

25 November 2020

## Eyeopener

### Today a lot of data in the US

Optimism on the markets supported by Ifo indices and US politics  
MPC member Zubelewicz does not rule out rate cuts  
EURUSD and EURPLN still without significant moves  
Bonds stable  
Today a lot of data from the US

Positive moods from Monday was maintained on Tuesday as well. Similarly as one day before early in the session we got to see positive data: November German Ifo. The expectations subindex was below forecasts and the last reading, but the current index provided a huge upward surprise with net effect read by the market as positive. In the USA Donald Trump announced he will start to work with Joe Biden on power transfer. This information, coupled with rumours that Janet Yellen, advocating stronger fiscal impulse, is considered the head of state treasury, supported the market moods.

The **NBP governor Adam Glapiński** said yesterday that the 4Q20 economic situation is challenging, especially for some sectors. He cited NBP estimates that the central bank's actions will increase Polish GDP in 2020 and 2021 by 1.4pp in total. Meanwhile, inflation went down markedly and according to Glapiński it is in line with "medium term NBP target". Glapiński assessed there is a rising risk that inflation will fall below target in the years to come. Interestingly, the November's CPI path presented in the NBP's inflation report runs above the July one until the end of 2022. **MPC's Kamil Zubelewicz** said yesterday that the newest NBP forecasts were based on a positive assumption that the pandemic will end in 2021 and gives no reasons to cut rates. At the same, in his view rate cuts cannot be ruled out. In his view, in 2021 CPI will be "methodically" lower and even if it went up, the MPC would see it as shot-lived.

Poland **M3 money supply growth** amounted to 17% y/y in October, unchanged vs September. Cash in circulation accelerated to 34.8% y/y from 31.7% y/y. In monthly terms, the stock of cash rose PLN7.9bn and this was the bigger October rise since 2008. Most likely, this was due to the reintroduction of pandemic restrictions but this time the effect was much weaker than in March (when cash in circulation rose PLN26.3bn). Pace of deposits growth eased to 14.4% y/y from 14.8% y/y with deposits of corporates and nonmonetary financial institutions recording slower growth. Current deposits rose 36.2% y/y (vs 35% in September) and term deposits fell 30.4% (-27.3% y/y). Value of loans fell 0.4% y/y (after the FX effect adjustment) vs -0.2% y/y in September. Loans for individuals eased to 3.2% y/y from 3.3% y/y. Value of corporate loans fell 5.5% y/y (vs -5.3% y/y in September).

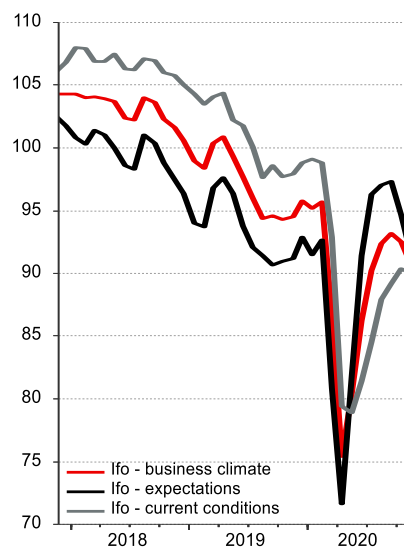
**EURUSD** was quite volatile below the important 1.19 resistance for the second day in a row (though less than on Monday). The euro gained vs the dollar in the first part of the session, among other, thanks to the German data. In the afternoon the dollar recovered but at the end of the day the exchange rate was back near 1.188, only slightly below the daily peak.

**EURPLN** fell to 4.46 from 4.47 and USDPLN to 3.76 from 3.77 thanks to the global market optimism. So far this this week, EURPLN is trading in line with our expectations – the exchange rate is hovering near its 4.45-4.46 support area without any bigger down move despite the risk-on global mood.

**Other CEE currencies** the koruna and ruble gained while the forint lost slightly. EURCZK fell below 26.2, its lowest level since late August. The ruble benefited from more than 3% rebound of the Brent oil price and USDRUB eased c0.5% to 75.6.

On the **Polish fixed income market** generally there were no big changes (+/-1bp), only in the case of the 5Y benchmark some bigger move was seen (yield +4bp). On the core markets, the UST yields rose slightly more than of Bund. The Ministry of Finance said that at the tomorrow's switch auction it will offer OK0423, PS0425, WZ1126, DS1030 and WZ1131 while it will repurchase WZ0121, PS0421, OK0521, PS0721 and DS1021.

