

13 April 2021

## Eyeopener

### Balance of payments data today

EURUSD close to 200-day moving average (1.19)  
 EURPLN halted after 3.3% correction from the March peak  
 Polish bonds gaining before the NBP repurchase auction, IRS rising  
 Today, inflation in Czechia and USA, ZEW in Germany, balance of payments in Poland

The new week started calmly, with main stock indices remaining stable for the better part of the day. On Monday the dollar was stable versus the euro yet a bit weaker than before the weekend, which was supportive for EM currencies, including the zloty (+0.2%). However, overnight the greenback rebounded. One day before today's release of US inflation the core bond markets started the session with a strengthening, but in the second part of the day yields went up (Bund to -0.29%), partially due to solid euro zone macroeconomic data, and partially due to expectations about 3 and 10Y Treasuries auction, which was quite successful. Euro zone retail sales surprised to the upside in February (by 2.4pp to -2.9% y/y). Strong signs of rebound were also recorded in Japan, where machine tool orders manufacturing jumped to the highest level in a decade suggesting a rebound in Japanese industry (leading indicator for investment). Today's data on Chinese foreign trade surprised with higher-than-expected exports and (even) higher imports, pointing to a recovery in China and delivering an optimistic signal for the global economy.

**MPC member Grazyna Ancyparowicz** assumes that in the near term it is possible for CPI to breach the 3.5% y/y level, which is the upper inflation target band, however the spike will only be temporary. She added that the main factors behind rising CPI are regulatory ones plus the oil price, which means it is impossible to slow it with the use of monetary policy tools. She also expressed concern about the labour market reaction once the government's support ceases to exist (in April the Polish Development Fund will start to decide about the cancellation of loans - the scope will depend on how the firms managed to keep employment over the course of past year). Another **MPC member Eryk Łon** was discussing the lack of need of interest rate cuts. He thinks, however, that the NBP should continue its asset purchase programme in order to provide "possibly low" bond yields. The next NBP purchasing auction takes place on Wednesday.

**EURUSD** stabilized for most part of the day near 1.191 and only during the night declined to 1.189. The exchange rate stays currently near the 200-day moving average and a move in either direction from here might start a new medium-term trend. Important macroeconomic data being published today (inflation) and later in the week (retail sales) might help find direction. We reckon the dollar will be strengthening and EURUSD will decline towards 1.160

The downside correction of **EURPLN** from the end-March peak reached already 3.3% and the exchange rate (4.526) was yesterday at the 100-day moving average, which could halt its further decline for a while. Unless there are obstacles from external factors, the fx rate may try to reach the 200-day moving average located at 4.50, but a strengthening dollar at that time would be a major obstacle. This morning there is a minor upside rebound to 4.535. We remind our readers that the meeting of the Civil Law Chamber of the Supreme Court regarding fx loans (previously rescheduled for today) has been postponed further to 11 May. Yesterday, it was also announced that the Chamber's second sitting planned for this week - the one in lower court number (7 people) also devoted to FX loan issues - was postponed from 15 April to 7 May. The next important event regarding fx loans will be the ECJ ruling on 29 April.

As for the **other CEE currencies**, the forint performer the best - having dropped by c.0.5% EURHUF reached 356.5 which is below important technical levels, which implies a higher risk of a rebound towards 360.0 in the short term. EURCZK stabilised around 26.05. USDRUB declined by 0.3% to 77.15, of which some 0.1% came from weaker dollar and 0.2% from higher Brent oil price by 1.1%.

On the **domestic interest rate market**, Monday trading started with a decline of IRS rates on the belly of the curve, e.g. 5Y from 1.25% to 1.22%, after which there was a rebound to 1.26%. The short end of the IRS curve also fell: 2Y rate down 2bp to 0.51%, while 10Y remained stable at 1.79%. Bond yields were moving down ahead of the upcoming NBP QE operation (5Y yield dropped by 2bp to 0.84%, 10Y by 3bp to 1.55%). This made the 10Y ASW return to -0.25%.

Today **Poland's February balance of payments data**. We expect to see another sizeable surplus on C/A (EUR1.7bn, slightly more than the consensus; this would keep the 12M rolling sum at the record high 3.7% of GDP) with some improvement of export and import growth. We do not expect the release to have a major impact on the market.

