

7 September 2021

## Eyeopener

### Zloty weakened by the NBP governor's article

Calm trading amid US market holiday on Monday  
 Zloty weaker after the NBP governor's article  
 Polish bond yields reversed most of their Friday's rise  
 Today, industrial output in Germany and Hungary, ZEW index

As US investors were absent due to market holiday, on Monday the global markets were rather calm. 10Y German bond yields remained at -0.37%, EURUSD was slightly lower than on Friday. The negative surprise in US non-farm payrolls on Friday was positive for equities so European stock markets went up by 0.5-1.0% on Monday. More considerable moves were observed on the Polish market after the NBP president's comments aimed at cooling rate hike expectations. Today in the morning China released much-better-than expected data on foreign trade (acceleration of exports and imports), which is a positive signal about global business cycle. In Germany, July industrial output (1% m/m) was slightly above forecast, following strong data on new orders.

**Registered unemployment rate** estimated by the Ministry of Family and Social Protection amounted to 5.8% in August, in line with expectations. The unemployment rate went down by 0.3pp y/y and number of jobseekers decreased by 66.4k (as compared to -54.5k in July). In m/m terms, the number of jobseekers fell by 13.1k and this is a significantly better result for August than compared with the same month in the previous four years.

The NBP informed that **Adam Glapiński's press conference** will take place on Thursday, September 7 at 15:00CET, not on Friday as earlier. For the first time since the start of the pandemic the journalists will be allowed to participate the conference in person.

**MPC's Eryk Łon** wrote that the outcome of the November meeting (which is the focal point for the markets, as this is when the rate hike cycle might start) is not preset and he can imagine that at the end of the year rates are still in the same place as today. In our view a similar message – that one should not be sure about a rate hike being delivered in November – can be found in the Monday interview by NBP governor Adam Glapiński. Łon thinks that the August CPI reading of 5.4% y/y should not worry, but a lasting increase in core inflation to a disturbing level would make him consider a rate hike. So far he is of the view that the council should be cautious about claims that rates should go up quickly, because this could reduce the propensity to consume.

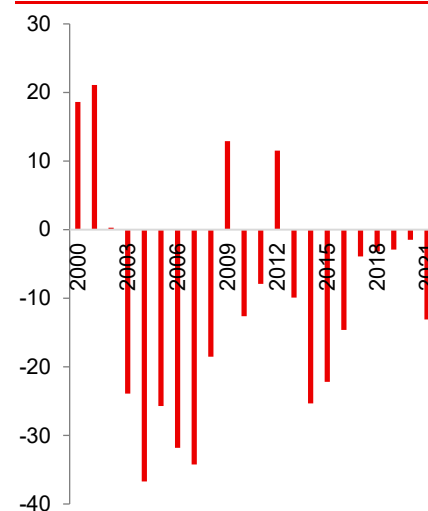
**EURUSD** spent most of the session within 1.186-1.187 range, slightly below the Friday close. Until the ECB meeting the exchange rate may be rather calm.

**EURPLN**, once market participants saw the interview with NBP governor, started to rise, offsetting a part of the opposite move from the turn of the month triggered by strong data on August CPI and 2Q GDP. During the day the exchange rate rose by 0.4% from slightly below 4.51 to 4.525, where it clearly stabilised. In our view the Glapiński's article and the other risks factors surrounding the zloty (extended period of the freeze of EU funds, Russian-Belarusian military exercises near the Polish border, upside trend in new cases of Covid-19) should lead EURPLN further up, to at least the resistance at 4.5350 (200-day moving average).

As for the **other CEE currencies**, EURHUF did not change much intraday, but at some point hit 347 for the first time since June. EURCZK remained inside the Friday trading range and ended the day close to 25.40. USDRUB moved up to around 73 from 72.8 – supported by the general slight appreciation of the dollar and a bit cheaper oil. At the end of this week the central bank of Russia decides on rates with most analysts expecting a 50bp hike from 6.50%, while the rest sees 25bp.

