



Poland Daily

HEADLINES:

POL: Government accepted draft bill on freezing energy prices for households in 2025 with price cap at PLN500 per kWh until the end of September 2025 and zero capacity fee in 1H2025. The government removes price cap for other energy buyers. Adopted measure will directly reduce CPI but will rise core CPI mainly through rise in services' prices. Government decision to extend energy price cap and apply zero capacity fee for households will reduce consumer inflation in the beginning of next year and will prompt the MPC to initiate discussions on rate cuts. We maintain our view of likely rate cut in Q2 2025 due to expected slower decline in core CPI.

POL: MPC member Ireneusz Dąbrowski said that data confirm stability of disinflationary processes and prospects of permanent return of inflation to the target. He added that conditions for starting a cycle of rate cuts would appear between March and July 2025, depending on the pace of the decline in inflation processes and delays in the effects of the MPC decisions.

POL: Finance Minister Andrzej Domanski estimates that at the turn of Q1 and Q2 2025 the consumer inflation would reach local peak of 5.0-5.5%. Finance Ministry estimates average annual CPI for 2024 with a range of 3.3-3.5%. Finance Minister also expressed a hope that capital tax would be reduced in 2026.

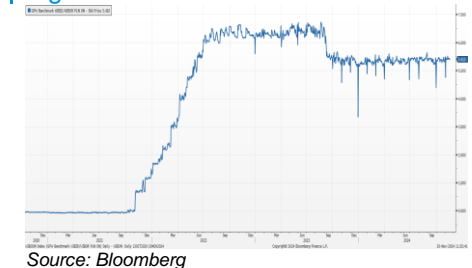
THE DAY AHEAD...

UK: CPI (Oct), Core CPI (Oct)

TODAY'S FOCUS:

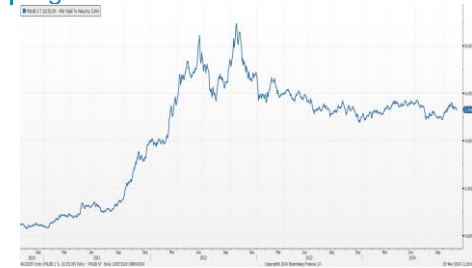
Today economic calendar contains data on CPI and core CPI for October from the United Kingdom.

Figure 1: WIBOR O/N



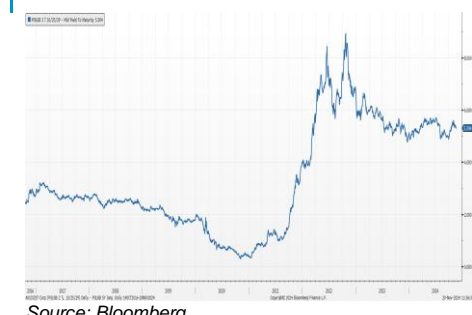
Source: Bloomberg

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 |
|---------|-------|----------------|-------------|-------------|-------------|
| UK | 10:00 | CPI (Oct) | | 0.6% (2.3%) | 0.5% (2.2%) |
| UK | 10:00 | Core CPI (Oct) | | (3.3%) | (3.1%) |



Foreign Exchange

Today in the morning the zloty was unchanged versus the USD and was 0.2% weaker versus the EUR compared to the previous NBP fixing. The zloty was 0.1% firmer versus the CHF and was 0.4% weaker versus the GBP compared to the previous NBP fixing.

Today in the morning the USD was 0.2% weaker versus the EUR and CHF was 0.3% weaker versus the EUR compared to the previous NBP fixing. The USD was 0.4% weaker versus the GBP compared to the previous NBP fixing.

Fixed Income

Today in the morning the yields on Poland's government bonds were 1-2bps up in 2-year and 5-year sectors. Finance Minister Domanski said that the current situation on Poland's FX and bond markets was stable and provided no reason for concern. He added that the yields on Polish debt were following the core markets.

