

29 August 2019

# Eyeopener

## Zloty still under pressure

EURPLN nears 4.40  
EURUSD still fairly stable  
Polish bond yields down  
Today important US data

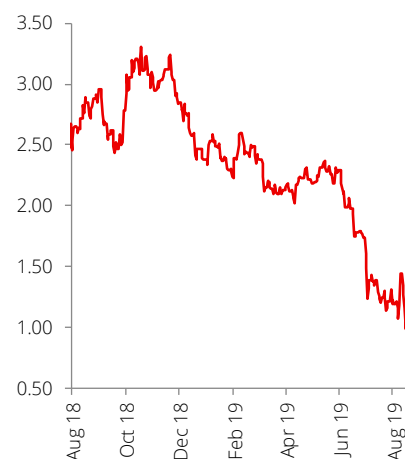
During the yesterday session, we had no important data but there were plenty of relevant political events. The British Queen approved PM Boris Johnson's motion to order a break in the parliamentary sessions from 12 September to 14 October, which reduce greatly the time to work on the Brexit deal. The decision caused a depreciation of the pound. The UK is to leave the EU on 31 October. At the same time in Italy, the current PM Giuseppe Conte received a mandate to create a new coalition government based on the Five Star Movement and the Democratic Party. The market responded positively to the news – Italian 10Y government bond yield dropped to 0.7% from 1% still on Monday, and the Bund spread decreased to 140bp. Core market bonds also strengthened. EM currencies were still under pressure. Yesterday the Argentinian finance minister Hernan Lacunza said he expects a restructuring of the country's IMF debt. IMF stated it still wants to support Argentina.

**EURUSD** had another low volatility day and stuck around 1.11, printing a daily minimum of 1.1075. The period of lower volatility might end today afternoon when the macro data from the US, including second estimate of 2Q GDP, will be released. EURUSD remains close to this year's minimum from the beginning of August at 1.102.

Yesterday the **zloty** was a clear underperformer in the CEE region – EURPLN started the day at 4.377, set a daily peak at 4.393 and closed at 4.388. USDPLN ended the day at 3.962, CHFPLN at 4.037. **As regards other CEE currencies**, the forint weakened at a similar pace as the zloty – EUHUF jumped to 330.2 from 329.4 and was only a notch below its all-time high at 330.3. The koruna and the ruble also weakened somewhat and ended the day at 25.88 (EURCZK) and 66.6 (USDRUB). Yesterday EURPLN approached its multi-month peak set in mid-August and in our view may remain elevated in the nearest term.

**On the Polish fixed income market**, polish government bonds continued rally only on the long end of the curve: the 10Y bond yield traded lower to 1.76% (-5bp), whereas the front end and the belly remained roughly unchanged: 2Y at 1.49% and 5Y at 1.51%. The swaps curve moved lower as well, the 10Y swaps rate down 4pb to 1.46%. On the core markets the yields traded lower as well, Bund reached a new historical low of -0.73%.

### 10Y Italian government bond yield



Source: Bloomberg Santander

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## FX market

### Today's opening

EURPLN	4.3934	CZKPLN	0.1697
USDPLN	3.9640	HUFPLN*	1.3304
EURUSD	1.1083	RUBPLN	0.0594
CHFPLN	4.0412	NOKPLN	0.4371
GBPPLN	4.8407	DKKPLN	0.5892
USDCNY	7.1645	SEKPLN	0.4070

\*for 100HUF

### Last session in the FX market 28/08/2019

	min	max	open	close	fixing
EURPLN	4.373	4.393	4.376	4.388	4.3857
USDPLN	3.943	3.965	3.943	3.961	3.9548
EURUSD	1.107	1.110	1.110	1.108	-

## Interest rate market 28/08/2019

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

Benchmark (term)	%	Change (bps)	Last auction	per offer	Average yield
PS0721 (2L)	1.50	-1	21 mar 19	OK0521	1.633
PS1024 (5L)	1.61	3	21 mar 19	PS0424	2.209
DS1029 (10L)	1.76	-6	21 mar 19	DS1029	2.877

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

Risks on the Interbank market						
Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	1.66	-1	1.78	0	-0.49	-1
2L	1.60	-2	1.50	0	-0.54	0
3L	1.53	-2	1.38	-1	-0.55	-1
4L	1.49	-2	1.33	-1	-0.54	-1
5L	1.46	-3	1.31	-1	-0.52	-1
8L	1.44	-3	1.33	-2	-0.40	-2
10L	1.46	-4	1.36	-2	-0.30	-3

### WIBOR rates

Term	%	Change (bps)
O/N	1.58	-2
T/N	1.59	-1
SW	1.59	0
2W	1.60	0
1M	1.64	0
3M	1.72	0
6M	1.79	0
9M	1.81	0
1Y	1.85	0

