

28 September 2021

## Eyeopener

### Unannounced MPC meeting

Equity markets calm, dollar stronger, UST yields slightly higher  
 EURPLN testing 4.60 for another day  
 Polish bonds weaker, IRS much higher, ASW tighter  
 Today non-decisive MPC meeting, US consumer confidence and housing data

On Monday the equity markets were fairly sanguine (indices up by 0.5%). UST and Bund yields started the week with upward move (for the third session in a row), which was partly reversed in the second part of the day. Bund ended the session at -0.22% and UST at 1.47% (it was temporarily above 1.50%). Energy commodity prices went up again: Brent oil by 2% to \$75.5, natural gas even by 7% to \$5.50 (overnight prices went even higher with oil surpassing \$80, the highest level since late 2018). The Monday data release calendar was relatively empty: euro zone M3 money supply went up by 7.9% y/y versus expectations at 7.7% and previous reading at 7.6%. US flash data on durable goods orders showed a major improvement – rise by 1.8% m/m as compared to expectations at 0.7% and decline by 0.1% one month earlier. September Fed Dallas index showed 4.6pts (expectations at 11.0pts, 9.0pts previously). In the evening the US Senate rejected the resolution lifting the debt ceiling to avoid government shutdown. The deadline to approve the legislation is until Friday. Today the ECB forum on central banking starts; this time it is a on-line event but may be the opportunity to see new important signals about the global monetary policy.

The additional **non-decisive MPC meeting** was scheduled for today. The surprising, unannounced meeting in the calendar made some investors wondering whether the MPC could be silently preparing for changes in the monetary policy. In our opinion such speculations are unfounded. We think that today's meeting might focus on the discussion on the MPC opinion to the 2022 budget draft.

Also today, the government will meet to approve the **2022 budget draft**, after public consultations, and also the strategy of debt management for 2022-2025. Government also plans to **extend the state of emergency** near the Polish eastern border by another 60 days.

**EURUSD** declined slowly by 0.2% to 1.1700, which means it approached the last week's low. This morning the exchange rate is even lower, nearing 1.168. The dollar has not yet reacted strongly to the FOMC meeting, as did US Treasuries, which makes us think that it will respond with some delay, possibly leading EURUSD soon towards 1.1600.

**EURPLN** dropped on Monday to 4.5930. Counting from the top recorded last Wednesday the decline is already 0.8%. We still consider the EURPLN moves as a tests of 4.60 and expect a rise towards 4.70 later on.

As for the **other CEE currencies**, EURHUF rose for the fourth session in a row to 358.50 and is now c.0.5% above its 200-day moving average, which it should soon revisit. Today there is a release of unemployment rate in Hungary for August (previous reading 3.9%, market expectations 3.7%). EURCZK rose to 25.44 and is clearly testing the area 25.46-48 where there are currently its 50-day and 100-day moving averages. If the levels are breached, EURCZK can go to 25.76 (200-day moving average). Rising prices of energy commodities are supporting the ruble – USDRUB at 72.55 was down 0.2% on Monday and down 1.0% month-to-date.

On the **fixed income market** the IRS curve moved noticeably higher by 5-6bp (5Y to 1.78%, 10Y to 2.13%) which was in line with the price action in core markets. Bond yields have not risen that much. In October there is a decent redemption of the DS1021 bond (c PLN 8.5bn) and significant coupon payments (mainly from DS1023 and DS1029) worth c PLN 3.5bn will be paid. If the Ministry of Finance won't increase the supply of POLGBs in the month on its monthly auction, the ASW spreads might remain narrow for some time.

