

3 February 2021

# Eyeopener

## Zloty gains ahead of the MPC meeting

Stronger economic data supported global equity markets  
Zloty stronger, broke 4.50 vs euro; other CEE currencies also appreciated  
Bonds yields and IRS only slightly higher  
Today, MPC decision in Poland, services PMIs abroad

On Tuesday stock prices on global markets were going up and main European indexes gained more than 1% amid better-than-expected 4Q GDP in the Eurozone but also in Czechia. Having paused for one day, core market yields started growing again: 10Y UST reached 1.11% (+4bp), while Bund was -0.49% (+2bp). The dollar continued to strengthen – the whole rise of the dollar index from early January low is now 1.8%. Silver let go of some speculative gains from last days (-6.6% to US\$27/oz) and gold follow suit (-1.6% to US\$1833/oz).

**EURUSD** opened on Tuesday around 1.206 and stayed there until afternoon, when it started decreasing to 1.202 on market close. The closest support level is 1.196, the 100-day moving average. Expectations for dollar appreciation on the options market increased to the highest level since June 2020, which may suggest that the trend is not over yet.

**EURPLN** broke the 4.50 level from above for good and reached the daily minimum of 4.475. The scale of the move from the January maximum at 4.56 to the Tuesday close at 4.483 stands at 1.7%. Zloty gained despite the fall in EURUSD which, in theory, should be unsupportive for the zloty. It seems that market decided to test the resolve of the NBP which at the end of December intervened on the FX market in order to weaken the zloty. There was no sign of the NBP FX intervention in the market on Tuesday till late afternoon hours. This does not mean, however, that the EURPLN level is not interesting for the central bank anymore. If the zloty appreciation gains speed, we would not rule out NBP intervening in the FX market again.

**In the CEE region**, EURHUF went down for the fourth day in a row, by 1.5% in total. On Tuesday the rate touched 355.0 and reached 200-day moving average, which can trigger a short consolidation period. December producer prices in Hungary rose by 6.8% y/y recording the highest pace since 2018. EURCZK went down by 0.3% to 25.89. USDRUB dropped by 1.1% to 75.4 after another strong day of oil (Brent +5.3% to 57.8).

On the **domestic interest rate market** IRS were rising slightly by c2bp along the curve. 5Y rate reached 0.72%, +8bp MTD. The bond curve was more stable and the 10Y yield rose 1bp to 1.17%. The 10Y PL-DE bond yield spread amounted to 166bp.

The **Ministry of Finance** said that at the Thursday's switch auction it will offer OK0423, PS0425, WZ1126, DS1030, WZ1131 bond series and will repurchase PS0421, OK0521, PS0721, DS1021. Next February's auction (on 18th) will be a standard one, not switch.

Today the **MPC decision** will be released. We think interest rates will remain unchanged. Since the previous MPC meeting nearly all local economic data have been surprising to the upside, which was definitely not strengthening argumentation for a need of interest rate reductions. Obviously, the uncertainty regarding pandemic development and pace of vaccination persists, but in our view this is not enough to change substantially economic forecasts. We suspect that the MPC press release will be virtually unchanged versus January and will not tell us much more about the monetary policy outlook. The sentence about possible use of FX interventions will be most likely repeated. Much more interesting could be another NBP President's Q&A session to be held on Friday, but here we also do not expect to see a major change of rhetoric versus previous months.

EURPLN spot



Source: NBP, Santander

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## FX market

### Today's opening

EURPLN	4.4802	CZKPLN	0.1727
USDPLN	3.7236	HUFPLN*	1.2598
EURUSD	1.2029	RUBPLN	0.0488
CHFPLN	4.1441	NOKPLN	0.4327
GBPPLN	5.0807	DKKPLN	0.6023
USDCNY	6.4587	SEKPLN	0.4429

\*for 100HUF

### Last session in the FX market

02/02/2021

	min	max	open	close	fixing
EURPLN	4.473	4.512	4.506	4.481	4.503
USDPLN	3.718	3.746	3.731	3.728	3.731
EURUSD	1.202	1.209	1.208	1.202	-

