

Eyeopener

Rates market convinced hikes coming soon

Energy commodities even more expensive

Złoty back to 4,60 vs euro, dollar slightly weaker

Another significant yield increase on the POLGB curve

Today final September services PMI in Germany, Eurozone, USA

On Monday the energy commodity prices continued their March growth, with oil prices up by 2.5% (Brent reached USD81 after starting from USD79). The OPEC+ agreed to increase oil output by 400k barrels a day in November, in line with the earlier plan and below expectations, which were twice as high, as the market was hoping for a move to stabilise prices. The oil cartel maintained its forecasts that their output plans could lead to oversupply. Moreover, global markets saw a further rise of yields, decline on equity markets (0.6-0.8% in Europe, above 2% on US NASDAQ). The dollar and the zloty weakened a bit.

The GDP growth in 2020 was revised by the GUS (statistical office) to -2.5% from -2.7% estimated earlier. Upward revision was applied to most demand categories, but these were not major.

MPC's Grażyna Ancyparowicz said that the monetary policy could be expected to normalise slowly, together with the "Polish Deal", which will be normalising the real activity and no extraordinary moves will be necessary. According to Ancyparowicz, Poland sees inflation pressure which is small compared to other countries and it was caused by external factors, which are likely to wane in 2022. Her comment does not suggest that the recent high CPI reading made her mull hiking rates at one of the upcoming MPC meetings.

NBP informed that the press conference of the NBP governor Adam Glapiński is scheduled 1 day post the MPC meeting, for Thursday, 3 pm Warsaw time.

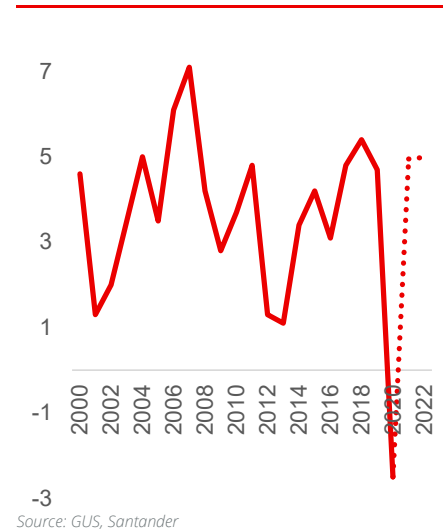
EURUSD after the Friday rise, on Monday tested 1.16, which is the minimum from November 2020. If the level is broken then the exchange rate will have much space to fall to even around 1.14.

EURPLN started the week from an attempt to extend the drop, but there was a rebound around 4.56 and that sent it to c.4.5950. We assumed that the exchange rate will be sticking close to 4.60 before the Wednesday MPC meeting. We get an impression that if the MPC makes little or no changes to its post-meeting statement then it will weaken the zloty considering the high conviction of investors after the Friday CPI release that the Council will soon start to radically tighten monetary policy.

As for the **other regional currencies**, EURHUF managed to retain some of the drop that occurred in the first part of the day – something that definitely EURPLN failed to achieve – which means there was an extension of the series of daily declines to three sessions and the scale of the move to c.1.1% (to 356.40). EURCZK move slightly above the trading range from the last days, but without any sign of destabilisation (25.36). The ruble gained 0.3% thanks to the developments on the oil market (USDRUB at 72.60).

On the **domestic interest rate market** 10Y UST yield went up by 2bp to 1.48% (during the day it was even above 1.50) and yield of 10Y Bund remained near -0.22%. Meanwhile in Poland bonds were weakening clearly, especially at the short end of the yield curve, adding 12bp to 2Y yields and 5bp to 10Y yields. IRS rates were volatile, but their increase was smaller than in case of yields (+5bp along the curve, 10Y to 2.35%). Short-term FRA increased also more than 10bp and currently the market is pricing-in 40bp rate hike in November.

