

8 December 2020

# Eyeopener

## Unemployment rate holds still

No progress in Brexit weakens market sentiment  
EURPLN and EURUSD stable  
Domestic bonds recover from Friday sell-off  
Today some CEE data and German ZEW

Start of the new week saw slight cooling of the market mood amid no signals that there are higher chances for a fiscal package in the US or for the Brexit deal. EU chief Brexit negotiator Michel Barnier said that there is still a deadlock in talks with the UK and this weighed on the pound yesterday. The European stock indexes fell slightly which was supportive for the core bonds. The dollar remained weak and the CEE currencies did not move much.

Ministry of Economic Development, Labour and Technology announced that the **registered unemployment rate** in November stood at 6.1%, which means it has not changed since June. Market expectations were at 6.2%. The number of the unemployed increased over the month by 7.8 thousands, which is less than in the same period of the previous two years.

**Fitch** rating agency has updated the Polish GDP forecast for 2021 down to 3.3% from 4.5%, while the 2022 one up to 5.1% from 3.3%. The new forecast assumes a compromise with the EU would be reached - the upgrade of the 2022 forecast assumes that Poland takes advantage of the money from the EU Recovery Fund to a large degree.

**EURUSD** was yesterday a bit more volatile than before the weekend, closed near 1.215 on Monday, only slightly below the previous week's maximum at 1.218. Worsening of the global market sentiment managed to strengthen the dollar but only temporarily (yesterday's daily minimum was at 1.208). The lack of larger directional moves might have resulted from the market mode of awaiting the Thursday ECB meeting.

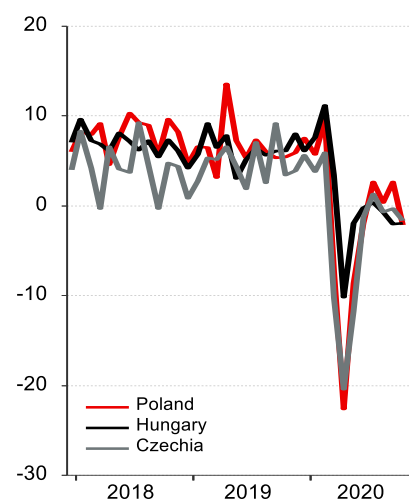
**EURPLN** oscillated around 4.47 and stayed in a horizontal trend valid since the first half of November. USDPLN rose initially to 3.71 but then retreated to 3.68 recorded at the market opening. So far it does not seem that the market is pricing-in a rising risk of fiasco in talks about the EU budget, even given some further news on preparations to launch the Recovery Facility without Poland and Hungary. In our view, the halt of EURPLN's downward march at important support near 4.45, the further decline in volatility and the presence of many risk factors (Brexit, EU budget) suggest that the zloty is likely to lose in the days to come – as the market may assume a rising probability of materialisation of these risks.

As to the **other regional currencies** it was rouble which performed best. USDRUB declined 0.6% due to weaker dollar and printed a fresh December minimum of 73.45. EURCZK and EURHUF both increased by 0.2% - the first one continued its gradual upward trend, the latter has only slightly broken above the upper band of the consolidation which has been in place since four working days. Today in the morning EURHUF is significantly increasing. The Czech retail sales data were better than expected however this has not helped the koruna much.

On the domestic **interest rate market** Monday saw some recovery after the Friday's sharp sell-off – the 10Y bond yield fell 6bp (after +12bp before the weekend) and 5Y by 10bp (neutralizing all losses suffered at the end of the past week). IRS remained stable at elevated levels reached on Friday which allowed the asset swap spreads to narrow noticeably. The 10Y PL-DE bond yield spread stayed near 195bp. State owned **BGK** bank announced that tomorrow it will issue 10Y, 13Y and 20Y bonds for the total amount of PLN1bn. So far, BGK contributed PLN96.3bn to the Polish anti-Covid fund.