EURPLN Spot



Source: Refinitiv, Santander

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**FX market**

Today's opening			
EURPLN	4.5396	CZKPLN	0.1743
USDPLN	3.8142	HUFPLN*	1.2698
EURUSD	1.1897	RUBPLN	0.0493
CHFPLN	4.1308	NOKPLN	0.4490
GBPPLN	5.2418	DKKPLN	0.6101
USDCNY	6.5515	SEKPLN	0.4443

\*for 100HUF

Last session in the FX market						12/04/2021
	min	max	open	close	fixing	
EURPLN	4.518	4.537	4.527	4.534	4.533	
USDPLN	3.793	3.818	3.808	3.808	3.814	
EURUSD	1.187	1.192	1.189	1.191	-	

**Interest rate market** 12/04/2021

**T-bonds on the interbank market\*\***

Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.11	0
DS0725 (5Y)	0.86	-8
DS1030 (10Y)	1.55	-3

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.25	0	0.23	2	-0.54	0
2L	0.51	2	0.29	2	-0.51	0
3L	0.78	2	0.49	0	-0.46	0
4L	1.05	3	0.75	1	-0.39	1
5L	1.27	1	0.97	0	-0.32	1
8L	1.62	0	1.49	0	-0.09	1
10L	1.78	0	1.68	0	0.06	1

**WIBOR rates**

Term	%	Change (bps)
O/N	0.10	0
T/N	0.10	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	0.22	0
6x9	0.25	0
9x12	0.33	0
3x9	0.29	1
6x12	0.35	2

