

3 June 2020

# Eyeopener

## Good mood despite lack of good data

Optimism prevails on the equity market

EURPLN tests 4.40, EURUSD at 1.12

Polish yields lose and spread vs core widens

Today euro zone unemployment rate and vital US data

Tuesday calendar was pretty empty as regards important macroeconomic data from China, US or Eurozone. Further publications of May manufacturing PMI (Indonesia, Switzerland and Hungary) confirmed the broad Monday's message – the data improved on monthly basis, however the absolute levels still well below 50.0pt. Stock indices gained for another day ignoring i.a. riots on American cities' streets. VIX index has not fallen further however and has stabilized at 28.0. Brent oil gained 3% in the first half of the day as OPEC+ prepared for further supply cuts however corrected lower in the second half of the day to \$39/bbl, or 1.6% higher on the day. For yet another day all emerging market currencies gained vs the dollar. Despite significant non-commercial long gold positioning, gold has gained and closed at \$1745/oz.

**MPC member Rafal Sura** said that if needed, the adjustment in monetary policy may be done no earlier than after one quarter. In his view, currently there is no need to introduce negative interest rates in Poland. But he added that monetary policy reaction should be adequate to economy's needs and market situation, and in future the MPC actions will be determined mainly by the situation in the real economy. According to Sura, currently the actions made by the central bank are adequate and the MPC should wait and see how the economy reacts.

Paweł Borys, **head of PFR (Polish Fund of Development)** said that help for big companies will start in the upcoming days. He underlined that so far 600 companies employing 1 million applied to PFR for zero-interest loans. The European Commission, whose acceptance is necessary, agreed to 2 out of 3 help instruments: liquidity loans and preferred loans. Capital instruments still are still in the EC waiting room.

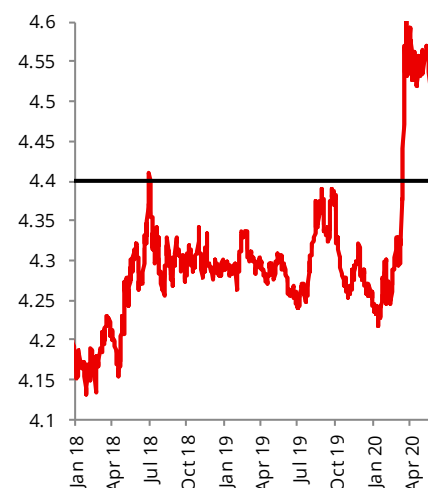
**EURUSD** has been rising for another day, mainly due to positive moods in the global equity markets, rather than specific news or data. Since the rebound in mid-May, the rate soared already 3.5%, and only on Tuesday by 0.4% - from the opening 1.112 to the close 1.118. Three-month FX options still point to stronger USD in this time frame, but are so close to zero (-0.1%) that any stronger upward move in EURUSD (for example, above 1.12) may change the distribution of probabilities in favour of EUR in the 3-month horizon.

**EURPLN** already reached and tested 4.40. The important technical level has worked many times in the past few years – mostly as a resistance level, this time as a support level. The 200-day moving average currently resides near 4.36. EURPLN has then reached the levels at which we expect consolidation (pause) for some time, regardless of the direction in which the pair will move next. In our opinion the move higher is more likely, and this might be proven in the coming days.

**Other CEE currencies** showed various performance. EURHUF, which has fallen by 2.8% since mid-May to 345.0 seems to be sold off. After opening at 345.0, the improved PMI, PPI for April and worse April trade balance made the rate go up by 0.4% to 346.4 and then to fall by 0.6% to 344.3 only to rebound to 346.0 at the end of the day. EURCZK has declined by 4.0% since mid-May, with Tuesday contributing 0.5pp thanks to better-than-expected reading of flash 1Q20 GDP (-2.0 vs -2.2% y/y). The ruble basket went down by 2.2% in June. On Tuesday, despite initial decline by 0.4% and climbing oil prices, the end of the day saw a rebound, which could be a sign of being sold-off.

**On the Polish fixed income market**, FRA rose somewhat, e.g. 9x12 by c.3bp to 0.25%. IRS rates were moving in a similar way (the whole curve up by 1-2bp). Larger rise of yields was seen on bonds: ranging from 2bp on 2Y (to 0.24%) to 5bp on 10Y (to 1.30%). As a result 10Y ASW widened to 47bp and Bund spread to 171bp.

