



Poland Daily

HEADLINES:

POL: Today, the Monetary Policy Council is concluding its two-day decision-making meeting. We believe, like the market, that the MPC will not change interest rates at today's meeting. The reduction of VAT and excise on fuel in the fourth quarter of this year will lower the annual inflation by about 0.2 percentage points, which will be the main argument for keeping the rates unchanged until the end of the year. If pressure on energy, fertilizers, metals, and other key commodities does not ease in the coming quarters, the Monetary Policy Council will most likely raise interest rates by 25 basis points in Q1 2027 and by another 25 basis points in Q2 2027. The ongoing proceedings in the Parliamentary Commission of Constitutional Responsibility against NBP President Adam Glapiński will be a factor that could potentially delay decisions on rate hikes. The charges include violating the constitution and laws, for example by indirectly financing the budget deficit through asset purchases in 2020-2021, carrying out these purchases without 'proper authorization' from the Monetary Policy Council, making currency interventions without a similar authorization from the NBP board, or failing to comply with the president of NBP's requirement to remain apolitical. NBP President Adam Glapiński, whose term ends in June 2028, had previously stated that the NBP would not participate in the procedure and that any decisions of the commission are not relevant to the bank, in light of the 2024 Constitutional Tribunal ruling on the matter.

THE DAY AHEAD...

POL: MPC decision, official reserve assets (Sep)

DEU: Industrial production (Aug)

HUN: CPI (Sep)

USA: Minutes from MPC meeting

TODAY'S FOCUS:

Today, market participants will be focusing on the MPC's decision and the Fed meeting minutes. The economic calendar also includes industrial production from Germany, inflation from Hungary, and reserve assets from Poland.

DIARY (Today)

Country	CET	Release	DB Expected	Actual	Consensus
DEU	8:00	Industrial production (Aug)		2.0% (2.3%)	0.5% (0.7%)
HUN	8:30	CPI (Sep)		0.2% (1.6%)	0.4% (1.8%)
POL		MPC decision	3.75%		3.75%
POL	14:00	Official reserve assets (Sep)			
USA	20:00	Minutes from MPC meeting			

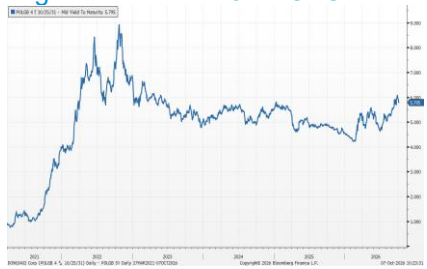
Source: Deutsche Bank Estimates and Bloomberg Finance LP

Figure 1: Brent oil price



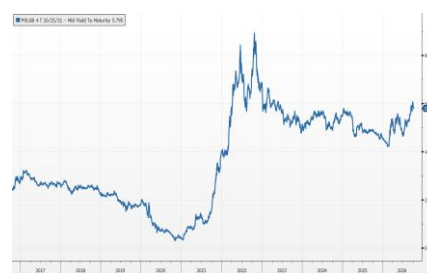
Source: Bloomberg

Figure 2: Yield on 5Y POLGB



Source: Bloomberg

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



Source: Bloomberg



Foreign Exchange

This morning, the zloty was weaker by 0.6% against the USD and weaker by 0.2% against the EUR compared to yesterday's fix. The zloty was down 0.5% against the CHF and 0.6% against the GBP compared to yesterday's fix. The weakening of the zloty this morning was due to the further strengthening of the US dollar.

This morning, the USD was stronger by 0.5% against the EUR, the CHF was stronger by 0.3% against the EUR, and the GBP was unchanged against the USD compared to yesterday's fix. The USD's rate against the EUR rose to 1.1193 this morning ahead of the Fed meeting minutes release, which could provide more information on the size and timing of the next interest rate hikes in the US.

Fixed Income

This morning, the yield on Polish government bonds rose by 1bps in all tenors.

