



Poland Daily

HEADLINES:

POL: MPC member Gatnar said that high inflation in emerging countries was a signal that very low interest rates might be harmful for economy. In his view only positive effect of ultra-low interest rates was decline in yields on government bonds what reduces debt servicing costs. As negative implications of low interest rates Gatnar enumerated, besides inflation, inability of low interest rates to stimulate investments. In his view, if investments don't recover, low interest rate policy should be abandoned, and should be replaced by increased purchases of government bonds by the central bank and by introducing long-term refinancing operations, like ECB's TLTRO to boost investments.

THE DAY AHEAD...

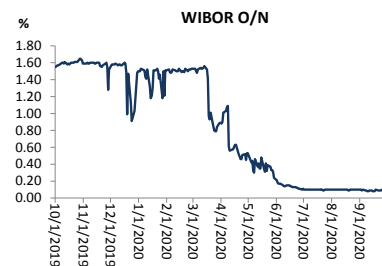
UK: GDP (Q2)

USA: GDP (Q2, annualized), change in employment ADP (Sep)

TODAY'S FOCUS:

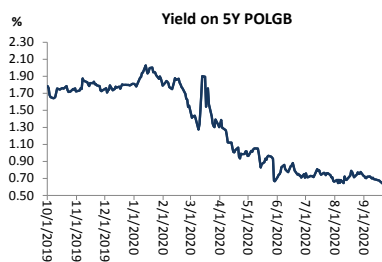
Today economic calendar contains Q2 GDP from the UK and the US and US ADP employment report for September.

Figure 1: WIBOR O/N



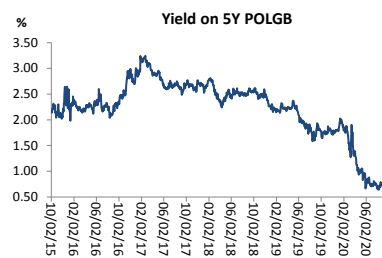
Source: Bloomberg

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
UK	6:00	GDP (Q2)		-19.8% (-21.5%)	-20.4% (-21.7%)
USA	12:15	Change in employment ADP (Sep)	800k		649k
USA	12:30	GDP (Q2, annualised)	-31.7%		-31.7%



Foreign Exchange

Today in the morning the zloty was 1.6% firmer versus the USD and was 1.3% firmer versus the EUR compared to the previous NBP fixing. The zloty recovered after sharp decline related to risk aversion ahead US elections. Today the zloty should be moving within a range of PLN4.5150-4.5400 PLN per EUR.

The USD weakened by 0.3% versus the EUR as a result of weakening of the dollar ahead of presidential debate in the US.

Fixed Income

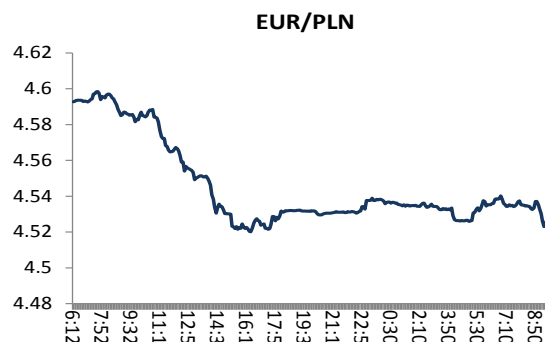
The yields on Poland's government bonds were practically unchanged in all tenors.

Interest Rates

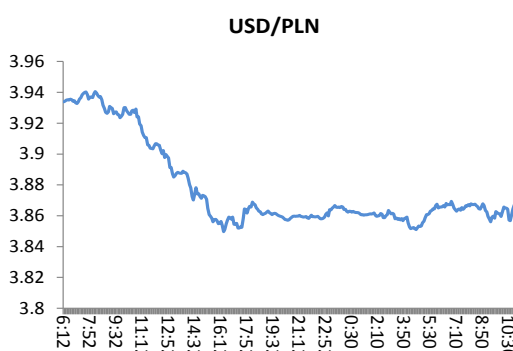
Today the O/N bid rate should be within a range of 0.00%-0.05%. Swap rates were 2-3bps down in all tenors.

Equities

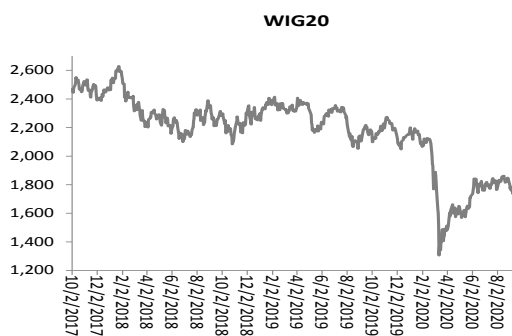
Yesterday the Dow Jones index closed 0.48% down and the S&P 500 index fell by 0.48%. Today in the morning the FTSE 100 index was 0.12% down, the CAC 40 index was 0.51% down and the DAX index was 0.57% down. The Nikkei index fell by 1.50%. Today in the morning the WIG index was 0.58% down and the WIG20 index was 0.72% 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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