



Poland Daily

HEADLINES:

POL: The Monetary Policy Council kept interest rates unchanged with the main reference rate at 6.75%. In the communique the MPC stated that GDP growth had declined further in Q4 but unemployment rate remained low despite decline in employment in Q3. In the opinion of the MPC weakening global growth and monetary tightening by main central banks will reduce global inflation. MPC expects that approaching slowdown in GDP growth in Poland combined with already done significant monetary tightening by the NBP will facilitate a decline in CPI in Poland. The NBP noted that inflation would remain elevated in short term and return of inflation to the target would be gradual. The MPC reiterated that firming of the zloty would be consistent with direction of monetary policy in Poland. The central bank signalled its decisions would be based on incoming data and reiterated it could intervene in FX market.

POL: Flash CPI for December amounted to 0.2% m/m and 16,6% y/y, coming much below market consensus view. A decline in annual CPI stemmed from net negative impact of food, energy and fuel prices on monthly CPI. In December food prices rose by 1.4% m/m and were 21.5% up y/y (adding 0.4 perc. point to monthly CPI), energy prices fell by 3.3% m/m and rose by 31.2% y/y (subtracting 0.4 p.p. from m/m CPI) and fuel prices fell by 1.6% m/m and rose by 13.5% y/y (subtracting 0.1 p.p. from m/m CPI). The whole 0.2% m/m rise in CPI in December was generated by core CPI what means that supply shocks are extinguishing. Surprisingly low CPI for December shifts down the whole CPI path in 2023 (with end-year CPI likely well below 9%) and increases likelihood of rate cuts in Q4 2023.

THE DAY AHEAD...

POL: CPI (Dec, prel.), minutes from MPC meeting

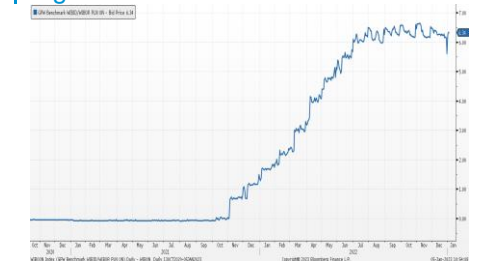
USA: ADP employment (Dec), initial jobless claims

TODAY'S FOCUS:

Today market participant will focus on flash CPI for December and press conference of NBP President Adam Glapiński at 15.00 CET.

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
POL	9:00	CPI (Dec, P)	0.9% (17.5%)	0.2% (16.6%)	0.7% (17.4%)
POL	13:00	Minutes from MPC meeting			
USA	13:15	Change in ADP employment (Dec)			150k
USA	13:30	Initial jobless claims			225k

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0.1% firmer versus the USD, weakened by 0.1% versus the EUR and was 0.3% firmer versus the CHF compared to the previous NBP fixing. The zloty was 0.4% firmer versus the GBP. The zloty didn't react to much lower than expected inflation for December.

The EUR firmed by 0.1% versus the USD on rising risk appetites.

Fixed Income

The yields on Poland's government bonds were down 23bps in 2-year sector and fell by 26bps and 24bps respectively in 5-year and 10-year ones after surprisingly low CPI for December.

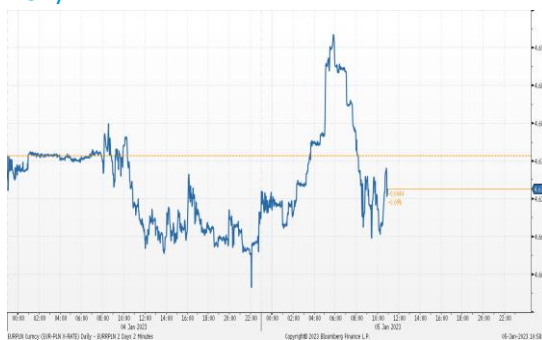
Interest Rates

PLN swap rates were 33-36bps down in all tenors as CPI for December surprised on downside.

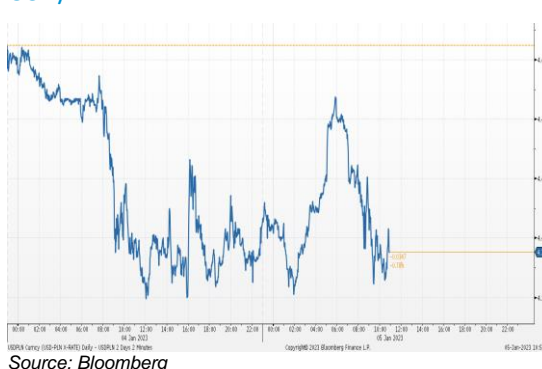
Equities

Yesterday the Dow Jones index closed 0.40% up and the S&P 500 index closed 0.75% up. Today in the morning the FTSE 100 index rose by 0.50%, the CAC 40 index was 0.29% down and the DAX index was 0.16% down. The Nikkei index closed 0.40% up. Today in the morning the WIG index rose by 1.48% and the WIG20 index was 1.68% up.

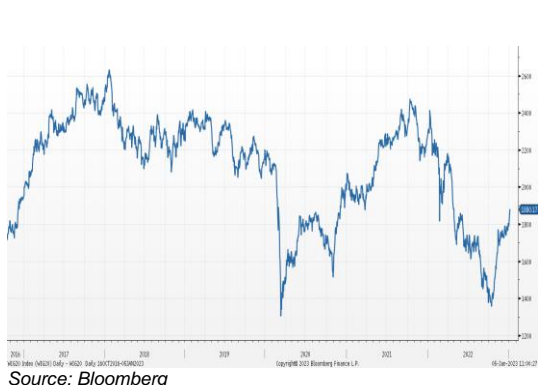
EUR/PLN



USD/PLN

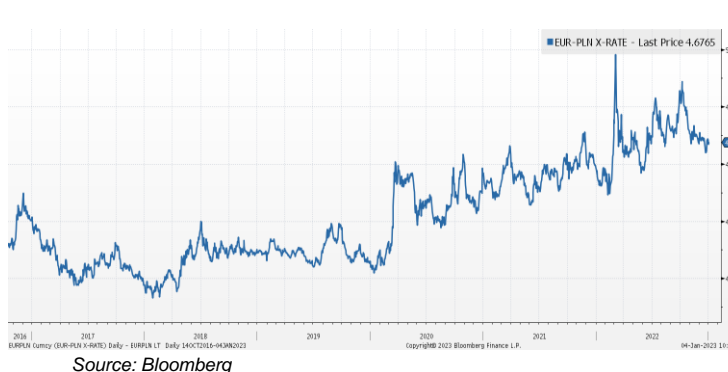


WIG20

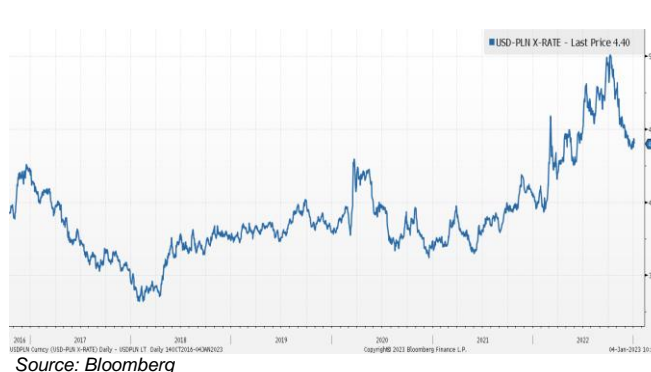


Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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