

# Weekly Economic Update

## Week rich in Polish data

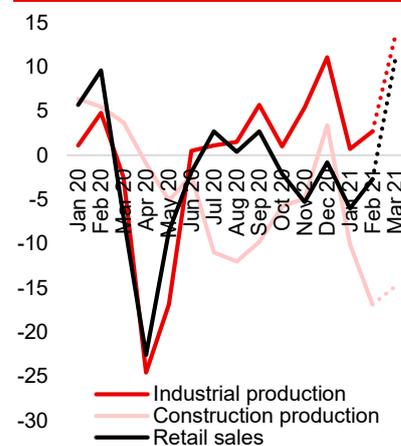
### What's hot next week

- Calendar for the upcoming week is packed with Polish March's macro data and these are likely to stay in the fore. We will get to see: **wages and employment in the corporate sector, industrial output and PPI (Wednesday), construction output and retail sales (Thursday), money supply (Friday) and April's consumer and business climate (Thursday).**
- We are entering a period when the traditionally eyed y/y growth rates will be misleading due to the dramatically low statistical base from the last year. A lot of economic indicators is probably going to show seemingly good results, with two- or almost two-digit annual growth rates (industrial output, retail sales), but comparison to 2019 will be more telling, we think. Our forecasts are slightly above the market consensus in case of industrial output (+13.5% y/y), slightly below in case of retail sales (+9.2% y/y) and markedly below in case of construction (-14.5% y/y). We also see PPI higher than the market (4.0% y/y). As regards labour market data and M3 money supply, our forecasts are in line with the consensus. In general it is difficult to say whether the data will provide an impulse for trading, but we think they may be slightly tilted to the positive side.
- Abroad: **ECB meeting (Thursday), flash PMI in Europe (Friday)** and that is roughly it as regards important events. We are expecting no new signals from the ECB and we would expect some downward correction in April PMIs, given last optimistic readings and rising third pandemic wave in the euro zone countries.
- Apart from economic releases, **information about the pandemic** will still be important. Last days showed signals that the peak of third wave of Covid-19 in Poland could be behind and should these positive trends be confirmed in the upcoming week, market sentiment can improve given more imminent prospects for looser restrictions and stronger growth.
- Risk factors include: **Polish politics** (because of no agreement within the ruling coalition the government dropped the discussion about EU Next Generation plan, but the issue has to be eventually addressed, which could amplify the government tensions) and **geopolitics** (sanctions against Russia, growing number of Russian troops on the Ukrainian border).

### Markets next week

- EURPLN rebounded last week and this development coincided with information about growing tension with Russia and within the ruling coalition (delayed ratification of the UE Next Generation plan). We still see risk for a weaker zloty in the upcoming few weeks, yet the solid macro data and waning Covid-10 wave could help EURPLN go down to 4.50 again.
- Lower domestic bond yields were supported by stronger UST and higher NBP purchases. In the upcoming week we assume a stabilisation of yields ahead of further bond auctions and NBP purchases and given stable core markets (despite strong US macro data).

Output and sales, %y/y



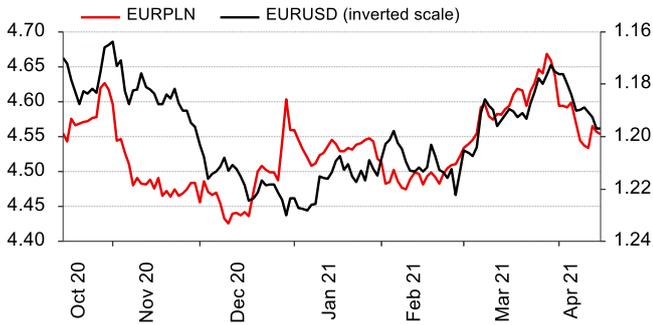
Source: GUS, Santander

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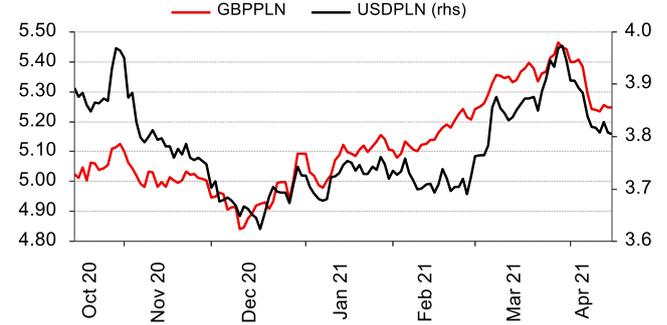
FX and FI markets

