



Poland Daily

HEADLINES:

POL: Core inflation (ex food and energy), in line with market consensus view, amounted to 0.2% m/m and 3.9% y/y in August, rising from 3.7% y/y in July. Inflation surprise, as for now, pertains mainly to headline inflation, and is mainly related to higher than expected energy and fuel prices. An increase in headline inflation in 2021 stemmed mainly from rising fuel and food prices. Core inflation is likely to react to this supply-side shock with some lag, as higher fuel and energy prices, as well as robust wage growth will be translating on higher prices of services.

POL: In August average wage in enterprises' sector fell by 0.1% m/m and rose by 9.5% y/y while average employment in enterprises' sector fell by 0.2% m/m and rose by 0.9% y/y. High growth in wages will boost inflationary pressure (mainly through services' prices). Worth noting is decline in employment in August – incoming data will show whether it is related to correction in seasonal employment or it is beginning of declining trend.

THE DAY AHEAD...

POL: Average wage (Aug), Average employment (Aug)

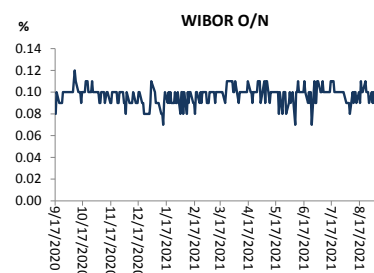
USA: Univ. of Michigan consumer sentiment (Sep)

EMU: Inflation (Aug)

TODAY'S FOCUS:

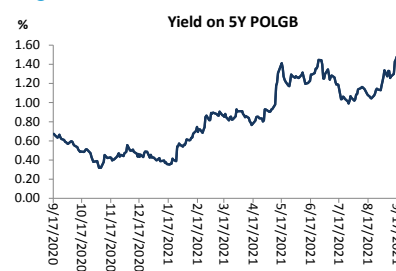
Today economic calendar contains average wage and average employment for August from Poland, euro-zone's CPI for August and US consumer sentiment for September.

Figure 1: WIBOR O/N



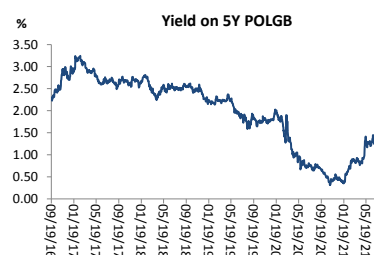
Source: Bloomberg

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
POL	8:00	Average wage (Aug)	-0.9% (8.6%)	-0.1% (9.5%)	-0.6% (8.8%)
POL	8:00	Average employment (Aug)	0.2% (1.2%)	-0.2% (0.9%)	0.0% (1.1%)
EMU	9:00	Inflation (Aug)		0.4% (3.0%)	0.4% (3.0%)
USA	14:00	Univ. of Michigan Consumer sentiment (Sep)	72.0		72.0



Foreign Exchange

Today in the morning the zloty was unchanged versus the USD and was 0.1% weaker versus the EUR compared to previous NBP fixing. The zloty should be moving within a range of 4.5600-4.5850 PLN per EUR today.

The USD weakened by 0.1% versus the EUR on enhanced expectations that global recovery will be robust on incoming FOMC tapering.

Fixed Income

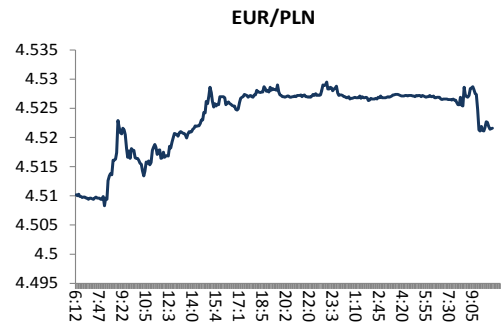
The yields on Poland's government bonds rose by 1-2bps in 5-year and 10-year sectors. Yesterday at switch auction the Finance Ministry bought back government bonds worth total PLN3.57bn versus PLN5.09bn demand.

Interest Rates

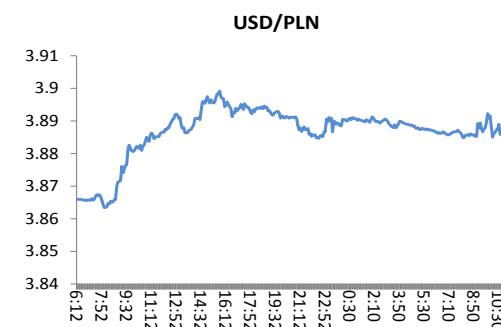
Today the O/N bid rate should be within a range of -0.12% - -0.08%. Swap rates were 5-7bps up in all tenors.

Equities

Yesterday the Dow Jones index closed 0.18% down and the S&P 500 index fell by 0.85%. Today in the morning the FTSE 100 index was 0.32% up, the CAC 40 index was 0.97% up and the DAX index was 0.45% up. The Nikkei index closed 0.58% down today. Today in the morning the WIG index was 0.13% down and the WIG20 index was 0.19% down.



Source: Bloomberg

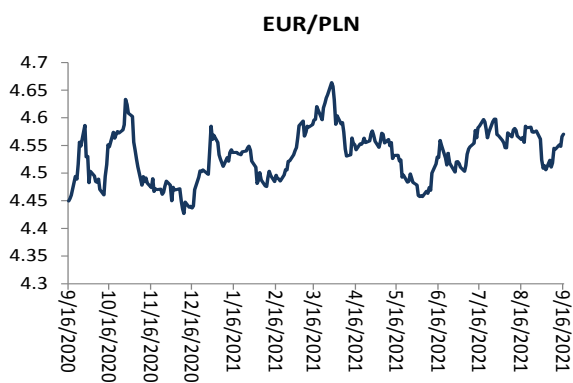


Source: Bloomberg



Source: Bloomberg

Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



Appendix 1

Important Disclosures

Additional information available upon request

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