

9 April 2021

# Eyeopener

## EURPLN falls further

No significant trends in the markets  
 Zloty performed better than peers  
 Polish IRS correct lower, bonds stable  
 Today mr Adam Glapiński's conference, German industrial production and exports

Yesterday the leading market trend was still hard to identify. Improvement in the stock markets was visible in the USA, but not in Europe. Yield of 10Y UST again tried to decrease below 1.64% for longer, but again without success. Weekly data about new jobless claims did not join the streak of surprisingly good publications and instead of the expected decrease, showed a rise. The minutes of the ECB meeting showed that the bank is planning to adjust the pace of PEPP purchases (although within the earlier approved total amount) every quarter depending on market situation, to prevent excessive yields rise. The document said the ECB is not intending to control yield curve, and there was no agreement about whether steps against yield increase should be made already at the present meeting. The publication did not affect the European debt pricing, which remained stable yesterday. In those circumstances, there was room for local factors to kick in: zloty was the second strongest EM currency, in our opinion due to earlier change in the MPC statement. German industrial production surprised negatively in February, and just like export growth was below market expectations. In China producer prices in March rose slightly more than expected.

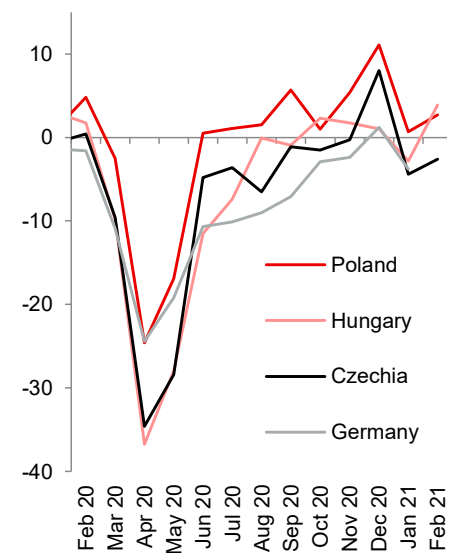
**EURUSD** was again trying to break 1.19, which it failed to surpass one day earlier. Another day without rising US bonds undermined the dollar. Today's German data (output, exports) weakened the hawkish message of the last PMI in manufacturing and may strengthen the horizontal trend on the EURUSD chart.

**EURPLN** deepened its decline by PLN0.02. The scale of daily PLN appreciation was clearly standing out compared to other EM currencies. Thus we got to see a realisation of our suggestion presented in our Wednesday's comment that the change in MPC statement about the exchange rate will open the door to PLN appreciation. Maybe today the NBP president will try to stop the further decline of EURPLN. We think however that he will focus on mitigating expectations for interest rate hikes, which recently became very visible on the FRA market, and to explain the temporary nature of inflation jump, which could be not enough to stop further PLN appreciation. USDPLN has already seen a full reversal of increase recorded in the second half of March.

**Other CEE currencies** also strengthened, albeit to a lesser extent than the zloty. During the day the forint performed better than the koruna which was a reflection of the surprises in industrial output (positive in Hungary, negative in Czechia).

**On the domestic interest rate market** we saw the a continuation of a pullback of 10Y IRS from relatively high levels reached quickly during the pre-Easter week. Coupled with a marginal rise of POLGB yields this translated to another increase of the 10Y asset swap spread to a level where it stayed through most of March (around -18bp). The Ministry of Finance sold PLN5.41bn worth of bonds (including the top up tender) with demand at PLN7.59bn. Apart from the permanently high demand for shortest papers (2Y, due to how the bank tax works), the auction revealed high demand for longer-dated floaters (bid-to-cover ratio above 1.9). After the auction the ministry stated that it has covered 62% of gross financing needs.

Industrial output, %y/y



Source: Bloomberg, Santander

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**FX market**

Today's opening			
EURPLN	4.5490	CZKPLN	0.1756
USDPLN	3.8278	HUFPLN*	1.2549
EURUSD	1.1885	RUBPLN	0.0497
CHFPLN	4.1331	NOKPLN	0.4502
GBPPLN	5.2369	DKKPLN	0.6117
USDCNY	6.5585	SEKPLN	0.4462

\*for 100HUF

Last session in the FX market						08/04/2021
	min	max	open	close	fixing	
EURPLN	4.537	4.573	4.571	4.546	4.558	
USDPLN	3.813	3.853	3.850	3.820	3.837	
EURUSD	1.186	1.191	1.187	1.190	-	

**Interest rate market** 08/04/2021

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.12	1
DS0725 (5Y)	0.85	-9
DS1030 (10Y)	1.57	0

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.25	-1	0.21	0	-0.55	0
2L	0.48	-2	0.27	-2	-0.51	0
3L	0.74	-3	0.46	-2	-0.48	-1
4L	1.01	-2	0.71	-3	-0.42	-1
5L	1.23	-3	0.94	-4	-0.36	-2
8L	1.58	-6	1.43	-6	-0.13	-2
10L	1.76	-5	1.63	-5	0.01	-3

**WIBOR rates**

Term	%	Change (bps)
O/N	0.10	0
T/N	0.10	0
SW	0.11	1
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	0.21	0
3x6	0.22	0
6x9	0.24	-1
9x12	0.31	-2
3x9	0.26	-2
6x12	0.31	-4