EURPLN and EURUSD



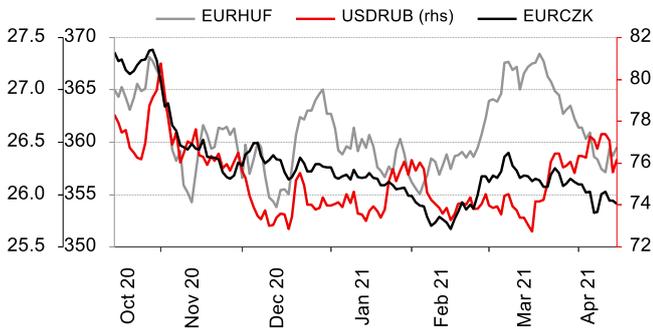
Source: Refinitiv Datastream, Santander Bank Polska

GBPPLN and USDPLN



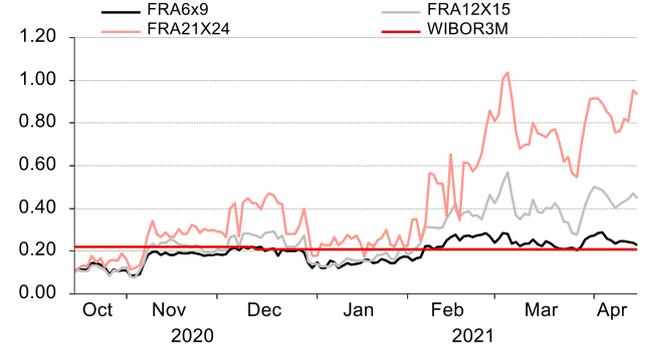
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EURCZK, EURHUF and USDRUB



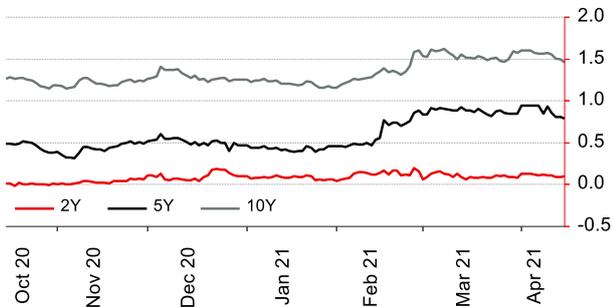
Source: Refinitiv Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



Source: Refinitiv Datastream, Santander Bank Polska

Polish bond yields



Source: Refinitiv Datastream, Santander Bank Polska

Asset swap spreads



Source: Refinitiv Datastream, Santander Bank Polska

10Y bond yields



Source: Refinitiv Datastream, Santander Bank Polska

Steepness of yield curves



Source: Refinitiv Datastream, Santander Bank Polska

## Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		LAST VALUE	
				MARKET	SANTANDER		
<b>WEDNESDAY (21 April)</b>							
10:00	PL	Employment in corporate sector	Mar	% y/y	-1.2	-1.3	-1.7
10:00	PL	Average Gross Wages	Mar	% y/y	5.6	5.4	4.5
10:00	PL	Sold Industrial Output	Mar	% y/y	12.5	13.5	2.7
10:00	PL	PPI	Mar	% y/y	3.3	4.0	2.0
<b>THURSDAY (22 April)</b>							
10:00	PL	Construction Output	Mar	% y/y	-10.25	-14.8	-16.9
10:00	PL	Retail Sales Real	Mar	% y/y	9.9	9.2	-3.1
13:45	EZ	ECB Main Refinancing Rate	Apr/21	%	0.0		0.0
14:30	US	Initial Jobless Claims		k	700.0		576
16:00	US	Existing Home Sales	Mar	% m/m	-0.8		-6.6
<b>FRIDAY (23 April)</b>							
09:30	DE	Germany Manufacturing PMI	Apr	pts	65.7		66.6
09:30	DE	Markit Germany Services PMI	Apr	pts	51.4		51.5
10:00	EZ	Eurozone Manufacturing PMI	Apr	pts	62.2		62.5
10:00	EZ	Eurozone Services PMI	Apr	pts	49.9		49.6
14:00	PL	Money Supply M3	Mar	% y/y	14.0	14.5	16.3
16:00	US	New Home Sales	Mar	% m/m	12.0		-18.2

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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