



# Poland Daily

## HEADLINES:

POL: Minutes from MPC meeting on September 8 showed that the Council voted two motions (both were rejected): (1) a motion to hike reference rate to 2.00%, the lombard rate to 3.00%, the deposit rate to 1.00%, the rediscount rate to 2.01%, and the discount rate to 2.02%, and to set the interest rate on required reserves at 1% and (2) the motion to raise the reference rate by 15 basis points.

POL: Manufacturing PMI fell to 53.4 in September from 56.0 in August and new orders index fell to 50.8 in September from 55.2 in August. Surveyed companies pointed to increase in costs of production, that stemmed, among others from disruptions in supplies and led to increase in output prices what in turn resulted in decline in new orders. Companies reported staff shortages what resulted in only small increase in employment and decline in stocks of finished goods.

POL: Flash inflation for September surprised on the upside, as consumer prices rose by 0.6% m/m and increased by 5.8% y/y. In September, food prices rose by 0.1% m/m and 4.4% y/y, energy prices were up 0.8% m/m up and 7.2% y/y up and fuel prices were 2.0% up m/m and rose by 28.6% y/y. Inflation is very likely to be significantly above 6% in December 2021, exerting pressure on the MPC to hike interest rates earlier. New NBP projection in November will show significantly higher inflation path in coming quarters.

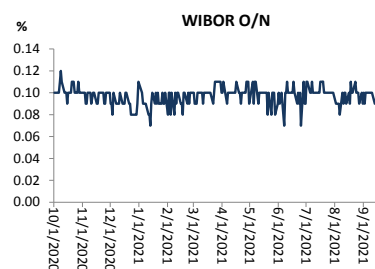
## THE DAY AHEAD...

POL: Inflation (flash, Sep), manufacturing PMI (Sep)

## TODAY'S FOCUS:

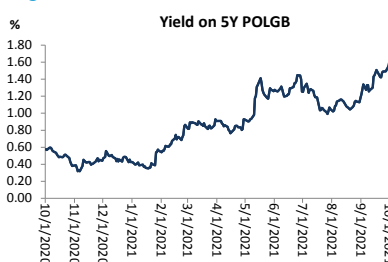
After today's release of flash inflation and PMI from Poland, stagflation risks are mounting, making MPC decisions in future more tough. Suspension of US debt ceiling was prolonged until December 3.

Figure 1: WIBOR O/N



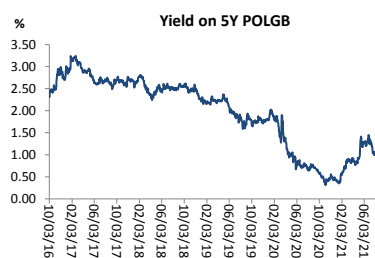
Source: Bloomberg

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     | 7:00 | Manufacturing PMI (Sep) | 55.0        | 53.4        | 54.8        |
| POL     | 8:00 | Inflation (flash, Sep)  | 0.2% (5.4%) | 0.6% (5.8%) | 0.3% (5.5%) |



### Foreign Exchange

Today in the morning the zloty was 0.6% firmer versus the USD and was 0.8% firmer versus the EUR compared to previous NBP fixing. The zloty firmed sharply as minutes from last MPC meeting showed the Council rejected a motion to hike reference rate to 2.0% and as flash CPI for September surprised on the upside. The zloty should be moving within a wide range of 4.5750-4.6200 PLN per EUR today.

Today USD firmed by 0.2% to 1.1580 USD per EUR.

