Higher inflation will not speed up interest rate hikes

This week

- **The most important event this week will be the reading of the October business sentiment indicators for major European economies scheduled for Wednesday.** We expect that PMI Composite for the Eurozone dropped to 53.8 pts in October vs. 54.2 pts in September. We believe that the index decrease resulted from deterioration of sentiment in both Germany and France. Ifo Index, reflecting the sentiment among German managers, representing the manufacturing, construction, trade and service sectors, will be released on Thursday. We expect it to decrease to 103.3 pts in October from 103.7 pts in September. Business survey results will be particularly important for the assessment of the sustainability of the slowdown of economic growth observed in recent months within the single currency area and the impact of D. Trump's protectionist measures on exporters' sentiment. Our forecasts of business survey results for major European economic are close to the consensus, therefore their materialization will not have any substantial impact on PLN and the prices of Polish debt.
- **The municipal election took place in Poland on Sunday.** According to Ipsos exit poll, in the elections to provincial assemblies, the Law and Justice (PiS) received the backing at a level of 32.3%, Civic Coalition took 24.7%, and the Polish People's Party got 16.6% of votes. The Ipsos-estimated turnout amounted to 51.3% vs. 47.2% in 2014 elections, being most probably the highest turnout in local elections since 1990. The official results of the elections to provincial assemblies are likely to be released on Tuesday. The poll results show that, compared to the local elections in 2014, the support for PiS rose by 5.4 pp. However, this support was clearly lower than in the parliamentary election in 2015 (down by 5.3 pp), which may incline the government to take measures aimed at increasing public expenditure before the parliamentary election scheduled for autumn 2019. We therefore believe that the poll results of elections to provincial assemblies signal a higher likelihood of adjustment of fiscal policy in 2019 in the direction of further increase in public expenditure (including most probably social spending). However, it is now difficult to forecast the scale of this adjustment and to indicate its beneficiaries. It is also hard to assess to what extent the increased spending will contribute towards higher deficit in the public finance sector and to what extent it will be financed by the sector's additional revenues (e.g. from the proceeds derived from the abolishment of the limit on the basis for pension contributions – so-called 30-fold). Consequently, the result of local elections is neutral for PLN and bond yields in the short term.
- **Another important event will be the Thursday's ECB meeting.** In our view, the monetary policy parameters will remain unchanged and the conference will not provide any new information substantially altering our scenario, in which the ECB will hike the deposit rate by 40bp in total in H2 2019 and the main interest rate by 25bp in Q4 2019. In effect, the conference after the meeting is not likely to be market moving.
- **Important data from the US will be released this week**. **The flash estimate of GDP in Q3 will be released on Friday.** We expect that the annualized economic growth rate will drop to 3.3% vs. 4.2% in Q2, due to lower contributions of consumption, investments, and net exports. Higher contribution of change in inventories will have an opposite impact. Data on durable goods orders will also be released this week and, in our view, decreased by 1.6% MoM in September vs. a 4.4% increase in August, due to lower orders for aircrafts in the Boeing company. Data on new home sales will also be released this week (630k in September vs. 629k in August) and will send subsequent signals pointing to ongoing slowdown of the growth rate of activity in the US real estate market (see below). US business survey results will also be published. We expect that the final University of Michigan Index (98.5 pts in October vs. 100.1 pts in September) will point to a slight deterioration of households' sentiment. The publication of US data should not substantially

affect the global market sentiment.

