

9 April 2019

Eyeopener

German exports below forecasts

German exports annual change rebounds less than expected

Zloty benefits from EURUSD rebound

Polish and core bonds stable

Monday started with a release of weaker than expected m/m growth of German exports, striking the same tone as poor PMIs and ESI indicators for the economy. Later on there were data on US industrial orders, which were in line with expectations. Brent price went above US\$70/bbl due to uncertainty about further supply cuts. Stock indices decreased somewhat, while bond yields remained stable. EURUSD rose after a rise of investor sentiment indices in Europe, which also helped the zloty.

Yesterday the British Parliament approved a bill obligating the government to delay the Brexit in order to avoid a non-deal event on April 12. Last week PM May requested the EU to extend the time for the deal approval until 30 June and this date is to be voted by the Parliament today. Tomorrow, an extraordinary EU summit starts and it will make the decision whether to extend the Brexit.

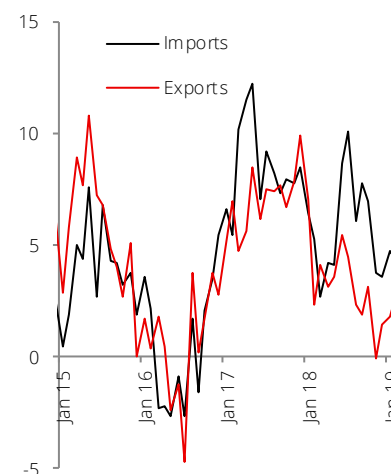
EURUSD climbed on Monday to 1.127 from 1.122, as the euro was supported by rising optimism among European investors. The single currency was also underpinned by information on negotiations between the British government and opposition on Brexit. However, this was not reflected in pound quotations. The yesterday's upward move of EURUSD was the biggest one-session move since mid-March. However, in our view the rationale for such a move is not particularly strong so we are not expecting the euro appreciation to hold ahead of tomorrow's ECB decision and the EU summit.

EURPLN fell to 4.285 from 4.292 thanks to a major rebound in EURUSD, but remained in the trading range set last Wednesday. The pair approached the lower end of this narrow range and in our view the slightly negative moods at today's start of the session and the uncertainty due to the Brexit will not allow for deeper falls in EURPLN.

As for other CEE currencies, EURCZK continued to decline, moving from 25.65 to 25.62, with the help of improving industrial output growth, in line with expectations, and quite positive international trade data. EURHUF rose despite good readings of Hungarian trade in February, going from 321.3 to 321.4. USDRUB dropped from 65.4 to 65, due to higher oil prices.

On the domestic debt market yields were hovering in the narrow range, amid lack of stronger signals from the core markets. The IRS rates followed suit. Today we expect the domestic bonds to strengthen in the face of gloomy mood on the global market, which should support safe assets.

Germany, foreign trade, %y/y



Source: Bloomberg, Santander

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa

email: ekonomia@santander.pl

website: skarb.santander.pl

Piotr Bielski +48 22 534 18 87

Marcin Łuziński +48 22 534 18 85

Grzegorz Ogonek +48 22 534 19 23

Konrad Soszyński +48 22 534 18 86

Marcin Sulewski, CFA +48 22 534 18 84

FX market

Today's opening

EURPLN	4.2873	CZKPLN	0.1673
USDPLN	3.8072	HUFPLN*	1.3349
EURUSD	1.1261	RUBPLN	0.0587
CHFPLN	3.8113	NOKPLN	0.4452
GBPPLN	4.9770	DKKPLN	0.5743
USDCNY	6.7167	SEKPLN	0.4112

*for 100HUF

Last session in the FX market 08/04/2019

	min	max	open	close	fixing
EURPLN	4.285	4.296	4.292	4.289	4.2897
USDPLN	3.801	3.830	3.824	3.806	3.8188
EURUSD	1.121	1.127	1.122	1.127	-

Interest rate market

08/04/2019

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)	Last auction	per offer	Average yield
PS0421 (2L)	1.65	0	21 mar 19	OK0521	1.633
PS0424 (5L)	2.23	0	21 mar 19	PS0424	2.209
DS1029 (10L)	2.91	-1	21 mar 19	DS1029	2.877

IRS on the interbank market**

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	1.73	0	2.58
2L	1.80	0	2.45
3L	1.86	0	2.38
4L	1.95	0	2.36
5L	2.04	0	2.36
8L	2.25	-1	2.44
10L	2.39	0	2.50

WIBOR rates

Term	%	Change (bps)
O/N	1.54	-1
T/N	1.55	0
SW	1.55	0
2W	1.58	0
1M	1.64	0
3M	1.72	0
6M	1.79	0
9M	1.82	0
1Y	1.87	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	1.72	0
3x6	1.72	0
6x9	1.72	0
9x12	1.73	0
3x9	1.79	0
6x12	1.79	0