### Fixed Income

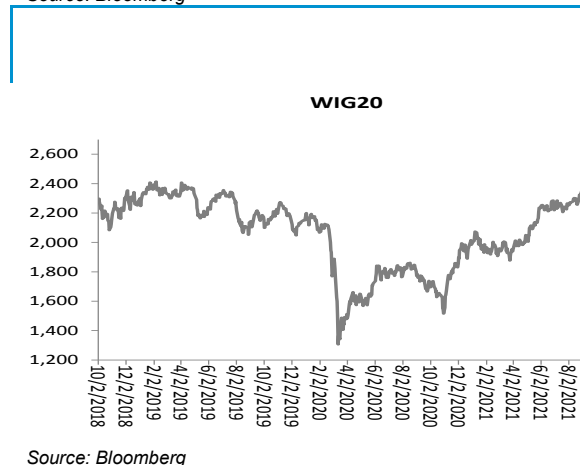
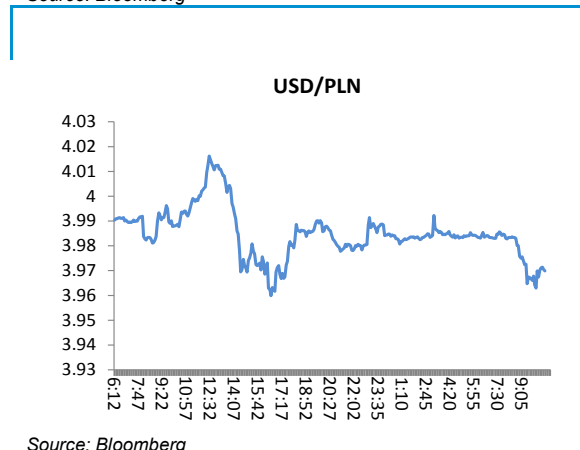
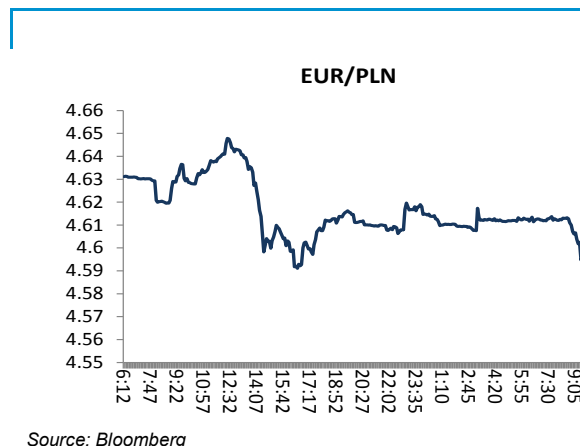
The yields on Poland's government bonds rose by 15bps in 2-year sector and were 8bps up in 5-year one as flash inflation for September much exceeded market consensus forecast.

### Interest Rates

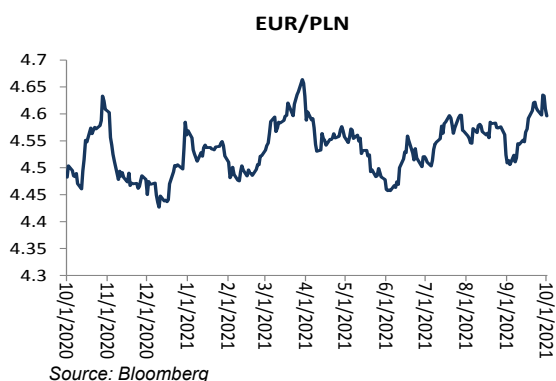
Today the O/N bid rate should be within a range of -0.12% - 0.0%. Swap rates were 17bps up in the short end and were 10bps up in middle of the curve following rise in yields on POLGBs.

### Equities

Yesterday the Dow Jones index closed 1.59% down and the S&P 500 index fell by 1.19%. Today in the morning the FTSE 100 index was 0.74% down, the CAC 40 index was 0.63% down and the DAX index was 0.77% down. The Nikkei index closed 2.31% down. Today in the morning the WIG index was 0.05% down and the WIG20 index was 0.11% down. Stock markets were negatively impacted by risk aversion due to rising commodity prices, supply disruptions and fears of stagnating economic growth combined with rising inflation.



### Medium term FX trends:





# Appendix 1

## Important Disclosures

### Additional information available upon request

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