

13 August 2019

# Eyeopener

## Yields lower, zloty weaker

Higher risk aversion at the start of the week

Yields lower, zloty weaker

Today, balance of payments data in Poland, ZEW in Germany

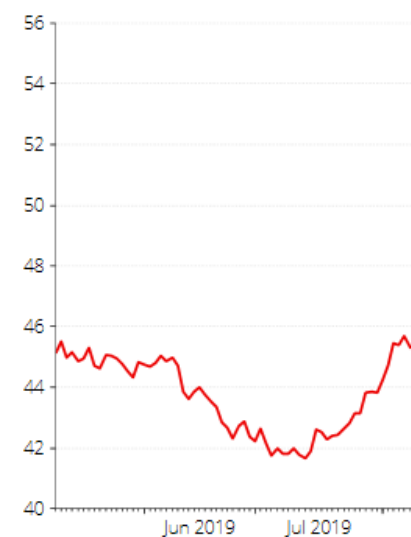
Monday, despite the limited amount of macro data releases, was full of interesting market events. In Hong Kong, the government decided to close airports occupied by the protesters and in Argentina in the primary vote the current President, Mauricio Macri, recorded much weaker than expected result. These events negatively impacted risk appetite, so global bonds were strengthening, and emerging market currencies and stock exchanges lost. The peso was losing vs the dollar even 30%, because market was afraid that Macri's rival could push Argentine politics into populism (presidential election are planned on 27th October). The data on SNB balance indicated rise of commercial banks' deposits which was seen as a result of central bank FX intervention to weaken the Swiss franc. In Italy, the leader of the 5 stars movement Di Maio said that he would not form a coalition with Matteo Renzi's party and thus would seek early elections.

**The zloty** weakened on Monday with EURPLN rising to 4.3285 and CHFPLN to 3.98 but amid low volatility. The closest important technical level for EURPLN is at 4.35. We see the growing risk it could be broken due to not only the negative global market sentiment, but also developments on the **EURUSD** chart. The latter is testing the 100-day moving average at 1.220. FX options market is pricing-in that a move above this level is more probable than a move below in one month's time. Another important level for EURUSD is at 1.1300 (200-day moving average) and for EURPLN at 4.4000.

On the **domestic debt market** the start of the week saw a continuation of downward trend of IRS rates and bond yields – 10Y benchmark bond yield ended the day at 1.92% (and spread to Bund at 251bps). The IRS curve has inverted in the 2-5 years segment (2Y rate at 1.665% and 5Y rate at 1.6350%) and the short end of the curve is now pricing-in one full interest rate cut in 15-18 months. In our view, a stabilisation of NBP rates in the nearest two years is the most probable scenario. Arguments against a cut will be: still decent (yet decelerating) economic growth, inflation above the NBP target and difficult financial situation of some domestic banks.

**Today** at 14:00CET the NBP is releasing June balance of payments. In our view, foreign trade data are likely to show a clear slowdown in both exports and imports, driven by calendar effects (similar case was observed in industrial output), and still almost balanced current account. The release should have no significant impact on the market.

### Argentine peso to US dollar



Source: Refinitiv Datastream, Santander Bank Polska

### Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa  
 email: [ekonomia@santander.pl](mailto:ekonomia@santander.pl)  
 website: [santander.pl/en/economic-analysis](https://santander.pl/en/economic-analysis)  
**Piotr Bielski** +48 22 534 18 87  
**Marcin Luziński** +48 22 534 18 85  
**Wojciech Mazurkiewicz** +48 22 534 18 86  
**Grzegorz Ogonek** +48 22 534 19 23  
**Marcin Sulewski, CFA** +48 22 534 18 84

## FX market

### Today's opening

EURPLN	4.3300	CZKPLN	0.1676
USDPLN	3.8674	HUFPLN*	1.3352
EURUSD	1.1195	RUBPLN	0.0590
CHFPLN	3.9820	NOKPLN	0.4335
GBPPLN	4.6627	DKKPLN	0.5801
USDCNY	7.0654	SEKPLN	0.4038

