



Poland Daily

HEADLINES:

POL: According to deputy Labour Minister Emil Szwed, in August unemployment rate was steady at 5.8% or edged higher to 5.9%.

POL: Today the MPC holds its policy meeting. After Monday's comments from NBP President Adam Glapinski that rate hike would be a policy mistake, likelihood of rate hike in the coming months is small. The first possible date of "signaling" rate hike (by 15 bps) is November this year. But rate hike in November would require fulfilment of 3 conditions: (1) inflationary pressure must continue to intensify (2) NBP's inflation projection of November would have to show inflation persistently above upper bound of MPC target and (3) NBP President would have to vote for rate hike.

THE DAY AHEAD...

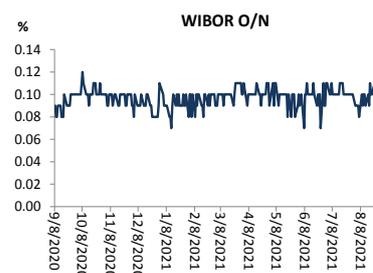
POL: MPC decision

HUN: Inflation (Aug), minutes from NBH meeting

TODAY'S FOCUS:

Today economic calendar contains MPC policy meeting. We expect the MPC to keep interest rates on hold at today's meeting.

Figure 1: WIBOR O/N



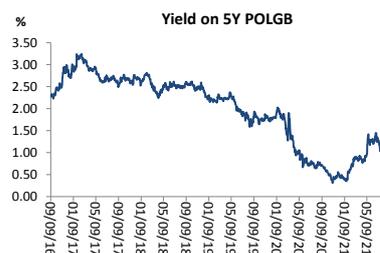
Source: Bloomberg

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
HUN	7:00	Inflation (Aug)		0.2% (4.9%)	0.1% (4.7%)
POL		MPC decision	0.10%		0.10%
HUN	12:00	Minutes from NBH meeting			



Foreign Exchange

Today in the morning the zloty was 0.2% weaker versus the USD and was 0.1% firmer versus the EUR compared to previous NBP fixing. The zloty should be moving within a range of 4.5000-4.5300 PLN per EUR today.

The USD firmed by 0.4% versus the EUR ahead of ECB meeting tomorrow.

Fixed Income

The yields on Poland's government bonds fell by 2-3bps in 5-year and 10-year sectors.

Interest Rates

Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 1-3bps down across the curve.

Equities

Yesterday the Dow Jones index closed 0.76% down and the S&P 500 index fell by 0.34%. Today in the morning the FTSE 100 index was 0.84% down, the CAC 40 index was 1.06% down and the DAX index was 1.16% down. The Nikkei index closed 0.84% up today. Today in the morning the WIG index was 0.88% down and the WIG20 index was 1.12% down.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

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Additional information available upon request

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