

31 August 2021

Eyeopener

Today CPI and GDP

Stock markets stable, technological companies gain
 Core yields stable (UST) or lower (Bund)
 Dollar stable, zloty stronger
 Today in Poland full GDP data for 2Q21 and CPI, HICP in the euro zone

On Monday the volatility of financial markets was subdued. The daily rate of changes of most main indices was very small, except for technology bourse Nasdaq which gained 1% to 15580. 10Y UST yield has not changed (1.30%) while Bund yield declined only a bit (to -0.43%). TIPS-implied inflation expectations in the US have risen back to 2.40% hence are near the August maximum and 12bp above the low which coincided with the publication of July Fed minutes on 19 August. If the increase continues it will soon be highest since March 2020 which might imply that the market still believes in the deflation scenario. In Europe the business cycle indicators worsened e.g. Swiss KOF index fell in August to 113.5 from 130.9 a month before, the European ESI declined to 117.5 from 119.0 before. In Germany the preliminary August inflation data has not surprised but reached 3.9% y/y due to elevated energy costs and higher costs of the business sector which were passed to the consumption prices. It is the highest inflation level in Germany since 2008. The inflation surprised in Spain and at 3.3% y/y was higher than expected 3.0%. In the US the pending home sales dynamics slightly decreased (the result of lower inventories and higher prices) while the manufacturing index of Dallas Fed declined in August to 9.0 from 27.3 a month before.

EURUSD was stable near 1.1800.

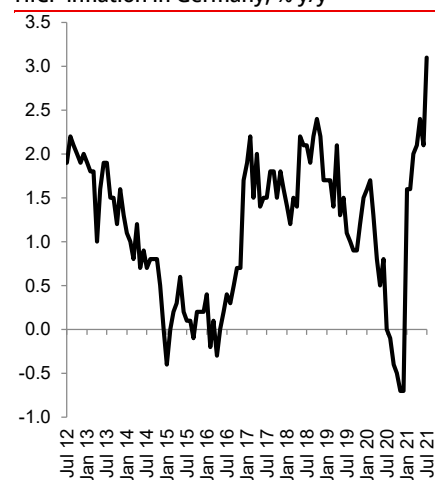
EURPLN has not reacted straight away to the dovish Fed Powell speech on Friday but waited till Monday - EURPLN declined to 4.5650 by 0.2% (today opens below 4.5600). The final 2Q21 GDP data in Poland and preliminary August inflation data scheduled for today might be the local reasons to temporarily influence the PLN. However it is the global factors, especially the central banks, that are more likely to set the medium term trends for the zloty.

As for other CEE currencies: EURHUF fell by 0.4% to 348.0. August indicators of business climate in Hungary improved (to 6.1 from 4.4) while consumer sentiment worsened (to -19.7 from 16.9). EURCZK rebounded after Friday's decline and rose above 25.60. Ruble has not changed against the EUR and USD basket, USDRUB was near 73.50.

On the Polish interest rate market the activity was very low on Monday - bond curve has been stable and IRS curve decreased by 1bp (5Y to 1.46%, 10Y to 1.77%).

Today in Poland we will see flash CPI for August and detailed GDP data for 2Q21. CPI inflation after rising in July by 5.0% y/y might break this level in August (our forecast and market consensus both at 5.1% y/y) due to rising prices of fuels, gas prices hike as well as further acceleration of services prices in the sectors which had been reopened post the pandemic. According to our estimates the CPI will remain near 5% at least until March 2022. GDP growth in 2Q21 stood at 10.9% y/y according to the preliminary data, thanks to which Poland was one of the first EU countries to reach the pre-pandemic GDP level. We expect all main demand components to show a rapid increase (consumption 13.5% y/y, investments 15.0% y/y, export c.30% y/y).