\*for 100HUF

### Last session in the FX market 12/08/2019

	min	max	open	close	fixing
EURPLN	4.320	4.330	4.327	4.328	4.3262
USDPLN	3.852	3.876	3.858	3.860	3.8711
EURUSD	1.116	1.123	1.121	1.121	-

## Interest rate market 12/08/2019

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

Benchmark (term)	%	Change (bps)	Last auction	per offer	Average yield
PS0721 (2L)	1.54	0	21 mar 19	OK0521	1.633
PS1024 (5L)	1.74	-2	21 mar 19	PS0424	2.209
DS1029 (10L)	1.91	-3	21 mar 19	DS1029	2.877

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

Term	PL	US	EZ			
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	1.68	0	1.82	-4	-0.47	0
2L	1.67	0	1.57	-6	-0.51	0
3L	1.64	-1	1.48	-7	-0.51	0
4L	1.63	-2	1.44	-8	-0.48	0
5L	1.63	-2	1.43	-8	-0.44	0
8L	1.66	-3	1.48	-9	-0.26	-1
10L	1.70	-3	1.54	-9	-0.13	-1

### WIBOR rates

Term	%	Change (bps)
O/N	1.80	21
T/N	1.80	21
SW	1.65	6
2W	1.61	1
1M	1.64	0
3M	1.72	0
6M	1.79	0
9M	1.81	0
1Y	1.86	0

### FRA rates on the interbank market\*\*

Term	%	Change (bps)
1x4	1.70	0
3x6	1.68	-1
6x9	1.65	0
9x12	1.61	-1
3x9	1.75	0
6x12	1.71	0

### Measures of fiscal risk

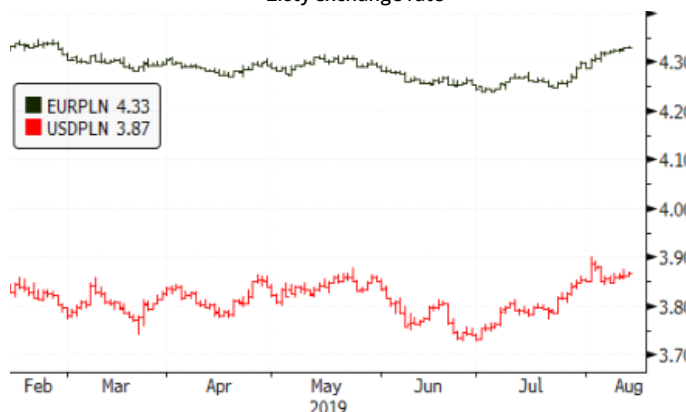
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland			2.52	-1
France	22	2	0.31	0
Hungary			2.38	-4
Spain	45	-1	0.83	1
Italy	214	4	2.30	1
Portugal	47	0	0.85	2
Ireland	33	1	0.60	0
Germany	11	0	-	-

\* 10Y treasury bonds over 10Y Bunds

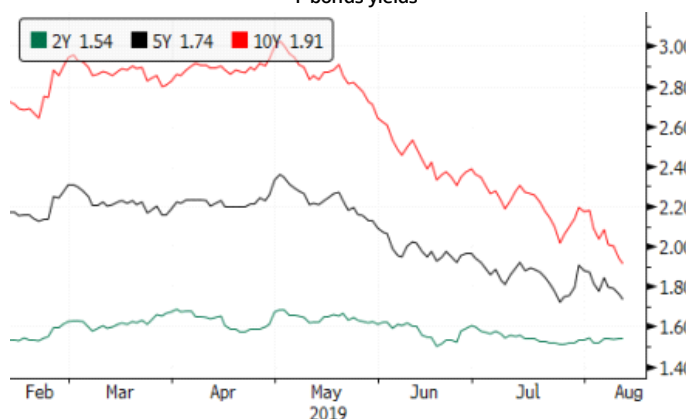
\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: Bloomberg

