

Eyeopener

IMF assumes higher growth

IMF has lifted the global growth forecasts
 Dolar weaker, EURPLN awaits the MPC meeting near 4.60 level
 Global yields stable
 Today MPC decision in Poland, services PMI abroad

On Tuesday the stock markets were not eager to rise further, even though new positive data were released. The JOLTS index, reflecting vacancies in the USA was above expectations and its previous reading was corrected higher. US bonds gained slightly, but other bonds did not take the cue. EURUSD continued the upward march started in early April, but the CEE currencies did not benefit from this move.

IMF showed higher global growth forecasts. The decline of world GDP in 2020 (by 3.3%) was 1.1pp lower than the Fund had assumed in October 2020 and by 0.2pp lower than in its January forecast update. The 2021 growth forecast was raised vs the January one by 0.5pp to 6.0% and the 2022 forecast by 0.2pp to 4.4%. IMF explained that the forecast upgrade was caused by the economic recovery in 2H20 once some restrictions were eased, adaptation of economies, additional stimulus in the USA and vaccination progress. It was also stressed that extra savings accumulated during the pandemic in some economies may be quickly used to boost consumption when the uncertainty is gone. This is why the Fund signalled positive risk to longer-term forecasts. The IMF report also included updated growth forecasts for Poland (the previous ones were from October 2020): 3.5% for 2021 (up from 2.7%) and 4.5% for 2022 (down from 5.1%).

The S&P agency released its report on Poland, explaining its assessment of the country rating (A-). According to the report risk connected to the pandemic are offset by strong fiscal and external buffers of Poland. Budget incomes will be key for the future assessment of the credit standing: return to a strong growth path after the pandemic would be an argument to consider rating upgrade, yet the agency is worried about low long-term policy predictability and country's demographics. However, if the post-pandemic recovery was sluggish and fiscal standing fell short of S&P expectations, rating downgrade would be possible. Another possible arguments behind rating downgrade are: lower EU transfers due to the rule-of-law conflict and higher influence of the government on the financial system. According to the agency, the government has enough fiscal space to continue lifeline programmes in 2021.

EURUSD on Tuesday continued the week-long increases to 1.185 from 1.180. Thanks to the dolar weakness other defensive currencies like JPY and CHF gained as well. In the short term, the dolar might remain under the influence of the February US trade balance data, due today..

EURPLN stabilized below 4.60. Today's MPC reaction to the recent significant PLN weakness might be important for the EURPLN level. We do not think however that today's MPC communicate would change much. Other CEE currencies were stable except for the rouble which lost over 1% vs the dolar.

On the domestic interest rate market the gentle downward trend of 10Y bond yields was visible on Tuesday, but the scale of moves did not exceed the one from the previous sessions. Spread against Bund remained elevated as compared to last weeks. At the Thursday's bond auction the Ministry of Finance will offer bonds OK0423, PS1026, DS1030, WZ1131 and WZ1126 worth PLN3-5bn in total, in line with the earlier announced supply schedule for April.

The Monetary Policy Council holds a meeting today. Since the previous meeting there was on one hand a clear zloty depreciation and inflation rate has exceeded expectations (which for some MPC members could be arguments to mull a faster policy tightening), but on the other hand the third wave of Covid-19 pandemic developed and the country-wide restrictions have been introduced (which was earlier pointed by some MPC members as a pre-condition for mulling further policy easing – if the impact on the economy is significant). We think there will be no change of interest rates at the MPC meeting and the official statement will most likely still suggest no reasons to change monetary policy until the end of the MPC's tenure. As in the recent months, the NBP governor Adam Glapiński will hold a videoconference on Friday at 15:00 CET, where he will discuss monetary policy outlook in higher detail.

