



Poland Daily

HEADLINES:

POL: The MPC kept interest rates unchanged with the main reference rate of 5.75%. The MPC stated that amid the weakened global economic conditions, also in Poland activity growth remained low, although some data signalled its gradual recovery. The MPC said that the decrease in inflation in annual terms in October was driven mainly by a fall in annual price growth of energy as well as food and non-alcoholic beverages. The NBP estimated that core inflation also decreased in October. The MPC said that in September producer prices were again lower than a year ago, which confirmed the fading of most external supply shocks and a reduction of cost pressures, what would support a further decline in consumer price inflation in the coming quarters. In line with November's projection, prepared under the assumption of unchanged NBP interest rates and taking into account data available until 23 October 2023, there is a 50-percent probability that the annual price growth will be in the range of 11.3 – 11.5% in 2023 (against 11.1 – 12.7% in the July 2023 projection), 3.2 – 6.2% in 2024 (compared to 3.7 – 6.8%) and 2.2 – 5.3% in 2025 (compared to 2.1 – 5.1%). At the same time, the annual GDP growth – according to this projection – will be with a 50- percent probability in the range of -0.1 – 0.6% in 2023 (against -0.2 – 1.3% in the July 2023 projection), 1.9 – 3.8% in 2024 (compared to 1.4 – 3.3%) and 2.4 – 4.7% in 2025 (compared to 2.1 – 4.4%). According to the MPC arguments for keeping interest rates unchanged were the adjustment in the NBP interest rates introduced in recent months, together with uncertainty about a future course of fiscal and regulatory policies and their impact on inflation. The MPC said that the current level of the NBP interest rates was conducive to meeting the NBP inflation target in the medium term. The Council upheld the assessment that the decrease in inflation would be faster if supported by an appreciation of the zloty exchange rate, which would be consistent with the fundamentals of the Polish economy and added that further decisions of the Council will depend on incoming information regarding prospects for inflation and economic activity.

THE DAY AHEAD...

POL: press conference of NBP President

USA: Initial jobless claims

TODAY'S FOCUS:

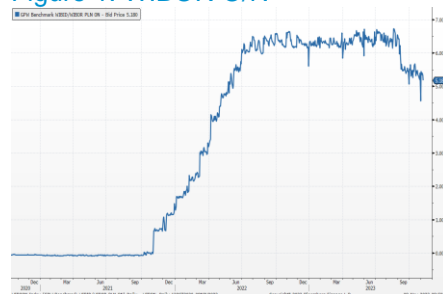
Today economic calendar contains data on US initial jobless claims. On a domestic side NBP President holds press conference.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
USA	13:30	Initial jobless claims	225k		218k
POL	14:00	Press conference of NBP President			

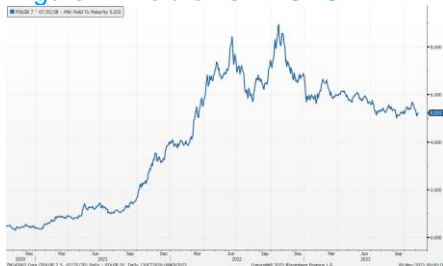
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



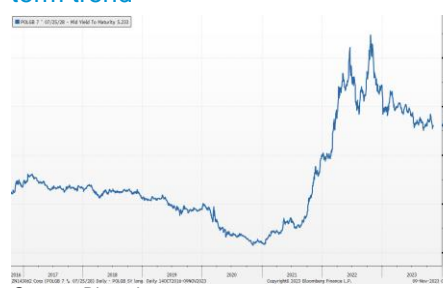
Source: Bloomberg

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 0.7% firmer versus the USD, firmed by 0.3% versus the EUR and was 0.5% firmer versus the CHF compared to the previous NBP fixing. The zloty was 0.4% firmer versus the GBP. The zloty firmed as the MPC surprised market participants with keeping interest rates unchanged.

The USD was 0.3% weaker versus the EUR compared to the previous NBP fixing ahead of speech by Fed's Chairman Jerome Powell on prospects of monetary policy.