10L PLN IRS, %



Source: Bloomberg, Santander

#### Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa  
 email: ekonomia@santander.pl  
 website: [santander.pl/en/economic-analysis](https://santander.pl/en/economic-analysis)  
 Piotr Bielski +48 22 534 18 87  
 Marcin Luziński +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	4.5988	CZKPLN	0.1805
USDPLN	3.9364	HUFPLN*	1.2824
EURUSD	1.1683	RUBPLN	0.0543
CHFPLN	4.2386	NOKPLN	0.4565
GBPPLN	5.3917	DKKPLN	0.6183
USDCNY	6.4548	SEKPLN	0.4510

\*for 100HUF

Last session in the FX market						27/09/2021
	min	max	open	close	fixing	
EURPLN	4.587	4.607	4.605	4.598	4.591	
USDPLN	3.920	3.934	3.928	3.930	3.928	
EURUSD	1.168	1.172	1.172	1.170	-	

### Interest rate market 27/09/2021

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

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	0.70	5
DS0726 (5Y)	1.49	-1
DS0432 (10Y)	2.09	1

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.61	-3	0.18	-1	-0.52	0
2L	1.14	3	0.39	1	-0.43	1
3L	1.43	3	0.68	2	-0.35	1
4L	1.63	4	0.90	3	-0.27	1
5L	1.77	4	1.08	4	-0.20	1
8L	2.00	4	1.38	4	0.01	1
10L	2.12	5	1.50	3	0.14	1

#### WIBOR rates

Term	%	Change (bps)
O/N	0.10	2
T/N	0.10	0
SW	0.10	0
2W	0.16	0
1M	0.18	0
3M	0.24	0
6M	0.30	1
1Y	0.46	1

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

Term	%	Change (bps)
1x4	0.31	0
3x6	0.51	4
6x9	0.79	2
9x12	1.07	3
3x9	0.57	2
6x12	0.91	3