GDP growth in Poland with Santander forecast for 2021-2022



Source: GUS, 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 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	4.5866	CZKPLN	0.1805
USDPLN	3.9569	HUFPLN*	1.2855
EURUSD	1.1596	RUBPLN	0.0545
CHFPLN	4.2664	NOKPLN	0.4602
GBPPLN	5.3782	DKKPLN	0.6155
USDCNY	6.4452	SEKPLN	0.4528

*for 100HUF

Last session in the FX market 04/10/2021

	min	max	open	close	fixing
EURPLN	4.560	4.597	4.575	4.593	4.572
USDPLN	3.922	3.957	3.945	3.953	3.937
EURUSD	1.159	1.164	1.159	1.162	-

Interest rate market 04/10/2021

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	1.10	15
DS0726 (5Y)	1.70	7
DS0432 (10Y)	2.28	7

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	0.89	8	0.17	0	-0.52	0
2L	1.44	6	0.38	1	-0.44	0
3L	1.73	5	0.63	1	-0.36	0
4L	1.90	5	0.85	0	-0.28	1
5L	2.02	5	1.02	0	-0.20	1
8L	2.23	5	1.35	2	0.02	1
10L	2.34	4	1.48	2	0.16	1

WIBOR rates

Term	%	Change (bps)
O/N	0.10	-1
T/N	0.11	0
SW	0.11	1
2W	0.16	0
1M	0.19	1
3M	0.25	1
6M	0.33	1
1Y	0.52	2

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	0.49	13
3x6	0.72	6
6x9	1.12	9
9x12	1.48	14
3x9	0.84	7
6x12	1.29	9

