

WEEKLY COMMENTARY

19.09.2022

Last week (12-18.09.2022), the main **equity indexes recorded declines**. The S&P 500 index ended the week more than 4.8% lower, the Nasdaq100 fell by 5.8%, while the German DAX ended the week more than 5.5% lower. For the US stock market, the best performers were **companies in the travel sector**, while **the worst performer was Adobe**, which fell by more than 24% after news of the acquisition of its competitor. **Returns from high-yield bond indices were weak** last week. The EUR-denominated index fell by 0.7%, while the USD declined by 2.2%. Yields on U.S. 10-year notes rose by 14 basis points on a weekly basis to 3.45%; the German Bund recorded a 6-point increase in yields and ended the week at 1.76%.

The commodities market saw declines. The nearest WTI crude oil futures contract fell by more than 2%, while Brent fell by more than 1.6%. Gas futures prices also declined, while German electricity futures, which have attracted a lot of attention in recent months, were relatively stable. **The US inflation report for July showed a much higher-than-expected increase in momentum**, particularly for monthly core inflation. The higher reading caused **declines in stock markets and expectations for more rate hikes in the US**.

In Poland, the WIG20 index of the largest companies fell by 2.1% on a weekly basis. Smaller-cap companies performed worse - the mWIG40 index fell by 5.5%, while the index of the smallest companies, the sWIG80, fell by only 1.3%. **The best returns were recorded by mBank**, which saw its stock rise by more than 2.4%. At the opposite side of the spectrum was PGE, whose shares fell by 12.7%.

Poland's core inflation in August rose to 9.9% y/y from 9.3% y/y, in line with expectations, but still worryingly high. **The government announced an increase in the minimum wage**, which is expected to be at PLN 3,600 next year, following two increases in January and July. What's more, the government announced the **introduction of a so-called Solidarity Shield** limiting energy price increases for consumers to a certain consumption ceiling.

The yield on 10-year Polish bonds rose by 9 basis points to 6.12%.

On a weekly basis, **the euro had to be paid more than 2 grosze more and the dollar more than 1 grosz more** (EUR/PLN exchange rate as of 4.09 pm: 4.72, USD/PLN exchange rate as of 4.09 pm: 4.71).

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