



Poland Daily

HEADLINES:

POL: Today the Monetary Policy Council ends two day policy meeting. We expect the MPC with majority of its members being dovish to keep settings of monetary policy unchanged with the main reference rate steady at 6.75% today. The MPC will also publish CPI and GDP central paths from new NBP projection. We expect new GDP path to be somewhat higher and CPI path to be moderately lower than in November's NBP projection. The MPC is likely to maintain their data dependent rhetoric in order to retain flexibility in conduct of monetary policy and to control inflation expectations.

THE DAY AHEAD...

- DEU: Industrial production (Jan)
- HUN: CPI (Jan)
- EMU: GDP (Q4)
- POL: MPC decision
- USA: Change in ADP (Feb)

TODAY'S FOCUS:

Today economic calendar contains data on industrial production for January from Germany, final GDP for Q4 from euro-zone and US ADP employment report for February. Market participants will focus on MPC decision and Fed Chairman Powell testimony in US Congress.

Figure 1: WIBOR O/N

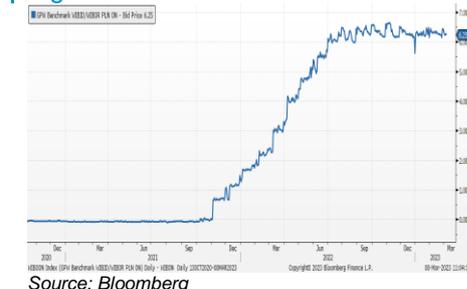


Figure 2: Yield on 5Y POLGB

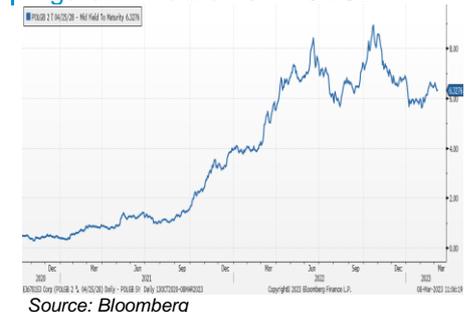
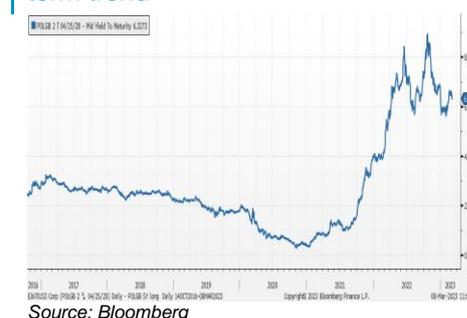


Figure 3: Yield on 5Y POLGB – long term trend



DIARY (Today)

Country	GMT	Release	DB Expected	Actual	Consensus
DEU	7:00	Industrial production (Jan)		3.5% (-1.6%)	1.4% (-3.7%)
HUN	7:30	CPI (Jan)		0.8% (25.4%)	0.9% (25.4%)
EMU	10:00	GDP (Q4)		0.0% (1.8%)	0.0% (1.9%)
USA	13:30	Change in ADP employment (Feb)	300k		200k
POL		MPC decision	6.75%		6.75%



Foreign Exchange

Today in the morning the zloty was 1.4% weaker versus the USD, weakened by 0.3% versus the EUR and was 0.3% weaker versus the CHF compared to the previous NBP fixing. The zloty was 0.1% firmer versus the GBP. The zloty sharply weakened versus the USD after hawkish comments from FOMC Chairman Powell.

The USD was 1.1% firmer versus the EUR, compared to the previous NBP fixing after FOMC Chairman Powell during his testimony before US Senate said the Fed was prepared to both accelerate the pace of rate hikes and to increase terminal rate if economic data justified this.

Fixed Income

The yields on Poland's government bonds rose by 2-4bps in all tenors.

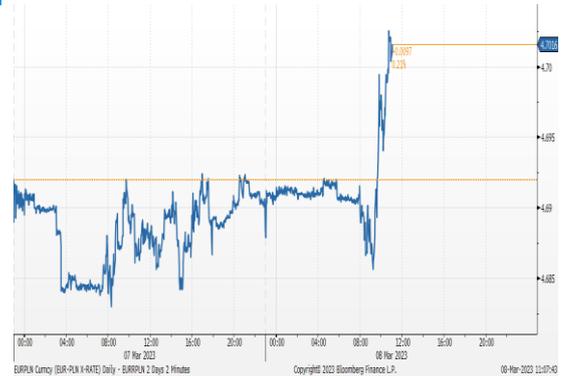
Interest Rates

PLN swap rates were 2-5bps up across the curve following a rise in yields on POLGBs.

Equities

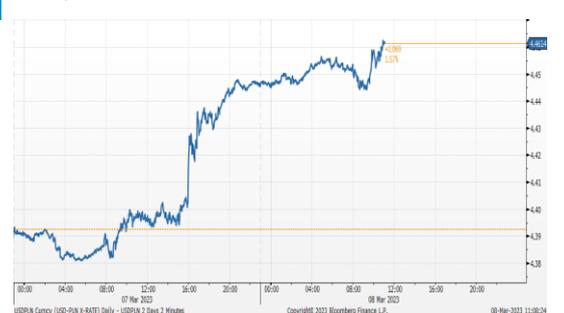
Yesterday the Dow Jones index closed 1.72% down and the S&P 500 index closed 1.53% down. Today in the morning the FTSE 100 index fell by 0.28%, the CAC 40 index was 0.35% down and the DAX index was 0.01% down. The Nikkei index closed 0.48% up. Today in the morning the WIG index fell by 0.32% and the WIG20 index was 0.40% down.

EUR/PLN



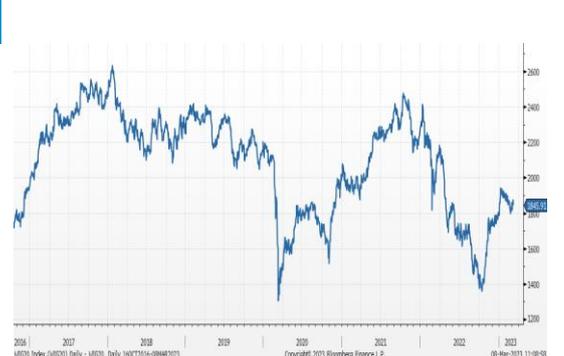
Source: Bloomberg

USD/PLN



Source: Bloomberg

WIG20



Source: Bloomberg

Medium term FX trends:

EUR/PLN



Source: Bloomberg

USD/PLN



Source: Bloomberg



Appendix 1

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