

5 February 2021

Eyeopener

Unemployment still under control

Strong data in the US, worse in Europe
 Zloty weaker again
 IRS rates moved up, bond yields as well but less
 Today, NBP President conference, MPC minutes, US non-farm payrolls data

On Thursday the sentiment on the equity markets was positive amid decent US data. Core yields were rising, 10Y UST +1bp to 1.15% and Bund +1bp to -0.45%, which triggered weakening of precious metals. Price of gold fell by 2.3% to \$1790/oz and silver -2.1% to \$26.4/oz. Euro zone December retail sales rose less than expected. The German construction PMI disappointed as well, just like today's factory orders data. Bank of England kept interest rates unchanged but the UK commercial banks were asked to start preparations for the possibility of negative interest rates. It was stressed, however, that such a radical step in monetary policy may not be even introduced, which was supportive for the pound. In the USA, the data was better than expected, both from the labour market and durable and factory goods orders.

According to Labour Ministry's estimates, in January the **registered unemployment rate** rose to 6.5% from 6.2% in December. It is typical for January that the unemployment rate goes up. The monthly rise of the number of the unemployed was 42.3k – the lowest January's increase in more than 20 years. Polish economy coped quite well with the crisis and the financial situation of Polish corporate sector is good so we expect a stabilisation of unemployment or possibly even some decline in the coming months.

EURUSD, having opened around 1.203 was going down yesterday. It had a brief pause in the middle of the day, but the better-than-expected US macroeconomic data triggered a further decline to 1.197 at the end of the day (-0.6%).

EURPLN rose on Thursday by 0.3% to 4.498. Today the market situation may be influenced by the US labour market data and the NBP governor's videoconference to be broadcasted in the afternoon.

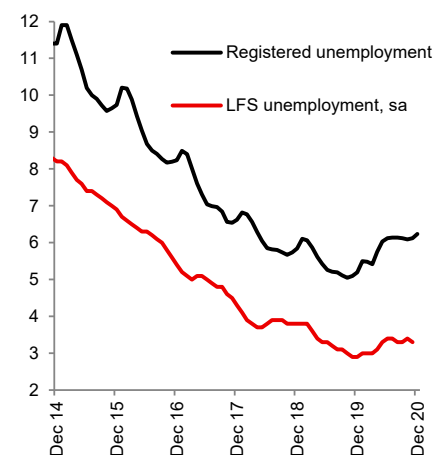
As for **other CEE currencies** EURHUF has been testing the 200-day moving average for another day and has not moved much off 355.6 and this despite a very weak retail sales reading. EURCZK has not changed much either, remaining near 25.9. The CNB has not changed interest rate – in line with expectations. USDRUB decline by 0.6% to 75.6 and this despite the stronger USD and a stable oil.

On the **Polish fixed income market**, on Thursday IRS and bond yields increased both on the front end (IRS 2Y +2pb to 0.31%) as further out the curve. 5Y IRS increased as much as 5bp to 0.77%, 10Y IRS increased by a similar amount to 1.23%. The 10Y bond spread vs Bund equalled 168bp.

At the switch auction, the Ministry of Finance bought bonds worth PLN4.5bn (PS0421, KO0521, PS0721, DS1021) and sold the same amount of OK0423, PS0425, WZ1126, DS1030, WZ113. Including the auction result, 2021 borrowing needs are already covered in 51%.

Today at 14:00CET the central bank governor Adam Glapiński will once again participate in a live videoconference during which he will answer selected questions submitted by journalists. Polish government is expected to announce decisions regarding restrictions for the next two weeks. According to the unofficial information, some relaxation of restrictions imposed on hotels is not ruled out.

