



# Poland Daily

## HEADLINES:

POL: The Monetary Policy Council hiked interest rates by 75bps, increasing the main reference rate to 5.25%. The size of the hike was below market consensus view of 100bps. The MPC hiked cautiously, probably aiming at balancing costs to borrowers and costs of higher inflation to consumers and real part of economy. On Thursday government's spokesman informed that PiS had secured majority necessary to accept NBP President Adam Glapinski for his second term. As the vote in parliament is scheduled for the next week NBP President Glapinski was probably more restrained in proposing rate hikes, especially as in his opinion interest rates above 5% start to impact real part of the economy. MPC decision might be also influenced by softer tone of the Fed and indication that 50bps hikes rather than 75bps hikes should be expected at next meetings. At next meetings the MPC will probably pay more attention to the current data on inflation and hiking cycle will last longer. Cautious hike suggests also that the MPC was not sure what terminal level of interest rates ought to be. Therefore terminal level of interest rates will be determined by incoming data on inflation and economic activity. Today at 15.00 CET NBP President holds press conference.

## THE DAY AHEAD...

POL: Official reserve assets (Apr), minutes from MPC meeting (Apr), press conference of NBP President.

DEU: Industrial production (Mar)

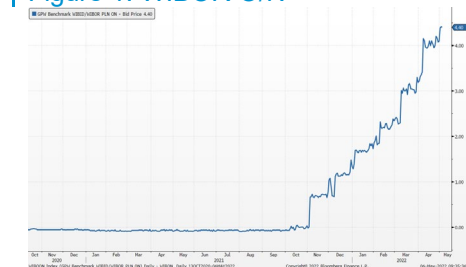
HUN: Industrial production (Mar)

USA: Employment report (Apr)

## TODAY'S FOCUS:

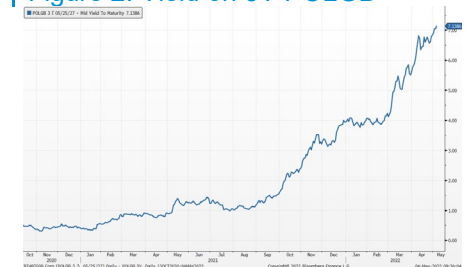
Today economic calendar contains industrial production for March from Germany and Hungary, minutes from MPC meeting and press conference of NBP President from Poland and US employment report for April.

Figure 1: WIBOR O/N



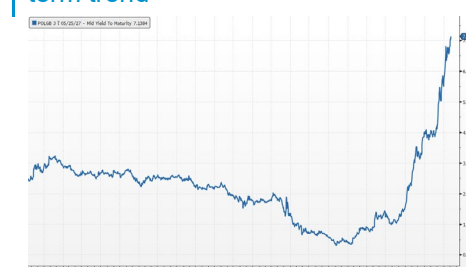
Source: Bloomberg

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
DEU	6:00	Industrial production (Mar)		-3.9% (-3.5%)	-1.3% (-0.4%)
HUN	7:00	Industrial production (Mar)		-0.1% (4.2%)	(3.1%)
POL	12:00	Official reserve assets (Apr)			
POL	12:00	Minutes from MPC meeting (Apr)			
USA	12:30	Change in non-farm payrolls (Apr)	300k		380k
USA	12:30	Unemployment rate (Apr)	3.6%		3.6%
POL	13:00	Press conference of NBP President			



## Foreign Exchange

Today in the morning the zloty was 1.3% weaker versus the USD, weakened by 0.6% versus the CHF and was 0.4% weaker versus the EUR compared to the previous NBP fixing. The zloty weakened as the MPC surprised with smaller rate hike and as US dollar firmed across the board.

The USD firmed by 1.0% versus the EUR as yields on US Treasuries rose and as geopolitical risks remained elevated.

## Fixed Income

The yields on Poland's government bonds were 12bps up in 2-year sector, rose by 14bps in 5-year one and increased by 15bps in 10-year one.

## Interest Rates

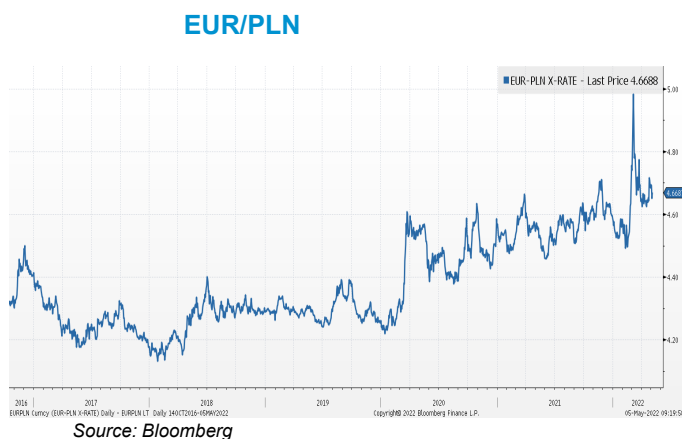
PLN swap rates were 9bps up in 2-year sector, rose by 18bps in 5-year one and increased by 20bps in 10-year one following increase in yields on POLGBs.

## Equities

Yesterday the Dow Jones index closed 3.12% down and the S&P 500 index fell by 3.57%. Today in the morning the FTSE 100 index was 0.78% down, the CAC 40 index was 1.48% down and the DAX index was 1.12% down. The Nikkei index closed 0.69% up. Today in the morning the WIG index fell by 2.15% and the WIG20 index was 2.33% down. Stock markets were negatively impacted by fears of higher inflation, lockdowns in China and geopolitical risks.



## Medium term FX trends:





# Appendix 1

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