IMF economic growth forecasts

	2021	2022
World	6.0 (5.5)	4.4 (4.2)
Euro zone	4.4 (4.2)	3.8 (3.6)
USA	6.4 (5.1)	3.5 (2.5)
China	8.4 (8.1)	5.6 (5.6)
Poland	3.5 (2.7)	4.5 (5.1)

In brackets IMF forecasts from Jan'21 and in case of Poland from Oct'20

Source: IMF, 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

FX market

Today's opening			
EURPLN	4.5918	CZKPLN	0.1761
USDPLN	3.8697	HUFPLN*	1.2614
EURUSD	1.1871	RUBPLN	0.0500
CHFPLN	4.1601	NOKPLN	0.4552
GBPPLN	5.3290	DKKPLN	0.6173
USDCNY	6.5404	SEKPLN	0.4489

*for 100HUF

Last session in the FX market						06.04.2021
	min	max	open	close	fixing	
EURPLN	4.581	4.606	4.589	4.594	4.604	
USDPLN	3.874	3.903	3.887	3.877	3.897	
EURUSD	1.179	1.185	1.180	1.185	-	

Interest rate market 06.04.2021

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.12	-1
DS0725 (5Y)	0.94	0
DS1030 (10Y)	1.57	-3

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.26	-2	0.22	1	-0.55	1
2L	0.52	-3	0.30	1	-0.51	0
3L	0.79	-4	0.49	-3	-0.47	0
4L	1.06	-5	0.75	-5	-0.41	0
5L	1.28	-6	0.99	-4	-0.34	0
8L	1.65	-6	1.49	-3	-0.11	0
10L	1.84	-5	1.69	-3	0.04	-1

WIBOR rates

Term	%	Change (bps)
O/N	0.09	-2
T/N	0.09	0
SW	0.10	0
2W	0.16	0
1M	0.18	0
3M	0.21	0
6M	0.25	0
1Y	0.25	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	0.22	0
3x6	0.23	-1
6x9	0.26	-3
9x12	0.36	-3
3x9	0.28	-4
6x12	0.36	-4