On the **domestic interest rate market**, bond yields retreated by c.4-5bp in the belly and long end of the curve after their notable rise on Friday, while the short end decreased 2bp. 2Y IRS fell to 0.99% from around 1.08% after the NBP governor's morning comments. On Wednesday, September 8, the BGK will auction bonds FPC0725, FPC0328, FPC0631 and FPC1140 with the supply of at least PLN1bn. BGK has already finalised 76% of this year's issuance plan (amounting to almost PLN40bn) of papers used for financing anti-pandemic measures.

Registered unemployment change in Poland (thousand persons, m/m) in August



Source: GUS, Santander

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### FX market

Today's opening			
EURPLN	4.5223	CZKPLN	0.1777
USDPLN	3.8108	HUFPLN*	1.2885
EURUSD	1.1871	RUBPLN	0.0522
CHFPLN	4.1637	NOKPLN	0.4399
GBPPLN	5.2674	DKKPLN	0.6081
USDCNY	6.4555	SEKPLN	0.4449

\*for 100HUF

Last session in the FX market						06/09/2021
	min	max	open	close	fixing	
EURPLN	4.506	4.529	4.506	4.525	4.513	
USDPLN	3.795	3.816	3.796	3.814	3.804	
EURUSD	1.185	1.188	1.187	1.187	-	

### Interest rate market

06/09/2021

#### T-bonds on the interbank market\*\*

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	0.58	-2
DS0726 (5Y)	1.30	-6
DS0432 (10Y)	1.96	-4

#### IRS on the interbank market\*\*

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.58	-8	0.16	0	-0.53	0
2L	1.01	-9	0.30	0	-0.48	0
3L	1.32	-5	0.52	0	-0.43	0
4L	1.49	-5	0.72	1	-0.38	0
5L	1.62	-5	0.87	0	-0.32	0
8L	1.81	-4	1.19	1	-0.13	0
10L	1.91	-3	1.33	0	0.00	0

#### 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	0.24	0
6M	0.28	0
1Y	0.42	0

#### FRA rates on the interbank market\*\*

Term	%	Change (bps)
1x4	0.27	-3
3x6	0.42	-8
6x9	0.70	-7
9x12	0.94	-14
3x9	0.50	-9
6x12	0.80	-10

