



# Poland Daily

## HEADLINES:

POL: Minutes from MPC meeting on October 6, showed that the MPC expects robust business conditions in Poland in coming quarters. Majority of MPC members underlined that current and future supply shocks, comprising, among others, hikes in electricity and natural gas prices would cause inflation to remain above inflation path from July's projection and stated that inflation wouldn't return to the target on its own. Majority of MPC members considers wage growth that exceeded inflation as following from increasing productivity of labour. Majority of the MPC stated that second-round effects were not present, but in order to prevent anchoring of inflation above inflation target in medium term, the Council made decision to hike interest rates. The minutes showed that the MPC would be analysing incoming data and future decisions in monetary policy would aim at stabilisation of inflation in medium term and supporting economic recovery and balanced growth in Poland.

POL: In October (compared to September) business conditions indicators declined in industry (to -6.3 from -3.6), construction (to -9.4 from -7.9), retail trade (to -1.2 from -1.0) and hotels and restaurants (to -12.3 from -10.9). Business conditions improved in information and communication (to 16.8 from 16.0) and finance and insurance (to 13.3 from 11.4)

## THE DAY AHEAD...

POL: Money supply M3 (Sep)  
 EMU: PMI manufacturing (Oct)

## TODAY'S FOCUS:

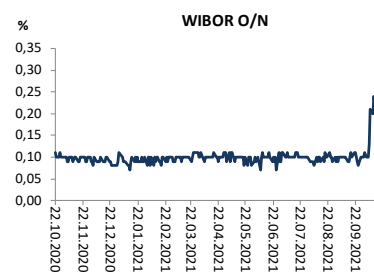
Today economic calendar contains series of PMIs from Europe and USA for October and money supply for September from Poland.

## DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	7:30	PMI manufacturing (Oct)		58.2	56.6
EMU	8:00	PMI manufacturing (Oct)		58.5	57.1
POL	12:00	Money supply M3 (Oct)	0.6% (8.6%)		0.6% (8.6%)
USA	13:45	PMI manufacturing (Oct)			60.5

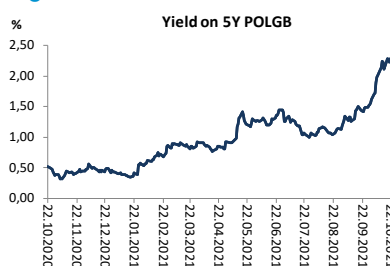
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



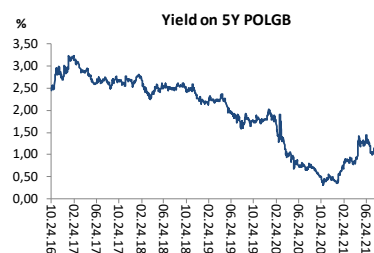
Source: Bloomberg

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 0.3% weaker versus the USD and was 0.3% weaker versus the EUR compared to previous NBP fixing. The zloty weakened yesterday as minutes from MPC meeting showed the NBP might accept inflation temporarily above the target in order to support economic recovery. The zloty should be moving within a wide range of 4.5800-4.6200 PLN per EUR today.

The EUR recovered part of its losses versus the USD as euro-zone manufacturing PMI was above market consensus view.

### Fixed Income

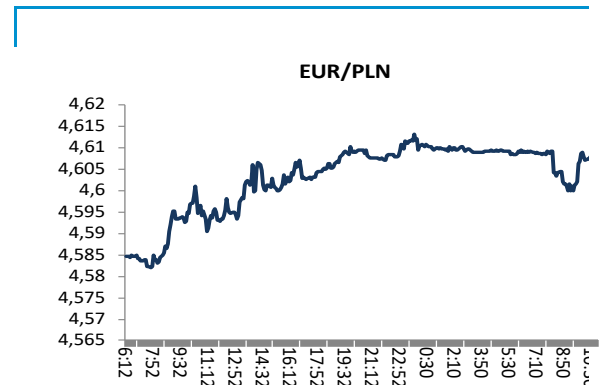
The yields on Poland's government bonds rose by 3 and 4bps in 2-year and 5-year sectors respectively and rose by 2bps in the long end of the curve.

### Interest Rates

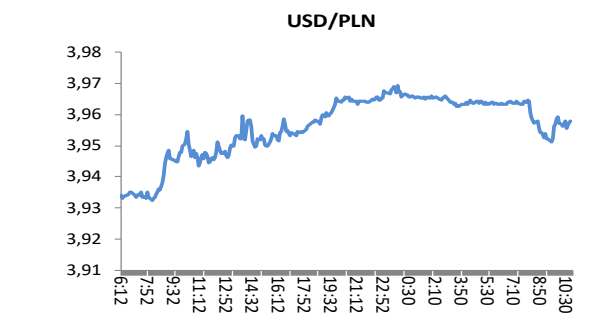
Today the O/N bid rate should be within a range of 0.0% - 0.20%. Swap rates were 4-5bps up in all tenors.

### Equities

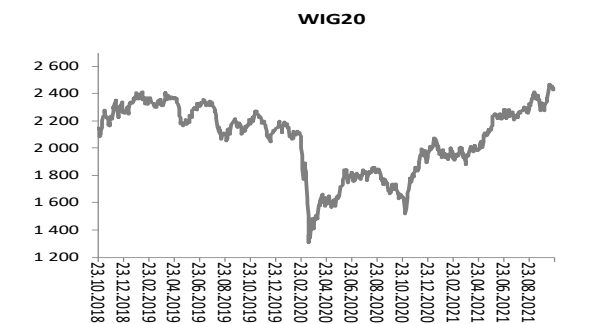
Yesterday the Dow Jones index closed 0.02% down and the S&P 500 index rose by 0.30%. Today in the morning the FTSE 100 index was 0.42% up, the CAC 40 index was 1.10% up and the DAX index was 0.60% up. The Nikkei index closed 0.34% up. Today in the morning the WIG index was 0.38% up and the WIG20 index was 0.38% up.



Source: Bloomberg

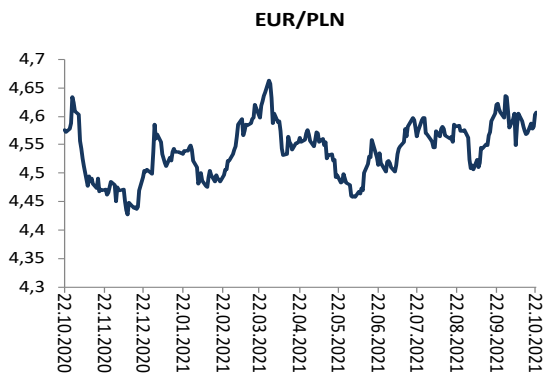


Source: Bloomberg

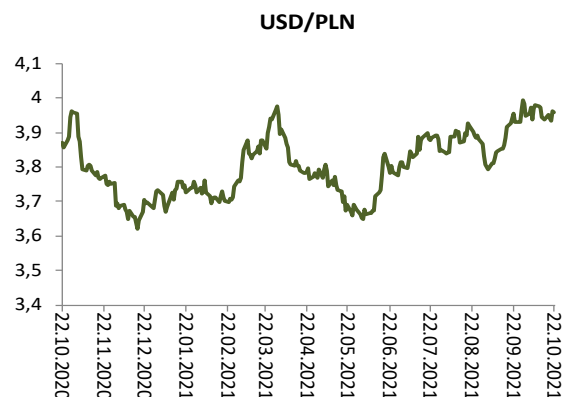


Source: Bloomberg

### Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



# Appendix 1

## Important Disclosures

### Additional information available upon request

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