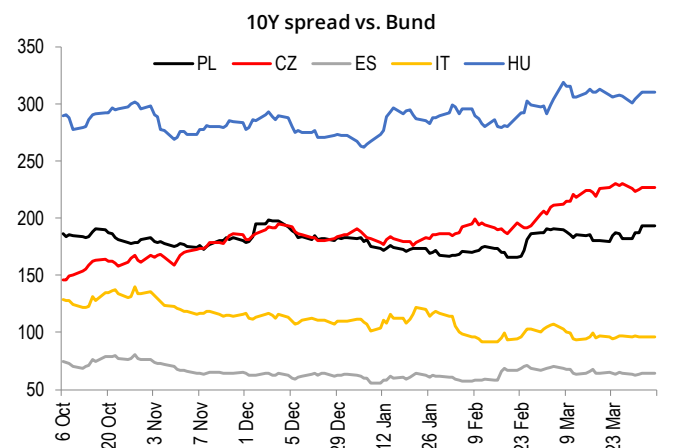
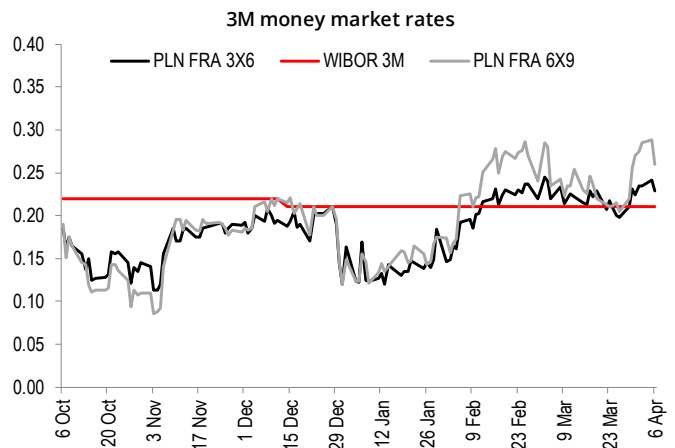
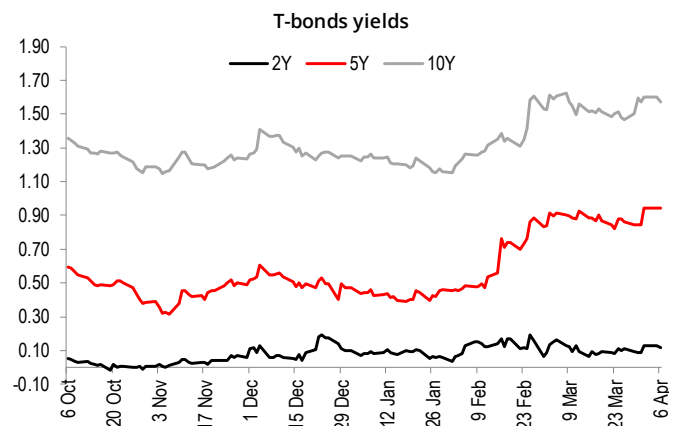
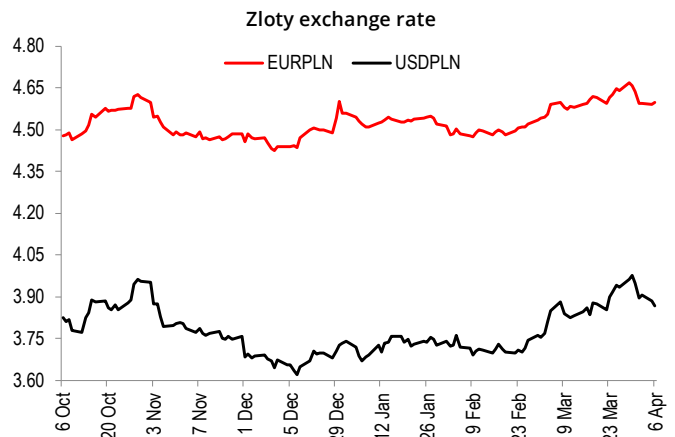
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	37	0	193	0
France	8	0	25	0
Hungary	64	0	311	0
Spain	33	0	64	0
Italy	46	2	96	0
Portugal	22	0	54	0
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			
FRIDAY (2 April)								
14:30	US	Change in Nonfarm Payrolls	Mar	k	650	916	379	
14:30	US	Unemployment Rate	Mar	%	6.0	6.0	6.2	
MONDAY (5 April)								
16:00	US	Durable Goods Orders	Feb	% m/m	-1.1	-1.2	-1.1	
16:00	US	ISM services	Mar	pts	58.5	63.7	55.3	
16:00	US	Factory Orders	Feb	% m/m	-0.5	-0.8	2.6	
TUESDAY (6 April)								
03:45	CN	Caixin China PMI Services	Mar	pts	52.1	54.3	51.5	
11:00	EZ	Unemployment Rate	Feb	%	8.1	8.3	8.3	
WEDNESDAY (7 April)								
	PL	MPC decision		%	0.1	0.1	-	0.1
09:55	DE	Markit Germany Services PMI	Mar	pts	50.8	-	50.8	
10:00	EZ	Eurozone Services PMI	Mar	pts	48.8	-	48.8	
20:00	US	FOMC Meeting Minutes	Mar/21		-	-	0.0	
THURSDAY (8 April)								
08:00	DE	Factory Orders	Feb	% m/m	1.25	-	1.4	
09:00	CZ	Industrial Production	Feb	% y/y	0.5	-	-4.4	
09:00	HU	Industrial Production SA	Feb	% y/y	0.3	-	-2.84	
14:30	US	Initial Jobless Claims		k	675	-	719	
FRIDAY (9 April)								
08:00	DE	Exports SA	Feb	% m/m	1.05	-	1.5	
08:00	DE	Industrial Production SA	Feb	% m/m	1.5	-	-2.5	
09:00	HU	CPI	Mar	% y/y	3.7	-	3.1	
15:00	PL	NBP president's videoconference						

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, ul. Jana Pawła II 17, 00-854 Warsaw, Poland, phone +48 22 534 18 87, email ekonomia@santander.pl, http://www.santander.pl.