EURPLN Spot



Source: Bloomberg, Santander

### 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 Łuziński** +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	4.3769	CZKPLN	0.1644
USDPLN	3.9058	HUFPLN*	1.2673
EURUSD	1.1205	RUBPLN	0.0570
CHFPLN	4.0600	NOKPLN	0.4112
GBPPLN	4.9135	DKKPLN	0.5870
USDCNY	7.1099	SEKPLN	0.4202

\*for 100HUF

### Last session in the FX market

6/2/2020

	min	max	open	close	fixing
EURPLN	4.378	4.410	4.400	4.387	4.390
USDPLN	3.916	3.965	3.955	3.930	3.930
EURUSD	1.111	1.120	1.112	1.117	-

## Interest rate market

6/2/2020

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

Benchmark (term)	%	Change (bps)	Last auction	Series	Average yield
PS0422 (2Y)	0.24	1	5.03.2020	OK0722	1.225
PS1024 (5Y)	0.76	4	5.03.2020	PS1024	1.431
DS1029 (10Y)	1.30	5	5.03.2020	DS1029	1.725

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

RIS on the interbank market						
Term	PL			US		EZ
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.25	-1	0.29	0	-0.39	0
2L	0.33	1	0.24	-2	-0.30	-1
3L	0.39	1	0.26	1	-0.31	-1
4L	0.47	1	0.30	1	-0.29	0
5L	0.55	1	0.36	1	-0.27	0
8L	0.73	1	0.56	2	-0.16	1
10L	0.83	1	0.66	2	-0.09	1

## WIBOR rates

Term	%	Change (bps)
O/N	0.18	-3
T/N	0.19	-2
SW	0.20	0
2W	0.20	0
1M	0.24	0
3M	0.28	0
6M	0.29	0
1Y	0.31	-1

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

Term	%	Change (bps)
1x4	0.26	-1
3x6	0.22	-2
6x9	0.24	0
9x12	0.25	0
3x9	0.25	-1
6x12	0.27	1

## Measures of fiscal risk

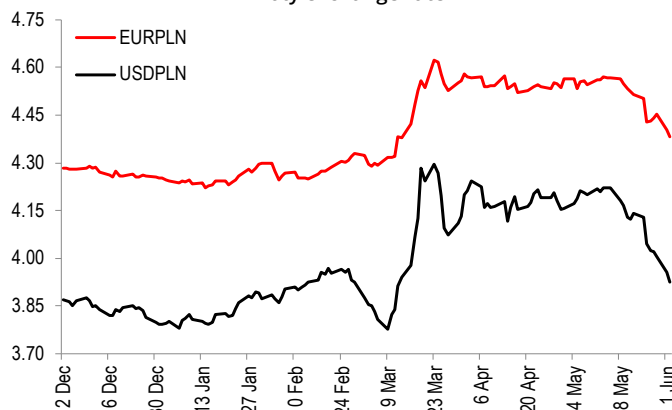
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	58	0	171	8
France	21	0	37	0
Hungary	79	0	244	6
Spain	83	-1	98	0
Italy	144	3	192	6
Portugal	53	0	94	3
Ireland	28	0	52	-1
Germany	15	0	-	-

\* 10Y treasury bonds over 10Y Bunds

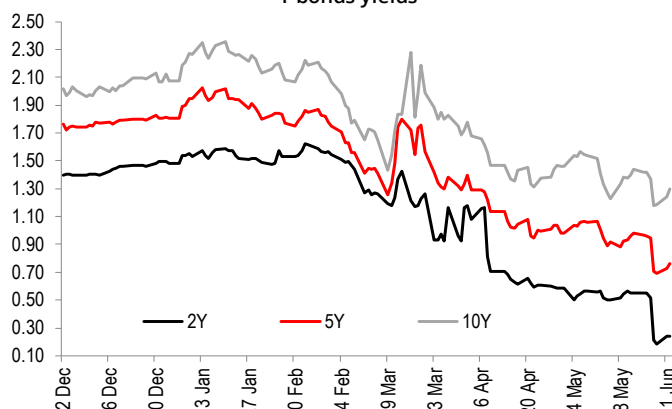
\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