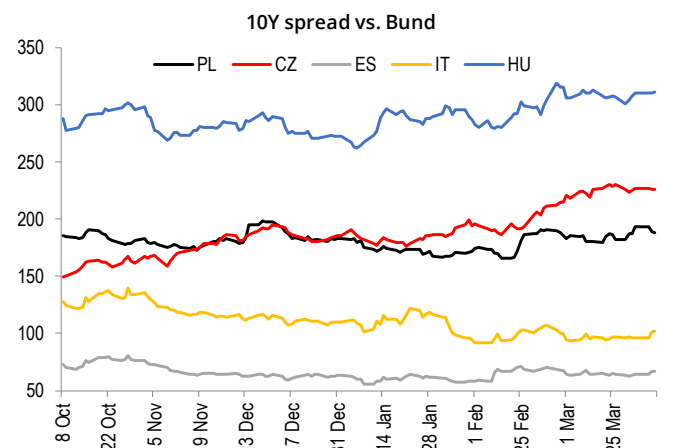
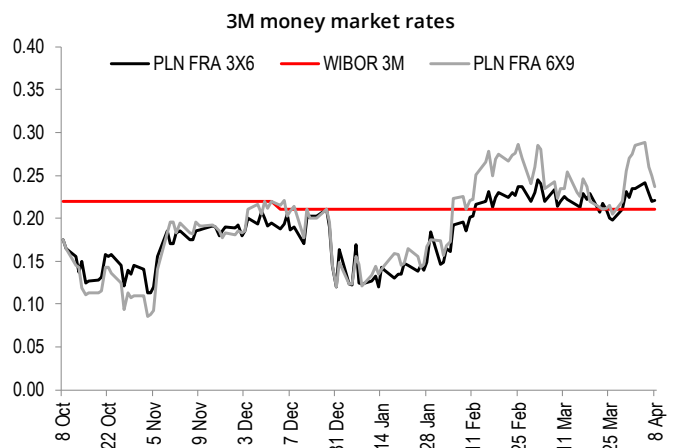
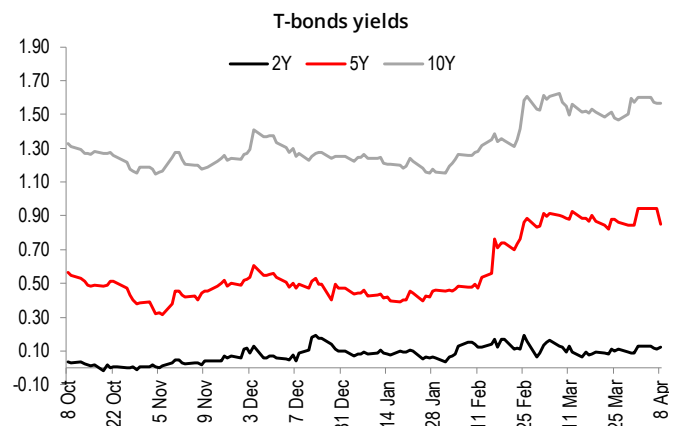
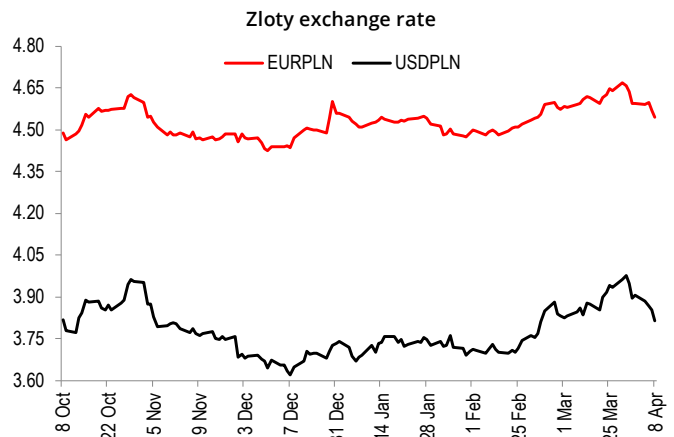
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	37	0	188	-1
France	8	-1	26	0
Hungary	64	0	311	0
Spain	32	-1	67	1
Italy	46	0	102	1
Portugal	22	-1	57	0
Ireland	10	1	35	-1
Germany	8	-1	-	-

\* 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 (2 April)</b>							
14:30	US	Change in Nonfarm Payrolls	Mar	k	650	916	379
14:30	US	Unemployment Rate	Mar	%	6.0	6.0	6.2
<b>MONDAY (5 April)</b>							
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
<b>TUESDAY (6 April)</b>							
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
<b>WEDNESDAY (7 April)</b>							
	<b>PL</b>	<b>MPC decision</b>		<b>%</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
09:55	DE	Markit Germany Services PMI	Mar	pts	50.8	-	51.5
10:00	EZ	Eurozone Services PMI	Mar	pts	48.8	-	49.6
20:00	US	FOMC Meeting Minutes	Mar/21		-	-	0.0
<b>THURSDAY (8 April)</b>							
08:00	DE	Factory Orders	Feb	% m/m	1.2	1.2	1.4
09:00	CZ	Industrial Production	Feb	% y/y	0.4	-2.6	-4.4
09:00	HU	Industrial Production SA	Feb	% y/y	-0.9	3.9	-2.8
14:30	US	Initial Jobless Claims		k	675	744	719
<b>FRIDAY (9 April)</b>							
08:00	DE	Exports SA	Feb	% m/m	1.0	0.9	1.4
08:00	DE	Industrial Production SA	Feb	% m/m	1.5	-1.6	-2.5
09:00	HU	CPI	Mar	% y/y	3.7	-	3.1
<b>15:00</b>	<b>PL</b>	<b>NBP president's videoconference</b>					

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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