

8 January 2021

# Eyeopener

## CPI down due to lower core inflation

Equities higher despite the riots on Capitol  
 Bigger than expected CPI drop  
 EURPLN close to 4.50, NBP is only watching  
 Polish yields pretty volatile  
 Today non-farm payrolls in the US

Global equity markets remained fairly stable on Thursday, with light gains seen more often than losses. Investors watched with anxiety the events in Washington, but at the same time they discounted the improving growth prospects as the Democrats took back the control of the US Senate. The dollar strengthened somewhat, the yield of US 10Y bond rose by additional 5bp to 1.09%, and market inflation expectations reached 2.1% (+11bp year-to-date). December services ISM beat expectations climbing to 57.2 pts. Bund yield declined by 3bp to -0.53% amid disappointing euro area retail sales. Gold and oil prices were stable. This morning another German release this week – industrial output and exports – surprised positively.

**Poland flash December CPI** surprised to the downside and fell to 2.3% y/y from 3.0% in November while we and market had expected it to ease to 2.6%. The decline in headline CPI was mainly caused by lower core inflation, possibly sliding to 3.6-3.7% from 4.3%. The release supports our forecast that 2021 CPI will be below NBP 2.5% target. Find more in our yesterday's [Economic comment](#).

All **sectoral business cycle indicators ESI for Poland** increased in December, but none of them managed to rebound above the significant November drop. The employment indicators also reversed. In case of manufacturing, the improvement was a result businesses fearing less about the future as well as new orders indicator at its highest level since March. The assessment of the current production worsened however. Consumer sentiment indicators improved despite the worst current assessment in 18 years and rising inflation expectations (excluding 2020's April and May, the indicator is already at its highest level since 2004).

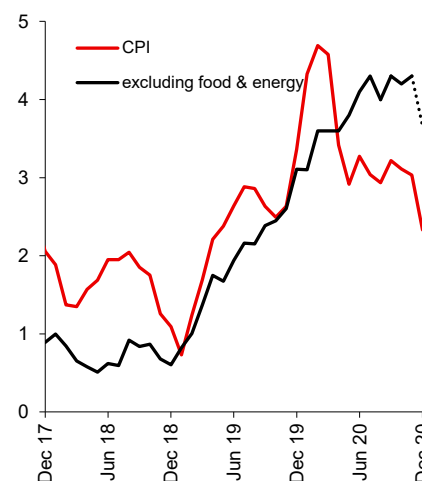
**EURUSD** on Thursday early morning managed to break to above 1.235 but during the day it fell to 1.226 (-0.7%). Today in the morning opens near the yesterday's close. In the afternoon, the US monthly non-farm payrolls data might contribute to larger EURUSD swings. US bond yields keep increasing however so far it does not help the USD to strengthen against the EUR, perhaps due to lately strong data from Germany.

**EURPLN** fell for the third session in a row. After opening near 4.525 the rate went down to 4.506. Near mid-day (or NBP fixing) EURPLN temporarily fell below 4.50 but then jumped by PLN 0.02. The NBP did not intervene, but there were clearly some erratic moves in illiquid market. Today in the morning EURPLN is close to 4.51.

**As regards other CEE currencies:** EURHUF stabilised close to 358.6 (and touched 357.0 during the day). EURCZK was again stable close to 26.2. USDRUB jumped by 0.9% to 74.55 reflecting the gaining dollar, as the oil price was stable.

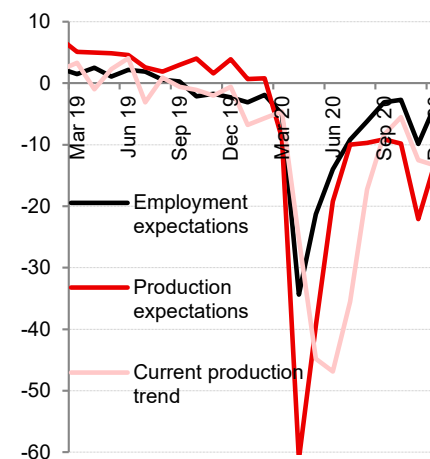
**On the Polish fixed income market,** the 10Y bond yield was quite volatile. After its morning rise to 1.26% following Wednesday's core markets weakening, there was a correction to 1.24%, triggered by the flash December CPI. At the end of the day yields in core markets increased again and 10Y Polish yield returned to 1.26%. In the meantime, the **Ministry of Finance** held the bond auction, at which it sold bonds worth PLN6bn, mainly 5Y (PS0425) worth PLN2.2bn and 10Y (DS1030) worth PLN2.8bn. Others included OK0423, WZ1126, WZ1131 with sales at PLN0.2bn, PLN0.4bn, PLN0.4bn respectively. After the Thursday's auction the Ministry said that this year's borrowing needs are covered in 36%.

