

29 March 2021

## Eyeopener

### The Suez Canal almost cleared

Container ships blocking the Suez Canal was refloated  
 Stock markets in black  
 EURUSD stable, EURPLN higher  
 Polish bond yields with no major changes, IRS high following the core markets  
 No important data today

On Friday the main equity indices were rising, the dollar has stabilised. The final reading of China's 4Q current account has been revised down slightly. Industrial output growth in Singapore, despite already being high at 9.2% y/y, managed to surprise to the upside jumping to 16.4% y/y. Bopnd yields in the core markets were rising: Bund +4bp to -0.34%, UST +5bp to 1.68%, which was caused on one hand by the high reading of German Ifo index (over 100), on the other hand by relatively poor result of the US 7Y bond auction (worth \$62bn). Strong reading of Michigan sentiment index for March 84.9 breached expectations at 83.6. The commodity prices kept rising. It included crude oil (Brent price increased 4.2%) but also industrial metals, while prices of precious metals have stabilised (gold at \$1730/oz).

The container ship Ever Given, **blocking the Suez Canal since March 23, has been pulled off the shoal and refloated**. It gives reasons to believe that the regular traffic in the channel may be restored soon.

**MPC member Eugeniusz Gatnar** said on Friday in TV Katowice, that in his opinion the CPI inflation will increase in Poland to 4%, while the whole year GDP growth will stand at 4-5%. The MPC member has not commented on what the optimal monetary policy reply to such conditions should be. However, in his earlier comments he was mulling rate hikes. In our opinion the inflation will be lower than what E. Gatnar expected and will average about 3%, the rates will remain stable in 2021.

On Friday **EURUSD** has stabilised after 3-day significant declines by a total of 1.5%, and closed at 1.179. On Monday morning the currency pair opens near 1.178.

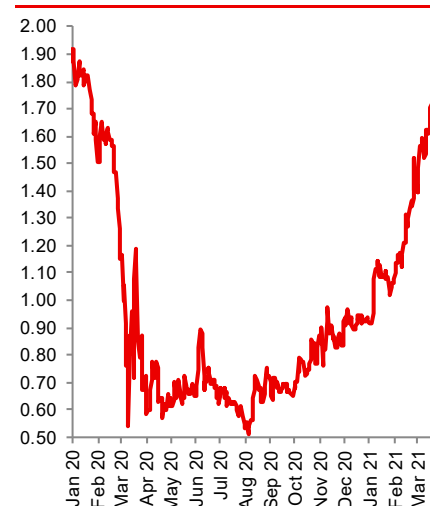
**EURPLN** on Friday continued the rising trend and temporarily reached 4.65. Although at the close the EURPLN retraced a bit to 4.64, this does not change our expectations of EURPLN which we think will head towards, and perhaps above, the 4.70 level.

**In case of other CEE currencies** EURHUF dropped to 363.2, by 0.3% reducing the month-to-date rise to już 0.2% (at the top, on 17 March it was 369, +2% month-to-date). EURCZK also fell, by 0.5% to 26.05. The ruble basket decreased for some time below 82.0, with USDRUB going down by 0.4% to 75.95. We think that this is a short-term correction in the depreciation trend of CEE currencies. In the recent days PLNHUF dropped by c.2% to 78.2, close to a natural support level of 78.0.

**On the domestic interest rate market**, IRS rates were stable at the short end of the curve, 2Y closed at 0.37%. The farther part of the curve was moving up in line with the core markets: 5Y by 2bp to 1.08% and 10Y by 2bp to 1.64%. Bond yields were more stable, e.g. 5Y stayed at 0.83% and 10Y at 1.48%. Core market bonds were losing at the time so we can say Polish bonds performed quite well. The Buns spread dropped to 183bp.

**The final week before Easter** is likely to see limited market activity, nevertheless the calendar includes some interesting macro events. Abroad, German retail sales and inflation will be released, as well as European ESI and PMI indexes of business sentiment, plus some US data: consumer sentiment, non-farm payrolls. In Poland, key releases will be flash March inflation (Wednesday) and manufacturing PMI (Thursday). On Friday, 2 April, S&P plans to issue a review of Poland's rating. We do not expect any change.