HICP inflation in Germany, % y/y



Source: Datastream, Santander

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FX market

Today's opening			
EURPLN	4.5536	CZKPLN	0.1780
USDPLN	3.8514	HUFPLN*	1.2996
EURUSD	1.1827	RUBPLN	0.0525
CHFPLN	4.2090	NOKPLN	0.4456
GBPPLN	5.3116	DKKPLN	0.6124
USDCNY	6.4619	SEKPLN	0.4475

*for 100HUF

Last session in the FX market						30.08.2021
	min	max	open	close	fixing	
EURPLN	4.559	4.579	4.574	4.561	4.569	
USDPLN	3.862	3.882	3.876	3.866	3.872	
EURUSD	1.178	1.181	1.180	1.179	-	

Interest rate market 30.08.2021

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
DS1023 (2Y)	0.37	-8
DS0726 (5Y)	1.15	-2
DS0432 (10Y)	1.80	-2

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.52	0	0.16	0	-0.54	0
2L	0.89	-1	0.29	-1	-0.49	1
3L	1.15	-1	0.52	-2	-0.45	0
4L	1.32	-1	0.70	-3	-0.41	0
5L	1.45	-1	0.85	-3	-0.36	0
8L	1.66	-1	1.16	-3	-0.19	-1
10L	1.76	-2	1.29	-3	-0.07	-1

WIBOR rates

Term	%	Change (bps)
O/N	0.10	1
T/N	0.09	-1
SW	0.10	0
2W	0.16	0
1M	0.18	0
3M	0.22	1
6M	0.25	0
1Y	0.39	1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	0.24	1
3x6	0.38	-1
6x9	0.61	-2
9x12	0.85	1
3x9	0.48	3
6x12	0.71	0