Measures of fiscal risk

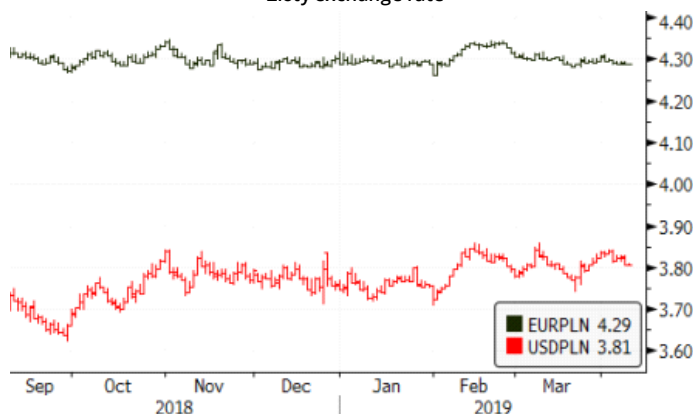
Country	CDS 5Y USD Level	Change (bps)	10Y spread* Level	Change (bps)
Poland			2.90	-1
France	29	0	0.36	0
Hungary			3.08	7
Spain	62	0	1.08	0
Italy	201	1	2.48	1
Portugal	70	-1	1.22	0
Ireland	36	-1	0.57	-1
Germany	13	-1	-	-

* 10Y treasury bonds over 10Y Bunds

**Information shows bid levels on the interbank market at the end of the trading day

Source: Bloomberg

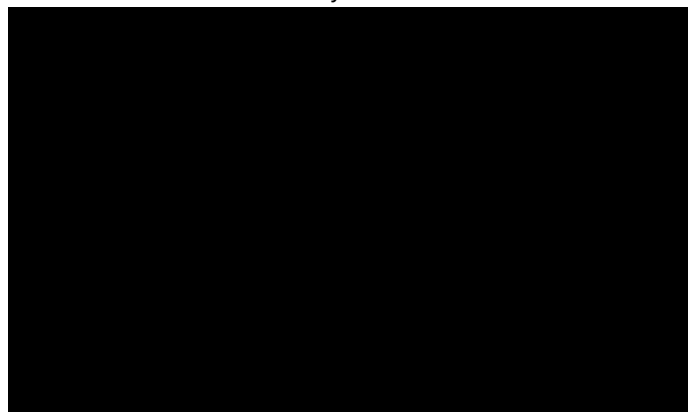
Zloty exchange rate



T-bonds yields



3M money market rates



10Y spread vs. Bund



Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL	LAST	
				MARKET	SANTANDER	VALUE	VALUE*	
FRIDAY (5 April)								
08:00	DE	Industrial Production SA	Feb	% m/m	0.5	-	0.7	-0.8
09:00	HU	Industrial Production SA	Feb	% y/y	5.1	-	5.9	5.0
14:30	US	Change in Nonfarm Payrolls	Mar	k	177.0	-	196.0	20.0
14:30	US	Unemployment Rate	Mar	%	3.8	-	3.8	3.8
MONDAY (8 April)								
08:00	DE	Exports SA	Feb	% m/m	-0.05	-	-1,3	0.1
09:00	CZ	Industrial Production	Feb	% y/y	1.5	-	1,5	-1.1
16:00	US	Durable Goods Orders	Feb	% m/m	-1.8	-	-1.6	-1.6
16:00	US	Factory Orders	Feb	% m/m	-0.5	-	-0.5	0.1
TUESDAY (9 April)								
09:00	HU	CPI	Mar	% y/y	3.5	-	3.7	3.1
WEDNESDAY (10 April)								
09:00	CZ	CPI	Mar	% y/y	2.9	-		2.7
13:45	EZ	ECB Main Refinancing Rate	/19	%	0.0	-		0.0
14:30	US	CPI	Mar	% m/m	0.3	-		0.2
20:00	US	FOMC Meeting Minutes						
THURSDAY (11 April)								
08:00	DE	HICP	Mar	% m/m	0.5	-		0.5
14:30	US	Initial Jobless Claims	week	k	215.0	-		202.0
FRIDAY (12 April)								
11:00	EZ	Industrial Production SA	Feb	% m/m	-0.5			1.4
14:00	PL	Current Account Balance	Feb	€mn	-256	-597		2 316
14:00	PL	Trade Balance	Feb	€mn	-176	-506		279
14:00	PL	Exports	Feb	€mn	18 068	-		18 493
14:00	PL	Imports	Feb	€mn	18 248	-		18 214
16:00	US	Michigan index	Apr	pts	98.0	-		98.4

Source: Santander Bank Polska, Bloomberg, Parkiet

* in case of the revision the data is updated

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Additional information is available on request. Please contact Santander Bank Polska S.A. Financial Management Division, Economic Analysis Department, al. Jana Pawła II 17, 00-854 Warsaw, Poland, phone +48 22 534 18 87, email ekonomia@santander.pl, http://www.santander.pl.