

Eyeopener

More positive data from March

Stock markets down after information on Biden's tax plans
 New positive data from Poland and USA
 Dollar slightly stronger, EURPLN up above 4.56
 Bonds lose, another volatile day for IRS
 Today money supply in Poland

On Thursday equity markets were up, but bond yields in the core markets remained stable (10Y UST 1.55%, Bund -0.27%) despite the ECB meeting and another set of positive data from the USA (including next drop in the new jobless claims, stronger than expected Kansas City Fed manufacturing index). Situation changed in the evening, when US stocks fell after Joe Biden announced rising the capital gains tax to 39.6%. Today the April's flash PMIs will be released in many countries, including Japan, Australia, euro zone, USA. They should give a hint about economic activity in April and possibly help to decide markets about direction for the coming days (in our view a likely scenario is dollar strengthening and a return of yields' upward trend in the core markets).

At the April meeting ECB did not change interest rates or other policy parameters, as expected. The pandemic program of asset purchases (PEPP) was not changed (total size EUR1.85trn), it was stressed that this quarter all the purchases will be increased. During the press conference the ECB president Christine Lagarde said that despite first signs of the European economy getting out of the pandemic, and with medium term risks related to the pandemic seen as balanced (while short-term outlook remains uncertain), it is still too early for ECB to start discussing PEPP exit.

Retail sales surprised to the upside with 15.2% y/y growth in March (we expected 9.2%, market: 9.9%). Construction output at -10.8% y/y was slightly weaker than market consensus (-10.3%) and much better than we expected (-14.8%). March was also quite busy for housing construction. **The GDP data revisions** and the most recent data about economic activity in March, taken together, suggest in our view that GDP growth in 1Q21 was stronger than we assumed earlier – possibly around -1% y/y rather than -2% y/y. This corresponds to the impressive over 1.5% q/q jump (seasonally adjusted) at the start of the year, despite the persisting pandemic and sweeping restrictions. It bodes well for GDP growth forecast for the entire 2021 and suggests that possibly our recent downward revision from 4.6% to 4.2% could have been unnecessary. April **consumer and business sentiment** indexes improved slightly. Read more in our [yesterday's comment](#).

According to GUS in 2020 **the GG deficit** amounted to 7.0% of GDP and the debt was at 57.5% of GDP (these values did not change after the 2020 GDP revision). **Expenditures of the public sector related to the pandemic** and support for the harmed equalled PLN103.25bn.

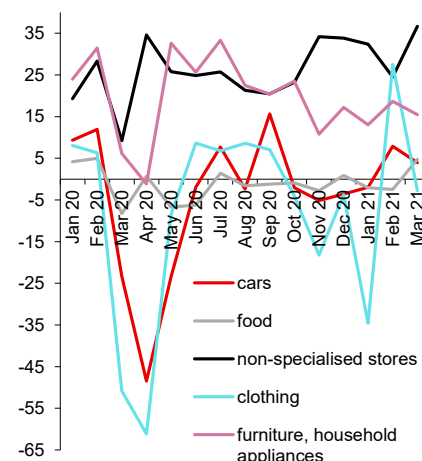
EURUSD was stable yesterday and finished the day at 1.2025.

EURPLN did not fall despite the strong macroeconomic data. What is more, near the end of the day the zloty started to weaken. The closing level was 4.561. In the coming days the tendency may hold and the exchange rate may be rising to 4.58.

As for the other CEE currencies, EURHUF continued its move upwards and reached 364.0 (MTD increase of 0.6%). EURCZK as usually of late - has not changed by much (25.9). USDRUB fell significantly by over 1.2% to 75.7 as the news came out that the Russian military would withdraw from the Ukrainian border. On top of that on today's CBR (Central Bank of Russia) meeting it is expected that rates would be raised at least 25bp to 4.75%.

