



Poland Daily

HEADLINES:

POL: Manufacturing PMI rose to 43.0 in September from 40.9 in August, still remaining in contraction region, significantly below a neutral level of 50. In September new orders have been falling for 7th month in a row. The pace of decline decelerated versus the lowest level in 27 months reported in August, but still was rapid. Companies reported a decline in business climate stemming from uncertainty and high inflation pressure. These two factors weighed on exports as well, in particular to Germany. Companies limited purchasing activity, using inventories, what released working capital. In the opinion of purchasing managers the main factors fuelling inflation were energy, weakening of the zloty, shortages of commodities and parts (mainly electronic components). In September jobs have been falling for 4 month in a row and the pace of jobs reduction accelerated. Reduction of jobs had only a small impact on output capacity.

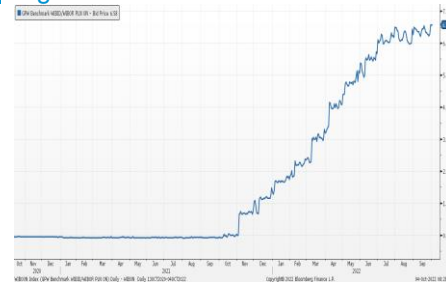
THE DAY AHEAD...

USA: Factory orders (Aug), durable goods orders (Aug)

TODAY'S FOCUS:

Today economic calendar contains factory orders and durable goods orders from the US 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
USA	14:00	Factory orders (Aug)	0.5%		0.0%
USA	14:00	Durable goods orders (Aug)			-0.2%



Foreign Exchange

Today in the morning the zloty was 1.2% firmer versus the USD, firmed by 0.5% versus the EUR and firmed by 1.3% versus the CHF compared to the previous NBP fixing. The zloty weakened by 0.5% versus the GBP. PLN continued to recover from earlier losses as financial markets stabilised what was reflected, among others, in fast recovery in GBP.

The EUR firmed by 0.7% versus the USD and the GBP firmed by as much as 1.7% versus the USD compared to the previous NBP fixing.

Fixed Income

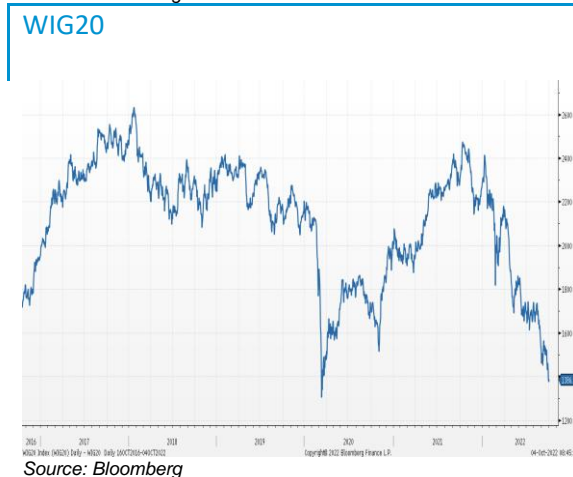
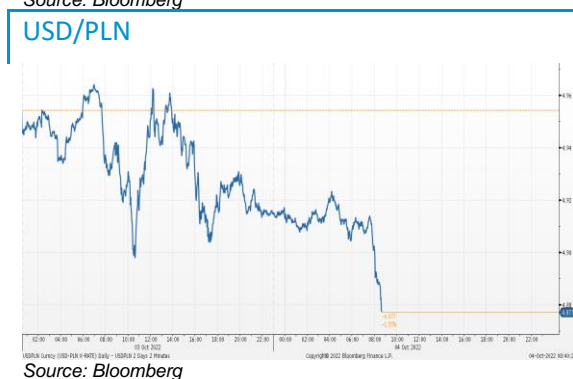
The yields on Poland's government bonds were 13 bps down in 2-year sector, fell by 17bps in 5-year one and decreased by 18bps in 10-year sector.

Interest Rates

PLN swap rates were 13 bps down in 2-year sector and fell by 17-18bps elsewhere following decline in yields on POLGBs.

Equities

Yesterday the Dow Jones index closed 2.66% up and the S&P 500 index rose by 2.59%. Today in the morning the FTSE 100 index rose by 1.05%, the CAC 40 index was 2.40% up and the DAX index was 1.83% up. The Nikkei index closed 2.96% up. Today in the morning the WIG index rose by 2.21% and the WIG20 index was 2.49% up. Stock indices rose as market participants were expecting central banks to decelerate monetary tightening on expected weaker data from US manufacturing.



Medium term FX trends:





Appendix 1

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