Last week

- **On Friday, the Moody's downgraded Italy's rating to Baa3 from Baa2.** At the same time, the rating's outlook was changed from negative to stable. In effect, Italy's rating is at the lowest grade of the "investment level". The downgrade of Italy's credit rating resulted from the deterioration of outlook for public finance (the forecast deficit of the GG sector is higher than expected earlier). Another argument in favour of the rating downgrade was a too slow – in the agency's opinion – implementation of structural reforms. The rating downgrade was in line with the market expectations, although some analysts expected negative outlook to be affirmed. Consequently, we believe that the decision on change of outlook will be conducive to an increase in EURUSD and a decrease in EURPLN this week.
- **Inflation in Poland decreased to 1.9% YoY in September vs. 2.0% in August, running in line with the market consensus and above GUS flash estimate (1.8%).** The main factor behind the decrease in inflation were lower dynamics of fuel prices. Higher dynamics of the prices of food and non-alcoholic beverages had an opposite impact (see MACROpulse of 15/10/2018). Core inflation dropped to 0.8% YoY vs. 0.9% in August. In accordance with our upward-revised forecast, inflation will decrease to 1.8% YoY in Q4 2018 vs. 2.0% in Q3 and in the whole 2018 will amount to 1.8% vs. 2.0% in 2017. We expect inflation to increase to 2.2% in 2019 (see below).
- **The dynamics of industrial production in Poland dropped to 2.8% YoY in September vs. 5.0% in August**. The main factor behind the decrease in industrial production dynamics between August and September was an unfavourable difference in the number of working days. The structure of data indicates that the growth rate of industrial production was also limited by the downturn in manufacturing in the Eurozone and Germany. Another reason for slower production growth was the growing barrier in the form of shortage of skilled labour (see MACROpulse of 17/10/2018). The construction-assembly production dynamics decreased to 16.4% YoY in September vs. 20.0% YoY in August. Like in the case of industrial production, the decline in construction-assembly production resulted both from the statistical effect in the form of unfavourable difference in the number of working days and the above-mentioned supply-side constraints related to shortage of skilled labour. The average dynamics of industrial production decreased to 5.9% YoY in Q3 vs. 7.0% in Q2 and the dynamics of construction and assembly production decreased to 18.3% vs. 21.5%. This supports our forecast of GDP growth rate in Q3 2018 (4.4% YoY vs. 5.1% in Q2).
- **Nominal retail sales in Poland increased by 5.6% YoY in September vs. a 9.0% increase in August.** The sales growth rate in constant prices dropped to 3.6% YoY 6.7% vs. 6.7% in August. Lower real retail sales dynamics in September resulted mainly from slower sales growth in the category "motor vehicles, motorcycles, parts" due to the entry into force of new emission standards from 1 September 2018 which boosted sales growth in this category in July and August and were responsible for their sharp decline in September (see MACROpulse of 19/10/2018). The average dynamics of real retail sales dropped to 5.8% YoY in Q3 vs. 6.1% in Q2. Thus, the August retail sales reading supports our forecast of slight decrease in consumption growth in Q3 (4.8% YoY vs. 4.9% in Q2).
- **Nominal wage dynamics in the Polish sector of enterprises dropped to 6.7 % YoY in September from 6.8% in August**. Conducive to slower wage growth was the statistical effect in the form of an unfavourable difference in the number of working days as well as most likely shifts of the payment of variable remuneration in some branches. The annual employment growth dropped to 3.2% YoY in September vs. 3.4% in August. We estimate that the real wage fund growth rate (employment times average wages) in enterprises

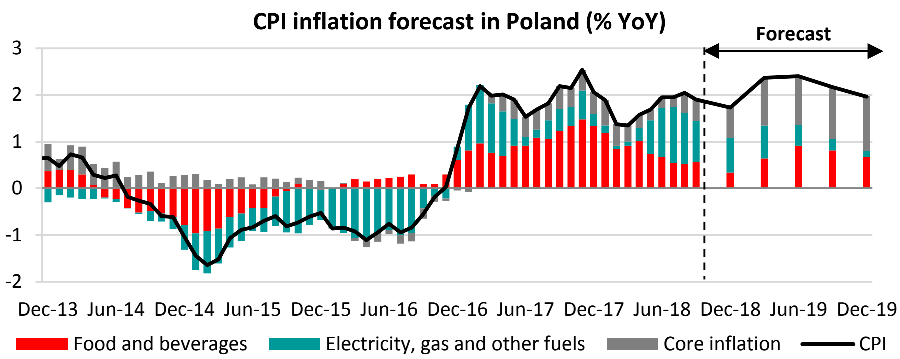
dropped to 8.1% YoY in September vs. 8.2% in August and 9.5% in Q2. We expect that the annual wage growth supported by moderate wage pressure in several industries will stand around 7% in subsequent months. The factors which limit wage growth in enterprises are the uncertainty about the date of the launch of the Employee Equity Scheme, possible entry into force of the act lifting the limit on the annual basis of assessment of pension contributions (so-called 30-fold), and higher operating costs of enterprises due to the rising electricity prices (see MACROpulse of 16/10/2018).