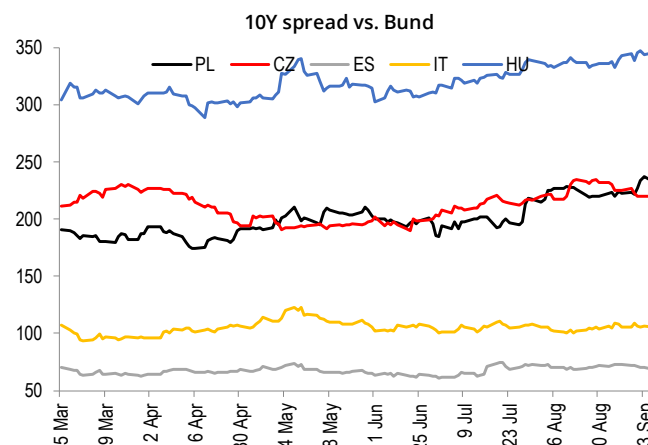
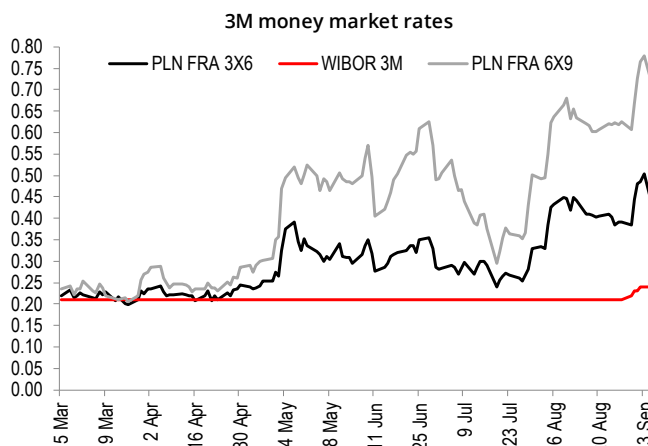
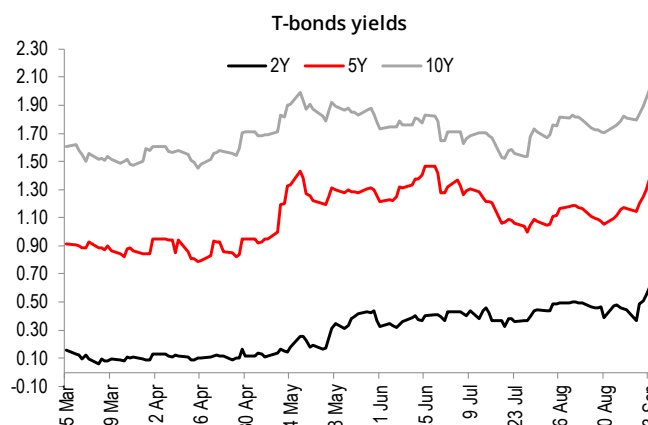
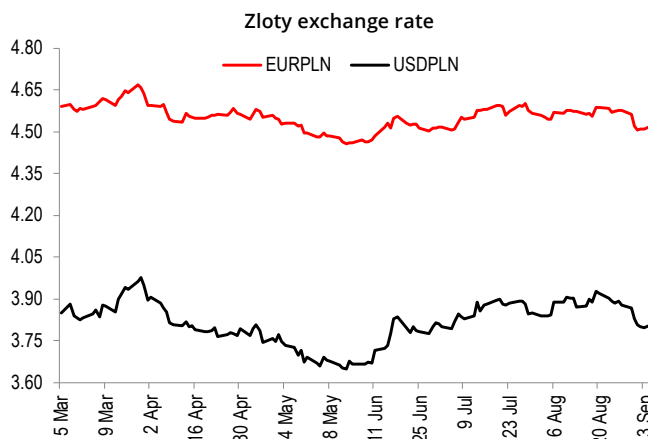
#### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	46	0	233	-4
France	9	0	34	0
Hungary	55	0	346	2
Spain	30	0	69	-1
Italy	44	0	106	-1
Portugal	21	0	57	-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			
<b>FRIDAY (3 September)</b>								
03:45	CN	Caixin China PMI Services	Aug	pts	52.0	47.2	54.9	
09:55	DE	Markit Germany Services PMI	Aug	pts	61.5	60.8	61.5	
10:00	EZ	Eurozone Services PMI	Aug	pts	59.7	59.0	59.7	
11:00	EZ	Retail Sales	Jul	% m/m	0.0	-2.3	1.5	
14:30	US	Change in Nonfarm Payrolls	Aug	k	733.0	235.0	1053.0	
14:30	US	Unemployment Rate	Aug	%	5.2	5.2	5.4	
16:00	US	ISM services	Aug	pts	61.6	61.7	64.1	
<b>MONDAY (6 September)</b>								
08:00	DE	Factory Orders	Jul	% m/m	-1.0	3.4	4.1	
09:00	CZ	Industrial Production	Jul	% y/y	5.0	7.0	11.1	
<b>TUESDAY (7 September)</b>								
08:00	DE	Industrial Production SA	Jul	% m/m	0.9	1.0	-1.0	
09:00	HU	Industrial Production SA	Jul	% y/y	13.7	-	18.6	
11:00	EZ	GDP SA	2Q	% y/y	13.6	-	13.6	
11:00	DE	ZEW Survey Current Situation	Sep	pts	34.0	-	29.3	
<b>WEDNESDAY (8 September)</b>								
	<b>PL</b>	<b>MPC decision</b>		<b>%</b>	<b>0.1</b>	<b>0.1</b>	<b>-</b>	<b>0.1</b>
09:00	HU	CPI	Aug	% y/y	4.7	-	4.6	
<b>THURSDAY (9 September)</b>								
08:00	DE	Exports SA	Jul	% m/m	1.3	-	1.3	
13:45	EZ	ECB Main Refinancing Rate	Sep/21	%	0.0	-	0.0	
14:30	US	Initial Jobless Claims		k	345.0	-	353.0	
<b>15:00</b>	<b>PL</b>	<b>NBP President press conference</b>						
<b>FRIDAY (10 September)</b>								
08:00	DE	HICP	Aug	% m/m	0.1	-	0.1	
09:00	CZ	CPI	Aug	% y/y	3.6	-	3.4	

Source: Santander Bank Polska, Bloomberg, Parkiet

\* in the case of a revision the data is updated

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