



Poland Daily

HEADLINES:

POL: In August inflation was confirmed at -0.1% m/m and 2.9% y/y. A decline in inflation in August resulted from a seasonal fall in food prices (down 1.1% m/m, up 3.0% y/y) and decline in prices of footwear and clothing (down 1.5% m/m, down 1.9% y/y). Housing and energy prices were 0.3% up m/m and 7.2% up y/y in August.

POL: Yesterday the MPC kept interest rates unchanged, as expected. In the communique the MPC stated that in recent months sentiment has improved and economy has recovered after a 8.2% y/y drop in real GDP in Q2. The MPC underlined that inflation fell to 2.9% y/y in August. MPC expect economic recovery to continue in following months that will be supported by improvement in business conditions in the EU and by expansionary monetary policy conducted by the NBP. The MPC underlined that PLN exchange rate hadn't adjusted to global shock caused by covid pandemic and to easing of monetary policy by the central bank.

THE DAY AHEAD...

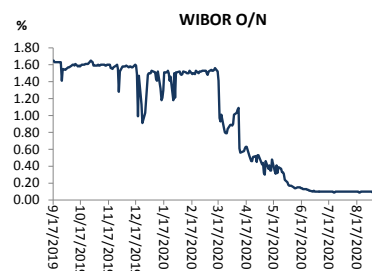
POL: Core inflation (Aug)

USA: FOMC decision, retail sales (Aug)

TODAY'S FOCUS:

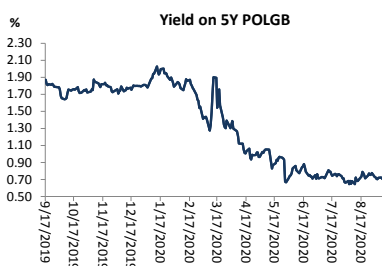
Today market participants will focus on FOMC policy meeting. Economic calendar also contains US retail sales for August and Poland's core CPI for August.

Figure 1: WIBOR O/N



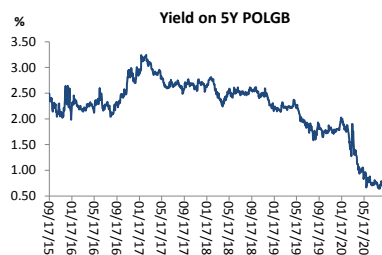
Source: Bloomberg

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	12:00	Core inflation (Aug)	0.1% (4.2%)		0.0% (4.1%)
USA	12:30	Retail sales (Aug)	1.5%		1.0%
USA	18:00	FOMC decision	0.00%-0.25%		0.00%-0.25%



Foreign Exchange

Today in the morning the zloty weakened by 0.1% versus the USD and was 0.2% weaker versus the EUR compared to the previous NBP fixing. Today the zloty should be moving within a range of PLN4.4350-4.4600 per EUR.

The USD firmed by 0.1% versus the EUR ahead of FOMC meeting today in the evening.

Fixed Income

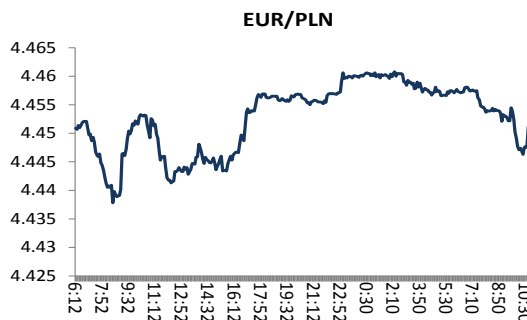
The yields on Poland's government bonds were 1bp up in 10Y sector and declined by 1bps in 2-year one.

Interest Rates

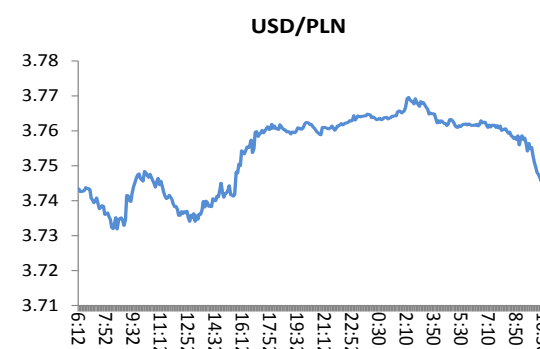
Today the O/N bid rate should be within a range of 0.00%-0.05%. Swap rates were unchanged across the curve.

Equities

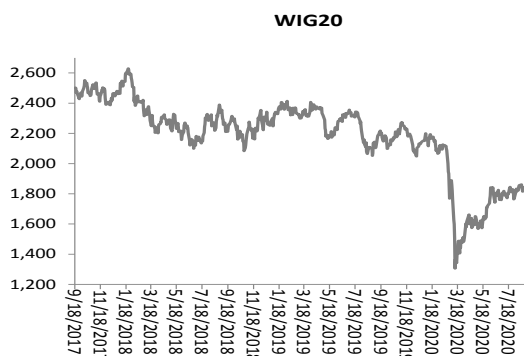
Yesterday the Dow Jones index closed 0.01% up and the S&P 500 index rose by 0.52%. Today in the morning the FTSE 100 index was 0.01% down, the CAC 40 index was 0.13% up and the DAX index was 0.18% up. The Nikkei index increased by 0.09%. Today in the morning the WIG index was 0.15% down and the WIG20 index was 0.12% down.



Source: Bloomberg

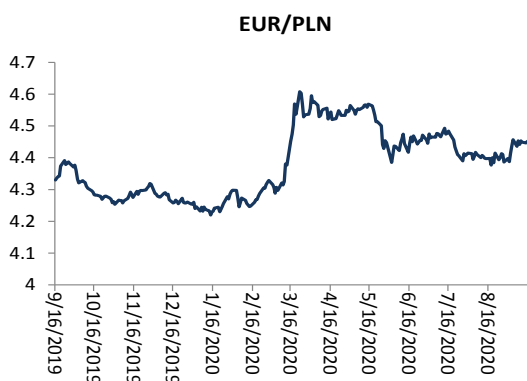


Source: Bloomberg

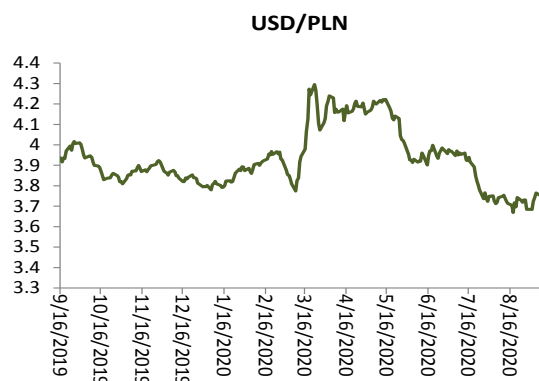


Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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