- **In August the deficit in the Polish current account dropped to EUR 549M vs. EUR 750M in July.** The increase in the current account balance resulted from higher balances on primary income and goods (higher from July by EUR 602M and EUR 15M, respectively). Lower balances on secondary income and services (down by EUR 288M and EUR 128M, respectively, compared to July) had an opposite impact. Exports dynamics dropped to 7.4% YoY in August vs. 9.2% in July, and imports dynamics rose to 11.2% vs. 10.3%. Conducive to slower exports and imports growth was the statistical effect in the form of an unfavourable difference in the number of working days. According to the NBP statement, higher imports dynamics resulted from higher value of the imports of petroleum and refinery products. The last week's data support our forecast, in which the relation of cumulative current account balance for the last 4 quarters to GDP will decrease to -0.7% in Q3 vs. 0.2% in Q2.
- **Important data from Chinese economy were released last week**. The GDP growth rate dropped to 6.5% YoY in Q2 (1.6% QoQ in Q3 vs. 1.8% in Q2, running below the market expectations. At the same time this has been the lowest GDP growth rate since Q1 2009. Lower economic growth rate results from lower internal demand caused by slowdown of total consumption growth. Released last week were also data on industrial production (5.8% YoY in September vs. 6.1% in August), retail sales (9.2% vs. 9.0%), and urban investments (5.4% vs. 5.3%), which, in general, pointed to the stabilization of the growth rate of economic activity in September compared to August. Despite the weaker-than-expected data on economic growth in Q3, we maintain our forecast, in which the dynamics of the Chinese GDP will decrease to 6.6% in 2018 vs. 6.9% in 2017. Thus, China will achieve the economic growth target for 2018 set at ca. 6.5%. At the same time we believe that numerous measures planned by the Chinese government to stimulate internal demand (including i.a. higher tax allowance, lower corporate tax, increased lending, launch of new infrastructural investments, or tax preferences for export-oriented companies) and the People's Bank of China (the recent cut of the reserve requirement – see MACROmap of 8/10/2018) as well as marked weakening of CNY vs. USD (by ca. 7% since June 2018) will be reflected by business survey results no sooner than in Q2 2019. The main risk to our scenario is possible further escalation of protectionist measures in global trade.
- **ZEW index reflecting the sentiment among analysts and institutional investors regarding the economic situation in Germany dropped to -24.7 pts in October vs. -10.6 pts in September, running clearly below the market expectations (-12.0 pts).** Thus the index reached the level of July 2018 – the lowest value since August 2012. According to the statement, the deterioration of sentiment resulted from further escalation of the trade war between the US and China, growing probability of the materialization of hard Brexit scenario, and increased political risk in Germany. The data pose a downside risk to our forecast that the quarterly GDP growth rate will not change in Q4 compared to Q3 and will amount to 0.5%.
- **Numerous data from the US were released last week.** The monthly dynamics of retail sales have not changed in September compared to August and amounted to 0.1%, running below the market expectations (0.6%). Excluding car sales, retail sales dropped to -0.1% vs. 0.2%. Conducive to their decline were lower sales dynamics i.a. in the categories "health and medical services", "petrol stations", and "house and garden equipment". Capacity utilization has not changed in September compared to August and amounted to 78.1%. Further

slowdown of activity in the US real estate market was indicated by data on building permits (1241k in September 1249k in August), housing starts (1201k vs. 1268k), and existing home sales (5.15M vs. 5.33M). The results of regional business surveys for manufacturing were also released last week. The NY Empire State Index suggested improvement in manufacturing in New York State, increasing to 21.1 pts in October vs. 19.0 pts in September. On the other hand, the Philadelphia FED Index signaled a slight deterioration of sentiment in manufacturing in the North-East and dropped to 22.2 pts in October vs. 22.9 pts in September. We forecast that the annualized US GDP growth rate will decrease to 33.% in Q3 vs. 4.2% in Q2, however staying above the potential economic growth rate estimated by FED at slightly above 2%.

- **The Minutes of the September's FOMC meeting were released last week.** Especially noteworthy in the description of the discussion is the information that some FED members believe that a temporary hike of interest rates above the long-term level indicated in FOMC projections (3.00%) might be necessary. It their view it would reduce the risk of a permanent excess of target and significant imbalance in the financial system. The text of the Minutes supports our scenario, in which FED will hike interest rates by 25 bp in December 2018 and the scale of monetary tightening in the US will amount to 100bp in 2019, thus being higher by 25bp from that indicated in the latest FED projection. The market is currently pricing in two interest rate hikes in 2019.

