

3 September 2021

Eyeopener

Important US data today

Equity markets and core market bonds stable

EURPLN rebounded slightly after consolidation, amid stable dollar

Today US non-farm payrolls, services PMIs, euro zone retail sales

On Thursday global equities were rather stable, similar to UST yields (1.29%) and the dollar (which weakened overnight). The Bund yield declined by 2bp to -0.39% retracing a bit from the recent move higher. The gold price remained unchanged near \$1810/oz while Brent oil price increased by 2% to \$72.5/bbl. The August inflation data were published in South Korea and Switzerland and, similarly to recent August reading in Poland, beat expectations (by 0.2pp to 2.6% y/y and 0.2pp to 0.9% y/y respectively). The July PPI in the Eurozone printed at 12.1% y/y while the Hungarian one at 14.8% y/y. In the US initial jobless claims stood at 340k, below expectations. In July the US trade balance improved to -\$70.1bn as a result of both slowing internal demand which required less of imported goods and improving export to main US trading partners. The trend might remain in place in the following months. The July factory orders surprised to the upside at 0.4% y/y. Today the key US labor market data (non-farm payrolls) are being published as well as services ISM and PMI. In China, the services PMI (46.7) proved much weaker than expected in August.

The Supreme Court's Civil Chamber **has not ruled about the CHF mortgages yesterday**. Instead, it decided to ask three questions to the ECJ (European Court of Justice) which touch on the topic of appointing the judges. This means that the Supreme Court's ruling regarding the CHF mortgages will be delayed again by many months, possibly even more than a year.

President Andrzej Duda yesterday declared a **state of emergency for 30 days** in areas near the Belarusian border in parts of the Podlaskie and Lubelskie voivodships. On Monday the decision will be discussed and voted in the Parliament. Lower House might reject the ruling with absolute majority of votes in the presence of at least half of the MPs. One of the side effects of the decision is the fact that according to the Polish Constitution neither during the state of emergency nor 90 days after it is finished (that is till the end of December 2021) there is possibility to shorten the parliament term and call early elections.

Paolo Gentiloni, the EU Commissioner for Economy, said on Thursday that the fact that the **EC is delaying the acceptance of the Polish National Development Program** has to do with the uncertainty regarding the primacy of EU law over national law in Poland. The talks with the Polish government are ongoing. EC Executive Vice President Valdis Domrovskis said that the funds for Poland and Hungary will not be released until the Commission was satisfied both countries complied with the EU requirements. The Poland's Constitutional Tribunal is supposed to issue a ruling on the primacy of EU law over national law on September 22.

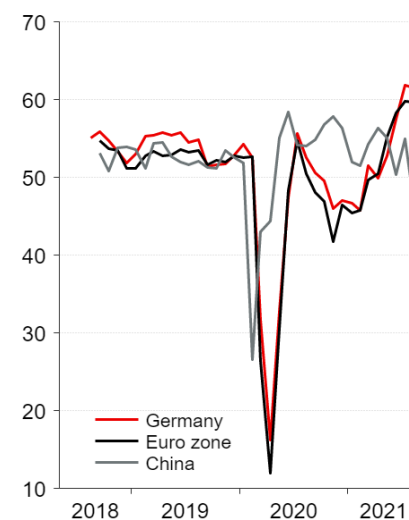
EURUSD after stable day remained near 1.1850. It was the second attempt to breach this level in short period. The level is an important element of the Ichimoku cloud – its breaking opens the door to 1.20. Today the US NFP data will be crucial.

EURPLN remained insensitive to comments of the EU commissioner about delaying approval of Poland's National Development Programme. It also remained immune to the risk related to the nearing start of Russia's military exercises near the Polish eastern border. EURPLN spend most of the day close to 4.5050. We think that after short consolidation the rate will start going up and will be testing soon 4.5350. The rising number of Covid-19 cases will be among factors supporting such trend.

