

Eyeopener

Today important data from Poland

Bond yields in the core markets unchanged despite higher PPIs
Zloty also unchanged, despite fluctuations during the day
Polish bond yields quite stable
Today in Poland data about inflation, GDP and current account

On Thursday the PPI data in Japan and the US beat expectations (by 0.4-0.6pp) which by themselves were already at the elevated levels. In Japan PPI rose 5.6% y/y vs 5.0% expected. In the US was at 7.8% vs 7.2% expected. In the US the initial jobless claims fell for the fourth week in a row. In the Eurozone June industrial production slightly missed expectations due to supply constraints. The total industrial production is just 2% below the levels from February 2020 and is slowly recovering. The main equity indices were roughly unchanged, core market yields slightly increased post US PPI data but in the end of the day reversed the move and closed unchanged: 10Y UST at 1.36%, Bund at -0.46%, the dollar slightly gained. The Paris-based IEA agency published an oil market report where the 2H2021E expected demand for oil would be lower by 550k barrels per day. This is an important turnaround in the agency's view as only one month ago it was encouraging OPEC+ countries to increase the supply of oil in order to help contain the price increases amid growing demand. The price of the Brent oil was unchanged yesterday at \$71.5.

MPC member Jerzy Kropiwnicki said in Biznes24 tv channel that in November he would vote for a 15bp interest rate hike as long as the new NBP projection confirms "good economic outlook".

EURUSD opened on Thursday near 1.1740 and during the first part of the day tried – without success – to break above the important 1.1755 level, after which it fell in the latter part of the day towards 1.1725 (on Friday opens near 1.1735).

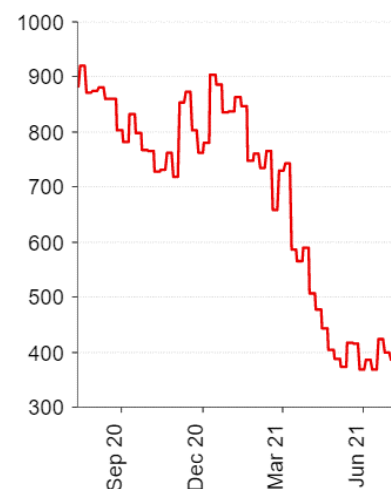
EURPLN started Thursday session by rising from 4.58 to 4.59, but in the second part of the day it returned to 4.58. Today in the morning the rate was near 4.574 and later in the day it may be affected by economic data releases (CPI, GDP, C/A). If 4.58 is not breached for good, it would imply a continuation of negative trend (since August 4 the rate has already painted a streak of six local lows, each one higher).

As for the other CEE currencies, EURHUF dropped 0.2% to 353.0 and EURCZK rose one more time slightly, closing at 35.40. Ruble after slight strengthening in the morning, trimmed gains in the afternoon and finally USDRUB closed 0.2% higher at 73.6 (up 0.7% since the start of the month).

On the Polish fixed income market the bond and IRS curves did not change substantially at close, although during the session IRS rates were falling even by c.4bp and only then returned to the starting point – the pattern was exactly opposite as seen on Wednesday when they first increased and then retreated. 10Y bond yield is now at 1.80% (spread vs Bund at 225bp) and its further rise is possible if Q2 GDP growth proves solid enough.

Today important data from Poland will be released: July's final inflation, Q2 flash GDP, June's balance of payments. CPI data are likely to confirm the flash reading at 5.0%, adding an explanation what stood behind such a strong rise of prices. We estimate that the surprise came from substantially higher food price inflation, but also from core inflation. GDP y/y growth will be high due to exceptionally low base effect as well as reopening of the economy and taking restrictions backlt may be the first double-digit y/y growth rate since the quarterly data are available: our estimates point to 10.4% y/y. But even after adjusting for base effects, the growth was surely solid (around 2% q/q s.a.), supported by all the major demand components. The current account surplus slowly deteriorates and June data should prove that the trend continues – we expect the surplus at EUR 76mio (the 12mth cumulative surplus at +2.3% GDP), with still double digit exports dynamics (decreasing due to base effects) and much higher import dynamics (local demand rebound after restrictions were lifted).