Higher inflation will not speed up interest rate hikes



Source: GUS, Credit Agricole

Considering the September inflation data (see MACROpulse of 15/10/2018) and our calculations of the pro-inflation impact of higher electricity prices on the dynamics of consumer prices (see MACROmap of 15/10/2018), we have decided to revise upwards our forecast of CPI inflation for the coming quarters.

The main reason for the revision are the rising electricity prices. We estimate that the total impact of the pro-inflation shock of higher prices of electricity in manufacturing and service companies will amount to 0.3-0.4 pp. Some companies are likely to take higher energy prices into account in their pricelists in advance and, consequently, this effect will materialize as soon as at the turn of 2018 and 2019 boosting CPI inflation for a year. This shock will be reflected mainly by higher core inflation, which, in our view, will amount to 1.1% YoY in Q4 2018 and will stay within an upward trend reaching 2.0% in Q4 2019. The upward trend for core inflation will result not only from higher energy prices but also from higher unit costs of labour amid increase in core inflation in the Eurozone.

We have also revised our profile of food inflation. We now expect that the dynamics of prices in the category food and non-alcoholic beverages will decrease to 1.4% YoY in Q4 2018 vs. 2.2% in Q3 and in the whole 2018 will amount to 2.7% YoY. At the same time we forecast that in the whole 2019 food inflation will increase to 3.1%. One of the factors which made us revise upwards the food inflation profile was a stronger than we expected impact of this year's drought on prices in the category "bread and cereals" and "vegetables". In addition, conducive to higher food prices is the growing cost pressure in the food industry due to higher costs of labour and energy. In many cases it more than offsets the lower prices of agricultural produce used in the production of foodstuffs. The demand for food in Poland shows low price elasticity which enables food producers to transfer higher costs to consumers. Thus, the forecast by us increase in food prices will be wide ranging. The categories where we expect a decrease in prices in the coming months in annual terms include "fruit" (the result of this year's record harvest) and "milk, cheeses, and eggs" (the last year's high base effect for the prices of eggs). The main risks to our scenario of food prices are the agrometeorological conditions in Poland and among major global food exporters as well as Brexit.

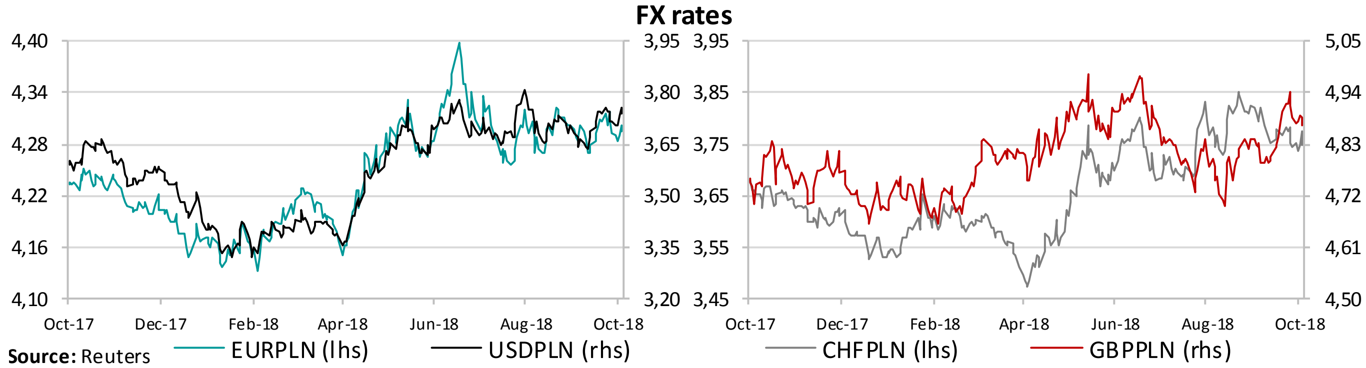
We forecast that the dynamics of the prices of fuels and other energy will be in line with our earlier expectations. We believe that from the beginning of 2019 they will show a downward trend with the abatement of the low base effects boosting them in 2018 and the relative stabilization of global oil prices. Our forecast assumes that electricity prices for individual consumers will not increase significantly until the end of 2019. The scenario assuming stable electricity prices for households is supported by the approaching parliamentary election. According to a remark by the Minister of Energy, K. Tchórzewski, a new tariff for households will enter into force in 2019 but electricity prices will not increase by more than 5%. An increase in electricity prices at this scale would result in inflation higher by 0.2 pp.

