

Last week (1-7 November), investors' attention turned to the **Fed's Wednesday speech**. As expected, tapering was announced, i.e. the reduction of asset purchases by the central bank. The reason for this decision was a **visible economic revival** and a significant **improvement in the employment situation in the US**, which was evidenced by the higher than expected ADP report readings (new jobs in the private sector outside agriculture): +571 thousand (forecast: +400 thousand) and the decline in the unemployment rate to 4.6% from 4.8% (forecast: 4.7%). **There was no decision on interest rate hikes**. There was also announced a **reading of ISM from the services sector** for October, which **turned out to be much better than expected**. The event of the day on Friday was **the passing of President Biden's infrastructure package** as well as the announcement of the effectiveness test results of a **COVID-19 pill** from Pfizer.

The Fed's speech was followed by a **drop in US bond yields** below 1.5% and **new historic peaks for the S&P500 and Nasdaq stock indices**. The S&P500 rose by 2%, and the Nasdaq by as much as 3%. In dollar terms, the European Eurostoxx index rose by 1.9% and the Dax rose by 1.6%. In Japan, the index fell by 0.5%.

In Poland, **the MPC announced a higher-than-expected interest rate hike**. The benchmark rate rose by 75 bps versus the expected 50 bps. Inflation, which just a few weeks ago seemed not to be a problem according to the head of the National Bank of Poland, suddenly became the number one argument for rapid monetary tightening.

The past week **on the Polish stock exchange ended on a positive note**. WIG index rose by 1.4%, WIG20 by 1.7%, SWIG80 by 1.4%, and MWIG40 by as much as 2.6%. **The Polish zloty**, despite the interest rate hikes, **weakened against the US dollar and the euro**. Yields on 10-year treasury bonds shot up under 3% to end the week at 2.8%.

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