

16 February 2021

## Eyeopener

### Poland CPI joins the global trend

Equities gain after decent Asia data  
Zloty stronger, EURUSD stable  
Polish bonds weaker, IRS jump  
Today euro zone and Hungary GDP, German ZEW

On Monday equity markets in Europe rose gently amid market holiday in the USA and were affected positively by the data from Asia: better than expected 4Q GDP data in Japan and Singapore caused that Nikkei index broke through the 30,000 level. Dollar was stable and yields in the core bond markets continued rising – Bund by 4bp to -0.38% and UST by 1bp to 1.21%. Industrial production in the euro zone fell more than expected.

**Poland January CPI inflation** hit 2.7% y/y, in line with our forecast and above market expectations (2.4% y/y). Based on available information, we estimate that inflation went up mostly due to hike in petrol prices, electricity tariffs and higher core inflation (we see 4.0% vs 3.7% in December). In our view, in the upcoming months the CPI will oscillate around the NBP target (2.5%), with a possible jump towards 3.0% in April, making the MPC feel comfortable with stable rates. Find more in yesterday's [Economic comment](#).

**Current account balance** showed +€0.43bn in December, below our and market expectations (at €1.08 and €1.01 respectively). Exports was up by +14.8% y/y (the highest growth since Jan'18) while 11.6% had been expected. Imports rose by 13.6% y/y (the highest growth since Oct'18) instead of 9.3% expected. On the exports side the key contributors to the strong rise were car batteries and other car parts, TV sets, furniture, clothes and commercial vehicles. On the imports side the NBP report mentioned clothes, wireless communication and IT equipment, car parts and medical diagnostic tests (likely linked to the pandemic) as the items behind the rapid growth, while the contribution from oil decreased. Imports surprised us to the upside more than exports, as we thought goods trade balance could be around +€1bn, but the actual print was +€0.33bn. The strong print of imports may suggest a quicker recovery of private consumption than we assumed, but also lower contribution to 4Q GDP growth from net exports (detailed GDP data are due 26 February). The services trade balance was +1.81bn, €0.27bn better than a year earlier, thanks to further recovery of exports of services (the drop reduced to 4.9% y/y) while imports of services remained depressed (-15% y/y). The lengthening pandemic restrictions in main European countries can soften exports growth in the months to come. 12m current account surplus rose to 3.5% of GDP from the previous record-high 3.4% in November.

**NBP deputy governor** Marta Kightley said that the central bank does not want to see strong appreciation of the zloty during the economic rebound. She thinks that thanks to the central bank fx interventions – which in her view may still be showing up in the future – the zloty's exchange rate has been anchored at a weak level.

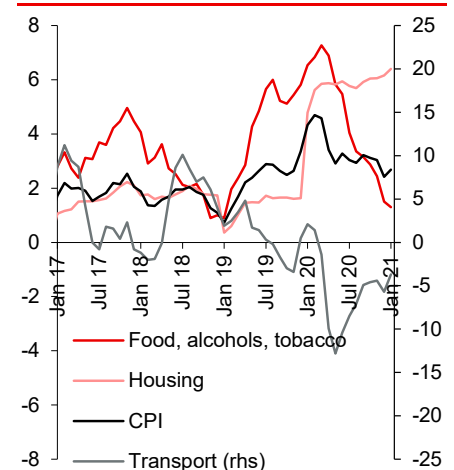
**EURUSD** hovered around 1.213 for the 5th session in a row, temporarily spiked towards 1.215. Perhaps a directional move will crystalize today after the publication of macroeconomic data from Europe.

**EURPLN** fell by 0.3% to 4.484 after the January CPI in Poland printed above expectations. The exchange rate managed to stay within the 4.47-4.51 range and we think that horizontal trend is the most likely scenario for the EURPLN in the coming days.

**As to the other CEE currencies**, EURHUF declined by 0.4% to 357.6 while consumer sentiment data in Hungary remained subdued in February. EURCZK declined by 0.3% to 25.67 and with the move broke to below the support from the early February. This, to us, suggests that the EURCZK declines might be continued in the near future. USDRUB fell by 0.5% to 73.3, while the oil remained stable and the January industrial production surprised to the downside and contracted by 2.5% y/y.

**On the domestic interest rate market**, IRS opened at the Friday closing after a large rise seen at the finish of last session of the previous week. After the CPI data rates moved even higher and only by the end of the day there was some stabilisation. 2Y IRS closed the day at 0.44% (+2bp), 5Y at 0.97% (+3bp) and 10Y at 1.50% (+4bp). Bond yields behaved in a similar way, but only the belly of the curve went up (5Y to 0.70%, +2bp) as well as the long end (10Y at 1.35%, +3bp), while the short end remained stable.

