



Poland Daily

HEADLINES:

POL: MPC Gabriela Masłowska said that it could be assumed that the next MPC decision was rate cut. She expects the cut in interest rates in the beginning of 2024. He added however, if inflation declined fast in 2H2023 then rate cut was possible in the end of 2023. In her view an optimal scenario for monetary policy would be gradual reduction in inflation. She expects Poland's economy to gradually recover from slowdown in 2023, and to return to growth path, as it was the case in post-covid recovery.

POL: The Sejm approved draft budget bill for 2023 with budget deficit of PLN68.0bn. Budget revenues are envisaged at PLN604.7bn and budget expenditures are planned at PLN672.7bn. In 2023 general government deficit is envisaged at 4,5% of GDP and general government debt is envisaged at 53.3% of GDP. Budget draft assumes GDP growth of 1.7% and average CPI of 9.8% in 2023. Budget draft bill is to be yet approved by the Senate and should be finally approved by Parliament by the end of January 2023.

EMU: The ECB hiked interest rates by 50bps, increasing refinance rate to 2.50% and deposit rate to 2.00%, and assumed hawkish stance in monetary policy.

THE DAY AHEAD...

POL: Core CPI (Nov)

DEU: PMI manufacturing (Dec)

EMU: PMI manufacturing (Dec), CPI (Nov)

USA: PMI manufacturing (Dec)

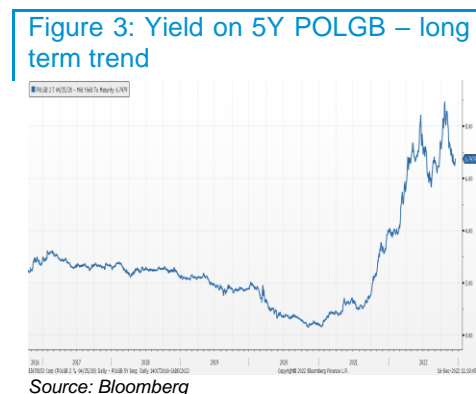
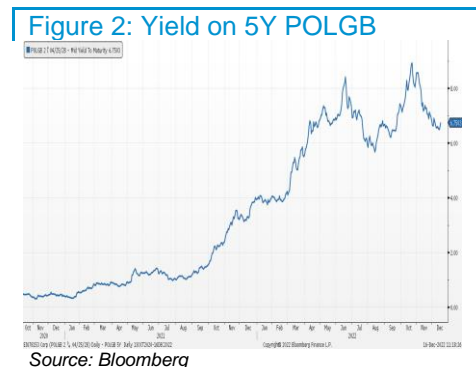
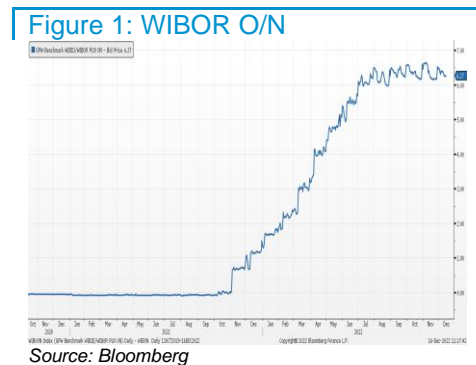
TODAY'S FOCUS:

Today economic calendar contains preliminary manufacturing PMIs from Europe and the US for December, euro-zone's CPI for November and Poland's core CPI for November.

DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	8:30	PMI manufacturing (Dec)		47.4	46.3
EMU	9:00	PMI manufacturing (Dec)		47.8	47.1
EMU	10:00	CPI (Nov)		-0.1% (10.0%)	-0.1% (10.0%)
POL	13:00	Core CPI (Nov)	0.6% (11.2%)		0.6% (11.3%)
USA	14:45	PMI manufacturing (Dec)			47.8

Source: Deutsche Bank Estimates and Bloomberg Finance LP





Foreign Exchange

Today in the morning the zloty was 0.2% weaker versus the USD, weakened by 0.2% versus the EUR and was 0.1% weaker versus the CHF compared to the previous NBP fixing. The zloty was 1.5% firmer versus the GBP as GBP weakened after BoE's comment that inflation in the UK had peaked.

The EUR initially firmed by 1.0% versus the USD after hawkish comments from the ECB but finally the EUR/USD has returned to its pre ECB meeting level.

Fixed Income

The yields on Poland's government bonds were 9bps up in 2-year sector and rose by 15bps in 5-year and 10-year ones. Today at switching auction the Finance Ministry offers POLGBs series OK1025, WZ1127, PS0728, WZ0533 and DS1033.