## Interest rate market 02/02/2021

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

Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.06	2
DS0725 (5Y)	0.46	0
DS1030 (10Y)	1.19	4

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

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	0.18	0.19	-0.55
2L	0.29	0.19	-0.53
3L	0.42	0.27	-0.51
4L	0.57	0.40	-0.47
5L	0.72	0.55	-0.43
8L	1.05	0.95	-0.27
10L	1.23	1.14	-0.17

### WIBOR rates

Term	%	Change (bps)
O/N	0.10	2
T/N	0.09	1
SW	0.11	0
2W	0.16	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	0.18	0
3x6	0.15	0
6x9	0.16	-2
9x12	0.17	0
3x9	0.20	0
6x12	0.22	0

### Measures of fiscal risk

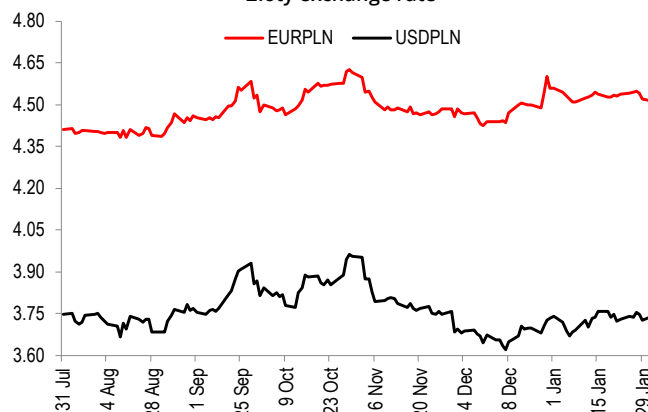
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	50	168
France	9	25
Hungary	64	299
Spain	43	61
Italy	61	114
Portugal	28	54
Ireland	12	33
Germany	9	-

\* 10Y treasury bonds over 10Y Bunds

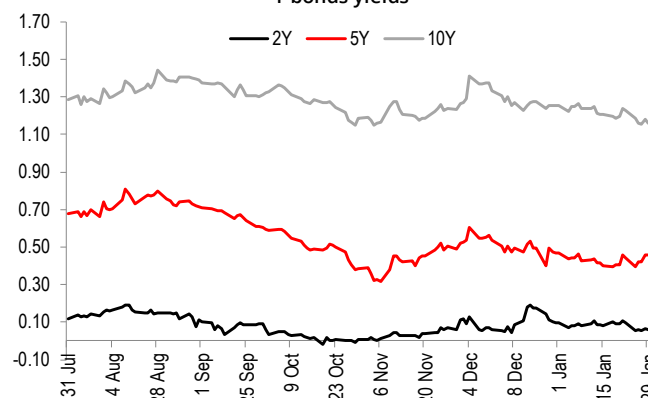
\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

