

Last week (4-10.10), **global equity indices recovered slightly from last month's declines**, although they are still a few percent below the record levels of early September. The S&P 500 index ended the week more than 0.8% higher, the Nasdaq100 was up 0.2%, while the DAX rose more than 0.3%. Within the main US market, **the strongest sector was oil and gas extraction industry**, whose sub-index increased by 8.1%, whereas the weakest were the IT and telecommunications-related sectors, whose sub-indexes fell by over 4%. **The returns of high-yield bond indices were slightly negative**. Indices denominated in EUR and USD fell by 0.3%. **Yields on US 10-year Treasuries** increased by 15 basis points on a weekly basis to 1.61% and the **German Bund ended the week 7 basis points higher** at -0.15%, the highest level since May 2021. **Raw materials had another week of strong performance**, in particular crude oil, with the nearest WTI futures contract up more than 4.6%. Natural gas recorded a correction, with the London-listed index down more than 7.9% and more than 50% from last week's peak. Due to the difficult situation on the gas market and the upcoming winter, gas prices have recently risen sharply and are over 40% higher than a month ago. Metals such as **copper, aluminium and iron** performed well.

Last week in Poland WIG20, **index of the largest companies, grew by 3.6%** on a weekly basis and stood out positively against the main world markets. Smaller-cap companies performed even better, with **mWIG40 up by 4.9%**, whereas the smallest companies were somewhat weaker, with **sWIG80 up by 2.5%**. **The best returns were recorded by banks**, as a positive reaction to the unexpected rise of interest rates (by 40 basis points) by the National Bank of Poland. **Pekao Bank rose by 10.3% over the week, Santander Bank Polska by 9.9% and PKO BP by 6.8%**. The worst performer was LPP, which last week declined by more than 10.5%.

The most important macro event in Poland last week was the surprising **decision made by the National Bank of Poland to hike interest rates by 40 basis points**. After the increase, the **reference rate stands at 0.5%**. The President of the NBP announced during a press conference that both further interest rate increases in the coming months as well as no such action can be considered. The zloty strengthened against the USD and EUR immediately after the MPC's decision, but weakened in the subsequent part of the week. The reasons for that were a lack of a clear outline of the rate hike cycle and the Constitutional Court ruling declaring the EU treaties incompatible with the Polish constitution and the supremacy of domestic law over EU law. On a weekly basis, we had to pay over 2 groszy more for the euro and over 3 groszy more for the dollar (EURPLN exchange rate as of 8.10: 4.60, USDPLN as of 8.10: 3.98).

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