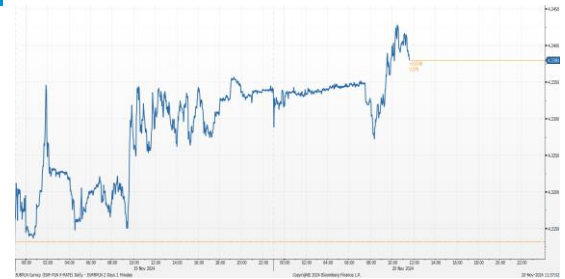
Interest Rates

Today in the morning PLN swap rates were 2-3bps up in all tenors.

Equities

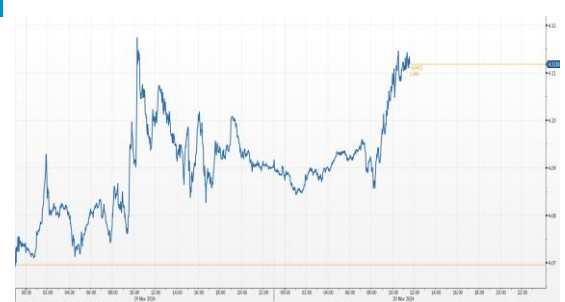
Yesterday the Dow Jones index closed 0.28% down and the S&P 500 index closed 0.40% up while NASDAQ rose by 1.04%. Today in the morning the FTSE 100 index rose by 0.21%, the CAC 40 index was 0.42% up and the DAX index was 0.53% up. The Nikkei index fell by 0.16% and the Hang Seng index rose by 0.21%. Today in the morning the WIG index was 0.98% up and the WIG20 index was 1.04% up.

EUR/PLN



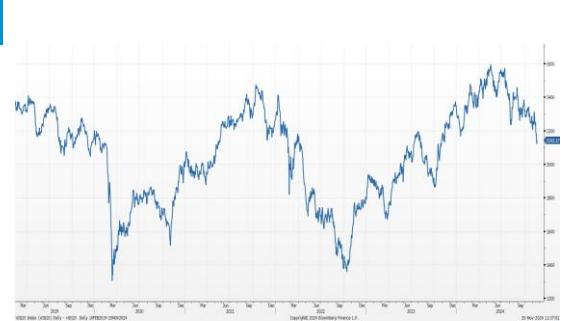
Source: Bloomberg

USD/PLN



Source: Bloomberg

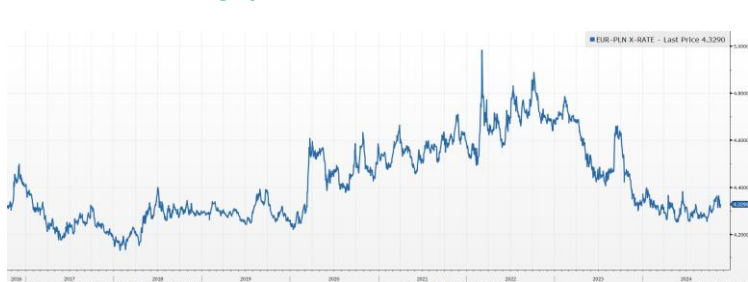
WIG20



Source: Bloomberg

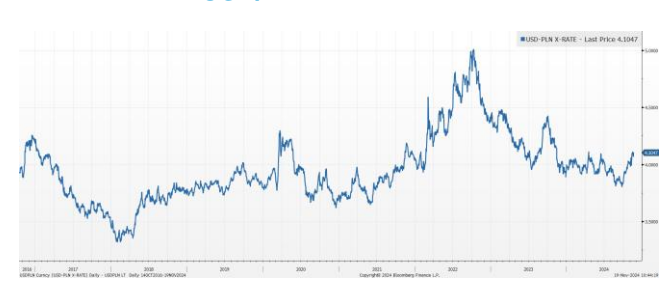
Medium term FX trends:

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

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