

# Fixed Income & Economics Daily

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## ECONOMICS RESEARCH

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## LATAM & CEE ECONOMICS

**ARGENTINA: The Central Bank Cuts the Monetary Policy Rate only 75bps to 28%**

**POLAND: Sweeping Cabinet Reshuffle**

## LATAM ECONOMICS

### ARGENTINA

#### ECONOMICS

### The Central Bank Cuts the Monetary Policy Rate only 75bps to 28%

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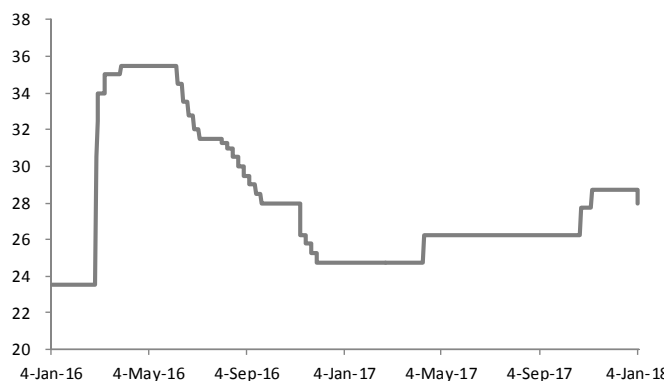
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The monetary authority cut the monetary policy interest rate (MPR) to 28% from 28.75%, a reduction that was less than expected by the market at 27.5%. The lower-than-expected cut in the MPR might bring some relief to the tensions observed among market participants since the December 28 government press conference. Recall that in the past days, ARS volatility increased significantly (i.e., after December 28, daily volatility jumped by almost 4 times). The CB monetary policy communiqué also highlights that the monetary stance will be dependent on the compatibility of the disinflation process with the new target of 15%. On top of that, the CB warned that December headline inflation will be high due to the price hikes in electricity and gas.

Although the rate cut was lower than previously expected, we still maintain our 17.5% inflation forecast for this year.

#### A lower-than-expected interest rate cut



Monetary policy rate. Sources: Central Bank and Santander.

#### IMPORTANT DISCLOSURES/CERTIFICATIONS ARE ATTACHED.

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## CEE ECONOMICS

### POLAND

#### ECONOMICS

### Sweeping Cabinet Reshuffle

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On January 9, 2018, Prime Minister Mateusz Morawiecki presented his refreshed cabinet, with Teresa Czerwinska as finance minister, Janusz Kwiecinski as investment and development minister, Jadwiga Emilewicz as entrepreneurship and technology minister, Lukasz Szumowski as health minister, Henryk Kowalczyk as environment minister, Joachim Brudzinski as internal affairs minister, Mariusz Blaszczak as national defence minister and Jacek Czaputowicz as foreign affairs minister.

Teresa Czerwinska has served as deputy finance minister responsible for the budget since June 2017. In our view, the finance minister will not be a creator of economic policies but rather a guardian of the fiscal discipline. Thus, we expect the government revamp to have no major impact on the economic policy.

Polish bonds and the zloty did not show any meaningful reaction to the government reshuffle.



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