

## Eyeopener

### Current account balance below expectations

Stock markets in black

Dollar weaker, zloty stronger, core and domestic yields down

Current account balance below expectations

Today final CPI in Poland, Michigan and retail sales in the USA

On Thursday stock indices gained while core market yields slightly decreased after lower-than-expected September producer prices reading in the US (8.6% y/y vs 8.7%). The US dollar lost vs many of the EM currencies and gold. The producer prices missed expectations due to lower costs of services including airline tickets.

The MPC member **Grażyna Ancyparowicz** said that the fact that the interest rates were increased in October does not automatically mean that the whole hiking cycle has been launched. She hopes that till the end of her MPC term (February 2022) there is no need to act in the monetary policy, however, on the other hand this cannot be ruled out. Regarding the NBP QE programme she said the program has not been entirely shut down because it might perhaps be useful in the future. The increase of the reserve requirement ratio to 2.0% was aimed at limiting the liquidity in the banking sector and preventing high growth of credit.

**Current account deficit** hit EUR1.7bn in August, much more than expected (we and market EUR0.9bn). Exports were roughly in line with our expectations and rose by 19.4% y/y, while imports surprised to the upside and advanced by 32.9% y/y. According to the NBP, imports were supported by rising prices of commodities, while exports were hampered by problems with semiconductors' supply, which lowered car sales. Balance of services was positive and amounted to EUR1.8bn, with a major rebound in transport services and travels abroad. Income balance was at -EUR2.0bn, in line with our expectations. 12m current account fell to 0.9% of GDP from 2.9% of GDP in December 2020 and we are expecting this mark to decline further in the upcoming months.

**EURUSD** rose for the second day in a row. The exchange rate reached 1.1600 and even spent some time at 1.1630.

**EURPLN** dropped for the fourth day in a row, this time by only 0.2% to 4.5690. The level is also the 50-day moving average which it means that it can block the exchange rate from testing 4.55 again for several days.

When it comes to **other CEE FX**, EURHUF withdrew down to 358.90, EURCZK stayed stable close to 25.39. The rise of oil price is still supporting the ruble – USDRUB closed at 71.4.

On the **interest rate market**, there was a large correction on Thursday with bond yields and IRS rates dropping by 10bp and 7bp, respectively. 10Y bond yield was seen at 2.54% at the end of the day. We have claimed that the initial response of the market to the sudden rate hike was exaggerated which leaves room for a correction as market liquidity returns to normal.

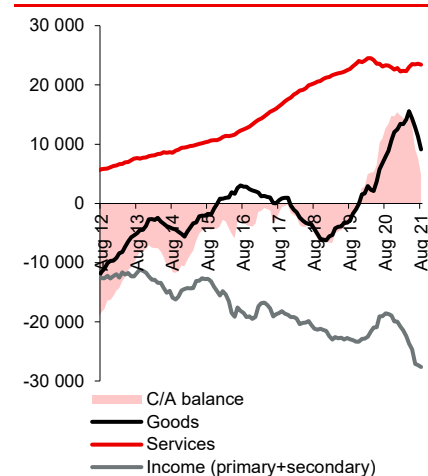
The **Ministry of Finance** stated that in September the sales of retail bonds were worth PLN3.8bn (after PLN3.7bn in August). Year-to-date total sales of retail bonds are at PLN32.6bn.

Price of an ounce of gold, \$



Source: Bloomberg, Santander

Current account, EURmn, 12m sum



Source: NBP, Santander

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**FX market**

Today's opening			
EURPLN	4.5697	CZKPLN	0.1797
USDPLN	3.9380	HUFPLN*	1.2604
EURUSD	1.1608	RUBPLN	0.0552
CHFPLN	4.2665	NOKPLN	0.4665
GBPPLN	5.3854	DKKPLN	0.6142
USDCNY	6.4349	SEKPLN	0.4561

\*for 100HUF

Last session in the FX market						14.10.2021
	min	max	open	close	fixing	
EURPLN	4.562	4.582	4.571	4.568	4.577	
USDPLN	3.930	3.952	3.943	3.940	3.940	
EURUSD	1.158	1.162	1.159	1.159	-	

**Interest rate market** 14.10.2021

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

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	1.65	-8
DS0726 (5Y)	2.15	-13
DS0432 (10Y)	2.55	-17

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	1.54	-5	0.21	1	-0.52	-1
2L	1.95	-7	0.50	2	-0.41	-3
3L	2.16	-7	0.77	-1	-0.31	-4
4L	2.28	-8	0.98	-1	-0.23	-5
5L	2.37	-8	1.12	-1	-0.15	-6
8L	2.49	-10	1.41	-2	0.07	-6
10L	2.57	-11	1.51	-2	0.19	-6