According to the unofficial information cited yesterday by Bloomberg, in 2021 the **MPC** will still hold only one one-day meeting per month that will not be followed by a press conference. This should continue to work that way until the end of the pandemic. Meanwhile, NBP informed that the central bank governor Adam Glapiński will answer on a video recording some selected questions sent by journalists regarding the current and expected economic situation and stability of the financial system. The publication date and time were not disclosed.

### Nominal retail sales (% y/y)



Source: Refinitiv Datastream, Santander Bank Polska

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## FX market

### Today's opening

EURPLN	4.4686	CZKPLN	0.1685
USDPLN	3.6848	HUFPLN*	1.2385
EURUSD	1.2124	RUBPLN	0.0496
CHFPLN	4.1339	NOKPLN	0.4178
GBPPLN	4.9380	DKKPLN	0.6002
USDCNY	6.5409	SEKPLN	0.4351

\*for 100HUF

### Last session in the FX market

04.12.2020

	min	max	open	close	fixing
EURPLN	4.463	4.481	4.464	4.467	4.473
USDPLN	3.669	3.689	3.674	3.681	3.677
EURUSD	1.213	1.218	1.215	1.214	-

## Interest rate market 04.12.2020

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

Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.13	4
DS0725 (5Y)	0.61	7
DS1030 (10Y)	1.41	12

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

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	0.22	0.21	-0.55
2L	0.33	0.22	-0.53
3L	0.45	0.27	-0.52
4L	0.62	0.37	-0.49
5L	0.77	0.48	-0.45
8L	1.10	0.80	-0.33
10L	1.29	0.97	-0.24

### WIBOR rates

Term	%	Change (bps)
O/N	0.10	2
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	0.21	1
3x6	0.20	2
6x9	0.21	3
9x12	0.24	5
3x9	0.23	1
6x12	0.27	4

### Measures of fiscal risk

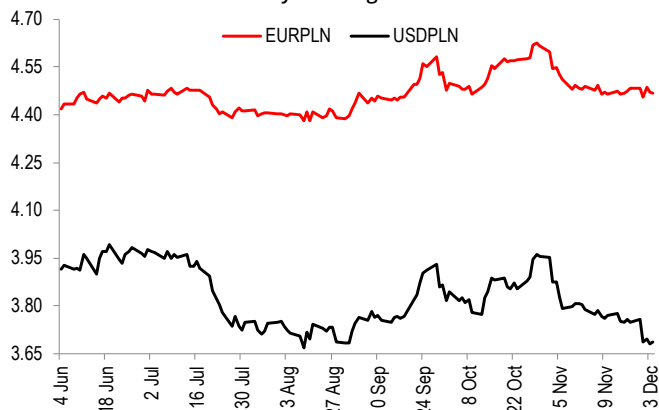
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	50	195
France	9	24
Hungary	60	285
Spain	48	63
Italy	73	113
Portugal	28	59
Ireland	13	29
Germany	8	-

\* 10Y treasury bonds over 10Y Bunds

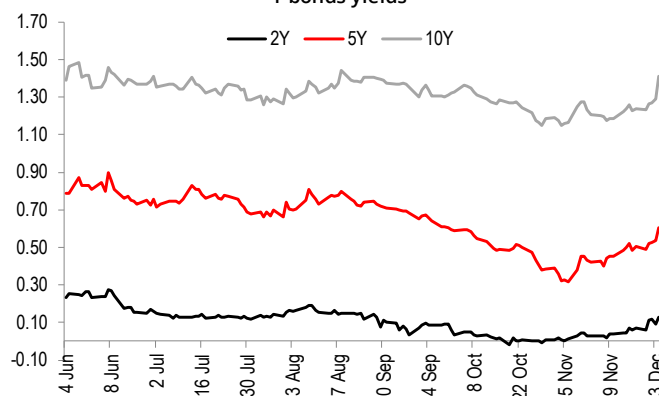
\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