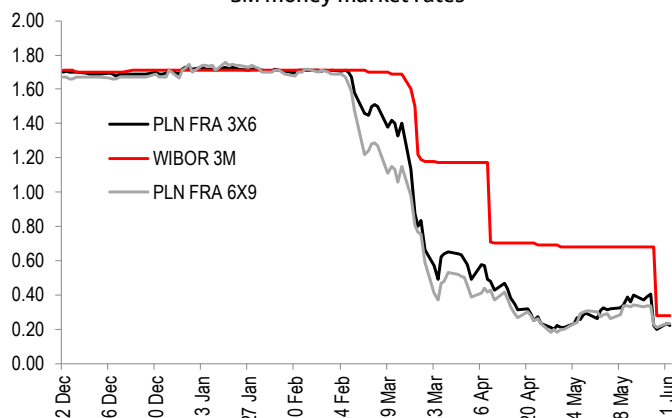
## Zloty exchange rate



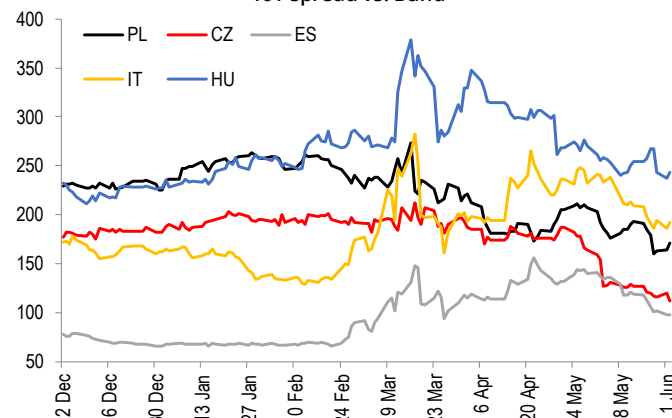
## T-bonds yields



## 3M money market rates



## 10Y spread vs. Bund



## Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*
				MARKET	SANTANDER		
FRIDAY (29 May)							
08:00	DE	Retail Sales	Apr	% m/m	-12.0	-5.3	-5.6
09:00	HU	GDP	1Q	% y/y	2.2	2.2	2.2
10:00	PL	CPI	May	% y/y	3.0	2.95	3.4
10:00	PL	GDP	1Q	% y/y	-	2.0	1.9
11:00	EZ	Flash HICP	May	% y/y	0.1	0.1	0.4
14:30	US	Personal Spending	Apr	% m/m	-12.8	-13.2	-7.5
14:30	US	Personal Income	Apr	% m/m	-6.0	10.5	-2.0
14:30	US	PCE Deflator SA	Apr	% m/m	-0.6	-0.5	-0.2
16:00	US	Michigan index	May	pts	74.0	72.3	73.7
MONDAY (1 June)							
09:00	PL	Poland Manufacturing PMI	May	pts	34.0	35.0	40.6
09:55	DE	Germany Manufacturing PMI	May	pts	36.8	-	36.6
10:00	EZ	Eurozone Manufacturing PMI	May	pts	39.5	-	39.4
16:00	US	ISM manufacturing	May	pts	43.5	-	43.1
TUESDAY (2 June)							
09:00	CZ	GDP SA	1Q	% y/y	-2.2	-	-2.0
WEDNESDAY (3 June)							
03:45	CN	Caixin China PMI Services	May	pts	47.25	-	55.5
11:00	EZ	Unemployment Rate	Apr	%	8.2	-	7.4
14:15	US	ADP report	May	k	-9 500	-	-20 236
16:00	US	Durable Goods Orders	Apr	% m/m	-19.0	-	-17.2
16:00	US	ISM services	May	pts	44.0	-	41.8
16:00	US	Factory Orders	Apr	% m/m	-15.0	-	-10.4
THURSDAY (4 June)							
09:55	DE	Markit Germany Services PMI	May	pts	31.4	-	31.4
10:00	EZ	Eurozone Services PMI	May	pts	28.7	-	28.7
11:00	EZ	Retail Sales	Apr	% m/m	-18.0	-	-11.2
13:45	EZ	ECB Main Refinancing Rate		%	0.0	-	0.0
14:30	US	Initial Jobless Claims	week	k	2 100	-	2 123
FRIDAY (5 June)							
08:00	DE	Factory Orders	Apr	% m/m	-20.0	-	-15.6
09:00	HU	Industrial Production SA	Apr	% y/y	-24.3	-	-9.99
14:30	US	Change in Nonfarm Payrolls	May	k	-8 000	-	-20 537
14:30	US	Unemployment Rate	May	%	19.5	-	14.7

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.