Headline and core CPI, % y/y



Source: Datastream, Santander

ESI indicators for Polish industry



Source: European Commission, 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	4.5069	CZKPLN	0.1716
USDPLN	3.6773	HUFPLN*	1.2459
EURUSD	1.2260	RUBPLN	0.0497
CHFPLN	4.1515	NOKPLN	0.4361
GBPPLN	4.9903	DKKPLN	0.6119
USDCNY	6.4623	SEKPLN	0.4489

\*for 100HUF

### Last session in the FX market

1/7/2021

	min	max	open	close	fixing
EURPLN	4.492	4.526	4.514	4.513	4.497
USDPLN	3.660	3.695	3.666	3.681	3.666
EURUSD	1.224	1.233	1.231	1.226	-

## Interest rate market 1/7/2021

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

Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.09	1
DS0725 (5Y)	0.46	2
DS1030 (10Y)	1.26	2

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.16	0	0.20	1	-0.55	1
2L	0.23	2	0.21	-1	-0.53	1
3L	0.33	2	0.27	1	-0.52	0
4L	0.47	2	0.39	2	-0.49	1
5L	0.62	3	0.52	4	-0.46	1
8L	0.94	4	0.88	4	-0.33	2
10L	1.11	5	1.06	5	-0.23	3

## WIBOR rates

Term	%	Change (bps)
O/N	0.09	0
T/N	0.09	-1
SW	0.11	-1
2W	0.17	0
1M	0.19	0
3M	0.21	0
6M	0.25	0
1Y	0.25	0

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

Term	%	Change (bps)
1x4	0.15	0
3x6	0.13	-4
6x9	0.15	-1
9x12	0.13	-2
3x9	0.18	1
6x12	0.19	-1

## Measures of fiscal risk

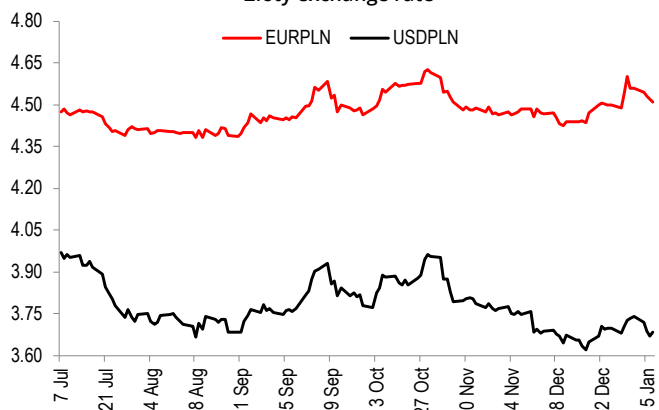
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	50	0	181	1
France	9	0	23	0
Hungary	64	0	264	3
Spain	43	-1	60	-1
Italy	67	0	108	-1
Portugal	28	0	56	-2
Ireland	13	0	23	0
Germany	8	0	-	-

\* 10Y treasury bonds over 10Y Bunds

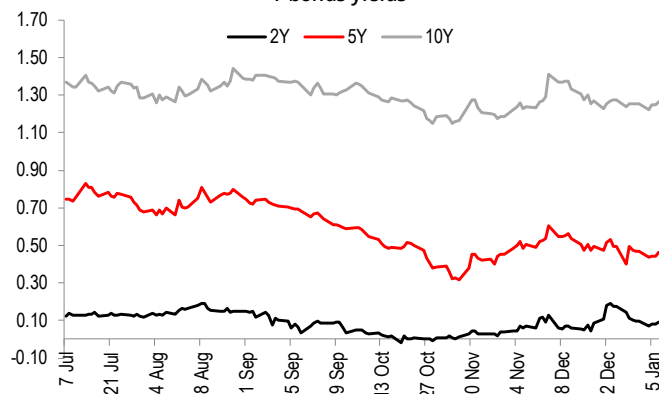
\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