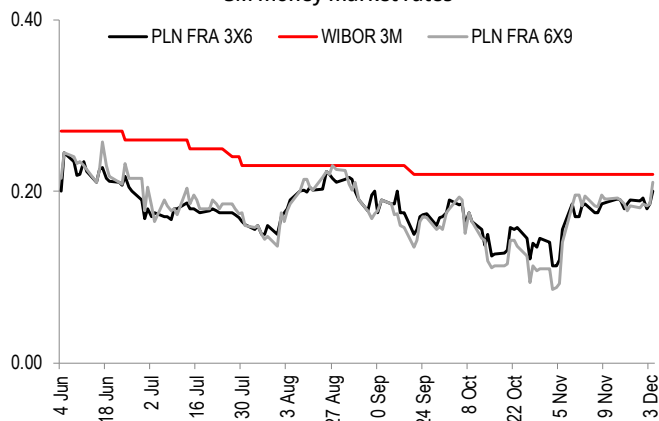
## Zloty exchange rate



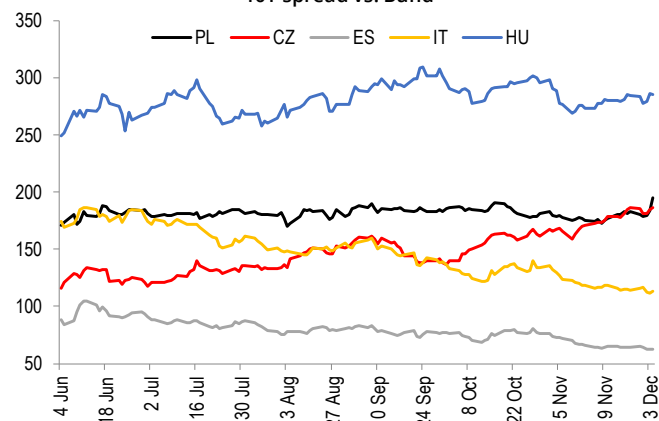
## T-bonds yields



## 3M money market rates



## 10Y spread vs. Bund



## Economic Calendar

Economic calendar									
TIME					FORECAST		ACTUAL	LAST	
CET	COUNTRY	INDICATOR	PERIOD		MARKET	SANTANDER	VALUE	VALUE*	
FRIDAY (4 December)									
08:00	DE	Factory Orders	Oct	% m/m	1.4	-	2.9	1.1	
09:00	HU	Industrial Production SA	Oct	% y/y	0.5	-	0.6	-1.0	
14:30	US	Change in Nonfarm Payrolls	Nov	k	478	-	245	610	
14:30	US	Unemployment Rate	Nov	%	6.8	-	6.7	6.9	
16:00	US	Durable Goods Orders	Oct	% m/m	1.3	-	1.3	1.3	
16:00	US	Factory Orders	Oct	% m/m	0.8	-	1.0	1.3	
MONDAY (7 December)									
08:00	DE	Industrial Production SA	Oct	% m/m	0.7	-	3.2	2.3	
09:00	CZ	Retail sales	Oct	% y/y	-3.3	-	-0.9	0.4	
TUESDAY (8 December)									
09:00	CZ	Industrial Production	Oct	% y/y	-2.2	-		-1.5	
09:00	HU	CPI	Nov	% y/y	2.9	-		3.0	
11:00	EZ	GDP SA	3Q	% y/y	-4.4	-		-4.4	
11:00	DE	ZEW Survey Current Situation	Dec	pts	-65.5	-		-64.3	
WEDNESDAY (9 December)									
08:00	DE	Exports SA	Oct	% m/m	1.0	-		2.3	
THURSDAY (10 December)									
09:00	CZ	CPI	Nov	% y/y	3.0	-		2.9	
13:45	EZ	ECB Main Refinancing Rate		%	-	-		0.0	
14:30	US	CPI	Nov	% m/m	0.1	-		0.0	
14:30	US	Initial Jobless Claims	week	k	700	-		712.0	
FRIDAY (11 December)									
9:00	HU	Industrial production	Oct	% y/y	-	-		0.6	
16:00	US	Michigan index	Dec	pts	76.3	-		76.9	

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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