As for other CEE currencies, EURHUF was testing 348.0 level yet another time and thus it was inviolate. PPI growth in Hungary reached 14.8% y/y vs 11.6% in June. In Romania PPI accelerated to 14.0% y/y from 11.8% in June. EURCZK has settled near 25.40. The ruble basket was strengthening again: on Thursday by 0.2%, since the start of September by 0.5%, since the start of the move on August 27 already by 1.7%. USDRUB fell to 72.75, supported by crude oil price rising 2%.

On the interest rate market bond yields went up again, by c.5bp (5Y bond yield to 1.26%, 10Y to 1.92%). Please recall that already on August 27 the 10Y bond yield was at 1.52%. The rise by 40bp in such short time span was stronger than the move in German Bund yield – the PL-DE spread has increased and is now at 231bp. We think that the move, at least partly, reflected the elevated political risk premium.

Services PMI



Source: Refinitiv Datastream, Santander

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
 email: ekonomia@santander.pl
 website: [santander.pl/en/economic-analysis](https://www.santander.pl/en/economic-analysis)
 Piotr Bielski +48 22 534 18 87
 Marcin Luzziński +48 22 534 18 85
 Wojciech Mazurkiewicz +48 22 534 18 86
 Grzegorz Ogonek +48 22 534 18 84

FX market

Today's opening

EURPLN	4.5174	CZKPLN	0.1774
USDPLN	3.8033	HUFPLN*	1.2936
EURUSD	1.1874	RUBPLN	0.0522
CHFPLN	4.1566	NOKPLN	0.4391
GBPPLN	5.2552	DKKPLN	0.6069
USDCNY	6.4588	SEKPLN	0.4429

*for 100HUF

Last session in the FX market 02/09/2021

	min	max	open	close	fixing
EURPLN	4.503	4.515	4.511	4.513	4.507
USDPLN	3.798	3.813	3.811	3.806	3.804
EURUSD	1.183	1.187	1.183	1.186	-

Interest rate market 02/09/2021

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	0.55	4
DS0726 (5Y)	1.30	5
DS0432 (10Y)	1.95	6

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.63	3	0.16	0	-0.54	-1
2L	1.07	6	0.30	0	-0.48	0
3L	1.33	5	0.52	-1	-0.44	0
4L	1.50	6	0.70	-1	-0.39	0
5L	1.62	6	0.85	-1	-0.34	-1
8L	1.80	7	1.16	-1	-0.15	-1
10L	1.91	8	1.29	-1	-0.02	0

WIBOR rates

Term	%	Change (bps)
O/N	0.09	-1
T/N	0.10	1
SW	0.10	0
2W	0.16	0
1M	0.18	0
3M	0.24	1
6M	0.28	1
1Y	0.42	1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	0.29	1
3x6	0.49	1
6x9	0.77	4
9x12	1.02	8
3x9	0.59	2
6x12	0.90	6

