



# Poland Daily

## HEADLINES:

POL: The MPC kept interest rates unchanged for a second month in a row, keeping the main reference rate at 6.75%. It follows from the communique after the meeting that the MPC identify high prices of commodities as the main cause of headline and core inflation. According to the new NBP projection inflation will remain elevated in 2023 while Poland's economy will enter recession. Recent MPC decisions show that the central bank started to focus more on risks to growth. The MPC is convinced that approaching slowdown in global economic growth and tightening of monetary policy already done by the main central banks coupled with economic slowdown and hitherto rate hikes in Poland would led to gradual decline of inflation. The central path of inflation in new NBP projection was raised by 0.15 perc. point in 2022, by 0,75 pp. in 2023 and by 1,75 pp. in 2024 while central path of GDP growth declined by 0.1 pp. , 0.6 pp. and 0.2 pp. respectively in 2022 , 2023 and 2024. According to the new NBP projection there is a 50-percent probability that the annual price growth will be in the range of 14.4 – 14.5% in 2022 (against 13.2 – 15.4% in the July 2022 projection), 11.1 – 15.3% in 2023 (compared to 9.8 – 15.1%), 4.1 – 7.6% in 2024 (compared to 2.2 – 6.0%) and 2.1 – 4.9% in 2025. At the same time, the annual GDP growth – according to this projection – will be with a 50-percent probability in the range of 4.3 – 4.9% in 2022 (against 3.9 – 5.5% in the July 2022 projection), -0.3 – 1.6% in 2023 (compared to 0.2 – 2.3%), 1.0 – 3.1% in 2024 (compared to 1.0 – 3.5%) and 1.8 – 4.4% in 2025. The MPC signalled readiness to act on incoming data and reiterated the NBP might intervene on FX market to limit exchange rate movements inconsistent with the direction of monetary policy.

## THE DAY AHEAD...

POL: Minutes from MPC meeting

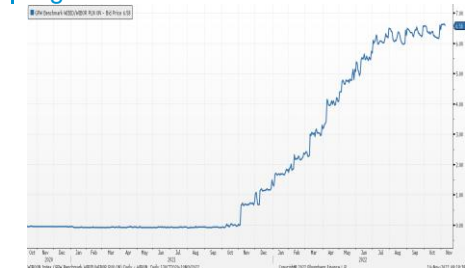
CZK: Inflation (Oct)

USA: Inflation (Oct), initial jobless claims

## TODAY'S FOCUS:

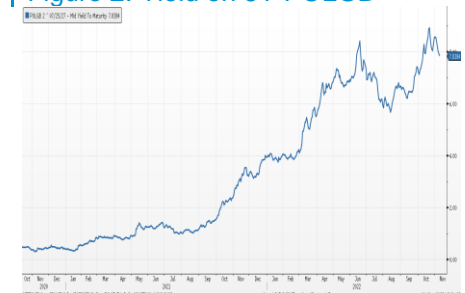
Today market participants will focus on U.S. CPI for October.

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
CZK	8:00	Inflation (Oct)		-1.4% (15.1%)	0.9 (17.9%)
POL	13:00	Minutes from MPC meeting			
USA	13:30	Inflation (Oct)	0.6%		0.6% (7.9%)
USA	13:30	Initial jobless claims	222k		220k

Source: Deutsche Bank Estimates and Bloomberg Finance LP



### Foreign Exchange

Today in the morning the zloty was 1.0% weaker versus the USD, weakened by 0.4% versus the EUR and weakened by 1.0% versus the CHF compared to the previous NBP fixing. The zloty weakened by 0.4% versus GBP. The zloty was weakening as the MPC kept interest rates unchanged.

The USD firmed by 0.6% versus the EUR compared to the previous NBP fixing, as Republican Party won majority in House of Representatives but Democrats most likely won majority in Senate.

### Fixed Income

The yields on Poland's government bonds were 41bps down in 2-year sector, declined by 29bps in 5-year one and fell by 26bps in 10-year one after the MPC kept interest rates unchanged.

### Interest Rates

PLN swap rates were 29bps down in 2-year sector, fell by 23bps in 5-year sector and declined by 20bps in 10-year one.

### Equities

Yesterday the Dow Jones index closed 1.95% down and the S&P 500 index fell by 2.08%. Today in the morning the FTSE 100 index fell by 0.20%, the CAC 40 index was 0.60% down and the DAX index was 0.20% down. The Nikkei index closed 0.98% down. Today in the morning the WIG index fell by 1.17% and the WIG20 index was 1.45% down.

#### EUR/PLN



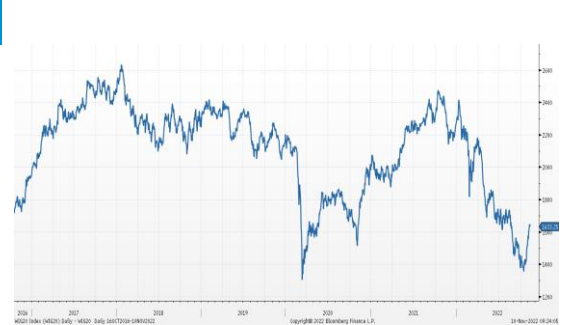
Source: Bloomberg

#### USD/PLN



Source: Bloomberg

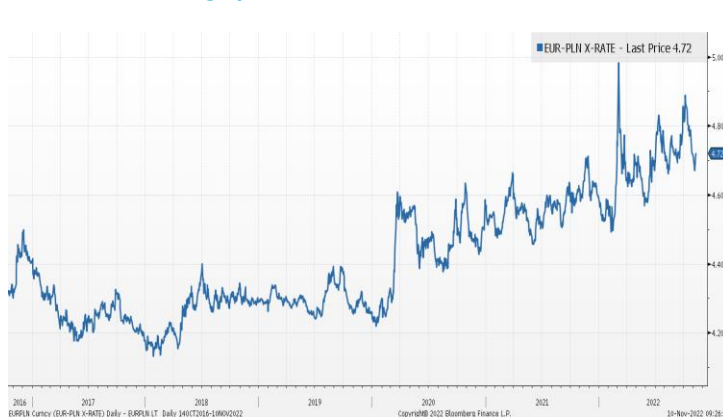
#### WIG20



Source: Bloomberg

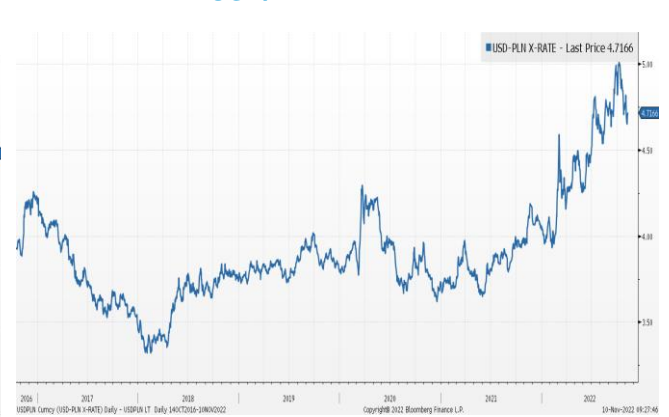
### Medium term FX trends:

#### EUR/PLN



Source: Bloomberg

#### USD/PLN



Source: Bloomberg



# Appendix 1

## Important Disclosures

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1.744.449.384 paid up in full.

## Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krześniak