Considering the factors outlined above, we forecast that CPI inflation will reach its local maximum at a level of 2.5% YoY at the turn of Q1 and Q2 2019 and later will start to decrease. The expected by us price dynamics will amount on a yearly average to 2.2% in 2019 vs. 1.8% in 2018. We believe that higher electricity prices will not result in so-called second round effects (secondary price shock in reaction to higher wages caused by increase in inflation and inflation expectations). The price dynamics in enterprises will be limited by the introduction of the Employee Equity Schemes (conducive to increase in the nominal wage fund), possible entry in force of an act lifting the limit on the annual basis of calculation of pension insurance contributions (the forecast average remuneration in 2019 times thirty), and limited wage growth in the public sector (wage growth in this sector impacts the growth rate of wages in the private sector).

Despite a higher price growth rate, we maintain our scenario concerning the outlook for domestic monetary policy. We believe that amid the slowdown of economic growth and inflation running only temporarily close to target (2.5%), the MPC will not change interest rates before March 2020. Our scenario is supported by the remark of the NBP Governor at the conference after the October MPC meeting (see MACROpulse of 3/10/2018) that the NBP interest rates would probably be left unchanged until the end of 2019. It is also consistent with the shape of the monetary policy in the Eurozone expected by us in the medium term (first hike of the ECB deposit rate in September 2019). In addition, the forecast by us increase in inflation in 2019 will largely result from a supply shock (higher energy prices) to which the MPC should not react.

Important for the interest rate outlook is also the recent discussion about the understanding of the inflation target by the MPC. K. Zubelewicz said that some MPC members saw the inflation target as a band. In his opinion it indicates a risk that the MPC will be inclined to tolerate higher inflation. In this situation it is hard to expect the MPC to decide to hike interest rates in reaction to inflation running in line with our forecast.

The market focuses on PMIs



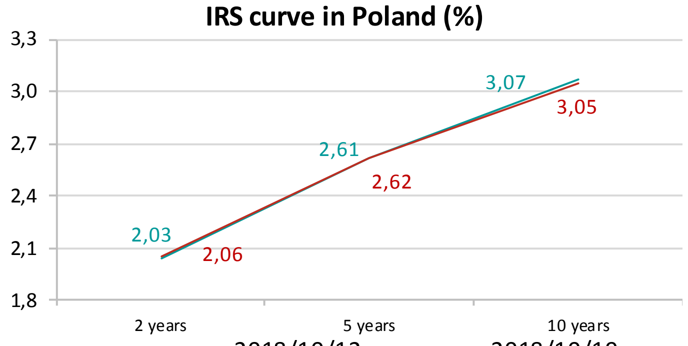
Source: Reuters

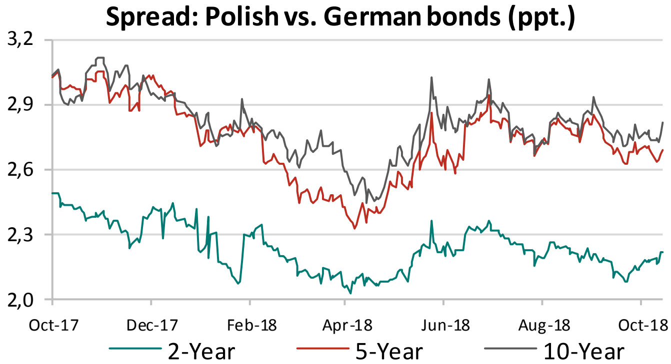
Last week, the EURPLN exchange rate rose to 4.2962 (PLN weakening by 0.1%). Monday morning saw PLN strengthening in reaction to the S&P decision to upgrade Poland's rating. On Tuesday and Wednesday EURPLN was relatively stable oscillating around 4.29. Thursday saw PLN weakening with increase in global risk aversion reflected by higher VIX index. Lower demand for risk assets was supported by a hawkish tone of the Minutes after the September's FOMC meeting. On Friday PLN rate stabilized close to a level at which it closed on Thursday.