German Ifo index (pts)



Source: Refinitiv Datastream, Santander Bank Polska

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## FX market

### Today's opening

EURPLN	4.4600	CZKPLN	0.1685
USDPLN	3.7442	HUFPLN*	1.2240
EURUSD	1.1911	RUBPLN	0.0496
CHFPLN	4.1196	NOKPLN	0.4207
GBPPLN	5.0046	DKKPLN	0.5999
USDCNY	6.5798	SEKPLN	0.4382

\*for 100HUF

### Last session in the FX market

11/24/2020

	min	max	open	close	fixing
EURPLN	4.460	4.474	4.469	4.461	4.471
USDPLN	3.752	3.775	3.770	3.756	3.763
EURUSD	1.184	1.189	1.185	1.187	-

## Interest rate market 11/24/2020

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

Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.04	0
DS0725 (5Y)	0.50	2
DS1030 (10Y)	1.24	2

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

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	0.20	0	-0.54
2L	0.28	0	-0.52
3L	0.37	0	-0.50
4L	0.51	1	-0.48
5L	0.65	1	-0.45
8L	0.98	1	-0.33
10L	1.16	1	-0.23

## WIBOR rates

Term	%	Change (bps)
O/N	0.09	-1
T/N	0.10	0
SW	0.11	0
2W	0.17	0
1M	0.20	0
3M	0.22	0
6M	0.25	0
1Y	0.25	0

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

Term	%	Change (bps)
1x4	0.20	0
3x6	0.19	0
6x9	0.19	0
9x12	0.21	0
3x9	0.22	-1
6x12	0.24	0

## Measures of fiscal risk

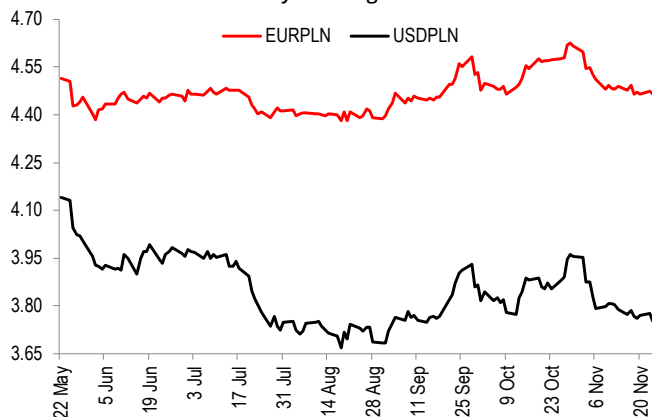
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	54	181
France	10	24
Hungary	62	280
Spain	48	64
Italy	75	114
Portugal	28	60
Ireland	14	32
Germany	8	-

\* 10Y treasury bonds over 10Y Bunds

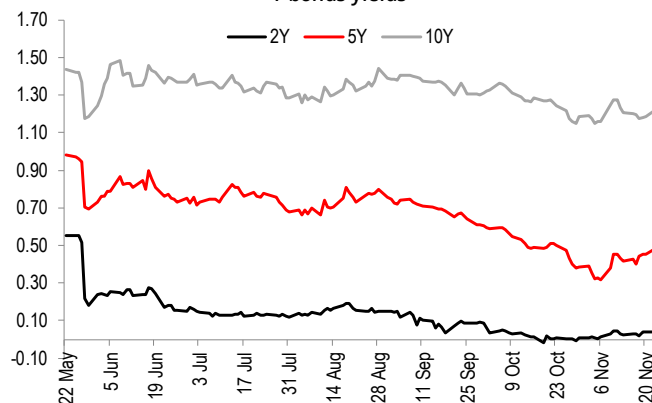
\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