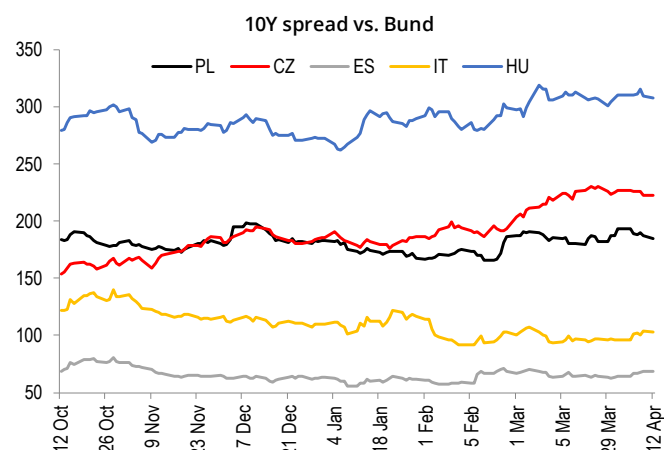
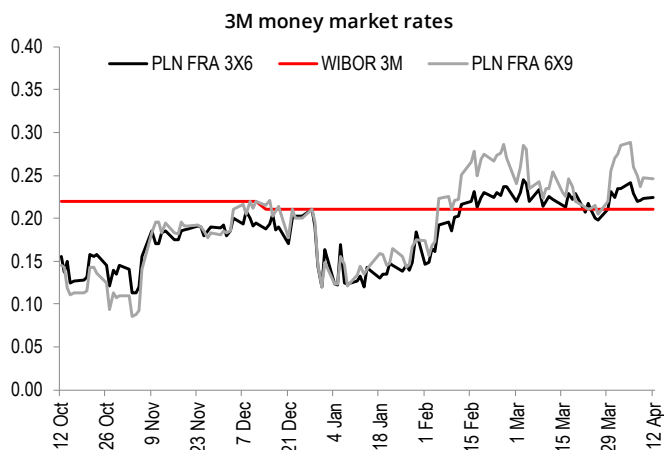
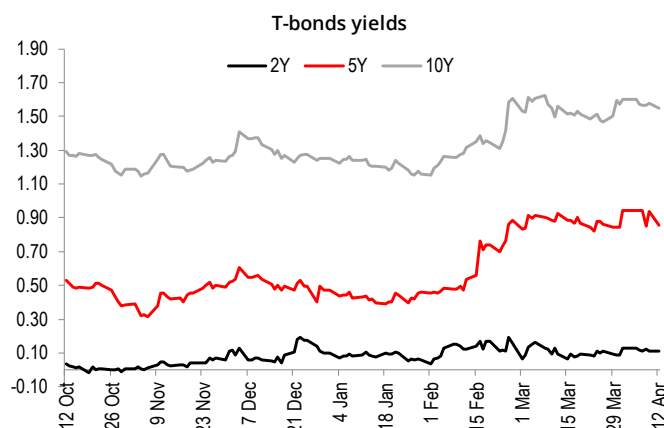
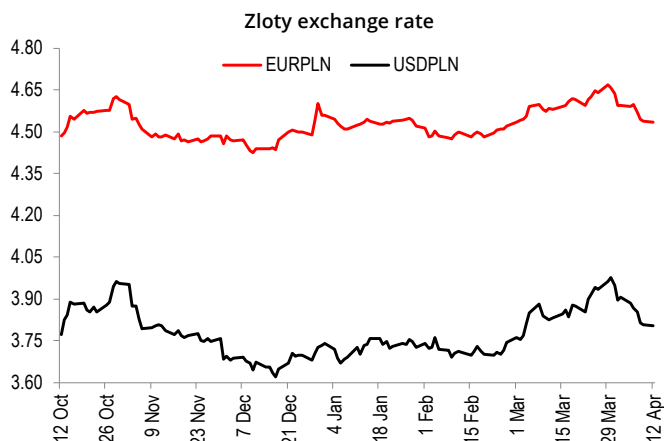
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	37	0	184	-3
France	8	0	26	0
Hungary	64	0	307	-2
Spain	33	0	69	0
Italy	48	0	103	-1
Portugal	22	0	58	0
Ireland	10	0	37	1
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 (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	3.7	3.1
<b>MONDAY (12 April)</b>							
11:00	EZ	Retail Sales	Feb	% m/m	1.7	3.0	-5.9
<b>TUESDAY (13 April)</b>							
09:00	CZ	CPI	Mar	% y/y	2.3	-	2.1
11:00	DE	ZEW Survey Current Situation	Apr	pts	-53.0	-	-61.0
<b>14:00</b>	<b>PL</b>	<b>Current Account Balance</b>	<b>Feb</b>	<b>€mn</b>	<b>1550</b>	<b>1695</b>	<b>-</b>
<b>14:00</b>	<b>PL</b>	<b>Trade Balance</b>	<b>Feb</b>	<b>€mn</b>	<b>968</b>	<b>1048</b>	<b>-</b>
<b>14:00</b>	<b>PL</b>	<b>Exports</b>	<b>Feb</b>	<b>€mn</b>	<b>20484</b>	<b>20237</b>	<b>-</b>
<b>14:00</b>	<b>PL</b>	<b>Imports</b>	<b>Feb</b>	<b>€mn</b>	<b>19609</b>	<b>19189</b>	<b>-</b>
14:30	US	CPI	Mar	% m/m	0.5	-	0.4
<b>WEDNESDAY (14 April)</b>							
11:00	EZ	Industrial Production SA	Feb	% m/m	0.3	-	0.8
<b>THURSDAY (15 April)</b>							
08:00	DE	HICP	Mar	% m/m	0.5	-	0.5
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Mar</b>	<b>% y/y</b>	<b>3.2</b>	<b>3.2</b>	<b>-</b>
14:30	US	Initial Jobless Claims		k	680	-	744
14:30	US	Retail Sales Advance	Mar	% m/m	5.0	-	-3.0
14:30	US	Index Philly Fed	Apr		37.5	-	51.8
15:15	US	Industrial Production	Mar	% m/m	2.9	-	-2.2
<b>FRIDAY (16 April)</b>							
11:00	EZ	HICP	Mar	% y/y	1.3	-	1.3
<b>14:00</b>	<b>PL</b>	<b>CPI Core</b>	<b>Mar</b>	<b>% y/y</b>	<b>3.9</b>	<b>4.0</b>	<b>-</b>
14:30	US	Housing Starts	Mar	% m/m	14.0	-	-10.3
16:00	US	Michigan index	Apr	pts	88.8	-	84.9

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

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