

# Eyeopener – daily update

## Peak holiday season

29 December 2005

The holiday season is in its peak. Yesterday, there were no important news for the Polish market and today the situation is likely to be the same. Activity on the market is very low. Under the circumstances, the zloty and bonds are susceptible to single transactions. However, the zloty rate and yield curve remain relatively stable. Such situation should maintain until the New Year. Tomorrow's data on balance of payments in 3Q05 are not likely to attract much attention, especially that they will be released only at 16:00 local time.

## Market monitor

Yesterday, the Polish currency depreciated against the euro and the greenback as investors took profits after latest gains. The reaction of zloty rate to the transactions was boosted by low liquidity. The EURPLN rate rose from 3.8435 at the opening to 3.8650 in the late afternoon, while the USDPLN rate increased from 3.2185 to 3.2550. In the international markets, the single currency initially gained versus the dollar from 1.1832 to 1.1932 on strong consumer sentiment index in Germany. However, later during the day, when stronger than expected U.S. consumer confidence figure was released the greenback erased most of its earlier losses and the EURUSD rate dropped to 1.1833.

The interest rate market in Poland weakened at yesterday's session following earlier gains. Yields dropped by 6-9 bps along the longer end of the curve. It was partly a consequence of NBP governor Leszek Balcerowicz's statement that amid higher growth next year long term inflation trends are more important in setting monetary policy parameters than current pace of annual price growth. Investors took profits on recent bonds strengthening as Balcerowicz's comment appeared to be enough hawkish and worked against interest rate cut. 10Y U.S. Treasuries strengthened from 4.38% to 4.36% and 10Y Bunds from 3.33% to 3.3%.

**Bottom line: The zloty continued to fall against the main currencies. Bonds weakened on Balcerowicz's hawkish statement and profit taking.**

## International update

In December, U.S. consumer confidence index rose from 98.9 in November to 103.6 and was much higher than the market consensus at 101.8 pts.

Several data are scheduled to be released today.

TIME GMT	REGION	INDICATOR	PERIOD	MARKET	LAST VALUE
9:00	EMU	Money supply (M)	Nov	%	8.0
15:00	US	Chicago PMI (H)	Dec	pts	60.1
15:00	US	Home sales (H)	Nov	m	7.0

Source: Reuters

### The zloty trading ranges (28.12.2005)

	Min	Max	Fixing
EUR	3.8350	3.8650	3.8403
USD	3.2185	3.2600	3.2262

### F/X rates (today's opening)

EURUSD	1.1869	CADPLN	2.7752
USDPLN	3.2518	DKKPLN	0.5166
EURPLN	3.8607	NOKPLN	0.4801
CHFPLN	2.4741	SEKPLN	0.4069
JPYPLN*	2.7791	CZKPLN	0.1332
GBPPLN	5.6372	HUFPLN*	1.5339

\*per 100 units

### Treasury yield curve (28.12.2005)

T-bills	Yield	Change (bp)
3M	4.22	0
6M	4.30	0
9M	4.30	0
12M	4.32	0
Bonds	Yield	Change (bp)
2Y	4.48	-1
3Y	4.60	6
4Y	4.82	8
5Y*	4.91	7
8Y	5.01	6
10Y	5.04	9

\*PS0310

### WIBOR rates (28.12.2005)

Term	Rates	Change (bp)
O/N	4.00	34
T/N	4.11	15
SW	4.59	8
2W	4.60	3
1M	4.60	0
3M	4.60	0
6M	4.60	0
9M	4.60	-1
1Y	4.60	-2

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