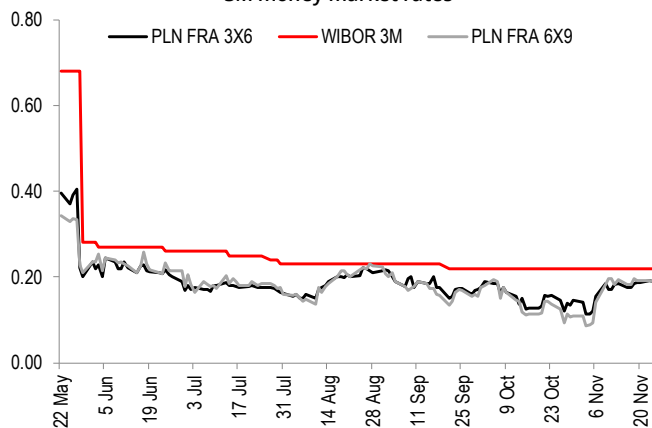
## Zloty exchange rate



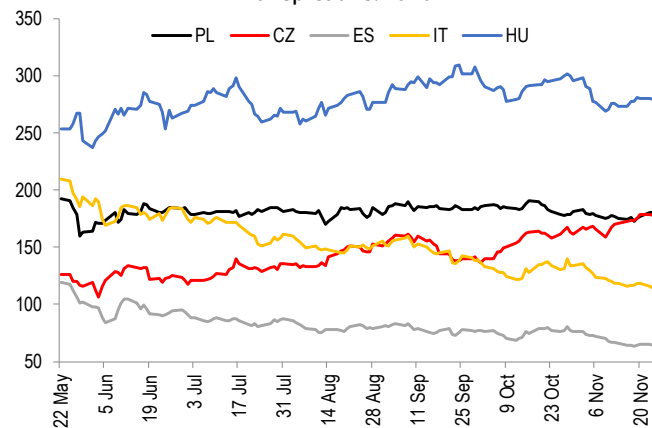
## T-bonds yields



## 3M money market rates



## 10Y spread vs. Bund



## Economic Calendar

Economic calendar					FORECAST		ACTUAL	LAST
TIME	COUNTRY	INDICATOR	PERIOD		MARKET	SANTANDER	VALUE	VALUE*
CET								
FRIDAY (20 November)								
10:00	PL	Sold Industrial Output	Oct	% y/y	0.5	1.0	1.0	5.9
10:00	PL	PPI	Oct	% y/y	-0.8	-0.8	-0.4	-1.4
MONDAY (23 November)								
09:30	DE	Flash Germany Manufacturing PMI	Nov	pts	57.0	-	57.9	58.2
09:30	DE	Flash Markit Germany Services PMI	Nov	pts	47.0	-	46.2	49.5
10:00	EZ	Flash Eurozone Manufacturing PMI	Nov	pts	54.0	-	57.9	54.8
10:00	EZ	Flash Eurozone Services PMI	Nov	pts	43.9	-	46.2	46.9
10:00	PL	Construction Output	Oct	% y/y	-5.8	-6.5	-5.9	-9.8
10:00	PL	Retail Sales Real	Oct	% y/y	-0.7	-0.6	-2.3	2.5
TUESDAY (24 November)								
08:00	DE	GDP WDA	3Q	% y/y	-4.3	-	-4.0	-11.3
10:00	DE	IFO Business Climate	Nov	pts	90.6	-	90.7	92.7
14:00	PL	Money Supply M3	Oct	% y/y	17.0	16.6	17.0	17.0
16:00	US	Consumer Conference Board	Nov	pts	98.0	-	96.1	100.9
WEDNESDAY (25 November)								
10:00	PL	Unemployment Rate	Oct	%	6.1	6.1		6.1
14:30	US	Durable Goods Orders	Oct	% m/m	1.0	-		1.9
14:30	US	GDP Annualized	3Q	% Q/Q	33.1	-		-31.4
14:30	US	Initial Jobless Claims	week	k	730	-		742
16:00	US	Michigan index	Nov	pts	77.0	-		77.0
16:00	US	New Home Sales	Oct	% m/m	1.7	-		-3.5
16:00	US	Personal Spending	Oct	% m/m	0.4	-		1.4
16:00	US	Personal Income	Oct	% m/m	-0.1	-		0.9
16:00	US	PCE Deflator SA	Oct	% m/m	0.0	-		0.2
20:00	US	FOMC Meeting Minutes						
THURSDAY (26 November)								
	US	Market holiday						
FRIDAY (27 November)								
	DE	Retail Sales	Oct	% m/m	0.9	-		-2.2
11:00	EZ	ESI	Nov	pct.	86.2	-		90.9

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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