Interest Rates

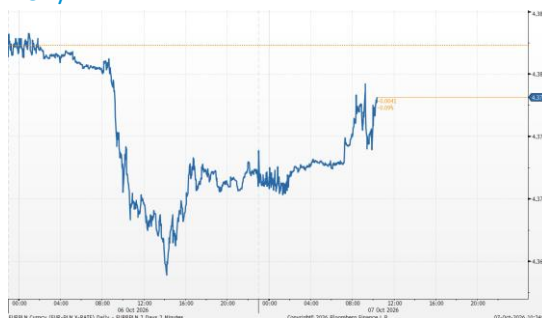
This morning, swap rates rose by 2bps in the 2-year and 5-year sectors and rose by 1 bp in the 10-year sector.

Equities

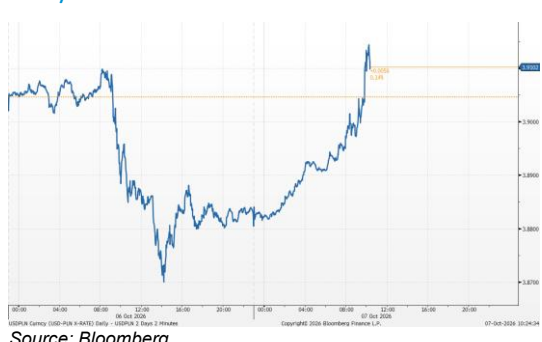
Yesterday at the close, the Dow Jones rose by 0.49%, the S&P 500 went up by 0.58%, and the NASDAQ increased by 0.45%. This morning, the FTSE 100 fell by 0.16%, the CAC 40 was down 0.39%, and the DAX was down 0.53%. The Nikkei closed down 0.92%, and the Hang Seng was down 0.62% at the close. This morning, the WIG index went up 0.04%, and the WIG20 was higher by 0.07%.

Medium term FX trends:

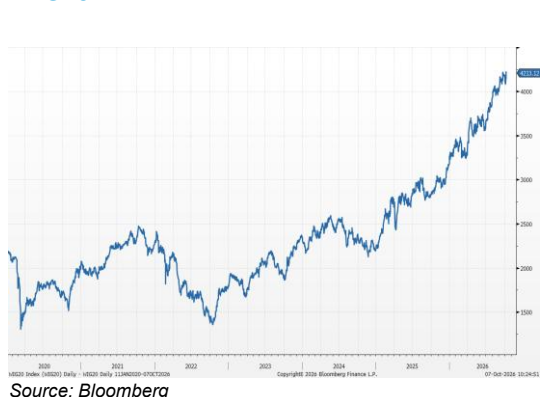
EUR/PLN



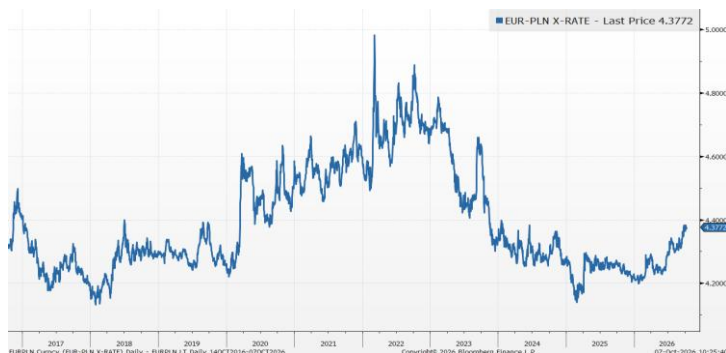
USD/PLN



WIG20

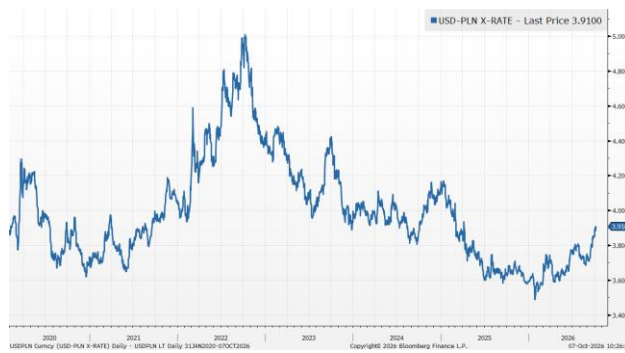


EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

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