US weekly jobless claims, thousands



Source: Refinitiv Datastream, Santander

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FX market

Today's opening			
EURPLN	4.5742	CZKPLN	0.1791
USDPLN	3.8974	HUFPLN*	1.2948
EURUSD	1.1734	RUBPLN	0.0530
CHFPLN	4.2231	NOKPLN	0.4400
GBPPLN	5.3802	DKKPLN	0.6122
USDCNY	6.4778	SEKPLN	0.4492

*for 100HUF

Last session in the FX market						12/08/2021
	min	max	open	close	fixing	
EURPLN	4.571	4.595	4.579	4.575	4.590	
USDPLN	3.896	3.914	3.900	3.898	3.907	
EURUSD	1.172	1.175	1.174	1.174	-	

Interest rate market 12/08/2021

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
DS1023 (2Y)	0.50	-1
DS0726 (5Y)	1.17	-1
DS0432 (10Y)	1.82	0

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.55	2	0.16	0	-0.54	1
2L	0.93	1	0.31	1	-0.50	0
3L	1.20	0	0.55	2	-0.46	0
4L	1.38	0	0.75	2	-0.41	1
5L	1.51	0	0.90	1	-0.37	1
8L	1.70	2	1.22	2	-0.21	1
10L	1.80	2	1.35	2	-0.09	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	0.31	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	0.26	4
3x6	0.45	3
6x9	0.66	2
9x12	0.89	3
3x9	0.52	5
6x12	0.76	5

