

# Eyeopener

## Growth concerns resurface

IMF also cuts global growth forecasts

Zloty and bonds stable

Today the ECB decision, in the evening FOMC minutes

On Tuesday, the IMF released its spring update of economic forecasts, with 2019 global growth cut to 3.3% from 3.5%. The Fund indicated also some short-term risks. That said, the economic activity is expected to improve in 2H19 thanks to more accommodative monetary policy of central banks. New growth and deficit forecasts for Poland were also released. The IMF forecast update caused a slight decrease of core and domestic yields. Changes on the fx market were limited.

Today the EU holds an extraordinary summit on Brexit. There are unofficial signals the EU will propose the UK to move the Brexit date to December 31 or March 1. PM Theresa May wanted it to be 30 June, and the new date has to be approved by the British parliament.

**The IMF** released its new World Economic Outlook. The Fund has again lowered the global economic growth forecasts, to 3.3% from 3.5% estimated in January. Forecast for growth in global trade volumes went down to 3.4% from 4.0%. The most considerable cut for 2019 GDP growth among developed economies was applied to Germany and Italy (to 0.8% and 0.1%, respectively). Forecasts for European emerging markets were standing out, as they went up, with estimates for Poland raised to 3.8% from 3.5% (forecasts for Poland are revised twice a year). Even though the global growth forecasts went down, the IMF is still underlining the asymmetric downward risk.

**EURUSD** rose temporarily from 1.125 to 1.128, responding to a narrowing spread between US and German bonds and USD and EUR IRS rates. The appreciation of the euro vs the dollar was also caused by weaker than expected small business sentiment indicator in the USA. Today there is ECB press conference and Fed issues minutes. Both events should have a dovish flavour, which should support a downside correction of EURUSD. US inflation data should not change the market sentiment.

**EURPLN** was heading south for the whole day, moving from 4.288 to 4.285. The zloty was strengthening vs the euro while EURUSD was going higher and when IMF showed higher forecasts for Polish growth. Today's ECB press conference and Fed minutes will in our view weaken the euro vs the dollar, which can block further appreciation of the zloty.

**Among the CEE currencies**, EURCZK partly erased earlier drop and increased from 25.61 to 25.63. This move was fueled by the downward GDP growth revision by the government to 2.4% from 2.9% y/y. EURHUF rebounded to 322.4 from 322.1, despite the upward revision of government forecasts of GDP and the higher than expected March CPI. USDRUB was falling over the day, slid to 64.60 from 64.90, supported by the high oil prices. In the afternoon, USDRUB returned to the opening level, following the oil prices, which down-ticked. The better-than-expected current account data and information about pushing-up the GDP growth forecast by government was ignored by investors.

**On the domestic debt market** yields were hovering in the narrow range over the day, falling by 1bp at the end of the day, while 10Y bond yield returned to the opening level. Today we expect the yields to fall along the curve, as a reaction to the expected dovish ECB rhetoric.

### IMF's World Economic Outlook projections

	2019	2020
<b>World Output</b>	<b>3.3(-0.2)</b>	<b>3.6(0.0)</b>
<b>Advanced Economies</b>	<b>1.8(-0.2)</b>	<b>1.7(0.0)</b>
USA	2.3(-0.2)	1.9(0.1)
Euro Area	1.3(-0.3)	1.5(-0.2)
Germany	0.8(-0.5)	1.4(-0.2)
France	1.3(-0.2)	1.4(-0.2)
Italy	0.1(-0.5)	0.9(0.0)
Spain	2.1(-0.1)	1.9(0.0)
Japan	1.0(-0.1)	0.5(0.0)
United Kingdom	1.2(-0.3)	1.4(-0.2)
<b>Developing Economies</b>	<b>4.4(-0.1)</b>	<b>4.8(-0.1)</b>
Developing Europe	0.8(0.1)	2.8(0.4)
Poland	3.8(0.3)	3.1(-)
<b>World Trade Volume</b>	<b>3.4(-0.6)</b>	<b>3.9(-0.1)</b>