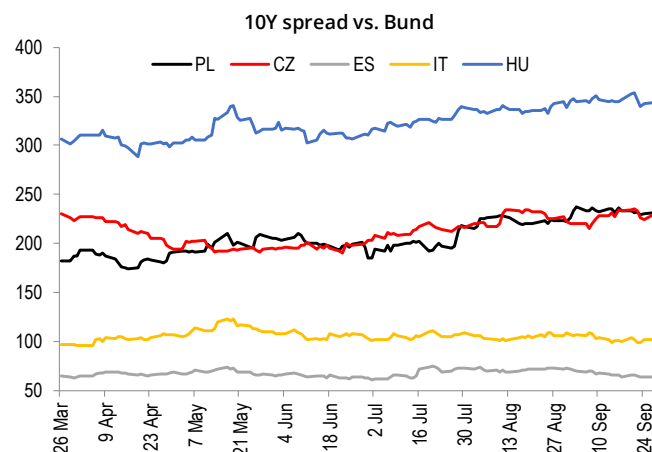
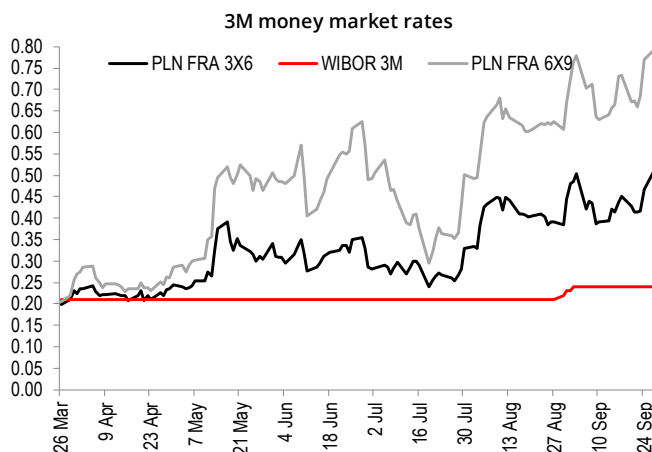
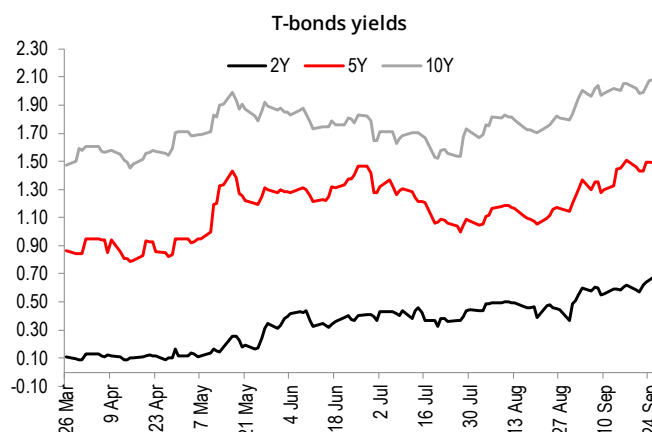
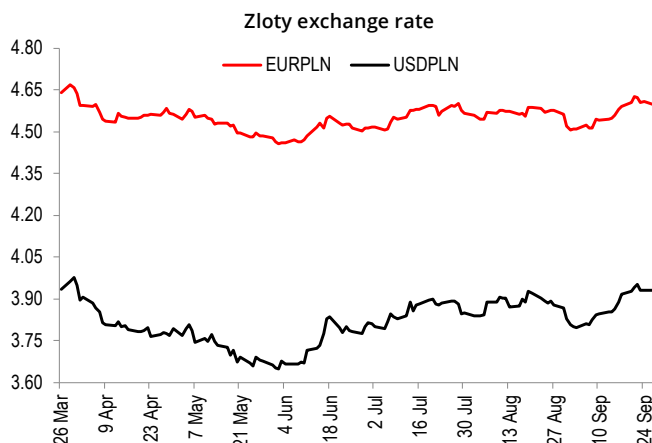
#### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	51	0	231	1
France	10	0	34	0
Hungary	59	0	343	1
Spain	31	0	64	0
Italy	45	0	102	1
Portugal	21	0	54	-1
Ireland	11	0	38	0
Germany	7	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 (24 September)</b>								
10:00	DE	IFO Business Climate	Sep	pts	98.9		98.8	99.4
16:00	US	New Home Sales	Aug	% m/m	1.0		1.5	1.0
<b>MONDAY (27 September)</b>								
14:30	US	Durable Goods Orders	Aug	% m/m	0.6		-	-0.1
<b>TUESDAY (28 September)</b>								
16:00	US	Consumer Conference Board	Sep	pts	114.6		-	113.8
<b>WEDNESDAY (29 September)</b>								
11:00	EZ	ESI	Sep	pct.	116.9		-	117.5
16:00	US	Pending Home Sales	Aug	% m/m	1.0		-	-1.8
<b>THURSDAY (30 September)</b>								
09:00	CZ	GDP SA	2Q	% y/y	8.2		-	8.2
11:00	EZ	Unemployment Rate	Aug	%	7.6		-	7.6
<b>14:00</b>	<b>PL</b>	<b>Current account balance</b>	<b>2Q</b>	<b>€m</b>		<b>2041</b>	-	<b>2948</b>
<b>14:00</b>	<b>PL</b>	<b>MPC minutes</b>	<b>Aug</b>					
14:00	DE	HICP	Sep	% m/m	0.0		-	0.1
14:30	US	GDP Annualized	2Q	% Q/Q	6.7		-	6.6
14:30	US	Initial Jobless Claims		k			-	351.0
14:30	CZ	Central Bank Rate Decision	Sep/21		1.25		-	0.75
<b>FRIDAY (1 October)</b>								
08:00	DE	Retail Sales	Aug	% m/m	1.0		-	-4.5
<b>09:00</b>	<b>PL</b>	<b>Poland Manufacturing PMI</b>	<b>Sep</b>	<b>pts</b>	-	<b>54.5</b>	-	<b>56.0</b>
09:30	DE	Germany Manufacturing PMI		pts	58.5		-	58.5
10:00	EZ	Eurozone Manufacturing PMI		pts	58.7		-	58.7
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Sep</b>	<b>% y/y</b>	<b>5.5</b>	<b>5.5</b>	-	<b>5.5</b>
11:00	EZ	Flash HICP	Sep	% y/y	3.3		-	3.0
14:30	US	Personal Spending	Aug	% m/m	0.7		-	0.3
14:30	US	Personal Income	Aug	% m/m	0.2		-	1.1
14:30	US	PCE Deflator SA	Aug	% m/m	0.3		-	0.4
16:00	US	Michigan index	Sep	pts	71.0		-	71.0
16:00	US	ISM manufacturing	Sep	pts	59.5		-	59.9

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

This publication has been prepared by Santander Bank Polska S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. Information presented in the publication is not an investment advice. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. Santander Bank Polska S.A. its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Santander Bank Polska S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Santander Bank Polska S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.

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.