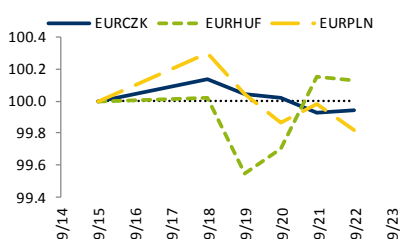




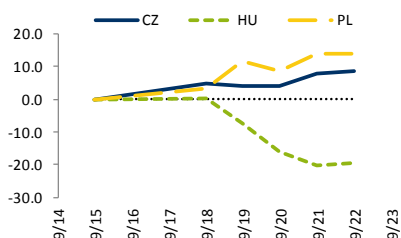
Friday, 22 September 2017

**Forex markets (index)**



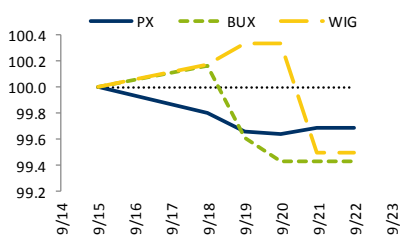
	LAST	PREVIOUS	CHANGE (%)
EURCZK	26.08	26.07	0.02
EURHUF	309.8	309.9	-0.03
EURPLN	4.270	4.277	-0.16

**Gov. bonds 10 Y (bps change)**



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	1.188	1.181	0.7
HUGB 10Y	2.63	2.63	0.2
PLGB 10Y	3.36	3.36	0.0

**Equity indices (index)**



	LAST	PREVIOUS	CHANGE (%)
PX	1047.8	1047.8	0.00
BUX	38109	38109	0.00
WIG	64209	64209	0.00

**Regional insights**

**Polish unemployment rate drops to 25-year lows**

The Polish labour market continued to tighten further during this summer. The unemployment rate dropped to 25-year lows in August. **The employment rate currently standing at the 7.0% level is just another confirmation of the excellent health of the Polish economy.**

Recall that a series of very strong macroeconomic data for August was already published on Wednesday. These were industrial and construction production and retail sales. In addition to traditionally very rapid growth in industry (8.8% year-on-year) and retail sales (real growth of 6.9% y/y), it was mainly the construction industry that grabbed the attention. Its rocket growth, which in this quarter exceeded 20% (y/y), reflects two important characteristic from the current state of the Polish economy: 1. the utilization of transfers from the EU Structural Funds has improved; 2. domestic investment activity is accelerating further.

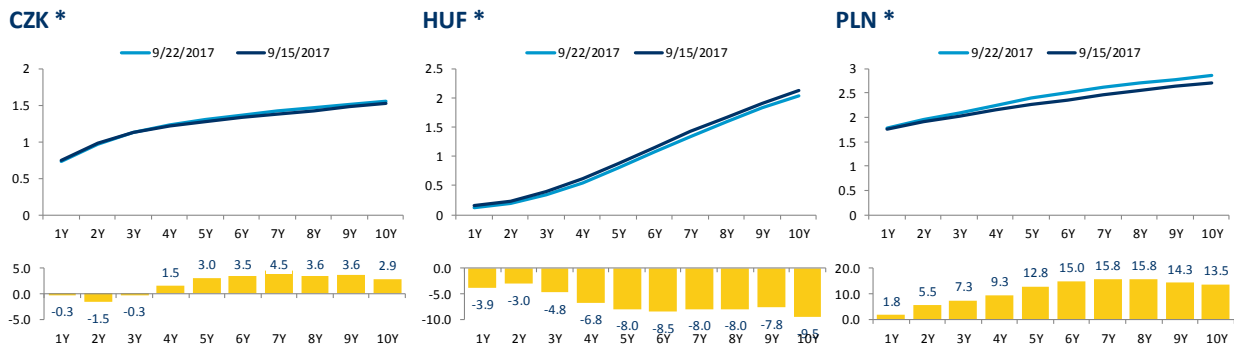
All this together shows that the growth of the Polish economy remains very strong and apparently in the third quarter it will exceed 4%. **We view this as good news for the Polish zloty as it suggests that the output gap of the Polish economy is rapidly closing. The Polish central bank can evaluate the recent positive macro trends in the coming weeks and months while a risk of delivering hawkish comments based on overheating fears of some MPC members has definitely increased. They will signal that the monetary policy stance should be tightened. Such a hawkish signal from the NBP could come as early as in last quarter of 2017 while the first hike in official interest rates in Poland is not expected until the first half of 2018.**

**PL: Unemployment rate**



Zdroj: Thomson Reuters Datastream / Fathom Consulting

## Interest-rate Swap Curves



\* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points (against previous Friday).

## Calendar

Country	Time	Indicator	Period	Forecast		Actual		Consensus		Previous	
				m/m	y/y	m/m	y/y	m/m	y/y	m/m	y/y
PL	10:00	Unemployment rate	%	08/01/2017		7		7		7.1	
PL	14:00	Money supply M3	%	08/01/2017				0.3	5.2	0.3	5
CZ	17:00	Review rating - Moody's	A1	3th revision							

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