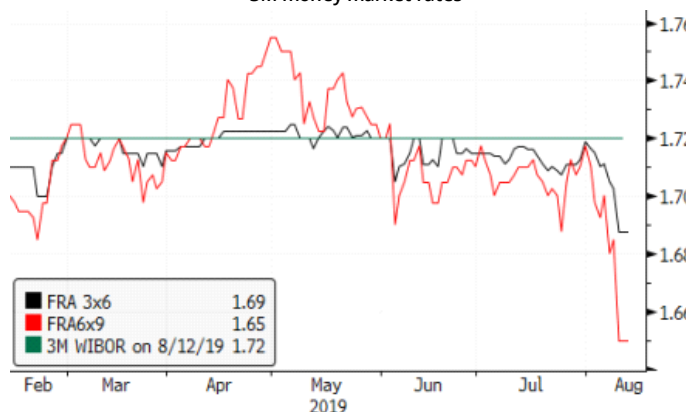
## Zloty exchange rate



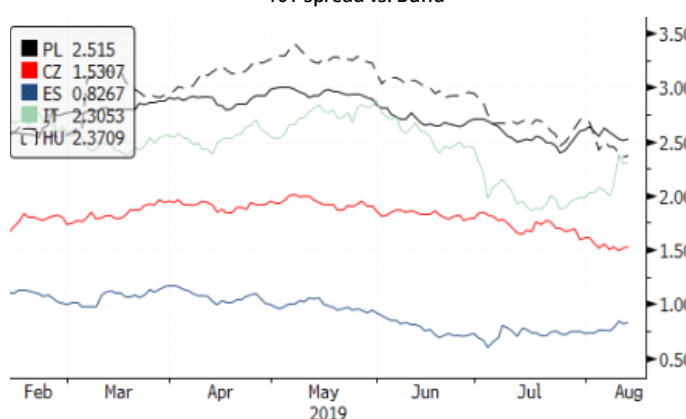
## T-bonds yields



## 3M money market rates



## 10Y spread vs. Bund



## Economic Calendar

TIME		COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL	LAST
CET	MARKET				SANTANDER	VALUE	VALUE*	
FRIDAY (9 August)								
08:00	DE	Exports SA	Jun	% m/m	0.0	-	-0.1	1.1
MONDAY (12 August)								
09:00	CZ	CPI	Jul	% y/y	2.7	-	2.9	2.7
TUESDAY (13 August)								
08:00	DE	HICP	Jul	% m/m	0.4	-	0.4	0.4
11:00	DE	ZEW Survey Current Situation	Aug	pts	-3.7	-		-1.1
14:00	PL	Current Account Balance	Jun	€mn	-75	-62		1 006
14:00	PL	Trade Balance	Jun	€mn	-225	-214		96
14:00	PL	Exports	Jun	€mn	18 470	18 050		19 703
14:00	PL	Imports	Jun	€mn	18 620	18 264		19 607
14:30	US	CPI	Jul	% m/m	0.3	-		0.1
WEDNESDAY (14 August)								
08:00	DE	GDP WDA	2Q	% y/y	0.2	-		0.7
09:00	CZ	GDP SA	2Q	% y/y	2.6	-		2.8
09:00	HU	GDP	2Q	% y/y	4.5	-		5.3
10:00	PL	CPI	Jul	% y/y	2.9	2.9		2.6
10:00	PL	GDP	2Q	% y/y	4.5	4.5		4.7
11:00	EZ	GDP SA	2Q	% y/y	1.1	-		1.1
11:00	EZ	Industrial Production SA	Jun	% m/m	-1.0	-		0.9
THURSDAY (15 August)								
14:30	US	Initial Jobless Claims	week	k	215	-		209
14:30	US	Retail Sales Advance	Jul	% m/m	0.2	-		0.4
14:30	US	Index Philly Fed	Aug	pts	10.0	-		21.8
15:15	US	Industrial Production	Jul	% m/m	0.25	-		-0.04
FRIDAY (16 August)								
14:00	PL	CPI Core	Jul	% y/y	2.1	2.1		1.9
14:30	US	Housing Starts	Jul	% m/m	0.56	-		-0.9
16:00	US	Flash Michigan index	Aug	pts	97.1	-		98.4

Source: Santander Bank Polska, Bloomberg, Parkiet

\* in the case of a revision the data is updated

This publication has been prepared by Santander Bank Polska S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. Information presented in the publication is not an investment advice. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. Santander Bank Polska S.A. its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Santander Bank Polska S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Santander Bank Polska S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.

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.