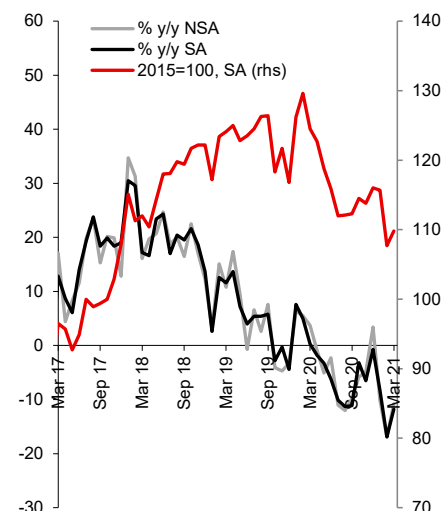
On the Polish interest rate market IRS ended the day slightly above previous close, being even higher during the day and decreasing in the afternoon – a similar pattern as on Wednesday. 10Y bonds were losing but not much in the context of solid macro data - yield rose only +1bp to 1.57%. Spread to Bund is already at 185bp. At today's debt auction the Ministry of Finance will offer bonds worth PLN5-8bn from series: OK0423, PS1026, DS1030, WZ1126, WZ1131.

Retail sales by categories – growth rate vs corresponding month of 2019



Source: GUS, Santander

Construction output



Source: GUS, Santander

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FX market

Today's opening

EURPLN	4.5661	CZKPLN	0.1763
USDPLN	3.7989	HUFPLN*	1.2544
EURUSD	1.2022	RUBPLN	0.0505
CHFPLN	4.1408	NOKPLN	0.4550
GBPPLN	5.2614	DKKPLN	0.6141
USDCNY	6.4937	SEKPLN	0.4508

*for 100HUF

Last session in the FX market 22.04.2021

	min	max	open	close	fixing
EURPLN	4.547	4.564	4.552	4.559	4.556
USDPLN	3.774	3.803	3.785	3.795	3.789
EURUSD	1.200	1.207	1.203	1.201	-

Interest rate market 22.04.2021

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
WS0922 (2Y)	0.12	-1
DS0725 (5Y)	0.93	0
DS1030 (10Y)	1.58	1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.26	0	0.22	1	-0.54	0
2L	0.58	2	0.27	0	-0.49	0
3L	0.85	1	0.45	1	-0.44	0
4L	1.11	2	0.67	1	-0.38	0
5L	1.33	1	0.88	0	-0.31	-1
8L	1.67	1	1.34	-1	-0.08	-1
10L	1.83	1	1.53	-1	0.06	-1

WIBOR rates

Term	%	Change (bps)
O/N	0.10	1
T/N	0.10	0
SW	0.10	0
2W	0.16	0
1M	0.18	0
3M	0.21	0
6M	0.24	0
1Y	0.25	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	0.21	1
3x6	0.22	1
6x9	0.24	0
9x12	0.35	1
3x9	0.26	1
6x12	0.34	0