Note: in parentheses are differences versus January 2019 WEO projections, and for Poland – vs October 2018  
Source: IMF, 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	4.2835	CZKPLN	0.1671
USDPLN	3.8010	HUFPLN*	1.3292
EURUSD	1.1269	RUBPLN	0.0587
CHFPLN	3.8009	NOKPLN	0.4468
GBPPLN	4.9682	DKKPLN	0.5738
USDCNY	6.7122	SEKPLN	0.4116

\*for 100HUF

### Last session in the FX market 09/04/2019

	min	max	open	close	fixing
EURPLN	4.283	4.289	4.289	4.287	4.2871
USDPLN	3.796	3.809	3.806	3.803	3.8003
EURUSD	1.126	1.128	1.127	1.127	-

## Interest rate market

09/04/2019

### T-bonds on the interbank market\*\*

Benchmark (term)	%	Change (bps)	Last auction	per offer	Average yield
PS0421 (2L)	1.64	-1	21 mar 19	OK0521	1.633
PS0424 (5L)	2.23	-1	21 mar 19	PS0424	2.209
DS1029 (10L)	2.91	0	21 mar 19	DS1029	2.877

### IRS on the interbank market\*\*

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	1.73	2.57	-0.23
2L	1.80	2.44	-0.20
3L	1.86	2.36	-0.14
4L	1.94	2.34	-0.06
5L	2.03	2.34	0.03
8L	2.24	2.42	0.33
10L	2.37	2.48	0.51

### WIBOR rates

Term	%	Change (bps)
O/N	1.54	0
T/N	1.54	-1
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	1.72	-1
3x9	1.79	0
6x12	1.79	0

### Measures of fiscal risk

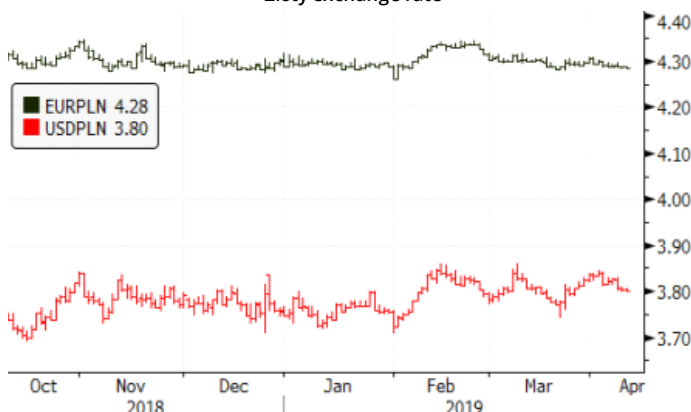
Country	CDS 5Y USD Level	Change (bps)	10Y spread* Level	Change (bps)
Poland			2.91	0
France	29	1	0.35	0
Hungary			3.12	-1
Spain	62	1	1.08	0
Italy	202	3	2.41	-3
Portugal	70	1	1.20	0
Ireland	36	1	0.56	0
Germany	12	1	-	-

\* 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



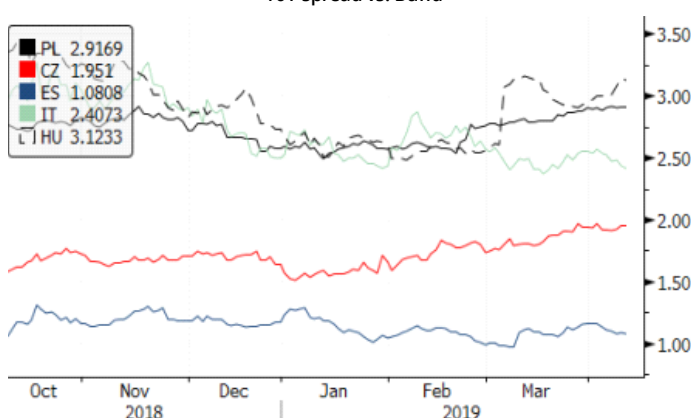
### T-bonds yields



### 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	-	3.0	2.7
13:45	EZ	ECB Main Refinancing Rate		%	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	-		202
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.