

12 October 2021

## Eyeopener

### Oil price highest in three years

Stock markets stable, Brent oil price already at \$84  
 Core market yields climb higher  
 EURPLN ended the day below 4.60  
 Today ZEW index in Germany

On Monday the stock indices remained roughly unchanged, the price of Brent oil increased for another day reaching \$84 per barrel. Core market yields also continued march upwards UST +3bp to 1.61% (+13bp MTD), Bund +3bp to -0.12% (+8bp MTD), the dollar has not changed much. The day was relatively empty as far as macroeconomic data in the developed markets was concerned. ECB Governing Council member Klaas Knot said that since the start of the pandemic investors have boosted their holding of risky assets and as a result are vulnerable to abrupt changes in market sentiment. He warned against underestimating the inflation risk and the way the possible ECB reaction might influence it. The ECB Chief Economist Philip Lane said that a one-off wage increase as a result of the currently observed elevated inflation would not be a sign of permanently higher inflation; he is an advocate of patiently waiting for further macroeconomic data.

**MPC member Eryk Łon** said that the latest 40bp interest rate increase was aimed at curbing elevated inflation expectations. He added that the current level of interest rates in Poland, both nominal and real, remains historically low. In his opinion, it is plausible that one interest hike should be enough. Also **Eugeniusz Gatnar** spoke, suggesting the MPC should raise interest rates already in November if the newest NBP staff projection would show that in the forecast horizon of 8 quarters the CPI inflation would not fall below the 3.5% (the upper band of the inflation band). He added that he wished the NBP rate returns to 1.50% and perhaps even to 2.00% "taking under consideration the inflation dynamics".

According to the Polish Association of Automotive Industry (PZPM) **in the first decade of October there were 34% y/y less car registrations in Poland**. This is likely the result of lower production due to problems with supplies. Calendar is also to blame (4 weekend days within the first 10 days of October this year vs 3 days a year ago).

**EURUSD** was outstandingly stable on Monday and stayed close to 1.1570.

**EURPLN** opened on Monday at 4.605, then rose for some time to almost 4.62, but in the second part of the day it collapsed towards 4.58. A short consolidation after the large swings from the previous week is definitely needed and the important levels to watch, signalling a choice of direction by the exchange rate are 4.60 and 4.54.

**As for the other currencies of the CEE region**, EURHUF dropped by 0.5% to 359.6. We expect EURHUF to be close to 365.0 at the end of the year. EURCZK dropped by 0.3% to 25.38. In Czechia the September inflation was an upside surprise (4.9% y/y vs 4.6% expected, previous reading 4.1%). The highest print since 2008 was mostly caused by housing cost component and the cost of transport. USDRUB at 71.7 did not move much despite USD8.7bn stronger than expected preliminary C/A balance for 3Q – it seems that much is already priced in (USDRUB dropped by c.1.4% since the start of October).

**On the interest rate market**, on Monday the bond selloff continued – yields rose much on the short end (by c.12bp to 1.46% for 2Y); a bit less on the long end (e.g. 10Y by 10bp to 2.54%). The IRS curve rose more on the long end (10Y to 2.63% by 9bp) and less on the short end (2Y to 1.97% by 5bp).

**The Ministry of Finance** informed that it plans to issue a 3Y bond on the Chinese market soon, depending on market situation. The planned amount is CNY3bn (c.USD465mn).

**BGK** at the Monday auction sold 4 series of bonds (FPC0725, FPC0328, FPC0631, FPC0733) for a total of c.PLN0.59bn.

Brent oil price, USD



Source: Refinitiv, 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	4.5899	CZKPLN	0.1805
USDPLN	3.9694	HUFPLN*	1.2677
EURUSD	1.1565	RUBPLN	0.0553
CHFPLN	4.2816	NOKPLN	0.4621
GBPPLN	5.3985	DKKPLN	0.6155
USDCNY	6.4522	SEKPLN	0.4522