Fixed Income

The yields on Poland's government bonds were 6bps up in 2-year and 5-year sectors and were 4bps up in 10-year one.

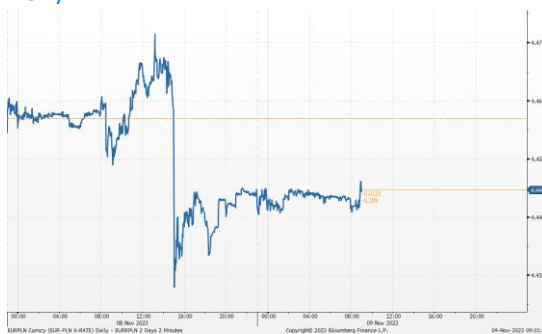
Interest Rates

PLN swap rates rose by 15bps in 2-year sector, were 10bps up in 5-year and were 7bps up in 10-year sectors.

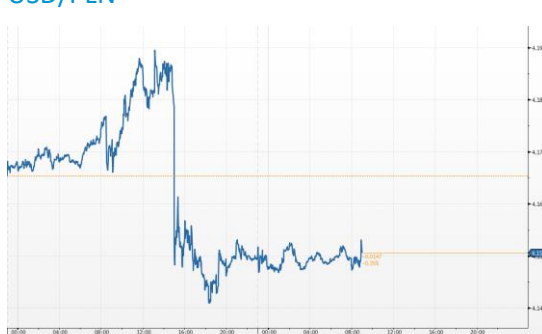
Equities

Yesterday the Dow Jones index closed 0.12% down and the S&P 500 index closed 0.10% up. Today in the morning the FTSE 100 index fell by 0.07%. the CAC 40 index was 0.37% up and the DAX index was 0.01% down. The Nikkei index closed 1.49% up. Today in the morning the WIG index rose by 0.01% and the WIG20 index was 0.07% down.

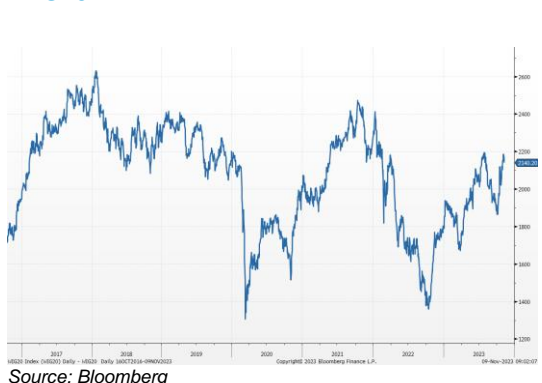
EUR/PLN



USD/PLN

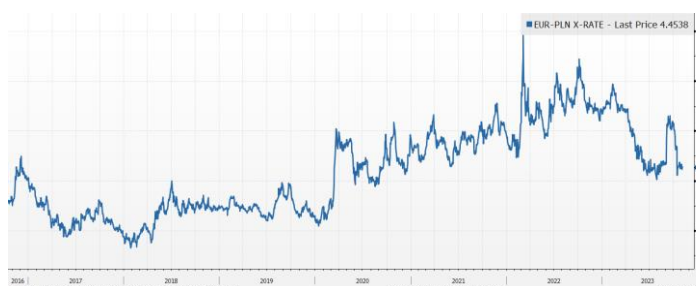


WIG20



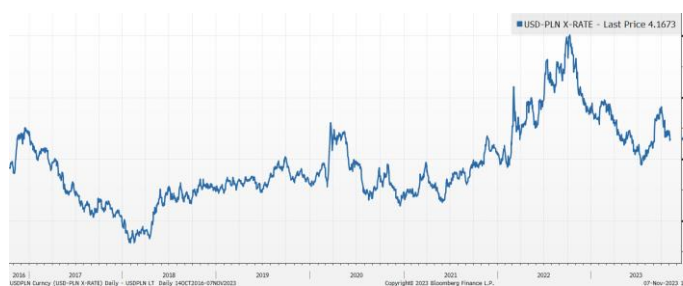
Medium term FX trends:

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

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