

In the past week (22-28.11.2021) **the calendar of macroeconomic data publications** was quite **extensive**. Flash **PMI** readings (for November) **for the Eurozone** came as a **positive** surprise. Increases were noted both in the industrial sector (from 58.3 to 58.6) and in services (up to 56.6 from 53.5). **The figures for the USA** were slightly **weaker**. PMI for industry rose from 58.4 to 59.1, while services recorded a decline (to 57 from 58.7). **In Poland, industrial production grew** by 7.8% y/y in October, well **above expectations**. **Strong growth in energy production** was a major contributor to the high dynamics. Producer prices rose for the next consecutive month. **PPI inflation** rose by **11.8% y/y**. Readings of **retail sales and construction and assembly production** also turned out to be **above analysts' expectations**. The year-on-year increases amounted to 6.9% and 4.2% respectively.

In Poland, the assumptions of the so-called **"Anti-inflation Shield"** were published, which consists of a package of temporary reductions in energy and fuel prices as well as protective allowances. The Shield will lower the peak of CPI inflation and flatten its path in 2022, but will have a pro-inflationary effect in the medium term, raising CPI in 2023 and extending the return to the inflation target. Economic data have not been the main driver of sentiment in financial markets in recent days. Those have also been influenced by news flow about the **growing number of COVID-19 infections** and escalating pandemic restrictions. This culminated on Friday with information about the new, fast-spreading **coronavirus variant** characterized by a large number of **mutations**. The vaccines' effectiveness against the variant called **Omicron** and whether it intensifies the course of the disease are not known yet. The markets saw a strong **repricing of risky assets**. **The major equity indices** ended the week **on the negative territory**: S&P 500 lost 2.2%, STOXX Europe 600 was down by 4.5% and WIG fell by 4.3%. In such environment the **Polish zloty** remained weak. The EUR/PLN exchange rate exceeded 4.71, while USD/PLN exceeded 4.16. The strong risk aversion resulted in a decline in government bond yields. Polish **10-year** bonds ended the week at levels approx. **12 bps lower** than a week earlier.

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