\*for 100HUF

Last session in the FX market						11.10.2021
	min	max	open	close	fixing	
EURPLN	4.580	4.616	4.596	4.583	4.612	
USDPLN	3.958	3.996	3.972	3.960	3.986	
EURUSD	1.155	1.159	1.157	1.157	-	

### Interest rate market

11.10.2021

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

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	1.53	13
DS0726 (5Y)	2.24	22
DS0432 (10Y)	2.53	10

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	1.52	5	0.19	1	-0.51	0
2L	1.97	5	0.43	1	-0.39	1
3L	2.20	7	0.75	2	-0.29	2
4L	2.32	8	0.96	0	-0.20	3
5L	2.40	8	1.14	0	-0.11	3
8L	2.54	8	1.49	2	0.14	4
10L	2.62	10	1.63	0	0.27	4

#### WIBOR rates

Term	%	Change (bps)
O/N	0.20	-1
T/N	0.41	-3
SW	0.50	0
2W	0.50	0
1M	0.55	-1
3M	0.66	1
6M	0.78	2
1Y	1.02	-1

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

Term	%	Change (bps)
1x4	1.06	6
3x6	1.34	3
6x9	1.84	4
9x12	2.23	11
3x9	1.43	3
6x12	1.98	1

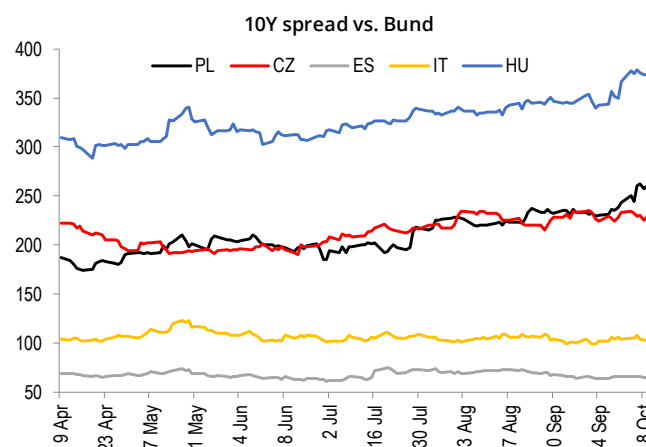
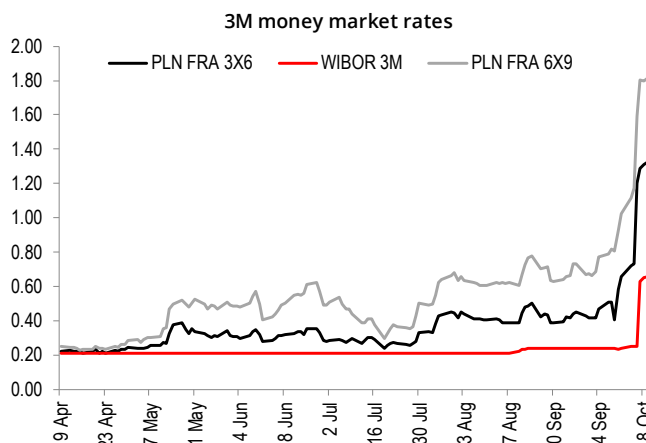
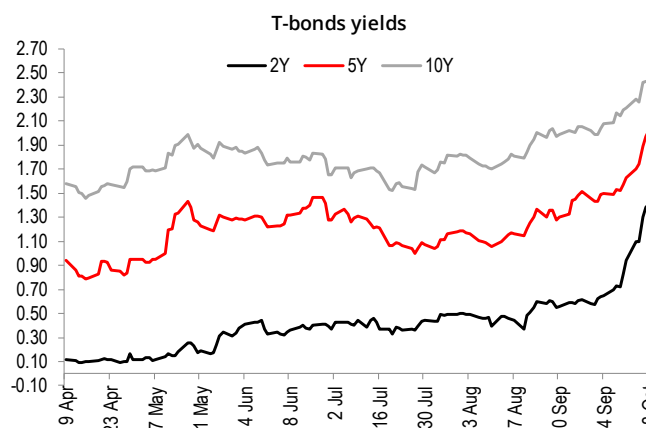
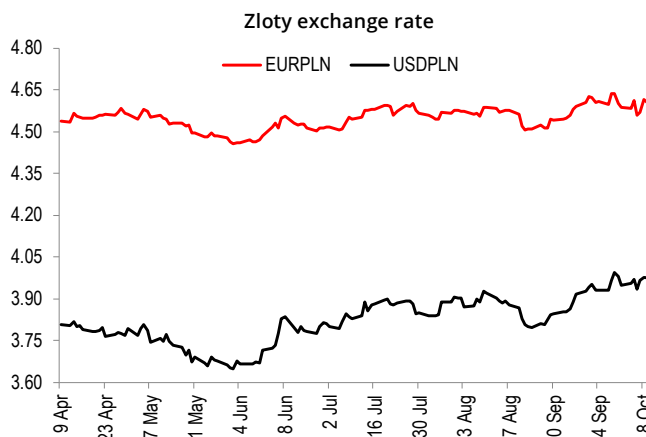
#### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	51	0	265	8
France	10	0	34	0
Hungary	59	0	373	0
Spain	31	0	64	-1
Italy	43	0	104	1
Portugal	21	0	52	0
Ireland	11	0	38	1
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 (8 October)</b>								
03:45	CN	Caixin China PMI Services	Sep	pts	49.2	51.4	46.7	
08:00	DE	Exports SA	Aug	% m/m	0.5	-1.2	0.6	
09:00	HU	CPI	Sep	% y/y	5.5	5.5	4.9	