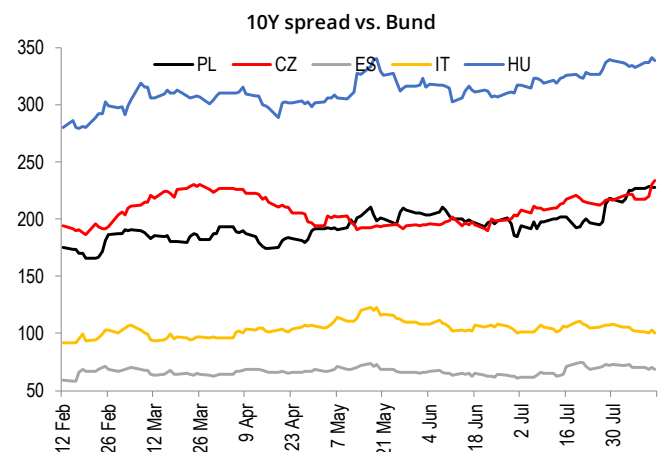
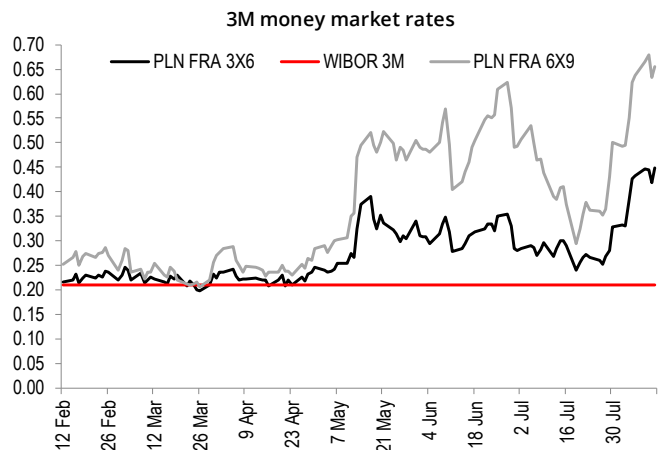
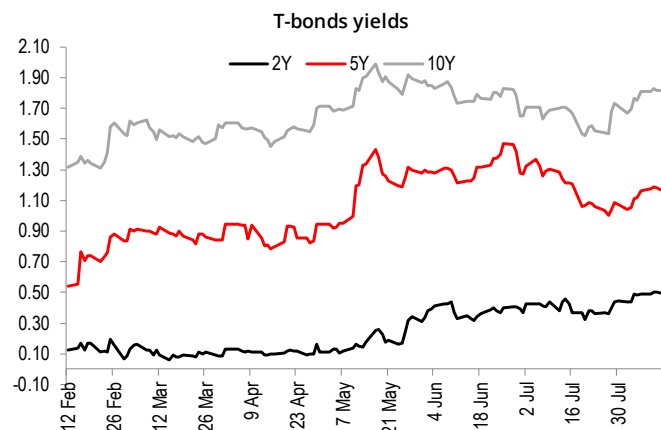
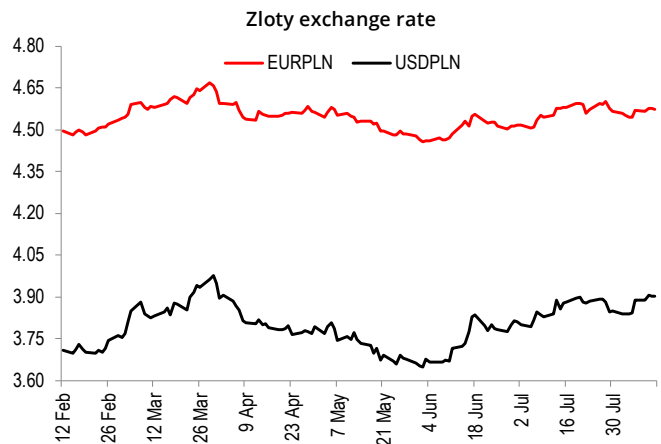
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	46	0	228	0
France	9	0	33	-1
Hungary	55	0	339	-2
Spain	30	0	69	-2
Italy	43	0	101	-2
Portugal	20	0	57	-3
Ireland	11	0	39	-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		
FRIDAY (6 August)							
08:00	DE	Industrial Production SA	Jun	% m/m	0.5	-1.3	-0.8
09:00	CZ	Industrial Production	Jun	% y/y	8.3	11.4	32.3
09:00	HU	Industrial Production SA	Jun	% y/y	17.5	18.6	39.9
14:30	US	Change in Nonfarm Payrolls	Jul	k	870.0	943.0	938.0
14:30	US	Unemployment Rate	Jul	%	5.7	5.4	5.9
MONDAY (9 August)							
08:00	DE	Exports SA	Jun	% m/m	0.3	1.3	0.3
TUESDAY (10 August)							
09:00	CZ	CPI	Jul	% y/y	2.9	3.4	2.8
09:00	HU	CPI	Jul	% y/y	4.8	4.6	5.3
11:00	DE	ZEW Survey Current Situation	Aug	pts	31.0	29.3	21.9
WEDNESDAY (11 August)							
08:00	DE	HICP	Jul	% m/m	0.5	0.5	0.5
14:30	US	CPI	Jul	% m/m	0.5	0.5	0.9
THURSDAY (12 August)							
11:00	EZ	Industrial Production SA	Jun	% m/m	-0.2	-0.3	-1.1
14:30	US	Initial Jobless Claims		k	375.0	375.0	387.0
FRIDAY (13 August)							
10:00	PL	CPI	Jul	% y/y	-	5.0	4.4
10:00	PL	GDP	2Q	% y/y	10.8	10.4	-0.9
14:00	PL	Current Account Balance	Jun	€mn	-96.0	76.0	60.0
14:00	PL	Trade Balance	Jun	€mn	801.0	869.0	185.0
14:00	PL	Exports	Jun	€mn	23783.0	24038.0	22636.0
14:00	PL	Imports	Jun	€mn	22908.0	23169.0	22451.0
16:00	US	Michigan index	Aug	pts	81.2	-	81.2

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

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