



# Poland Daily

## HEADLINES:

POL: The MPC hiked the main reference rate by 40bps to 0.50%. The MPC also raised Lombard rate by 50bps to 1.00% and rediscount and discount rates by 40bps to 0.51% and 0.52% respectively and kept deposit rate unchanged at 0.00%. The MPC increased mandatory reserve rate to 2.0% from 0.5%. In communique after the meeting the Council explained that despite the fact that inflation stemmed from supply shocks, interest rates were hiked in order to prevent inflation from being persistently above inflation target in medium term. The MPC added that the NBP might still intervene in FX market and could apply other instruments stipulated in monetary policy guidelines. Timing of rate hike was a surprise for market participants that expected the MPC to hike in November, but MPC's decision to hike (time and size) seems to be right given recent surge in various measures of inflation. Evolving energy price shock in case of NBP inaction would lead to PLN weakening and could solidify elevated inflation expectations. The MPC started hiking cycle with a hike of 40bps, signaling it will actively counteract inflation. Intertwining supply shocks are a call for faster withdrawal of monetary impulse that had been applied by the NBP during lock-downs.

## THE DAY AHEAD...

- POL: Official reserve assets (Sep), press conference of NBP President
- DEU: Industrial production (Aug)
- CZK: Industrial production (Aug)
- USA: initial jobless claims

## TODAY'S FOCUS:

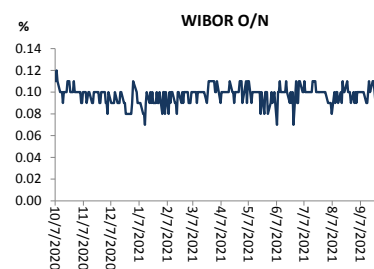
Today economic calendar contains press conference of NBP president, industrial production for August from Germany and Czechia and US jobless claims.

## DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	6:00	Industrial production (Aug)		-4.0% (1.7%)	-0.5% (5.0%)
CZK	7:00	Industrial production (Aug)		(1.4%)	(5.1%)
POL:	12:00	Official reserve asstets (Sep)			
USA	12:30	Initial jobless claims			384k

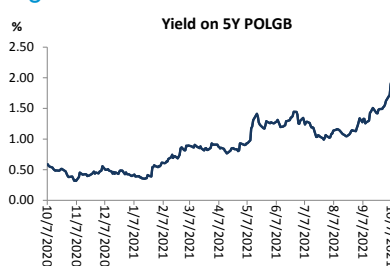
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: WIBOR O/N



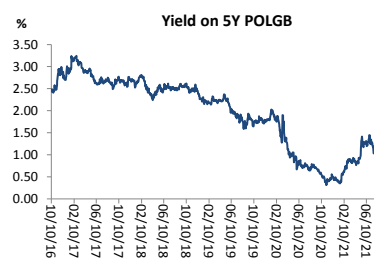
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

Figure 3: Yield on 5Y POLGB – long term trend



Source: Bloomberg



### Foreign Exchange

Today in the morning the zloty was 1.7% firmer versus the USD and was 1.6% firmer versus the EUR compared to previous NBP fixing. The zloty firmed sharply as the NBP surprised with 40bps rate hike. The zloty should be moving within a wide range of 4.5300-4.5700 PLN per EUR today. Market participants will focus on press conference of NBP President.

The USD weakened by 0.1% versus the EUR as natural gas prices fell after Russia's declaration she could increase supply of natural gas to Europe this year.

### Fixed Income

The yields on Poland's government bonds rose by 25bps in 2-year sector and were 23bps up in 5-year one and rose by 17bps in 10-year one as the MPC hiked reference rate by 40bps. Yields on POLGBs are on the rise due to rate hike and due to rising prices of energy.

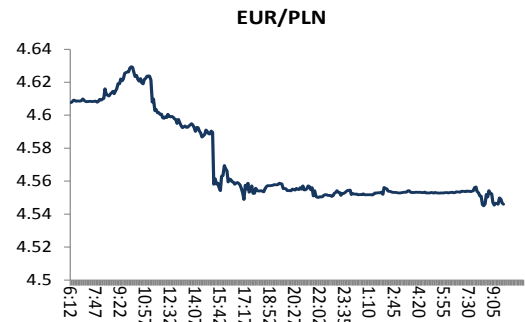
Finance Ministry cancelled switching auction scheduled for today.

### Interest Rates

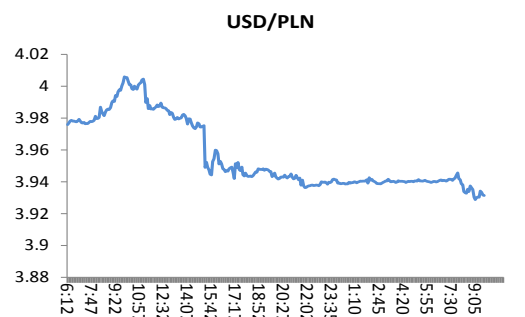
Today the O/N bid rate should be within a range of 0.0% - 0.20%. Swap rates were 35bps up in 2-year sector, 19bps up in 5-year one and rose by 7bps in 10-year one.

### Equities

Yesterday the Dow Jones index closed 0.30% up and the S&P 500 index rose by 0.41%. Today in the morning the FTSE 100 index was 0.86% up, the CAC 40 index was 1.04% up and the DAX index was 1.14% up. The Nikkei index closed 0.54% up. Today in the morning the WIG index was 0.21% down and the WIG20 index was 0.28% down. European bourses gained as the ECB signalled it considered new bond buying programme to replace PEPP, Russia signalled readiness to increase natural gas supplies to Europe and agreement on extension of US debt ceiling seemed more likely.



Source: Bloomberg

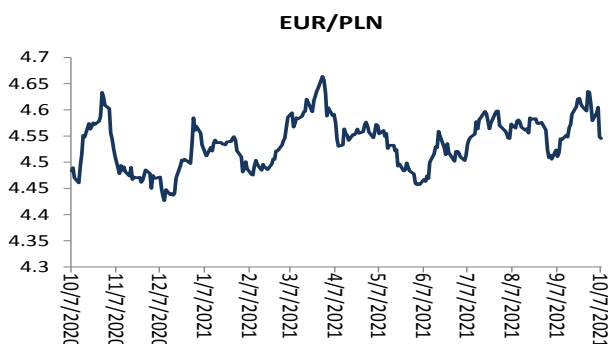


Source: Bloomberg



Source: Bloomberg

### Medium term FX trends:



Source: Bloomberg



Source: Bloomberg



# Appendix 1

## Important Disclosures

### Additional information available upon request

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