



# Poland Daily

## HEADLINES:

POL: According to estimates of Finance Ministry, in the period of January-December 2021, there was -PLN25/26bn deficit in central budget after a surplus of PLN50.4bn in January-November 2021. End-year budget deficit was envisaged at -PLN40.5bn in budget bill for 2021.

POL: PM Mateusz Morawiecki announced second Anti-Inflation shield that would be effective for 6 months from February 1 to end of July 2022. Measures announced would comprise: (1) a cut in VAT on food, natural gas and fertilisers to 0%, (2) a cut in VAT on fuels to 8% from 23%, (3) a cut in VAT on heat to 5%, (4) extension of current reduction in VAT on electricity by another 3 months and (5) housing communities will be subject to regulated prices of natural gas. According to government's estimates these measures will reduce bills of average household by PLN45 per month (what is tantamount, according to our estimates, to 1.2 per cent reduction in expenditures per person). Government estimated total cost of tax cuts to the budget at PLN15-20bn.

## THE DAY AHEAD...

USA: CPI (Dec), Core CPI (Dec)

CZK: CPI (Nov)

## TODAY'S FOCUS:

Today economic calendar contains US inflation and core inflation for December. Inflation from Czech Republic for December is also due today.

## DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
CZK	8:00	CPI (Dec)		0.4% (6.6%)	0.3% (6.6%)
USA	13:30	CPI (Dec)	0.4%		0.4% (7.0%)
USA	13:30	Core CPI (Dec)			0.5% (5.4%)

Figure 1: WIBOR O/N

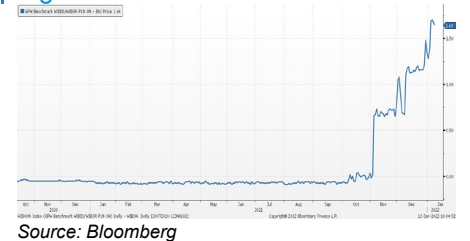


Figure 2: Yield on 5Y POLGB

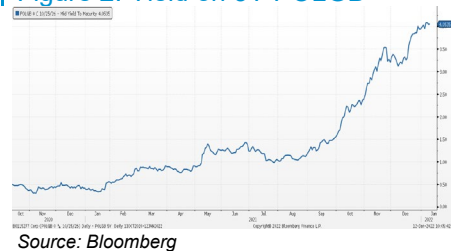
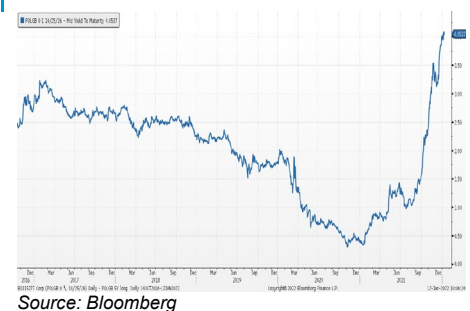


Figure 3: Yield on 5Y POLGB – long term trend





### Foreign Exchange

Today in the morning the zloty was 0.2% firmer versus the USD and was 0.5% firmer versus the EUR compared to previous NBP fixing. The zloty should be moving within a range of 4.5250-4.5450 PLN per EUR today.

The USD firmed by 0.3% versus the EUR ahead of today's release of US CPI for December.

### Fixed Income

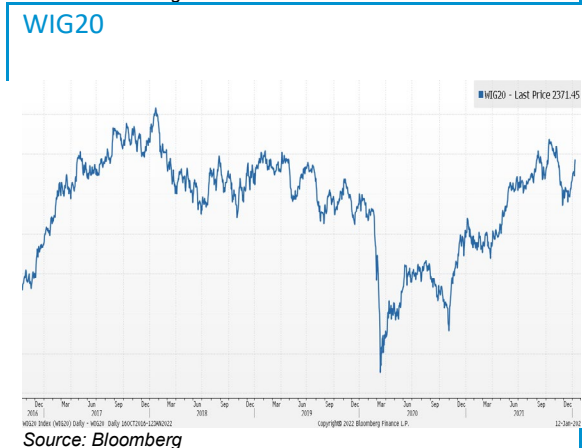
The yields on Poland's government bonds fell by 1-3bps in 2-year and 5-year sectors and rose by 3bps in 10-year one.

### Interest Rates

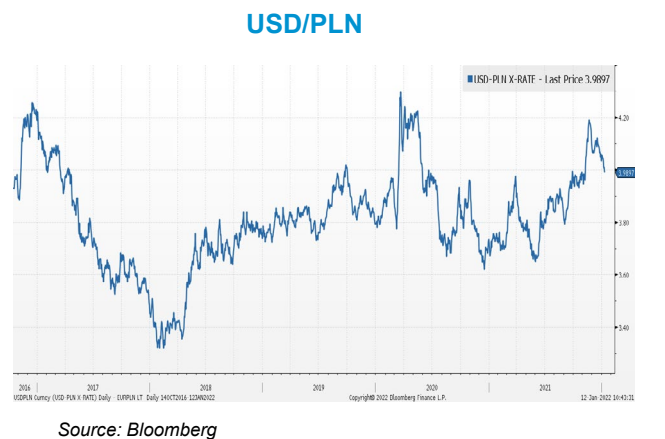
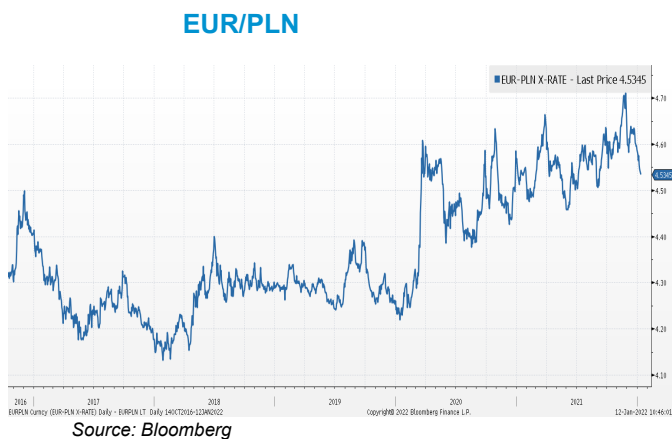
Today the O/N bid rate should be within a range of 1.00% - 1.30%. Swap rates were 4-5bps down across the curve.

### Equities

Yesterday the Dow Jones index closed 0.51% up and the S&P 500 index rose by 0.92%. Today in the morning the FTSE 100 index was 0.71% up, the CAC 40 index was 0.29% up and the DAX index was 0.39% up. The Nikkei index closed 1.92% up. Today in the morning the WIG index was 1.16% up and the WIG20 index was 1.32% up.



### Medium term FX trends:





# Appendix 1

## Important Disclosures

### Additional information available upon request

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