Unemployment rate, %



Source: GUS, Eurostat, Santander

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FX market

Today's opening

| | | | |
|--------|--------|---------|--------|
| EURPLN | 4.4996 | CZKPLN | 0.1739 |
| USDPLN | 3.7602 | HUFPLN* | 1.2645 |
| EURUSD | 1.1964 | RUBPLN | 0.0500 |
| CHFPLN | 4.1606 | NOKPLN | 0.4358 |
| GBPPLN | 5.1417 | DKKPLN | 0.6049 |
| USDCNY | 6.4740 | SEKPLN | 0.4441 |

*for 100HUF

Last session in the FX market

04/02/2021

| | min | max | open | close | fixing |
|--------|-------|-------|-------|-------|--------|
| EURPLN | 4.481 | 4.504 | 4.486 | 4.500 | 4.496 |
| USDPLN | 3.731 | 3.762 | 3.732 | 3.758 | 3.751 |
| EURUSD | 1.197 | 1.202 | 1.202 | 1.197 | - |

Interest rate market

04/02/2021

T-bonds on the interbank market**

| Benchmark (term) | % | Change (bps) |
|------------------|------|--------------|
| WS0922 (2Y) | 0.08 | 1 |
| DS0725 (5Y) | 0.47 | 2 |
| DS1030 (10Y) | 1.23 | 2 |

IRS on the interbank market**

| Term | PL | US | EZ |
|------|--------------|--------------|--------------|
| | % | % | % |
| | Change (bps) | Change (bps) | Change (bps) |
| 1L | 0.19 | 0.19 | -0.55 |
| 2L | 0.30 | 0.21 | -0.52 |
| 3L | 0.46 | 0.28 | -0.50 |
| 4L | 0.62 | 0.42 | -0.46 |
| 5L | 0.78 | 0.57 | -0.41 |
| 8L | 1.11 | 1.00 | -0.25 |
| 10L | 1.29 | 1.20 | -0.14 |

WIBOR rates

| Term | % | Change (bps) |
|------|------|--------------|
| O/N | 0.08 | -2 |
| T/N | 0.09 | 0 |
| 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 | 0.21 | 2 |
| 3x6 | 0.16 | 0 |
| 6x9 | 0.17 | 0 |
| 9x12 | 0.19 | 0 |
| 3x9 | 0.21 | 0 |
| 6x12 | 0.25 | 4 |

Measures of fiscal risk

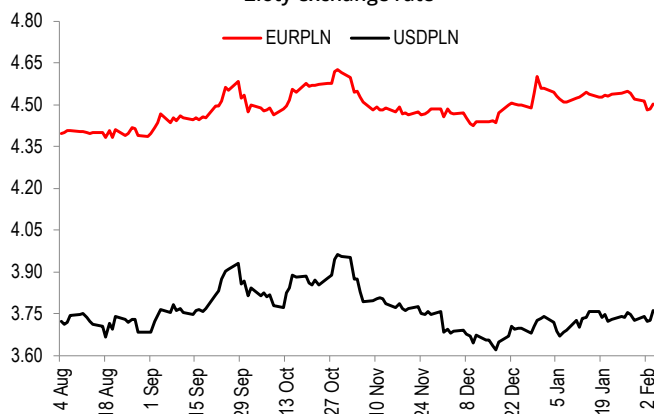
| Country | CDS 5Y USD | 10Y spread* |
|----------|--------------|--------------|
| | Level | Level |
| | Change (bps) | Change (bps) |
| Poland | 50 | 169 |
| France | 9 | 22 |
| Hungary | 64 | 291 |
| Spain | 43 | 58 |
| Italy | 53 | 101 |
| Portugal | 28 | 52 |
| Ireland | 12 | 31 |
| Germany | 9 | - |

* 10Y treasury bonds over 10Y Bunds

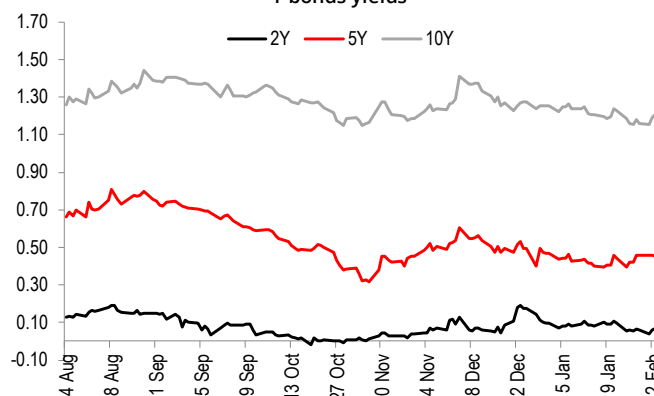
**Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