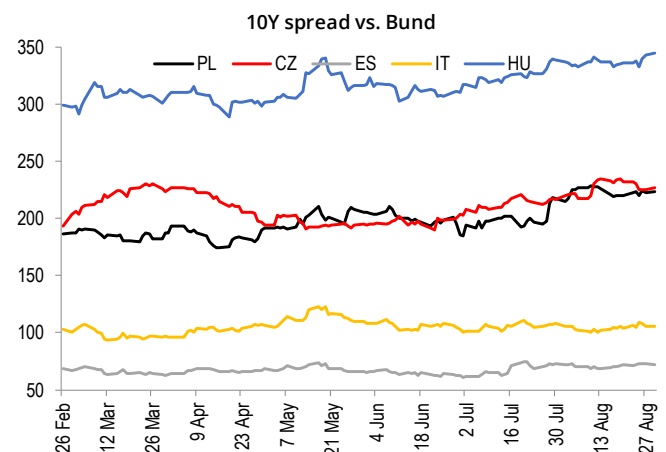
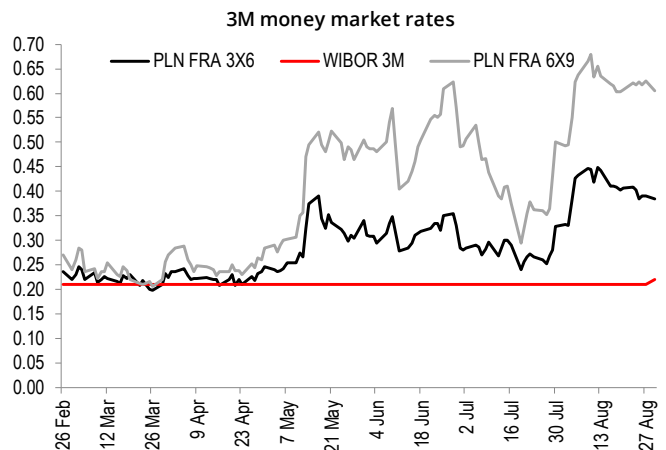
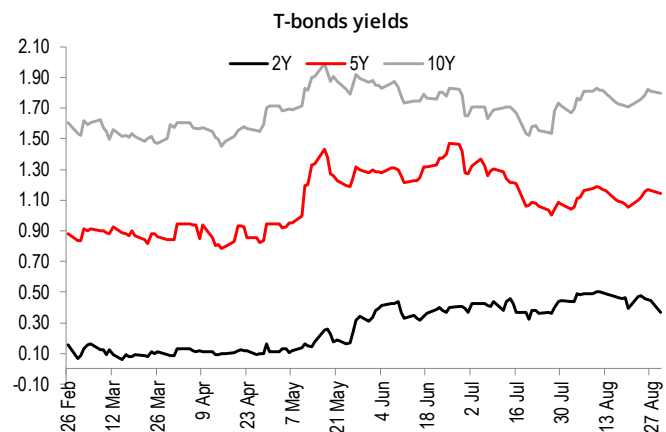
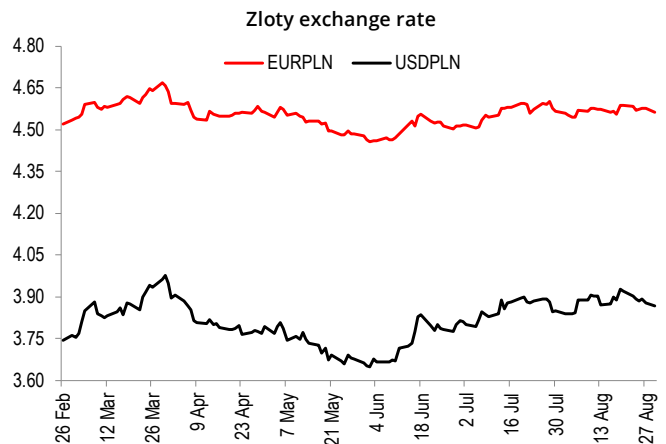
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	46	0	223	0
France	9	0	35	0
Hungary	55	0	345	2
Spain	30	0	72	-1
Italy	43	0	105	-1
Portugal	21	0	61	0
Ireland	10	0	39	0
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 (27 August)							
14:30	US	Personal Spending	Jul	% m/m	0.4	0.3	1.0
14:30	US	Personal Income	Jul	% m/m	0.2	1.1	0.1
14:30	US	PCE Deflator SA	Jul	% m/m	0.4	0.4	0.5
16:00	US	Michigan index	Aug	pts	70.8	70.3	70.2
MONDAY (30 August)							
11:00	EZ	ESI	Aug	pts	118.0	117.5	119.0
14:00	DE	HICP	Aug	% m/m	0.1	0.0	0.9
16:00	US	Pending Home Sales	Jul	% m/m	0.3	-1.8	-2.0
TUESDAY (31 August)							
09:00	CZ	GDP SA	2Q	% y/y	7.9	-	7.8
10:00	PL	CPI	Aug	% y/y	5.1	5.1	5.0
10:00	PL	GDP	2Q	% y/y	-	-	10.9
11:00	EZ	Flash HICP	Aug	% y/y	2.6	-	2.2
16:00	US	Consumer Conference Board	Aug	pts	124.0	-	129.1
WEDNESDAY (1 September)							
08:00	DE	Retail Sales	Jul	% m/m	-1.0	-	4.2
09:00	PL	Poland Manufacturing PMI	Aug	pts	57.0	56.8	57.6
09:00	HU	GDP	2Q	% y/y	-	-	17.9
09:55	DE	Germany Manufacturing PMI	Aug	pts	62.7	-	62.7
10:00	EZ	Eurozone Manufacturing PMI	Aug	pts	61.5	-	61.5
11:00	EZ	Unemployment Rate	Jul	%	7.6	-	7.7
14:15	US	ADP report	Aug	k	650.0	-	330.0
16:00	US	ISM manufacturing	Aug	pts	58.7	-	59.5
THURSDAY (2 September)							
14:30	US	Initial Jobless Claims		k		-	353,0
16:00	US	Durable Goods Orders	Jul	% m/m		-	-0.1
16:00	US	Factory Orders	Jul	% m/m	0.3	-	1.5
FRIDAY (3 September)							
03:45	CN	Caixin China PMI Services	Aug	pts	51.3	-	54.9
09:55	DE	Markit Germany Services PMI	Aug	pts	61.5	-	61.5
10:00	EZ	Eurozone Services PMI	Aug	pts	59.7	-	59.7
11:00	EZ	Retail Sales	Jul	% m/m	-0.4	-	1.5
14:30	US	Change in Nonfarm Payrolls	Aug	k	787.0	-	943.0
14:30	US	Unemployment Rate	Aug	%	5.2	-	5.4
16:00	US	ISM services	Aug	pts	62.0	-	64.1

Source: Santander Bank Polska, Bloomberg, Parkiet

* in the case of a revision the data is updated

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