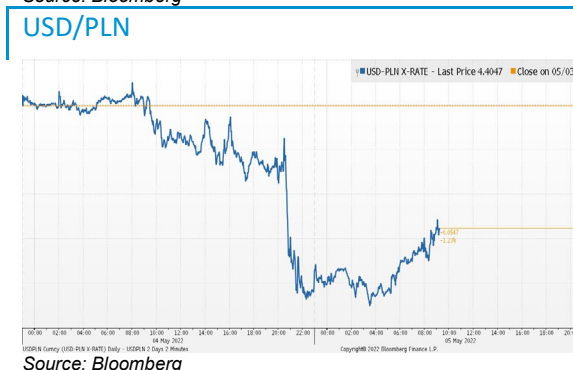
The yields on Poland's government bonds were practically unchanged in all tenors.

Interest Rates

PLN swap rates were 2-3bps up in 5-year and 10-year tenors.

Equities

Yesterday the Dow Jones index closed 2.81% up and the S&P 500 index rose by 2.99%. Today in the morning the FTSE 100 index was 1.32% up, the CAC 40 index was 1.96% up and the DAX index was 1.78% up. Today in the morning the WIG index rose by 0.30% and the WIG20 index was 0.35% up. Stock markets benefited from softer tone of Fed comments.



Medium term FX trends:





Appendix 1

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