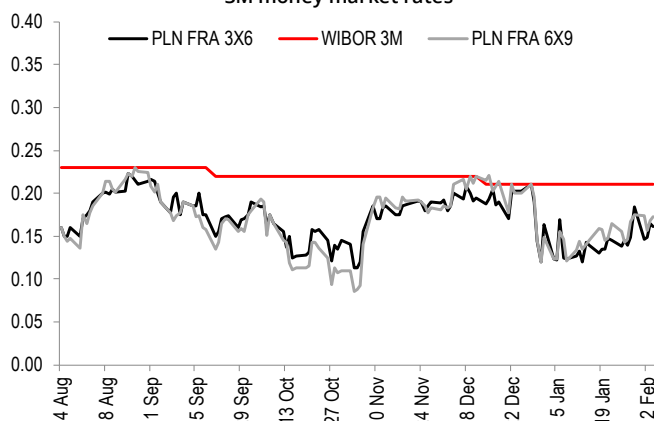
Zloty exchange rate



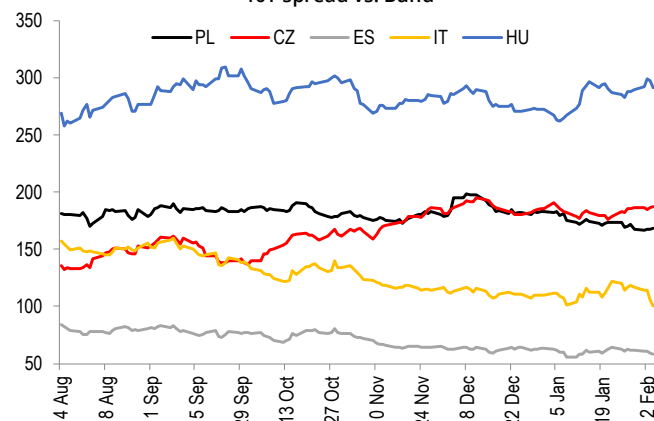
T-bonds yields



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 | 0.1 |
| 02:45 | CN | Caixin China PMI Services | Jan | pts | 55.5 | | 52.0 | 56.3 |
| 09:55 | DE | Markit Germany Services PMI | Jan | pts | 46.8 | | 46.7 | 46.8 |
| 10:00 | EZ | Eurozone Services PMI | Jan | pts | 45.0 | | 45.4 | 45.0 |
| 11:00 | EZ | Flash HICP | Jan | % y/y | 0.6 | | 0.9 | -0.3 |
| 14:15 | US | ADP report | Jan | k | 75.0 | | 174.0 | -123.0 |
| 16:00 | US | ISM services | Jan | pts | 56.7 | | 58.7 | 57.2 |
| THURSDAY (4 February) | | | | | | | | |
| 11:00 | EZ | Retail Sales | Dec | % m/m | 2.8 | | 2.0 | -6.1 |
| 14:30 | US | Initial Jobless Claims | | k | 830.0 | | 779.0 | 847.0 |
| 14:30 | CZ | Central Bank Rate Decision | Feb.21 | | 0.25 | | 0.25 | 0.25 |
| 16:00 | US | Durable Goods Orders | Dec | % m/m | 0.2 | | 0.5 | 0.2 |
| 16:00 | US | Factory Orders | Dec | % m/m | 0.7 | | 0.5 | 1.0 |
| FRIDAY (5 February) | | | | | | | | |
| 08:00 | DE | Factory Orders | Dec | % m/m | -1.0 | | -1.9 | 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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