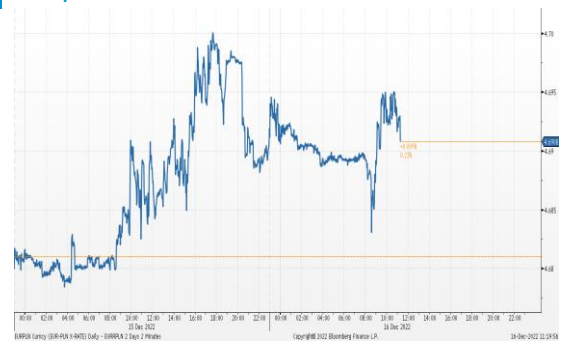
Interest Rates

PLN swap rates were 11bps up in 2-year sector and rose by 16bps in 5-year and 10-year sectors.

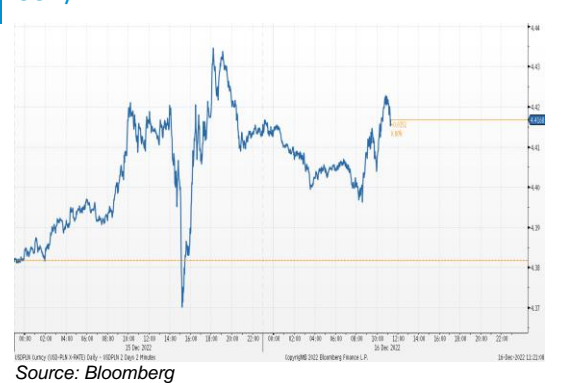
Equities

Yesterday the Dow Jones index closed 2.25% down and the S&P 500 index closed 2.49% down. Today in the morning the FTSE 100 index fell by 0.43%, the CAC 40 index was 0.84% down and the DAX index was 0.68% down. The Nikkei index closed 1.87% down. Today in the morning the WIG index fell by 1.03% and the WIG20 index was 1.08% down. Sell-off in equity markets deepened as both Fed and the ECB assumed hawkish stance.

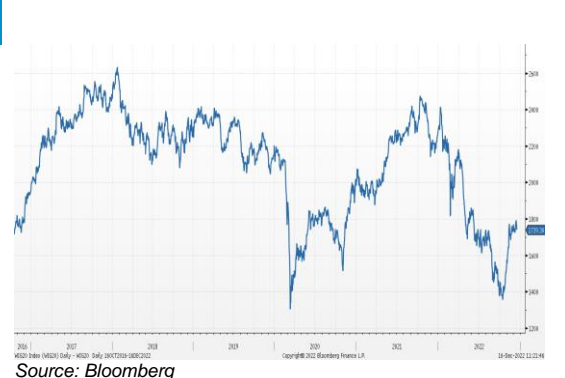
EUR/PLN



USD/PLN

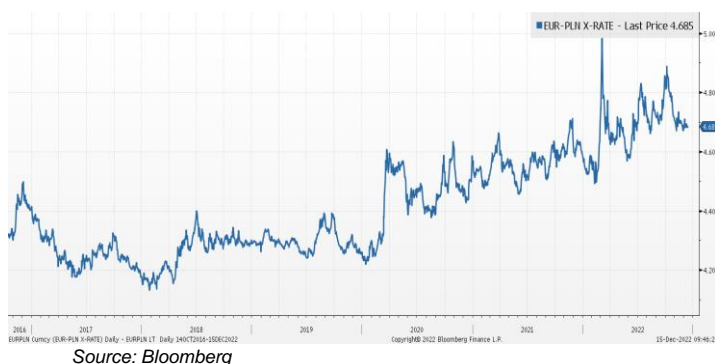


WIG20

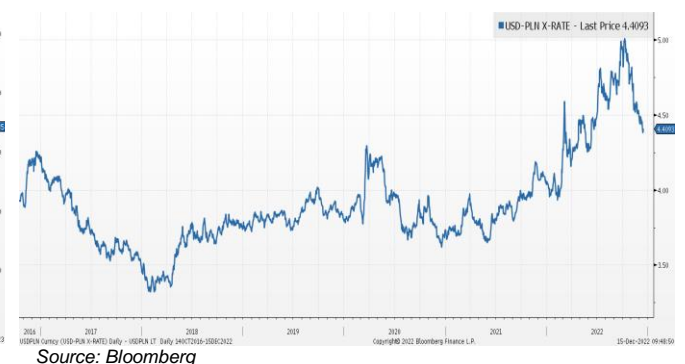


Medium term FX trends:

EUR/PLN



USD/PLN





Appendix 1

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