14:30	US	Change in Nonfarm Payrolls	Sep	k	500.0	194.0	366.0	
14:30	US	Unemployment Rate	Sep	%	5.1	4.8	5.2	
<b>MONDAY (11 October)</b>								
09:00	CZ	CPI	Sep	% y/y	4.5	4.9	4.1	
<b>TUESDAY (12 October)</b>								
11:00	DE	ZEW Survey Current Situation	Oct	pts	29.0	-	31.9	
<b>WEDNESDAY (13 October)</b>								
08:00	DE	HICP	Sep	% m/m	0.3	-	0.3	
11:00	EZ	Industrial Production SA	Aug	% m/m	-1.5	-	1.5	
14:30	US	CPI	Sep	% m/m	0.3	-	0.3	
20:00	US	FOMC Meeting Minutes	Sep/21					
<b>THURSDAY (14 October)</b>								
<b>14:00</b>	<b>PL</b>	<b>Current Account Balance</b>	<b>Aug</b>	<b>€mn</b>	<b>-747</b>	<b>-896</b>	<b>-</b>	<b>-1827.0</b>
<b>14:00</b>	<b>PL</b>	<b>Trade Balance</b>	<b>Aug</b>	<b>€mn</b>	<b>-850</b>	<b>-289</b>	<b>-</b>	<b>-714.0</b>
<b>14:00</b>	<b>PL</b>	<b>Exports</b>	<b>Aug</b>	<b>€mn</b>	<b>21147</b>	<b>21600</b>	<b>-</b>	<b>22346.0</b>
<b>14:00</b>	<b>PL</b>	<b>Imports</b>	<b>Aug</b>	<b>€mn</b>	<b>22016</b>	<b>21889</b>	<b>-</b>	<b>23060.0</b>
14:30	US	Initial Jobless Claims		k		-	326.0	
<b>FRIDAY (15 October)</b>								
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Sep</b>	<b>% y/y</b>	<b>5.8</b>	<b>5.8</b>	<b>-</b>	<b>5.5</b>
14:30	US	Retail Sales Advance	Sep	% m/m	-0.3	-	0.7	
16:00	US	Michigan index	Oct	pts	73.5	-	72.8	

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, ul. Jana Pawła II 17, 00-854 Warsaw, Poland, phone +48 22 534 18 87, email ekonomia@santander.pl, http://www.santander.pl.