



# Poland Daily

## HEADLINES:

POL: At yesterday's meeting the Monetary Policy Council decided to increase the NBP reference rate by 75bps to 1.25%. At the same time, the Council set the remaining NBP interest rates at the following levels: lombard rate at 1.75%; deposit rate at 0.75%; rediscount rate at 1.30%; discount rate at 1.35%. In line with November's projection prepared under the assumption of unchanged NBP interest rates and taking into account data available until 21 October 2021 there is a 50-percent probability that the annual price growth will be in the range of 4.8–4.9% in 2021 (against 3.8–4.4% in the July 2021 projection), 5.1-6.5% in 2022 (compared to 2.5-4.1%) and 2.7–4.6% in 2023 (compared to 2.4–4.3%). The annual GDP growth – according to this projection – will be with a 50-percent probability in the range of 4.9–5.8% in 2021 (against 4.1–5.8% in the July 2021 projection), 3.8-5.9% in 2022 (compared to 4.2-6.5%) and 3.8–6.1% in 2023 (compared to 4.1–6.5%). At press conference NBP President Adam Glapinski said that three necessary conditions for rate hike had occurred: (1) next wave of pandemic wouldn't result in lockdowns, (2) GDP growth would be sustained at robust pace and (3) NBP projection showed that inflation in medium term would be above inflation target. NBP President added that next decisions of the MPC would be data dependent with particular focus on inflation data and suggested rate hike also in December. In his view inflation will top slightly above 7% in January 2022 and added the MPC would aim at faster pace of deceleration of inflation in 1H2022.

## THE DAY AHEAD...

DEU: factory orders (Sep)

UK: Decision of Bank of England

USA: initial jobless claims, trade balance (Sep)

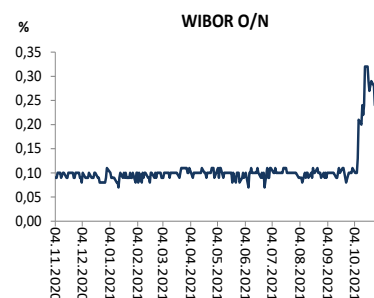
CZK: Decision of CNB

## TODAY'S FOCUS:

Today economic calendar contains factory orders for September from Germany and US initial jobless claims and trade balance for September. Market participants will be focusing today at Bank of England policy meeting (no change in monetary policy settings expected) and Czech National Bank meeting (DB expects hike of 75bps).

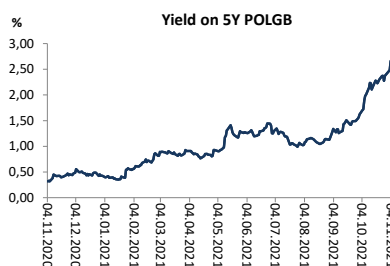
## DIARY (Today)

Figure 1: WIBOR O/N



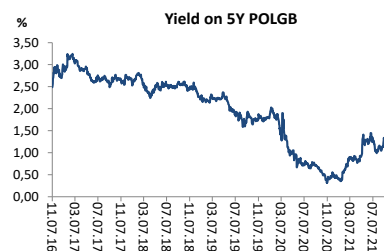
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg

| Country | GMT   | Release                  | DB Expected | Actual | Consensus  |
|---------|-------|--------------------------|-------------|--------|------------|
| DEU     | 7:00  | Factory orders (Sep)     |             | 1.3%   | 1.8%       |
| UK      | 12:00 | Bank of England decision | 0.10%       |        | 0.10%      |
| USA     | 12:30 | Initial jobless claims   | 275k        |        | 275k       |
| USA     | 12:30 | Trade balance (Sep)      | -USD82.2bn  |        | -USD60.2bn |
| CZK     | 13:45 | CNB decision             | 2.25%       |        | 2.25%      |



### Foreign Exchange

Today in the morning the zloty was 0.1% weaker versus the USD and was 0.2% firmer versus the EUR compared to previous NBP fixing. The zloty firmed by 0.2% after bigger than expected rate hike. The zloty should be moving within a range of 4.5750-4.6050 PLN per EUR today.