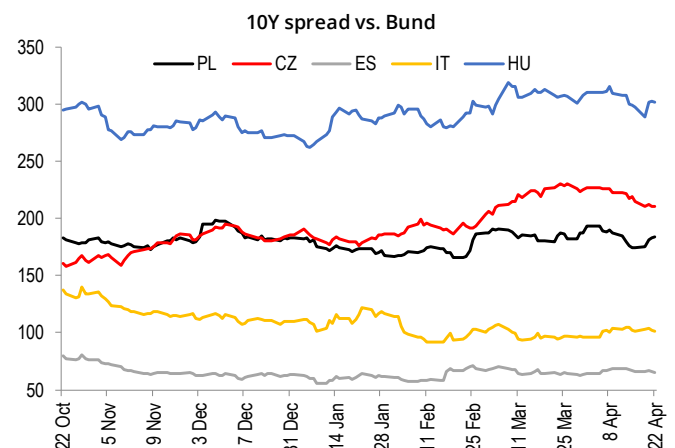
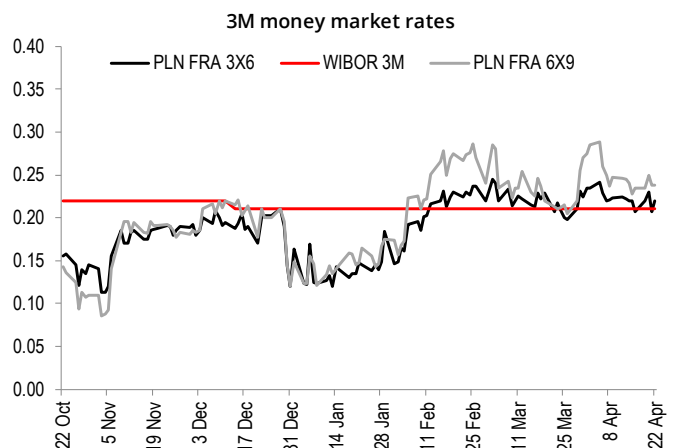
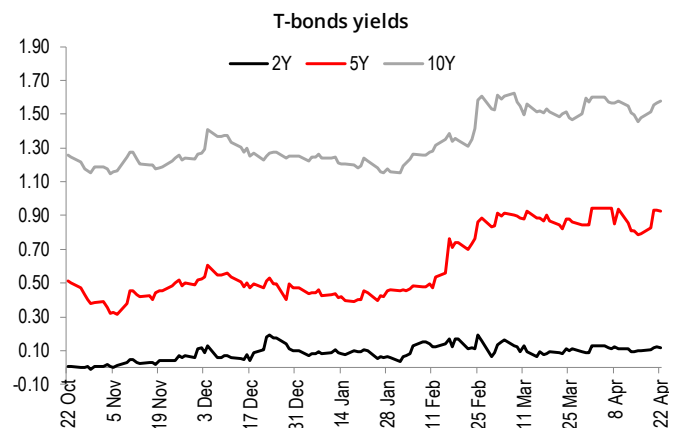
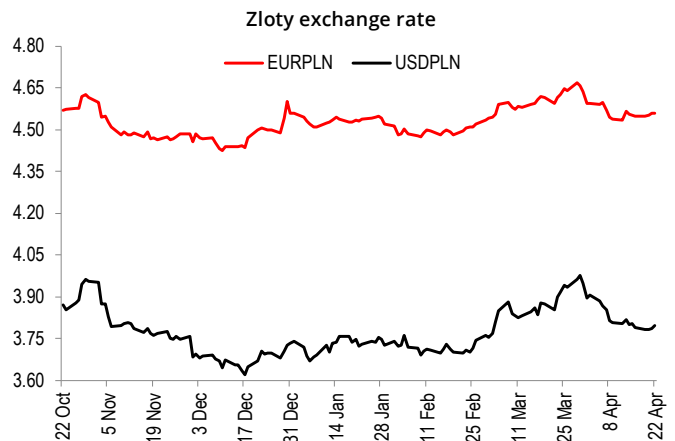
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	37	0	184	1
France	10	0	25	0
Hungary	64	0	302	0
Spain	34	0	65	-1
Italy	48	0	101	-1
Portugal	22	0	66	0
Ireland	10	0	37	1
Germany	9	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		
FRIDAY (16 April)							
11:00	EZ	HICP	Mar	% y/y	1.3	1.3	1.3
14:00	PL	CPI Core	Mar	% y/y	3.9	4.0	3.9
14:30	US	Housing Starts	Mar	% m/m	13.5	19.4	-10.3
16:00	US	Michigan index	Apr	pts	89.0	86.5	84.9
WEDNESDAY (21 April)							
10:00	PL	Employment in corporate sector	Mar	% y/y	-1.2	-1.3	-1.3
10:00	PL	Sold Industrial Output	Mar	% y/y	13.1	13.5	18.9
10:00	PL	PPI	Mar	% y/y	3.6	4.0	3.9
10:00	PL	Average Gross Wages	Mar	% y/y	5.3	5.4	8.0
THURSDAY (22 April)							
10:00	PL	Construction Output	Mar	% y/y	-9.7	-14.8	-10.8
10:00	PL	Retail Sales Real	Mar	% y/y	10.5	9.2	15.2
13:45	EZ	ECB Main Refinancing Rate	Apr/21	%	0.0	0.0	0.0
14:30	US	Initial Jobless Claims		k	610.0	547.0	576.0
16:00	US	Existing Home Sales	Mar	% m/m	-1.8	-3.7	-6.6
FRIDAY (23 April)							
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	M3 Money Supply	Mar	% y/y	14.0	14.5	-
16:00	US	New Home Sales	Mar	% m/m	12.0	-	-18.2

Source: Santander Bank Polska, Bloomberg, Parkiet

* in the case of a revision the data is updated

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