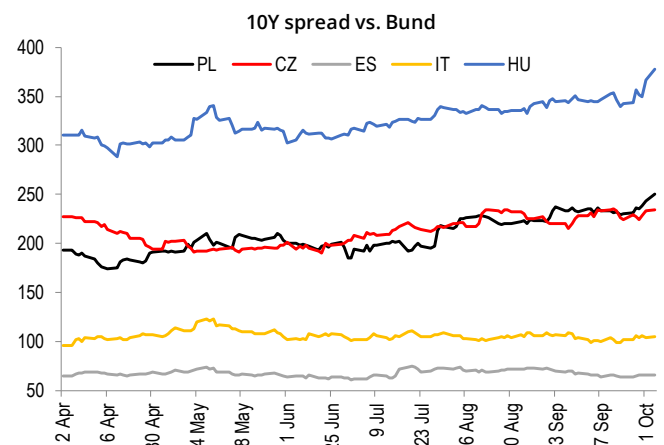
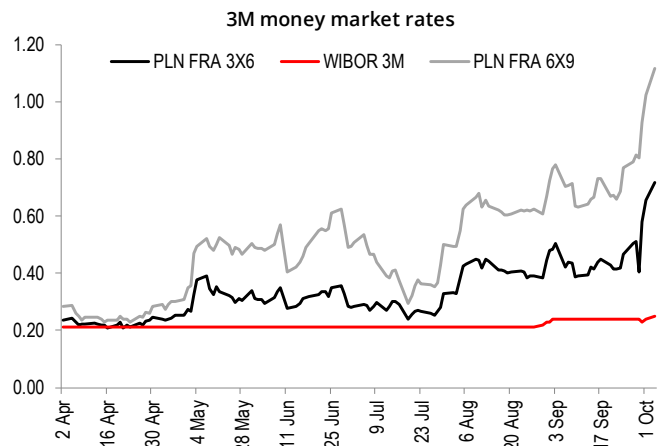
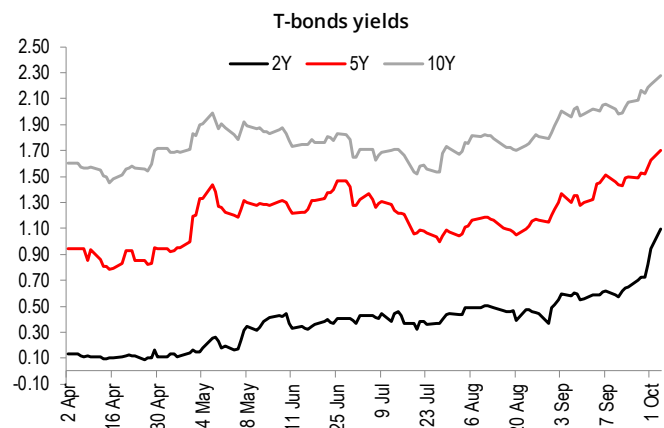
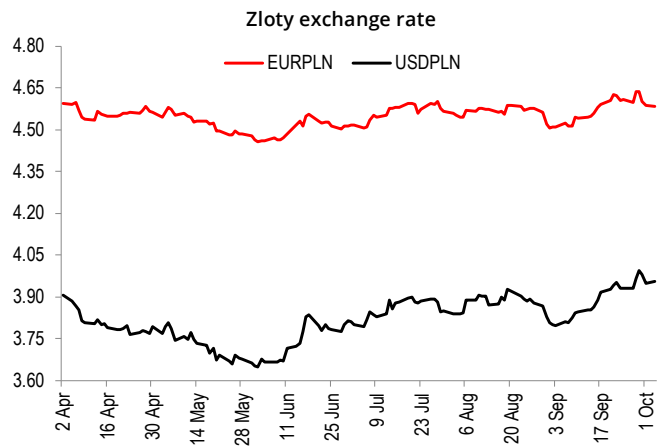
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	51	0	250	7
France	10	0	35	0
Hungary	59	0	378	11
Spain	31	0	66	0
Italy	45	0	105	1
Portugal	21	0	56	0
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		
FRIDAY (1 October)							
08:00	DE	Retail Sales	Aug	% m/m	1.5	1.1	-4.5
09:00	PL	Poland Manufacturing PMI	Sep	pts	54.6	54.5	53.4
09:30	DE	Germany Manufacturing PMI		pts	58.5	58.4	62.6
10:00	EZ	Eurozone Manufacturing PMI		pts	58.7	58.6	61.4
10:00	PL	CPI	Sep	% y/y	5.5	5.5	5.8
11:00	EZ	Flash HICP	Sep	% y/y	3.3	3.4	3.0
14:30	US	Personal Spending	Aug	% m/m	0.7	0.8	-0.1
14:30	US	Personal Income	Aug	% m/m	0.2	0.2	1.1
14:30	US	PCE Deflator SA	Aug	% m/m	0.3	0.4	0.4
16:00	US	Michigan index	Sep	pts	71.0	72.8	70.3
16:00	US	ISM manufacturing	Sep	pts	59.5	61.1	59.9
MONDAY (4 October)							
16:00	US	Durable Goods Orders	Aug	% m/m	1.8	1.8	1.8
16:00	US	Factory Orders	Aug	% m/m	1.0	1.2	0.4
TUESDAY (5 October)							
09:55	DE	Markit Germany Services PMI	Sep	pts	56.0		60.8
10:00	EZ	Eurozone Services PMI	Sep	pts	56.3		59.0
16:00	US	ISM services	Sep	pts	59.8		61.7
WEDNESDAY (6 October)							
	PL	MPC decision		%	0.1	0.1	0.1
08:00	DE	Factory Orders	Aug	% m/m	-1.5		3.4
09:00	HU	Industrial Production SA	Aug	% y/y			10.2
11:00	EZ	Retail Sales	Aug	% m/m	0.9		-2.3
14:15	US	ADP report	Sep	k	430		374
THURSDAY (7 October)							
08:00	DE	Industrial Production SA	Aug	% m/m	-0.1		1.0
09:00	CZ	Industrial Production	Aug	% y/y	6.9		1.1
14:30	US	Initial Jobless Claims		k			362
FRIDAY (8 October)							
03:45	CN	Caixin China PMI Services	Sep	pts	49.2	-	46.7
08:00	DE	Exports SA	Aug	% m/m	0.5	-	0.5
09:00	HU	CPI	Sep	% y/y		-	4.9
14:30	US	Change in Nonfarm Payrolls	Sep	k	500	-	235
14:30	US	Unemployment Rate	Sep	%	5.1	-	5.2

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.