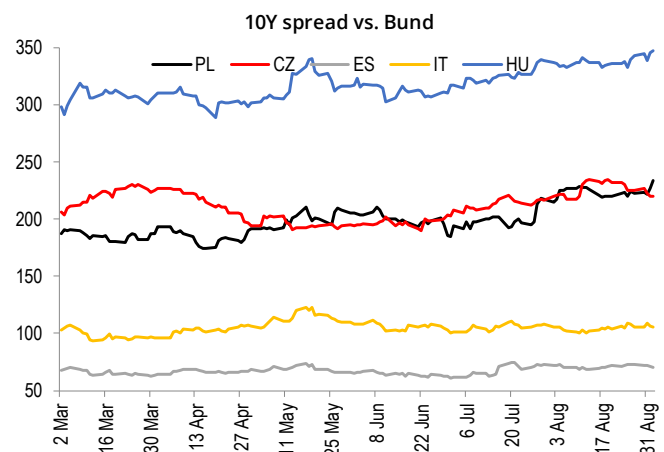
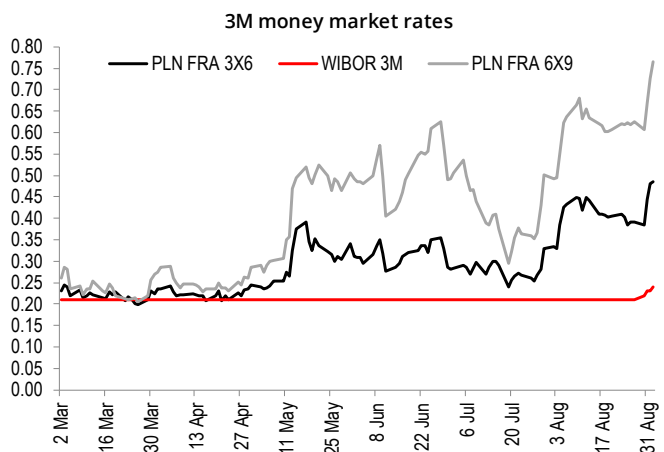
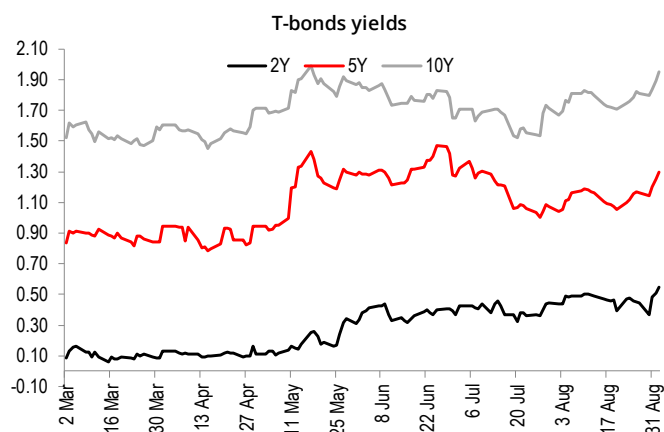
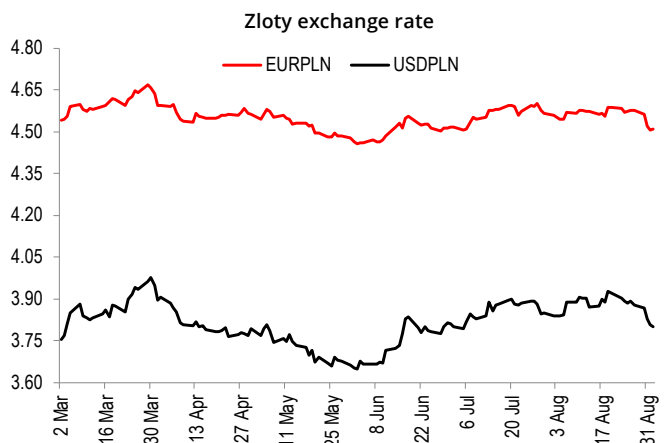
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	46	0	234	7
France	9	0	35	0
Hungary	55	0	348	2
Spain	30	0	70	-1
Italy	44	0	105	-1
Portugal	21	0	60	1
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	7.8	8.2	7.8
10:00	PL	CPI	Aug	% y/y	5.1	5.1	5.4
10:00	PL	GDP	2Q	% y/y	10.9	10.9	10.9
11:00	EZ	Flash HICP	Aug	% y/y	2.6	3.0	2.2
16:00	US	Consumer Conference Board	Aug	pts	123.0	113.8	129.1
WEDNESDAY (1 September)							
08:00	DE	Retail Sales	Jul	% m/m	-1.0	-5.1	4.2
09:00	PL	Poland Manufacturing PMI	Aug	pts	57.0	56.8	56.0
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	345	340	354
16:00	US	Durable Goods Orders	Jul	% m/m	-0.1	-0.1	-0.1
16:00	US	Factory Orders	Jul	% m/m	0.3	0.4	1.5
FRIDAY (3 September)							
03:45	CN	Caixin China PMI Services	Aug	pts	51.3	46.7	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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Additional information is available on request. Please contact Santander Bank Polska S.A. Financial Management Division, Economic Analysis Department, al. Jana Pawła II 17, 00-854 Warsaw, Poland, phone +48 22 534 18 87, email ekonomia@santander.pl, http://www.santander.pl.