



Poland Daily

HEADLINES:

POL: The MPC as expected kept interest rates unchanged. The Council noted that despite the observed economic recovery, demand and cost pressures in the Polish economy remain relatively low, which amidst weakened economic conditions and lower inflation pressure abroad curbs domestic inflation pressure. The Council judges that consumer price growth is also constrained by the appreciation of the zloty exchange rate, which is consistent with the fundamentals of the Polish economy. Price pressure in the domestic economy is stimulated by a marked wage growth and the rise in prices of energy carriers. This factor will continue to affect the annual inflation rate in the coming quarters. When the effects of the energy price increase fade – amid the current NBP interest rates level – inflation should return to the medium-term NBP target. In the opinion of the MPC the inflation developments over the medium term will be affected by the further fiscal and regulatory policy measures, the pace of economic recovery in Poland and the labour market conditions.

THE DAY AHEAD...

POL: Press conference of the NBP President

FRA: PMI services (Sep)

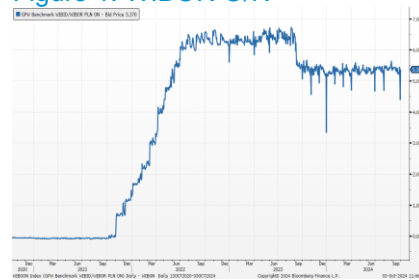
EMU: PMI services (Sep)

USA: Initial jobless claims, factory orders (Aug), ISM services (Sep)

TODAY'S FOCUS:

Today economic calendar contains series of PMI indices from euro-zone and the US for September, factory orders for August and initial jobless claims from the US. On a domestic side market participants will be focusing on press conference of NBP President.

Figure 1: WIBOR O/N



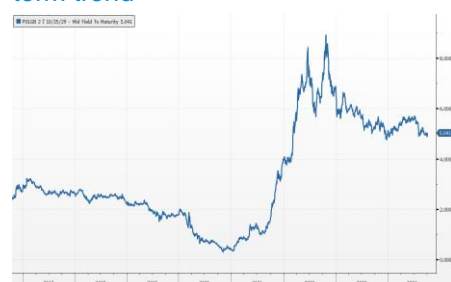
Source: Bloomberg

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
FRA	7:50	PMI services (Sep)		49.6	48.3
EMU	8:00	PMI services (Sep)		51.4	50.5
USA	12:30	Initial jobless claims			221k
POL	13:00	Press conference of NBP President			
USA	14:00	Factory orders (Aug)	0.2%		0.1%
USA	14:00	ISM services (Sep)	52.0		51.7

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was weaker by 0.4% versus the USD, weakened by 0.1% versus the EUR and was 0.2% firmer versus the CHF compared to the previous NBP fixing. The zloty was 1.0% firmer versus the GBP compared to the previous NBP fixing.

Today in the morning the USD was 0.3% firmer versus the EUR and firmed by 1.3% versus the GBP compared to the previous NBP fixing. The GBP weakened after BoE governor Bailey said the BoE might be more aggressive in cutting interest rates. The CHF weakened by 0.2% versus the EUR compared to the previous NBP fixing.

Fixed Income

The yields on Poland's government bonds were 1bp up in 2-year sector, rose by 5pbs in 5-year one and rose by 4bps in 10-year one.

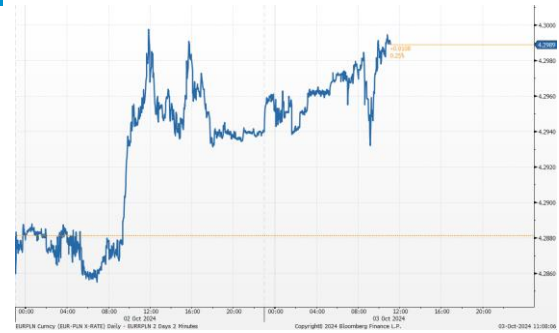
Interest Rates

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

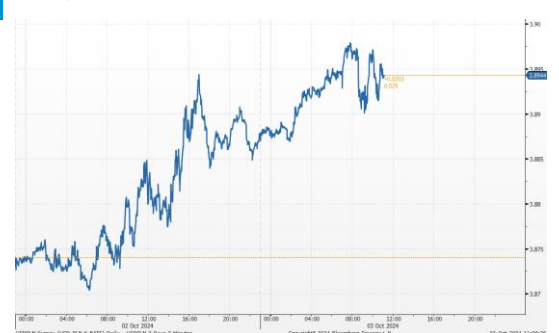
Equities

Yesterday the Dow Jones index closed 0.09% up and the S&P 500 index closed 0.01% up while NASDAQ rose by 0.08%. Today in the morning the FTSE 100 index rose by 0.10%, the CAC 40 index was 0.96% down and the DAX index was 0.77% down. The Nikkei index rose by 1.97%, the Hang Seng index fell by 1.47%. Today in the morning the WIG index fell by 1.05% and the WIG20 index was 1.29% down.

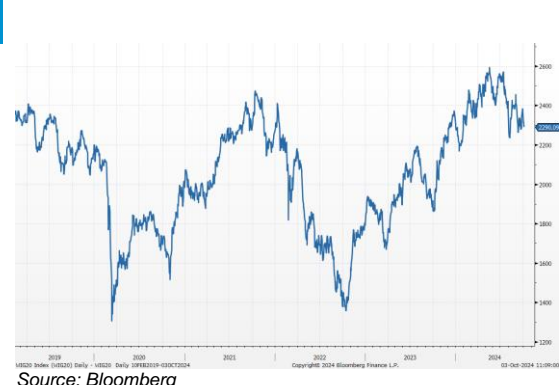
EUR/PLN



USD/PLN

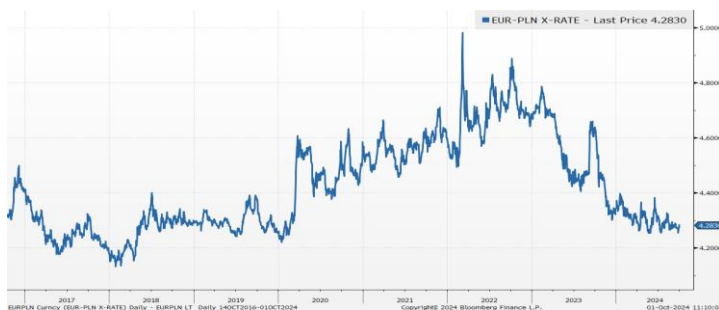


WIG20



Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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