Due to the nature of the last week's PLN weakening, which resulted mainly from the increase in global risk aversion, PLN was also depreciating vs. other major currencies. Consequently, last week, PLN depreciated vs. USD (by 0.6%) and CHF (by 0.1%). On the other hand, PLN slightly appreciated vs. GBP (by 0.3%), supported by the increase in EURGBP after the EU Brexit summit failed to bring an agreement between the UK and EU.

In our view, the exit poll results pointing to PiS victory in the municipal election are neutral for PLN. We believe that the Friday's better-from-the-market-expectations decision of Moody's (Italy downgraded to Baa3 with outlook changed from negative to stable) will be conducive to higher EURUSD and lower EURPLN this week (see above). This week the market will focus on the business survey results for major European economies scheduled to be released on Wednesday. However, if our forecasts that are close to the market consensus materialize, the data will not have a substantial impact on PLN. The release of Ifo index for Germany and numerous data from the US (flash GDP estimate, new home sales, preliminary durable goods orders, final University of Michigan Index) will also have a limited impact on PLN. We believe that the ECB meeting scheduled for Thursday will not have a substantial impact on PLN.

ECB meeting neutral for IRS rates





Source: Reuters

Last week, 2-year IRS rates increased to 2.06 (up by 3bp), 5-year rates to 2.62 (up by 1bp), and 10-year rates dropped to 3.05 (down by 2bp). Throughout the previous week, a drop in IRS rates was observed at the short end and in the centre of the curve, following the German market. At the same time, Friday saw a marked increase in spread between the Polish and the German bonds. However, it was largely transactional and resulted from a significant supply of bonds by one market participant.

In our view, the exit poll results pointing to PiS victory in the municipal election are neutral for IRS rates. This week the investors will focus on the business survey results for major European economies scheduled to be released on Wednesday. However, if our forecasts that are close to the market consensus materialize, the data will not have a substantial impact on the curve. The release of Ifo index for Germany and numerous data from the US (flash GDP estimate, new home sales, preliminary durable goods orders, final University of Michigan Index) will also be neutral for IRS rates. In our view, the ECB meeting scheduled for Thursday will not have a substantial impact on IRS rates.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
NBP reference rate (%)	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50
EURPLN*	4,31	4,24	4,20	4,18	4,15	4,17	4,21	4,24	4,31	4,37	4,27	4,30	4,28	**4,28**
USDPLN*	3,65	3,64	3,53	3,48	3,34	3,42	3,42	3,51	3,69	3,74	3,66	3,71	3,69	**3,69**
CHFPLN*	3,77	3,65	3,59	3,57	3,59	3,62	3,58	3,54	3,74	3,78	3,69	3,83	3,75	**3,73**
CPI inflation (% YoY)	2,2	2,1	2,5	2,1	1,9	1,4	1,3	1,6	1,7	2,0	2,0	2,0	1,9	
Core inflation (% YoY)	1,0	0,8	0,9	0,9	1,0	0,8	0,7	0,6	0,5	0,6	0,6	0,9	0,8	
Industrial production (% YoY)	4,3	12,4	9,2	2,8	8,6	7,3	1,7	9,3	5,2	6,7	10,3	5,0	2,8	
PPI inflation (% YoY)	3,2	3,0	1,8	0,3	0,2	-0,1	0,5	1,0	3,0	3,7	3,4	3,0	2,9	
Retail sales (% YoY)	8,6	8,0	10,2	6,0	8,2	7,9	9,2	4,6	7,6	10,3	9,3	9,0	5,6	
Corporate sector wages (% YoY)	6,0	7,4	6,5	7,3	7,3	6,8	6,7	7,8	7,0	7,5	7,2	6,8	6,7	
Employment (% YoY)	4,5	4,4	4,5	4,6	3,8	3,7	3,7	3,7	3,7	3,7	3,5	3,4	3,2	
Unemployment rate* (%)	6,8	6,6	6,5	6,6	6,9	6,8	6,6	6,3	6,1	5,9	5,9	5,8	**5,8**	
Current account (M EUR)	21	-13	95	-1354	2289	-792	-914	291	495	-200	-750	-549		
Exports (% YoY EUR)	12,9	17,8	17,7	4,8	15,5	6,6	-4,4	9,1	1,1	6,2	9,2	7,4		
Imports (% YoY EUR)	10,6	16,9	17,8	13,2	19,0	9,5	0,3	12,4	1,4	7,9	10,3	11,2		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland											
Indicator	2018				2019				2017	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	5,2	5,1	4,4	4,5	3,7	3,5	3,4	3,3	4,8	4,8	3,5
Private consumption (% YoY)	4,8	4,9	4,8	4,7	4,4	3,9	3,7	3,6	4,9	4,8	3,9
Gross fixed capital formation (% YoY)	8,1	4,5	8,0	8,5	6,2	4,4	3,4	2,9	3,9	7,5	3,9
Export - constant prices (% YoY)	1,1	6,9	5,8	4,8	3,7	5,0	5,3	4,8	9,5	4,7	4,7
Import - constant prices (% YoY)	3,5	6,5	7,3	5,9	5,3	6,4	6,1	5,3	10,0	5,8	5,8
GDP growth contributions: Private consumption (pp)	3,0	2,9	2,8	2,3	2,8	2,3	2,2	1,8	2,8	2,8	2,3
GDP growth contributions: Investments (pp)	0,9	0,7	1,4	2,1	0,8	0,7	0,6	0,7	0,7	1,4	0,7
GDP growth contributions: Net exports (pp)	-1,2	0,5	-0,5	-0,4	-0,7	-0,5	-0,3	-0,2	0,1	-0,5	-0,4
Current account (% of GDP)***	-0,2	0,0	-0,4	-0,7	-1,0	-0,9	-0,7	-0,7	0,2	-0,7	-0,7
Unemployment rate (%)**	6,6	5,9	5,8	5,9	6,2	5,8	5,8	5,9	6,6	5,9	5,9
Non-agricultural employment (% YoY)	1,4	1,0	0,8	0,6	0,4	0,4	0,4	0,4	1,9	0,9	0,4
Wages in national economy (% YoY)	6,2	7,1	7,3	6,9	7,3	6,7	6,2	6,3	5,3	6,9	6,6
CPI Inflation (% YoY)*	1,5	1,7	2,0	1,8	2,4	2,4	2,2	2,0	2,0	1,8	2,2
Wibor 3M (%)**	1,70	1,70	1,72	1,72	1,72	1,72	1,72	1,80	1,72	1,72	1,80
NBP reference rate (%)**	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50
EURPLN**	4,21	4,37	4,28	4,29	4,27	4,25	4,20	4,15	4,18	4,29	4,15
USDPLN**	3,42	3,74	3,69	3,61	3,53	3,46	3,36	3,27	3,48	3,61	3,27

