

The last week (18-24.10.2021) can be considered a successful one for the US equity indices. **The S&P500 index was up 1.6% and the NASDAQ was up 1.3% on a weekly basis.** Thanks to the companies' results for the third quarter, of which 84% have so far exceeded analysts' expectations, the S&P500 set another record, which temporarily postponed investors' concerns about the upcoming normalization of monetary policy. **In Europe, German DAX and French CAC40 indices ended the week at similar levels as a week earlier.** Against this background, the Polish market stood out negatively. **The index of the largest companies WIG20 lost 1.5% in weekly terms and the broad market index WIG - slightly more than 1%.** The main contributors to the decline were four WIG20 constituents: CD Projekt (-2%), KGHM (-3.6%), JSW (-7.6%), and Mercator (-30%).

On the debt market, we witnessed a further increase in yields (drop in prices) of treasury bonds of most western countries. Closely watched by investors **10-year US Treasury bonds for a moment broke through the level of 1.7% on yields to close the week at 1.64%**, i.e., 6 basis points higher than a week earlier. **The yield on the Polish 10-year bonds rose 18 basis points to end the week at 2.8%.**

Among macroeconomic data released last week there were readings concerning the Polish economy. **Industrial production for September rose by 8.8% y/y** vs analysts' expectations of 8.2% y/y, confirming positive growth trends despite the observed problems in global supply chains.

The construction and assembly production reading was much weaker, rising 4.3% y/y in September vs. a 10.2% y/y increase in August. The market consensus anticipated a reading of 8.3%. **Producer prices (PPI) rose 10.2% y/y**, a figure close to market expectations. **Good situation on the labour market was confirmed by a 0.6% y/y increase in employment in the corporate sector in September**, and the growth rate of average wages amounted to 8.7% y/y.

Furthermore, **the minutes of the last MPC meeting** were released, but they did not eliminate the uncertainty regarding the possibility and timing of further interest rate hikes in Poland.

The end of the week brought **flash PMI readings for the Eurozone. Germany** positively surprised with a **strong Manufacturing PMI reading of 58.2** vs. 56.9 expected. **However, Services PMI was weaker at 52.4** vs. 55.1 expected. **PMI for France** indicated the opposite situation. **France's Services PMI came as a positive surprise at 56.6 pts** vs. the expected 55.2 pts, while the Manufacturing PMI was weaker at 53.5 pts vs. the expected 54 pts.

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