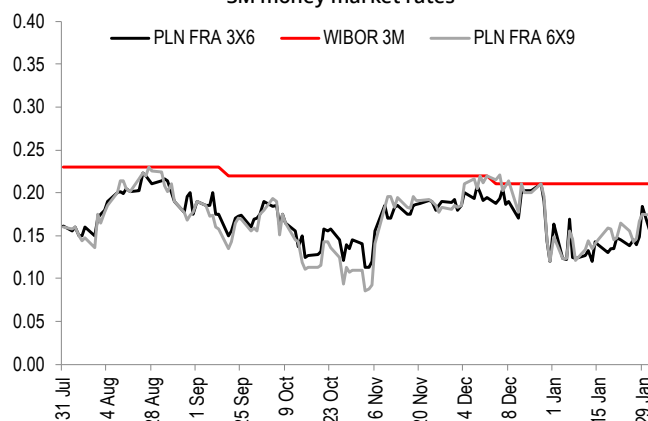
## Zloty exchange rate



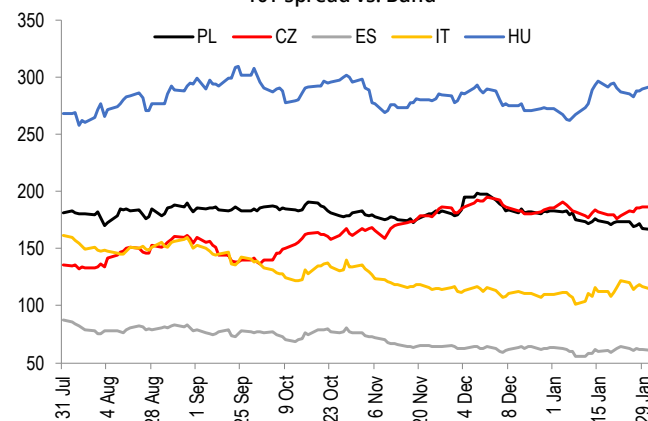
## T-bonds yields



## 3M money market rates



## 10Y spread vs. Bund



## Economic Calendar

Economic calendar								
TIME CET	COUNTRY	INDICATOR	PERIOD		FORECAST MARKET	SANTANDER	ACTUAL VALUE	LAST VALUE*
FRIDAY (29 January)								
08:00	DE	GDP WDA	4Q	% y/y	-4.0		-3.9	-4.0
10:00	PL	GDP	Jul.05	% y/y	-2.7	-2.9	-2.8	4.5
14:30	US	Personal Spending	Dec	% m/m	-0.4		-0.2	-0.4
14:30	US	Personal Income	Dec	% m/m	0.1		0.6	-1.1
14:30	US	PCE Deflator SA	Dec	% m/m	0.3		0.4	0.0
16:00	US	Michigan index	Jan	pts	79.4		79.0	79.2
16:00	US	Pending Home Sales	Dec	% m/m	-0.5		-0.3	-2.6
MONDAY (1 February)								
	DE	Retail Sales	Dec	% m/m	-2.2		-9.6	1.9
09:00	PL	Poland Manufacturing PMI	Jan	pts	51.3	51.0	51.9	51.7
09:55	DE	Germany Manufacturing PMI	Jan	pts	57.0		57.1	57.0
10:00	EZ	Eurozone Manufacturing PMI	Jan	pts	54.7		54.8	54.7
11:00	EZ	Unemployment Rate	Dec	%	8.3		8.3	8.3
16:00	US	ISM manufacturing	Jan	pts	59.9		58.7	60.7
TUESDAY (2 February)								
09:00	CZ	GDP SA	4Q	% y/y	-7.6		-5.0	-5.0
11:00	EZ	GDP SA	4Q	% y/y	-5.3		-5.1	-4.3
WEDNESDAY (3 February)								
	PL	MPC decision		%	0.1	0.1	-	0.1
02:45	CN	Caixin China PMI Services	Jan	pts	55.5		-	56.3
09:55	DE	Markit Germany Services PMI	Jan	pts	46.8		-	46.8
10:00	EZ	Eurozone Services PMI	Jan	pts	45.0		-	45.0
11:00	EZ	Flash HICP	Jan	% y/y	0.2		-	-0.3
14:15	US	ADP report	Jan	k	50.0		-	-123.0
16:00	US	ISM services	Jan	pts	56.8		-	57.5
THURSDAY (4 February)								
11:00	EZ	Retail Sales	Dec	% m/m	-		-	-6.1
14:30	US	Initial Jobless Claims		k	-		-	847.0
14:30	CZ	Central Bank Rate Decision	Feb.21		0.25		-	0.25
16:00	US	Durable Goods Orders	Dec	% m/m	-		-	0.2
16:00	US	Factory Orders	Dec	% m/m	0.8		-	1.0
FRIDAY (5 February)								
08:00	DE	Factory Orders	Dec	% m/m	-2.0		-	2.3
09:00	HU	Industrial Production SA	Dec	% y/y	0.0		-	1.6
14:00	PL	NBP Minutes	Jan					
14:30	US	Change in Nonfarm Payrolls	Jan	k	50.0		-	-140.0
14:30	US	Unemployment Rate	Jan	%	6.7		-	6.7

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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