



Poland Daily

HEADLINES:

POL: In August producer prices rose by 0.6% m/m and were 9.5% up y/y. In manufacturing the strongest growth in prices was reported in production of metals (up 4.4% m/m) while 0.6% m/m decline in prices was reported in oil refining. In August industrial output fell by 2.5% m/m and rose by 13.2% y/y. Seasonally adjusted industrial output fell by 0.3% m/m and rose by 10.7% y/y in August. Structure of industrial output still points to robust recovery, in particular in manufacturing of metal products, chemicals, machinery and equipment and metals. In August output in automobile industry fell by 12.9% y/y due to shortages of components.

POL: In the end of July 2021 central budget debt amounted to PLN1135bn and was PLN1.44bn (0.1%) up m/m and increased by PLN37.6bn (up 3.4%) versus the end of 2020. In July 2020 a share of non-residents in central government debt was 33.6% (0.6% up m/m and 0.4% down versus end of 2020).

POL: MPC member Eugeniusz Gatnar reiterated that 15bps rate hike was necessary to prevent increase in inflation expectations and to prevent price-wage spiral. He informed that monthly central bank staff forecasts showed inflation return to below 3.5% not earlier than in 2H2022. He also added that loose fiscal policy should be counteracted by tighter monetary policy. He expressed a concern that booming property market in Poland increased wealth inequality.

THE DAY AHEAD...

POL: Retail sale (Aug), construction output (Aug)

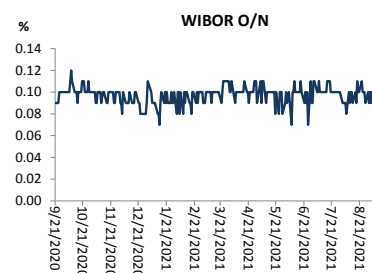
USA: Housing starts (Aug)

HUN: NBH decision

TODAY'S FOCUS:

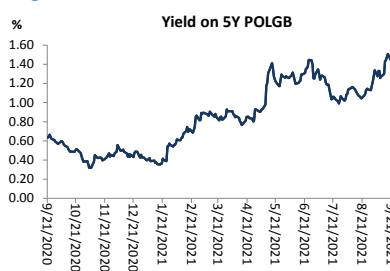
Today economic calendar contains retail sales and construction output from Poland, NBH decision (DB expects 30bps hike) and US housing starts.

Figure 1: WIBOR O/N



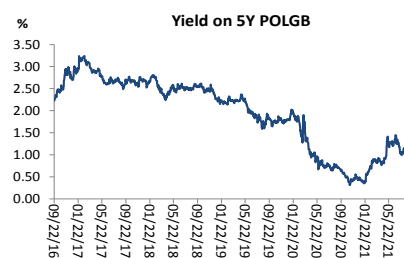
Source: Bloomberg

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
POL	8:00	Construction output (Aug)	(5.9%)	3.2% (10.2%)	(8.0%)
POL	8:00	Retail sales (Aug)	-1.6% (10.0%)	-0.9% (10.7%)	(10.5%)
HUN	12:00	NBH decision	1.80%		1.75%
USA	12:30	Housing starts (Aug)	1490k		1550k



Foreign Exchange

Today in the morning the zloty was unchanged versus the USD and was 0.2% weaker versus the EUR compared to previous NBP fixing. Today the zloty is under the pressure to weaken as risk aversion is still high. The zloty should be moving within a range of 4.5900-4.6300 PLN per EUR today.

The EUR firmed by 0.2% versus the USD as European bourses recovered today in the morning from sharp losses of yesterday.

Fixed Income

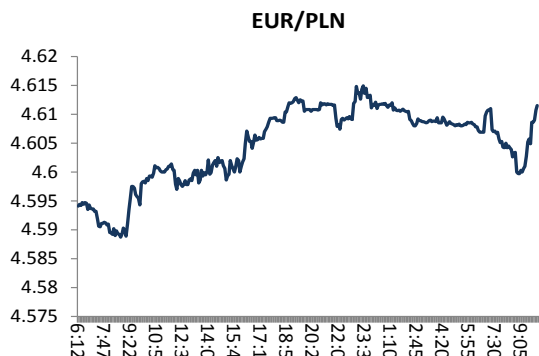
The yields on Poland's government bonds rose by 1bp in all tenors.

Interest Rates

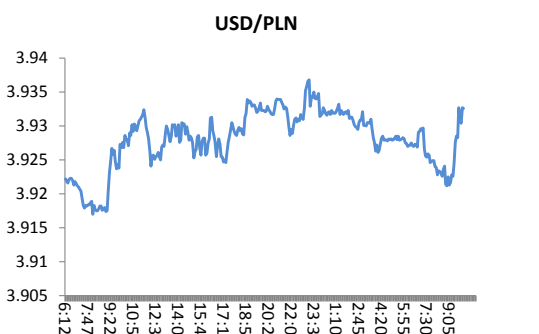
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were practically unchanged across the curve.

Equities

Yesterday the Dow Jones index closed 1.78% down and the S&P 500 index fell by 1.70% due to increased default risk of Chinese developer group Evergrande. Today in the morning the FTSE 100 index was 1.11% up, the CAC 40 index was 1.44% up and the DAX index was 1.38% up. The Nikkei index closed 2.16% down. Today in the morning the WIG index was 1.23% up and the WIG20 index was 1.23% up. Today in the morning bourses in Europe recovered from sharp yesterday's losses.



Source: Bloomberg

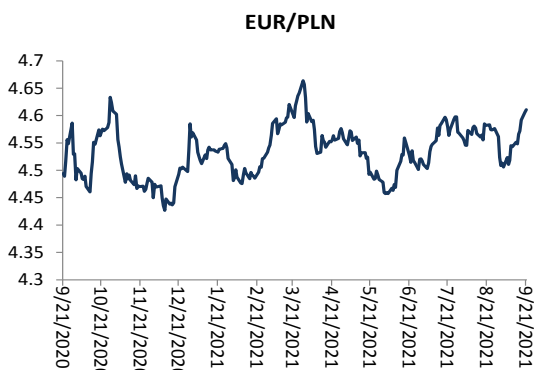


Source: Bloomberg

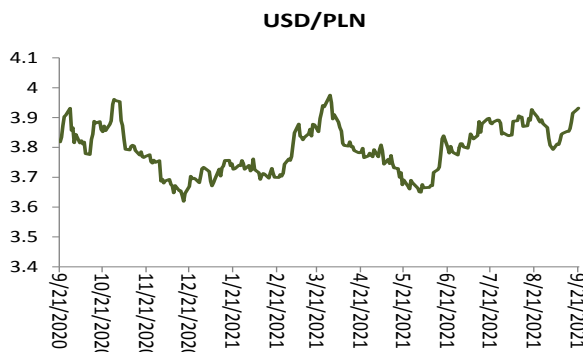


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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