* quarterly average
** end of period
***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST* CA	FORECAST* CONSENSUS**
		Monday 10/22/2018				
14:00	**Poland**	**M3 money supply (% YoY)**	**Sep**	**7,5**	**7,5**	**7,5**
		Tuesday 10/23/2018				
10:00	**Poland**	**Registered unemplyment rate (%)**	**Sep**	**5,8**	**5,8**	**5,8**
16:00	Eurozone	Consumer Confidence Index (pts)	Oct	-2,9		-3,1
16:00	USA	Richmond Fed Index	Oct	29,0		
		Wednesday 10/24/2018				
9:30	Germany	Flash Manufacturing PMI (pts)	Oct	53,7	53,5	53,5
10:00	Eurozone	Flash Services PMI (pts)	Oct	54,7	54,2	54,5
10:00	Eurozone	Flash Manufacturing PMI (pts)	Oct	53,2	53,0	53,0
10:00	Eurozone	Flash Composite PMI (pts)	Oct	54,1	53,8	53,9
10:00	Eurozone	M3 money supply (% MoM)	Sep	3,5		3,5
15:45	USA	Flash Manufacturing PMI (pts)	Oct	55,6		55,4
16:00	USA	New home sales (k)	Sep	629		620
		Thursday 10/25/2018				
10:00	Germany	Ifo busiensss climate (pts)	Oct	103,7	103,3	103,1
13:45	Eurozone	EBC rate decision (%)	Oct	0,00	0,00	0,00
14:00	**Poland**	**MPC Minutes**	**Oct**			
14:30	USA	Durable goods orders (% MoM)	Sep	4,4	-1,6	-0,9
		Friday 10/26/2018				
14:30	USA	Preliminary estimate of GDP (% YoY)	Q3	4,2	3,3	3,3
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Oct	99,0	98,5	99,0

*The forecasts of macroeconomic indicators for Poland were prepared by Credit Agricole Bank Polska S.A. The forecasts of foreign indicators were prepared by Crédit Agricole Corporate and Investment Bank
** Reuters

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