

30 November 2020

Eyeopener

GDP data today

Sentiments stabilised
Zloty under pressure, EURUSD up
Polish debt losing gradually
Today GDP in Poland, inflation and retail sales in Germany

On Friday stock indices were broadly stable to slightly higher. Similarly, there was a low volatility on the core market yields (Bund at -0.58%, UST at 0.86%) while the dollar depreciated a bit. Gold and oil declined. October industrial production in China surprised significantly to the upside. In Europe the ESI indices slightly beat expectations. Also better than expected were Q3 GDP readings in France and Sweden. There was no important data from the US due to US long weekend.

Sectoral ESI indicators for Poland fell in November, especially the ones covering retail trade and services affected by restrictions. Indicators of current output and sales were clearly weaker and so were their expectations. All employment indexes went down and consumer unemployment worries soared (in the last decade it was higher only in April and May this year). The positive signals are industrial new orders indicators holding at the highest level since March and consumer major purchases index sticking to the average level from previous months.

EURUSD on Friday opened at 1.1915 and was rising intraday, to close the working week at 1.1945. On a weekly basis EURUSD rose by 0.6% and is approaching the 2H20 top from early September (1.201). On Monday morning the fx pair was at 1.196.

EURPLN rose during the past week by 0.4% to 4.486 of which 0.2% occurred on Friday. Earlier in the week the exchange rate was relatively stable but could not break the 4.46 support level. The coming days will show if the zloty starts to weaken due to EU budget negotiations. This morning the euro costs PLN4.48,

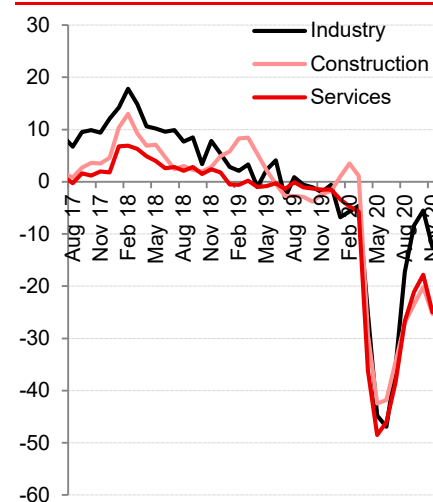
In case of **other CEE currencies**, EURHUF increased by 0.7% over the week with Friday alone seeing +0.4%. This behaviour – similarly to Polish zloty – might result from investors' caution in the context of the ongoing talks with the EU. October unemployment rate in Hungary declined by 0.1pp from the month earlier and despite expectations of a rise. EURCZK declined by 0.6% during the week and on Friday increased by 0.1% as most other CEE3 currencies – closed at 26.2. USDRUB increased on Friday by 0.5% to 76.05 and has not changed on a week on week basis.

On the **domestic interest rate market** front end yields continued the slow upside move and the 2Y yield closed at 0.06%, 5Y at 0.46% (+6bp on weekly basis) and 10Y at 1.24% (+5bp on weekly basis). The asset swap spread continued to widen (to 12bp) and spread vs Bund (to 182bp).

After the weekend, a lot of economic data will be published. In Poland, we will see 3Q GDP (today), November manufacturing PMI and flash CPI (Tuesday) and decision of the MPC (Wednesday). Calendar of global releases is also rich: in Europe final PMIs, flash inflation, retail sales and industrial orders; in the US ISM and nonfarm payrolls.

Polish stat office will show a **3Q GDP breakdown**. From the flash release we know that there has been a substantial rebound (+7.7% q/q SA) from the 2Q bottom. The main engine of a revival were likely the consumption demand and better foreign trade balance, investments were less supportive. We know also that this recovery was not sustainable given the new wave of pandemic that pushed the economy towards second bottom the recession in 4Q20. The 1Q21 is likely to be also depressed. Only later in the year (when vaccination will be broadly available) we expect a stronger and persistent economic recovery.