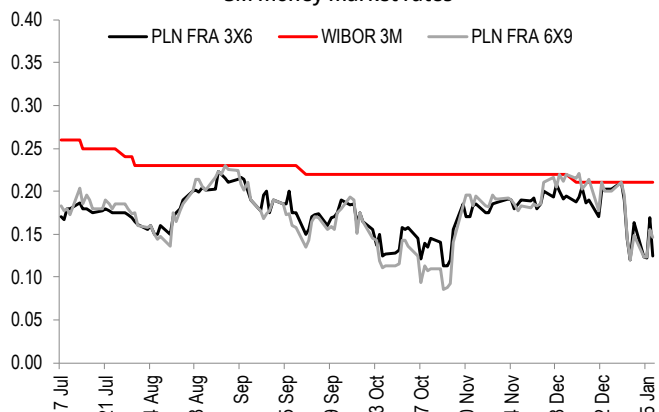
## Zloty exchange rate



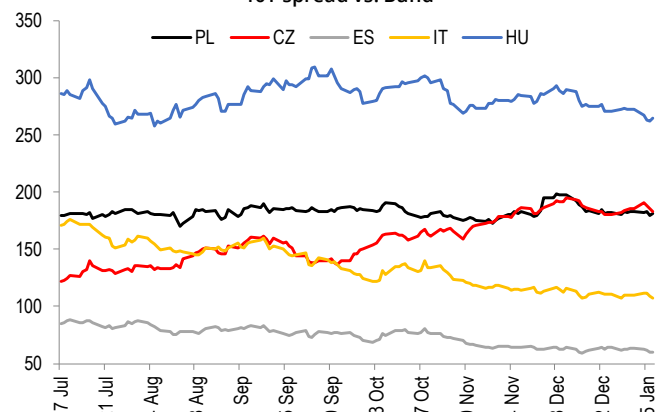
## T-bonds yields



## 3M money market rates



## 10Y spread vs. Bund



## Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD		FORECAST		ACTUAL VALUE	LAST VALUE*
					MARKET	SANTANDER		
MONDAY (4 January)								
09:00	PL	Poland Manufacturing PMI	Dec	pts	51.3	51.2	51.7	50.8
09:55	DE	Germany Manufacturing PMI	Dec	pts	58.6	-	58.3	58.6
10:00	EZ	Eurozone Manufacturing PMI	Dec	pts	55.5	-	55.2	55.5
TUESDAY (5 January)								
08:00	DE	Retail sales	Nov	% m/m	-2.0	-	1.9	2.6
16:00	US	ISM manufacturing	Dec	pts	56.8	-	60.7	57.5
WEDNESDAY (6 January)								
02:45	CN	Caixin China PMI Services	Dec	pts	58.0	-	56.3	57.8
09:55	DE	Markit Germany Services PMI	Dec	pts	47.7	-	47.0	47.7
10:00	EZ	Eurozone Services PMI	Dec	pts	47.3	-	46.4	47.3
14:00	DE	HICP	Dec	% m/m	0.7	-	0.6	-1.0
14:15	US	ADP report	Dec	k	75	-	-123	304
16:00	US	Durable Goods Orders	Nov	% m/m	0.9	-	1.0	0.9
16:00	US	Factory Orders	Nov	% m/m	0.7	-	1.0	1.0
20:00	US	FOMC Meeting Minutes						
THURSDAY (7 January)								
08:00	DE	Factory Orders	Nov	% m/m	-1.2	-	2.3	3.3
10:00	PL	Flash CPI	Dec	% y/y	2.6	2.6	2.3	3.0
11:00	EZ	Flash HICP	Dec	% y/y	-0.3	-	-0.3	-0.3
11:00	EZ	Retail Sales	Nov	% m/m	-3.4	-	-6.1	1.5
11:00	EZ	ESI	Dec	pct.	89.8	-	90.4	87.6
14:30	US	Initial Jobless Claims	week	k	800	-	787	787
16:00	US	ISM services	Dec	pts	54.5	-	57.2	55.9
FRIDAY (8 January)								
08:00	DE	Exports SA	Nov	% m/m	1.0	-	2.2	0.9
08:00	DE	Industrial Production SA	Nov	% m/m	0.7	-	0.9	3.4
09:00	CZ	GDP SA	3Q	% y/y	-5.0	-		-5.0
09:00	CZ	Industrial Production	Nov	% y/y	-0.3	-		-1.3
09:00	HU	Industrial Production SA	Nov	% y/y	-	-		2.69
11:00	EZ	Unemployment Rate	Nov	%	8.5	-		8.4
14:30	US	Change in Nonfarm Payrolls	Dec	k	85	-		245
14:30	US	Unemployment Rate	Dec	%	6.8	-		6.7

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.