



Poland Daily

HEADLINES:

POL: Today the Monetary Policy Council holds policy meeting. As inflation rose strongly in September the Council will have to continue hiking cycle. Base effect, partial freeze of Energy prices and potential extension of anti-inflation shield will have stabilizing effect on inflation next year. However, in order to reduce second round effects and to reduce impact of high energy prices on core inflation the MPC should act promptly. We expect the MPC to hike interest rates by 25 bps at today's meeting and to signal that next decisions would be dependent on incoming data on inflation and economic growth.

THE DAY AHEAD...

POL: MPC decision

USA: ADP employment (Sep), PMI services (Sep)

FRA: PMI services (Sep)

EMU: PMI services (Sep)

TODAY'S FOCUS:

Today economic calendar contains MPC decision, ADP employment report for September from the US and series of services PMIs for September from Europe and the US.

Figure 1: WIBOR O/N



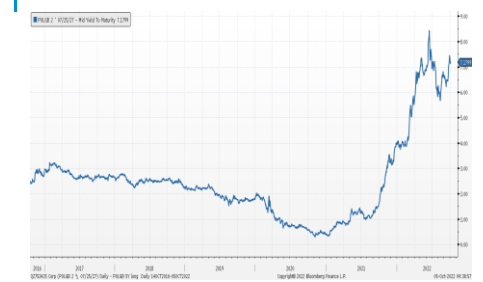
Source: Bloomberg

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)		52.9	53.0
EMU	8:00	PMI services (Sep)		48.8	48.9
POL		MPC decision	7.00%		7.00%
USA	12:15	ADP employment (wrz)	200k		200k
USA	13:45	PMI services (Sep)			49.2

Source: Deutsche Bank Estimates and Bloomberg Finance LP



Foreign Exchange

Today in the morning the zloty was 0,4% firmer versus the USD, weakened by 0.2% versus the EUR and weakened by 0.1% versus the CHF compared to the previous NBP fixing.

The EUR firmed by 0.6% versus the USD and the GBP firmed by 0.2% versus the USD compared to the previous NBP fixing.

Fixed Income

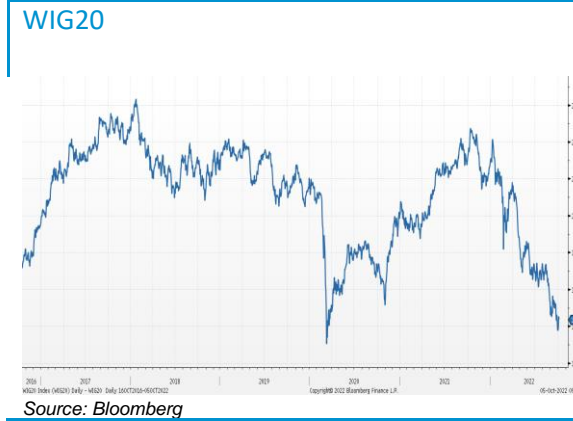
The yields on Poland's government bonds were 2 bps up in 2-year sector and rose by 4-5bps in 5-year and 10-year sectors.

Interest Rates

PLN swap rates were 3 bps up in 2-year and 5-year sectors and rose by 4bps in 10-year one following rise in yields on POLGBs.

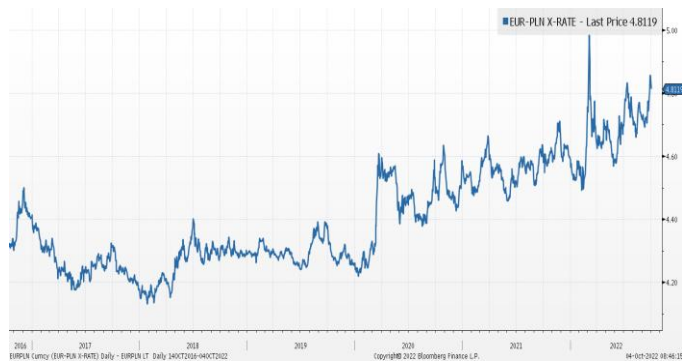
Equities

Yesterday the Dow Jones index closed 2.80% up and the S&P 500 index rose by as much as 3.60%. Today in the morning the FTSE 100 index fell by 1.33%, the CAC 40 index was 0.86% down and the DAX index was 0.89% down. The Nikkei index closed 0.48% up. Today in the morning the WIG index fell by 1.03% and the WIG20 index was 1.05% down. Stock indices fell as market participants scaled down their expectations on easier monetary policy by central banks in the future.

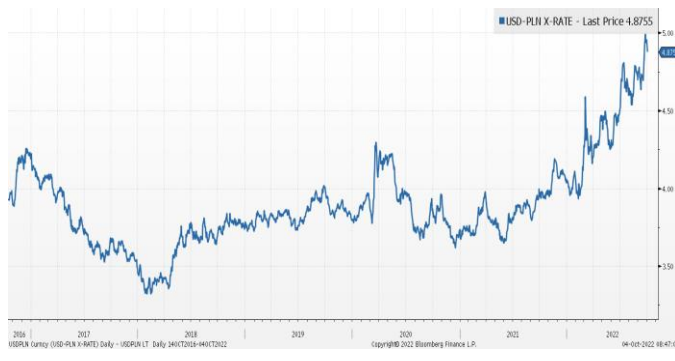


Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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