The USD firmed by 0.3% versus the EUR as the FOMC announced reduction of the monthly pace of its net asset purchases by USD10 billion for Treasury securities and USD5 billion for agency mortgage-backed securities, as expected.

### Fixed Income

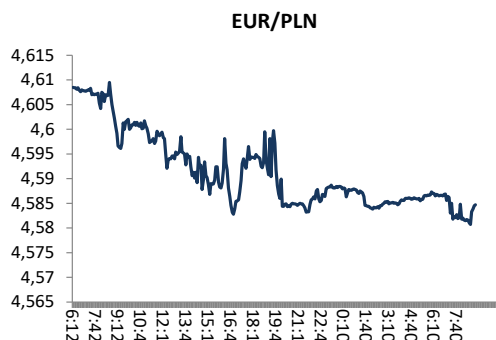
The yields on Poland's government bonds rose by 5bps in 2-year sector, rose by 7bps in 5-year one and increased by 4bps in 10-year one after bigger than expected rate hike.

### Interest Rates

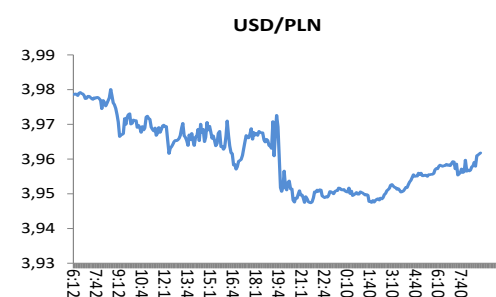
Today the O/N bid rate should be within a range of 0.75% - 1.05%. Swap rates were 6bps up in 2-year sector, rose by 4bps in 5-year one and rose by 3bps in 10-year one.

### Equities

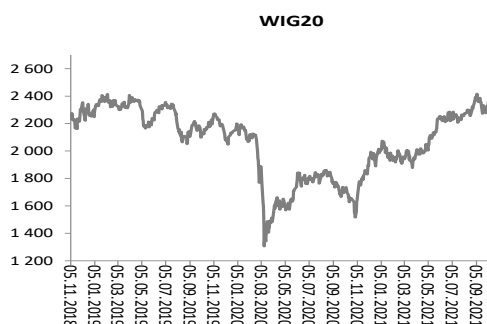
Yesterday the Dow Jones index closed 0.29% up and the S&P 500 index rose by 0.65%. Today in the morning the FTSE 100 index was 0.24% up, the CAC 40 index was 0.36% up and the DAX index was 0.281% up. The Nikkei index closed 0.93% up. Today in the morning the WIG index was 1.15% up and the WIG20 index was 1.26% up.



Source: Bloomberg

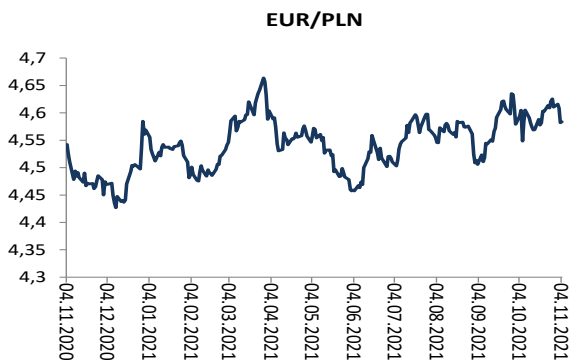


Source: Bloomberg

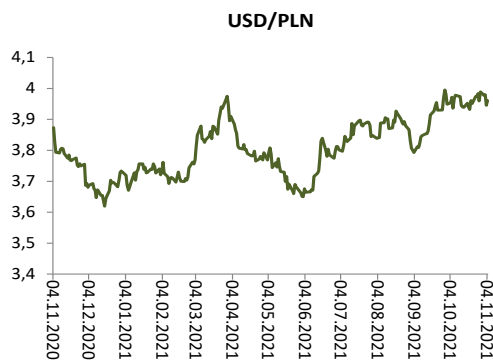


Source: Bloomberg

### Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



# Appendix 1

## Important Disclosures

### Additional information available upon request

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