US Government Bond Yield 10Y, %



Source: Bloomberg, Santander

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**FX market**

Today's opening			
EURPLN	4.6399	CZKPLN	0.1777
USDPLN	3.9383	HUFPLN*	1.2789
EURUSD	1.1779	RUBPLN	0.0520
CHFPLN	4.1909	NOKPLN	0.4581
GBPPLN	5.4190	DKKPLN	0.6238
USDCNY	6.5534	SEKPLN	0.4545

\*for 100HUF

Last session in the FX market						26.03.2021
	min	max	open	close	fixing	
EURPLN	4.619	4.650	4.628	4.639	4.635	
USDPLN	3.924	3.950	3.929	3.931	3.931	
EURUSD	1.177	1.180	1.178	1.180	-	

**Interest rate market** 26.03.2021

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.11	1
DS0725 (5Y)	0.86	-2
DS1030 (10Y)	1.47	-1

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.21	0	0.21	0	-0.55	0
2L	0.37	0	0.27	1	-0.51	-1
3L	0.60	0	0.44	2	-0.48	0
4L	0.85	1	0.71	2	-0.42	1
5L	1.07	2	0.95	2	-0.35	1
8L	1.46	2	1.49	7	-0.12	2
10L	1.63	2	1.69	4	0.02	3

**WIBOR rates**

Term	%	Change (bps)
O/N	0.11	0
T/N	0.10	0
SW	0.10	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	0.20	0
3x6	0.20	0
6x9	0.21	-1
9x12	0.23	-1
3x9	0.24	0
6x12	0.27	0

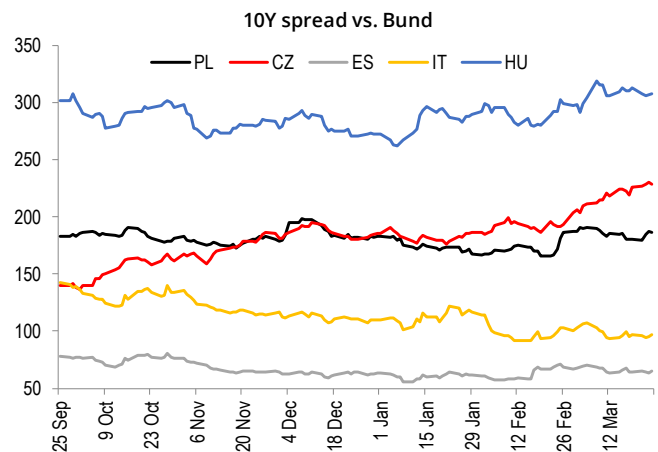
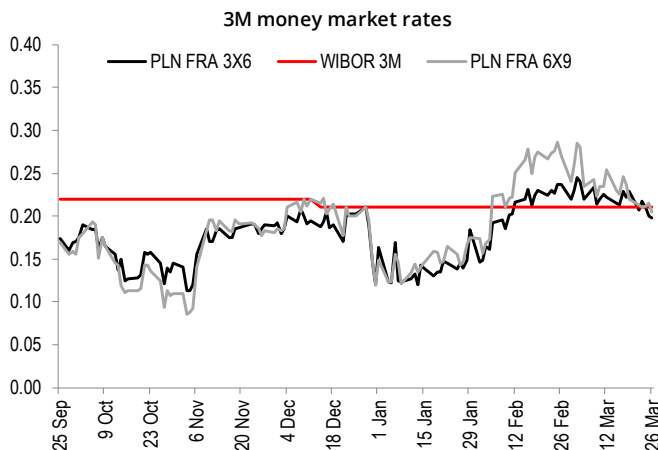
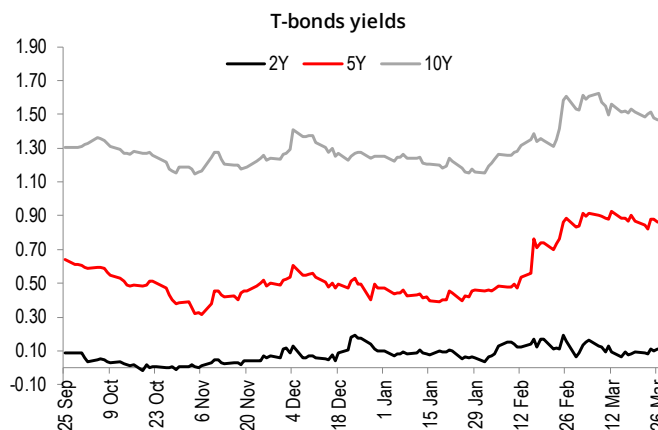
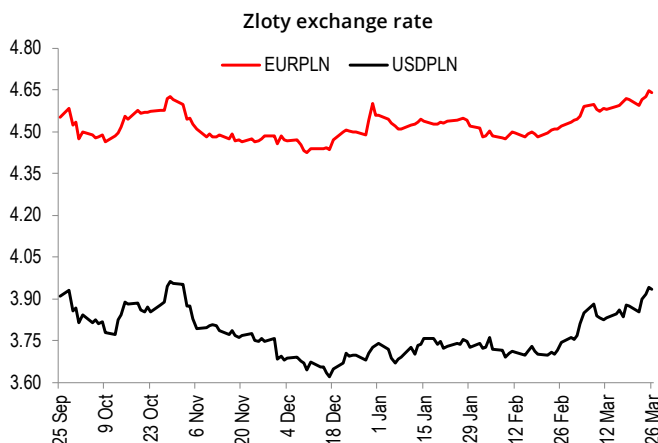
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	50	0	186	-1
France	8	0	25	0
Hungary	64	0	307	1
Spain	35	1	65	2
Italy	47	0	97	2
Portugal	24	0	54	2
Ireland	10	0	36	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



## Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*
				MARKET	SANTANDER		
<b>FRIDAY (26 March)</b>							
10:00	DE	IFO Business Climate	Mar	pts	93.2	96.6	92.4
13:30	US	Personal Spending	Feb	% m/m	-0.8	-	2.4
13:30	US	Personal Income	Feb	% m/m	-7.2	-	10.0
13:30	US	PCE Deflator SA	Feb	% m/m	0.3	-	0.3
15:00	US	Michigan index	Mar	pts	83.6	-	83.0
<b>TUESDAY (30 March)</b>							
11:00	EZ	ESI	Mar	pct.	94.75	-	93.4
14:00	DE	HICP	Mar	% m/m	0.5	-	0.6
16:00	US	Consumer Conference Board	Mar	pts	96.0	-	91.3
<b>WEDNESDAY (31 March)</b>							
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Mar</b>	<b>% y/y</b>	<b>2.8</b>	<b>3.0</b>	<b>-</b>
11:00	EZ	Flash HICP	Mar	% y/y	1.35	-	0.9
14:15	US	ADP report	Mar	k	500.0	-	117.1
16:00	US	Pending Home Sales	Feb	% m/m	-2.65	-	-2.8
<b>THURSDAY (1 April)</b>							
08:00	DE	Retail Sales	Feb	% m/m	1.0	-	-6.5
09:00	CZ	GDP SA	4Q	% y/y	0.0	-	-4.7
<b>09:00</b>	<b>PL</b>	<b>Poland Manufacturing PMI</b>	<b>Mar</b>	<b>pts</b>	<b>55.4</b>	<b>54.9</b>	<b>-</b>
09:55	DE	Germany Manufacturing PMI	Mar	pts	66.6	-	66.6
10:00	EZ	Eurozone Manufacturing PMI	Mar	pts	62.4	-	62.4
14:30	US	Initial Jobless Claims	Mar/21	k	730.0	-	684.0
16:00	US	ISM manufacturing	Mar	pts	61.0	-	60.8
<b>FRIDAY (2 April)</b>							
14:30	US	Change in Nonfarm Payrolls	Mar	k	600.0	-	379.0
14:30	US	Unemployment Rate	Mar	%	6.0	-	6.2

Source: Santander Bank Polska, Bloomberg, Parkiet

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

\*\* estimate after CPI data

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