ESI indices



Source: European Commission, Santander

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FX market

Today's opening

EURPLN	4.4825	CZKPLN	0.1696
USDPLN	3.7463	HUFPLN*	1.2278
EURUSD	1.1964	RUBPLN	0.0492
CHFPLN	4.1482	NOKPLN	0.4250
GBPPLN	4.9997	DKKPLN	0.6026
USDCNY	6.5877	SEKPLN	0.4413

*for 100HUF

Last session in the FX market 27.11.2020

	min	max	open	close	fixing
EURPLN	4.471	4.494	4.472	4.485	4.484
USDPLN	3.748	3.770	3.751	3.752	3.761
EURUSD	1.191	1.196	1.193	1.195	-

Interest rate market 27.11.2020

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.07	1
DS0725 (5Y)	0.50	2
DS1030 (10Y)	1.24	1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.20	0	0.22	0	-0.54	0
2L	0.27	0	0.26	0	-0.52	1
3L	0.36	1	0.29	-1	-0.51	1
4L	0.49	1	0.36	-2	-0.49	1
5L	0.63	2	0.44	-2	-0.47	-1
8L	0.95	1	0.69	-4	-0.35	0
10L	1.12	2	0.84	-5	-0.26	0

WIBOR rates

Term	%	Change (bps)
O/N	0.10	0
T/N	0.10	0
SW	0.12	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	1
6x9	0.18	1
9x12	0.18	0
3x9	0.22	0
6x12	0.22	-2

Measures of fiscal risk

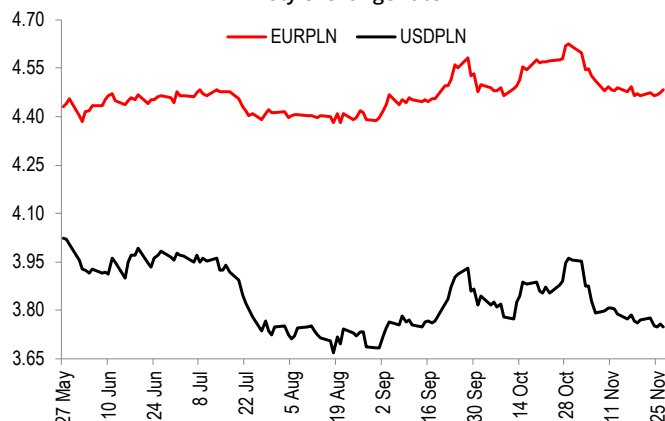
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	53	0	183	1
France	10	0	24	1
Hungary	70	8	285	-1
Spain	48	0	65	1
Italy	76	2	115	-1
Portugal	28	0	60	0
Ireland	14	0	31	0
Germany	8	0	-	-

* 10Y treasury bonds over 10Y Bunds

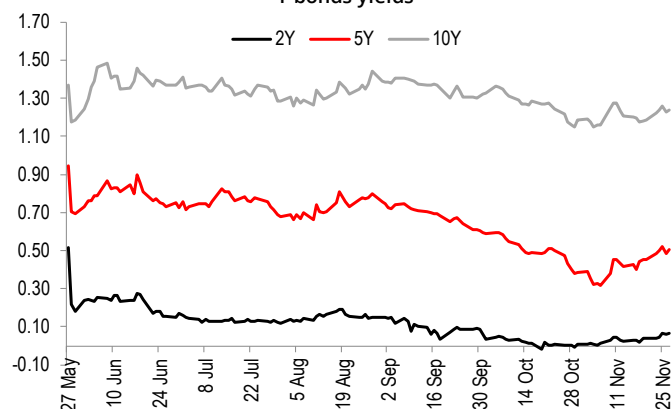
**Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