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

Term	%	Change (bps)
1x4	1.71	0
3x6	1.66	-1
6x9	1.62	-1
9x12	1.55	-2
3x9	1.72	-2
6x12	1.66	-2

### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland			2.47	-6
France	21	0	0.28	0
Hungary			2.48	0
Spain	41	-1	0.76	-1
Italy	174	-6	1.71	-4
Portugal	42	1	0.80	-1
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

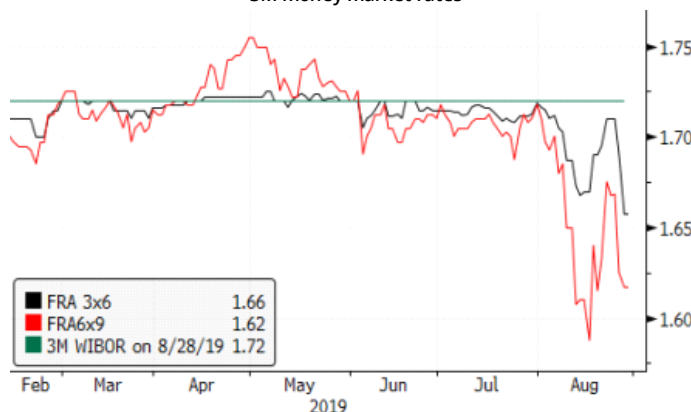
## Zloty exchange rate



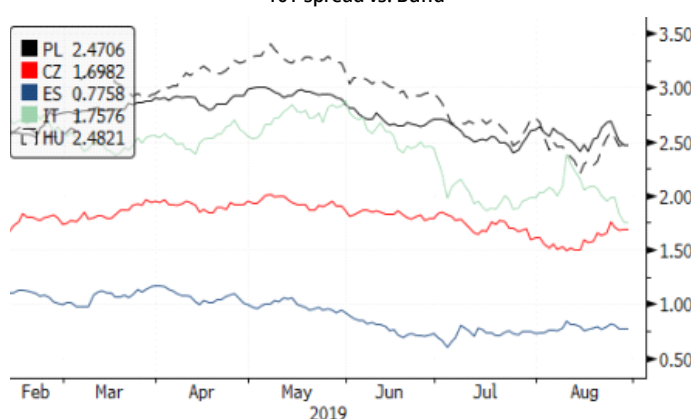
## T-bonds yields



## 3M money market rates



## 10Y spread vs. Bund



## Economic Calendar

Economic Calendar									
TIME	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL	LAST		
CET				MARKET	SANTANDER	VALUE	VALUE*		
FRIDAY (23 August)									
14:00	PL	Money Supply M3	Jul	% y/y	9.5	9.9	9.9	9.3	
16:00	US	New Home Sales	Jul	% m/m	0.46	-	-12.8	20.9	
MONDAY (26 August)									
10:00	DE	IFO Business Climate	Aug	pts	96.0	-	94.3	95.7	
10:00	PL	Unemployment Rate	Jul	%	5.2	5.2	5.2	5.3	
14:30	US	Durable Goods Orders	Jul	% m/m	1.1	-	2.1	1.8	
TUESDAY (27 August)									
08:00	DE	GDP	2Q	% y/y	0.4	-	0.4	0.4	
14:00	HU	Central Bank Rate Decision		%	0.90	-	0.9	0.9	
16:00	US	Consumer Conference Board	Aug	pts	129.0	-	135.1	135.8	
Wednesday (28 August)									
No important data releases									
THURSDAY (29 August)									
11:00	EZ	ESI	Aug	pct.	0.0	-		102.7	
14:00	DE	HICP	Aug	% m/m	0.0	-		0.4	
14:30	US	GDP Annualized	2Q	% q/q	2.0	-		2.1	
14:30	US	Initial Jobless Claims	week	k	216	-		220	
16:00	US	Pending Home Sales	Jul	% m/m	0.0	-		2.8	
FRIDAY (30 August)									
09:00	CZ	GDP SA	2Q	% y/y	2.7	-		2.7	
09:00	HU	GDP	2Q	% y/y	-	-		4.9	
10:00	PL	CPI	Aug	% y/y	-	2.8		2.9	
10:00	PL	GDP	2Q	% y/y	-	4.4		4.4	
11:00	EZ	Flash HICP	Aug	% y/y	1.1	-		1.1	
11:00	EZ	Unemployment Rate	Jul	%	7.5	-		7.5	
14:30	US	Personal Spending	Jul	% m/m	0.5	-		0.3	
14:30	US	Personal Income	Jul	% m/m	0.3	-		0.4	
14:30	US	PCE Deflator SA	Jul	% m/m	0.2	-		0.1	
16:00	US	Michigan index	Aug	pts	92.3	-		92.1	

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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