Poland inflation % y/y



Source: GUS, Santander

#### Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa  
email: ekonomia@santander.pl  
website: [santander.pl/en/economic-analysis](https://www.santander.pl/en/economic-analysis)  
Piotr Bielski +48 22 534 18 87  
Marcin Luziński +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	4,4868	CZKPLN	0,1744
USDPLN	3,6984	HUFPLN*	1,2415
EURUSD	1,2130	RUBPLN	0,0505
CHFPLN	4,1554	NOKPLN	0,4408
GBPPLN	5,1471	DKKPLN	0,6032
USDCNY	6,4542	SEKPLN	0,4459

\*for 100HUF

Last session in the FX market						15.02.2021
	min	max	open	close	fixing	
EURPLN	4,479	4,495	4,494	4,481	4,484	
USDPLN	3,691	3,706	3,703	3,692	3,695	
EURUSD	1,212	1,214	1,214	1,214	-	

**Interest rate market** 15.02.2021

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0,14	2
DS0725 (5Y)	0,56	2
DS1030 (10Y)	1,35	3

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0,26	2	0,19	1	-0,55	0
2L	0,44	3	0,21	1	-0,51	1
3L	0,61	5	0,28	-1	-0,48	1
4L	0,80	5	0,44	0	-0,43	1
5L	0,97	6	0,60	0	-0,37	3
8L	1,33	6	1,06	1	-0,18	4
10L	1,50	6	1,27	1	-0,05	4

**WIBOR rates**

Term	%	Change (bps)
O/N	0,09	-1
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	0,21	0
3x6	0,22	0
6x9	0,27	1
9x12	0,31	2
3x9	0,30	3
6x12	0,35	2

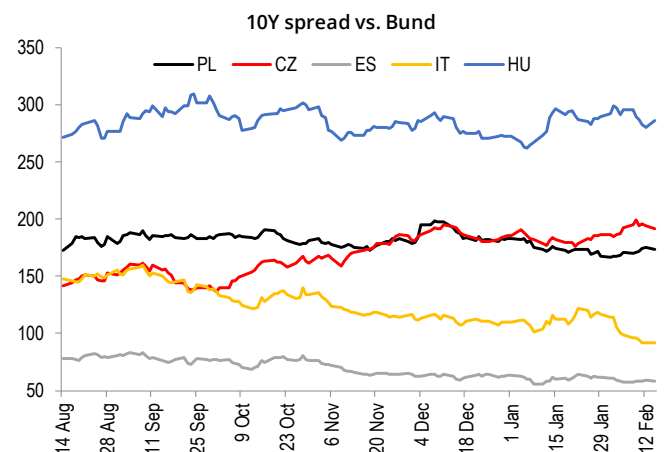
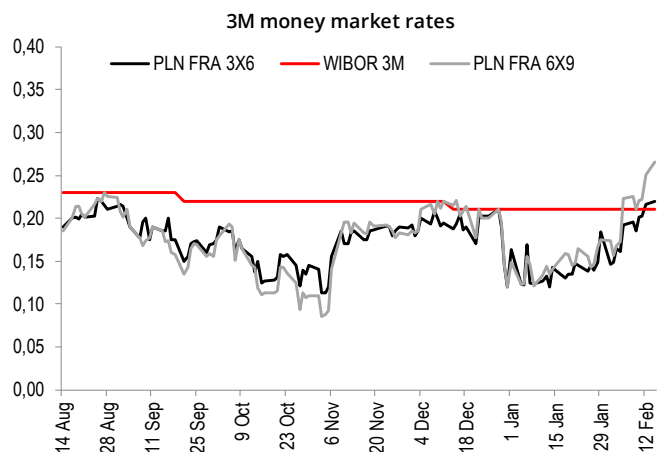
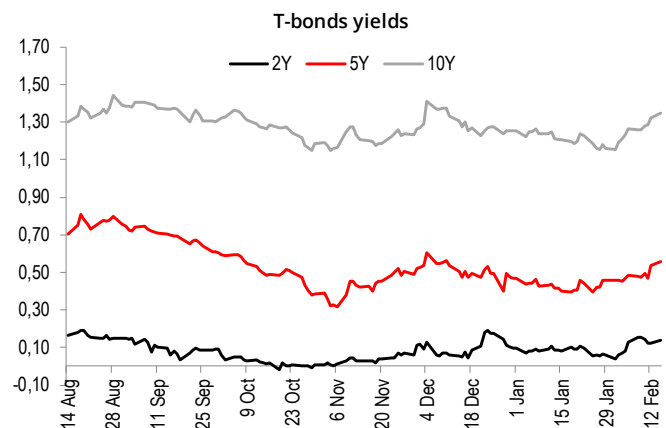
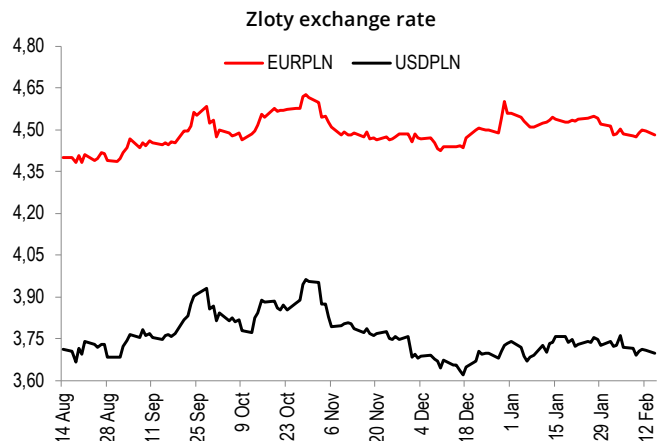
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	50	0	173	-2
France	8	0	23	0
Hungary	64	0	286	6
Spain	38	-1	59	0
Italy	44	-2	91	0
Portugal	23	0	54	0
Ireland	10	0	34	-1
Germany	9	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



## Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD		FORECAST		ACTUAL VALUE	LAST VALUE*
					MARKET	SANTANDER		
<b>FRIDAY (12 February)</b>								
09:00	CZ	CPI	Jan	% y/y	1.7	-	2.2	2.3
09:00	HU	CPI	Jan	% y/y	2.7	-	2.7	2.7
<b>10:00</b>	<b>PL</b>	<b>GDP</b>	<b>4Q</b>	<b>% y/y</b>	<b>-3.0</b>	<b>-2.9</b>	<b>-2.8</b>	<b>-1.5</b>
16:00	US	Michigan index	Feb	pts	80.9	-	76.2	79.0
<b>MONDAY (15 February)</b>								
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Jan</b>	<b>% y/y</b>	<b>2,4</b>	<b>2,7</b>	<b>2,7</b>	<b>2,4</b>
11:00	EZ	Industrial Production SA	Dec	% m/m	-0,8	-	-1,6	2,5
<b>14:00</b>	<b>PL</b>	<b>Current Account Balance</b>	<b>Dec</b>	<b>€mn</b>	<b>1 000</b>	<b>1 085</b>	<b>430</b>	<b>2 116</b>
<b>14:00</b>	<b>PL</b>	<b>Trade Balance</b>	<b>Dec</b>	<b>€mn</b>	<b>722</b>	<b>999</b>	<b>333</b>	<b>1 872</b>
<b>14:00</b>	<b>PL</b>	<b>Exports</b>	<b>Dec</b>	<b>€mn</b>	<b>19 543</b>	<b>19 421</b>	<b>19 814</b>	<b>23 091</b>
<b>14:00</b>	<b>PL</b>	<b>Imports</b>	<b>Dec</b>	<b>€mn</b>	<b>18 422</b>	<b>18 422</b>	<b>19 481</b>	<b>21 219</b>
<b>TUESDAY (16 February)</b>								
09:00	HU	GDP	4Q	% y/y	-6.0	-	-	-4.6
11:00	EZ	GDP SA	4Q	% y/y	-5.1	-	-	-5.1
11:00	DE	ZEW Survey Current Situation	Feb	pts	-67.0	-	-	-66.4
<b>WEDNESDAY (17 February)</b>								
<b>10:00</b>	<b>PL</b>	<b>Employment in corporate sector</b>	<b>Jan</b>	<b>% y/y</b>	<b>-1.5</b>	<b>-1.3</b>	-	<b>-1.0</b>
<b>10:00</b>	<b>PL</b>	<b>Average Gross Wages</b>	<b>Jan</b>	<b>% y/y</b>	<b>4.8</b>	<b>4.7</b>	-	<b>6.6</b>
14:30	US	Retail Sales Advance	Jan	% m/m	0.9	-	-	-0.7
15:15	US	Industrial Production	Jan	% m/m	0.4	-	-	1.6
20:00	US	FOMC Meeting Minutes	-	-	-	-	-	-
<b>THURSDAY (18 February)</b>								
<b>10:00</b>	<b>PL</b>	<b>Sold Industrial Output</b>	<b>Jan</b>	<b>% y/y</b>	<b>1.9</b>	<b>0.1</b>	-	<b>11.2</b>
<b>10:00</b>	<b>PL</b>	<b>PPI</b>	<b>Jan</b>	<b>% y/y</b>	<b>0.4</b>	<b>0.5</b>	-	<b>0.0</b>
14:30	US	Initial Jobless Claims	week	k	760	-	-	793
14:30	US	Housing Starts	Jan	% m/m	-0.7	-	-	5.8
14:30	US	Index Philly Fed	Feb	-	20.0	-	-	26.5
<b>FRIDAY (19 February)</b>								
09:30	DE	Flash Germany Manufacturing PMI	Feb	pts	56.5	-	-	57.1
09:30	DE	Flash Markit Germany Services PMI	Feb	pts	46.5	-	-	46.7
10:00	EZ	Flash Eurozone Manufacturing PMI	Feb	pts	54.4	-	-	54.8
10:00	EZ	Flash Eurozone Services PMI	Feb	pts	45.9	-	-	45.4
<b>10:00</b>	<b>PL</b>	<b>Construction Output</b>	<b>Jan</b>	<b>% y/y</b>	<b>-2.8</b>	<b>-12.8</b>	-	<b>3.4</b>
<b>10:00</b>	<b>PL</b>	<b>Retail Sales Real</b>	<b>Jan</b>	<b>% y/y</b>	<b>-6.6</b>	<b>-4.5</b>	-	<b>-0.8</b>
16:00	US	Existing Home Sales	Jan	% m/m	-2.2	-	-	0.7

Source: Santander Bank Polska, Bloomberg, Parkiet  
\* in the case of a revision the data is updated

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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.