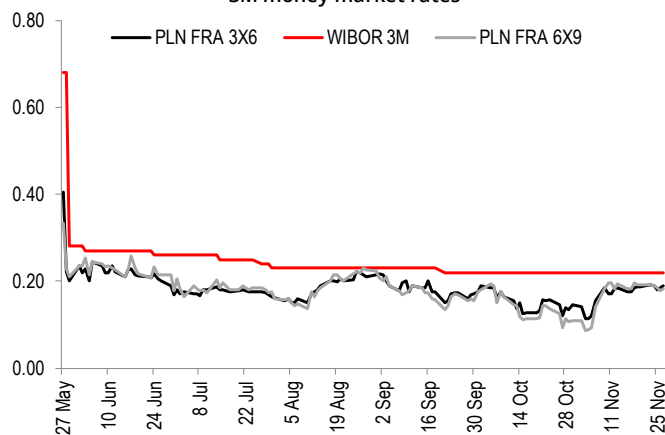
Zloty exchange rate



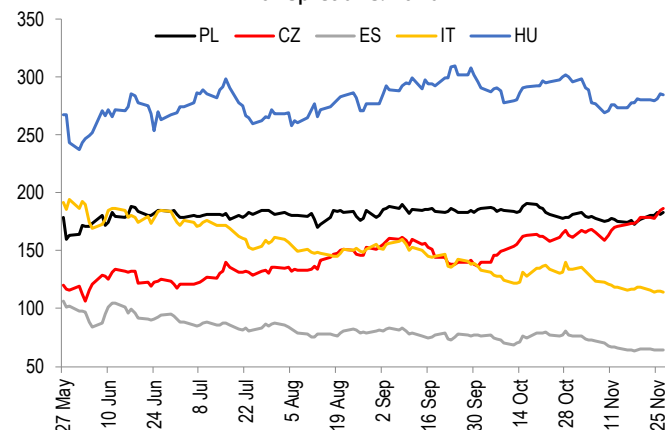
T-bonds yields



3M money market rates



10Y spread vs. Bund



Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*
				MARKET	SANTANDER		
FRIDAY (27 November)							
11:00	EZ	ESI	Nov	pct.	86.0	87.6	90.9
MONDAY (30 November)							
	DE	Retail Sales	Oct	% m/m	0.5	-	-1.9
10:00	PL	GDP	3Q	% y/y	-1.6	-	-8.4
14:00	DE	HICP	Nov	% m/m	-0.6	-	0.0
16:00	US	Pending Home Sales	Oct	% m/m	1.0	-	-2.2
TUESDAY (1 December)							
09:00	CZ	GDP SA	3Q	% y/y	-5.8	-	-5.8
09:00	PL	Poland Manufacturing PMI	Nov	pts	50.9	50.4	-
09:00	HU	GDP	3Q	% y/y	0.0	-	-4.6
09:55	DE	Germany Manufacturing PMI	Nov	pts	57.9	-	58.2
10:00	EZ	Eurozone Manufacturing PMI	Nov	pts	53.6	-	54.9
10:00	PL	CPI	Nov	% y/y	3.0	3.0	-
11:00	EZ	Flash HICP	Nov	% y/y	-0.2	-	-0.3
16:00	US	ISM manufacturing	Nov	pts	57.6	-	59.3
WEDNESDAY (2 December)							
	PL	MPC decision		%	0.1	0.1	-
11:00	EZ	Unemployment Rate	Oct	%	8.5	-	8.3
14:15	US	ADP report	Nov	k	500.0	-	364.6
THURSDAY (3 December)							
02:45	CN	Caixin China PMI Services	Nov	pts	56.4	-	56.8
09:55	DE	Markit Germany Services PMI	Nov	pts	46.2	-	49.5
10:00	EZ	Eurozone Services PMI	Nov	pts	41.3	-	46.9
11:00	EZ	Retail Sales	Oct	% m/m	0.5	-	-2.0
14:30	US	Initial Jobless Claims	Nov.20	k	765.0	-	778.0
16:00	US	ISM services	Nov	pts	56.0	-	56.6
FRIDAY (4 December)							
08:00	DE	Factory Orders	Oct	% m/m	2.0	-	0.5
09:00	HU	Industrial Production SA	Oct	% y/y	0.0	-	-0.97
14:30	US	Change in Nonfarm Payrolls	Nov	k	500.0	-	638.0
14:30	US	Unemployment Rate	Nov	%	6.8	-	6.9
16:00	US	Durable Goods Orders	Oct	% m/m	0.8	-	1.3
16:00	US	Factory Orders	Oct	% m/m	0.8	-	1.1

Source: Santander Bank Polska, Bloomberg, Parkiet

* in the case of a revision the data is updated

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