**WIBOR rates**

Term	%	Change (bps)
O/N	0.24	2
T/N	0.37	4
SW	0.50	0
2W	0.51	0
1M	0.58	2
3M	0.68	0
6M	0.84	2
1Y	1.12	2

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

Term	%	Change (bps)
1x4	1.05	-5
3x6	1.47	3
6x9	1.84	-6
9x12	2.13	-13
3x9	1.65	5
6x12	2.02	-9

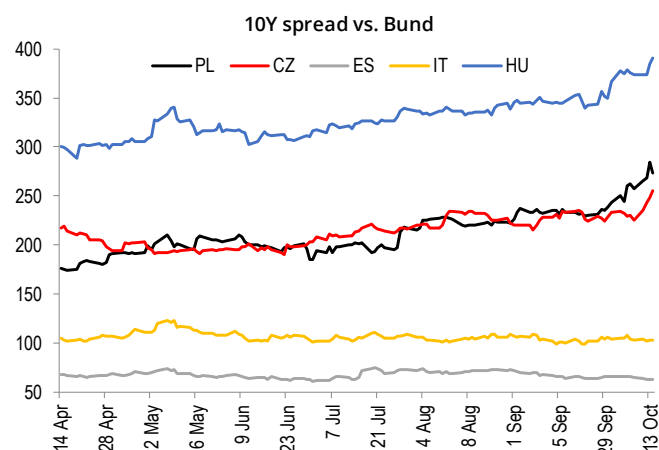
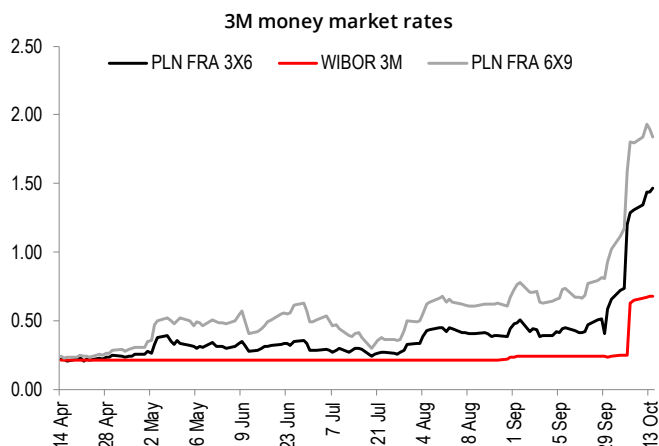
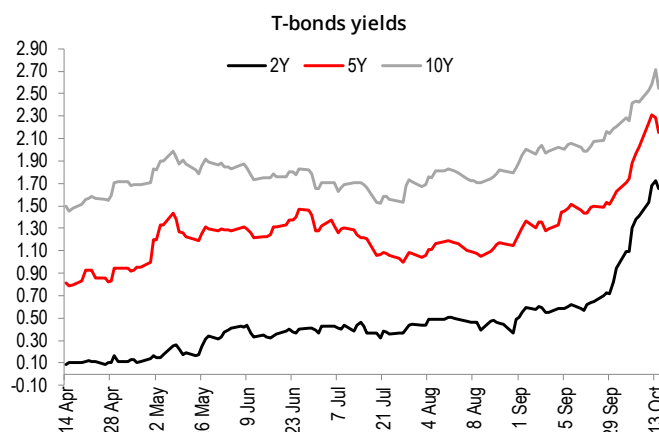
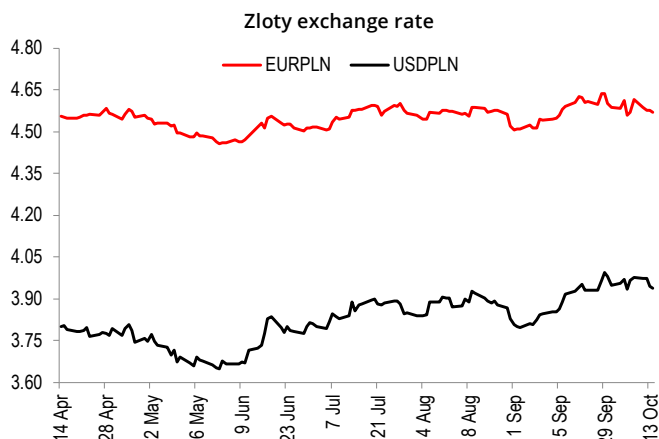
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	51	0	273	-11
France	10	0	33	-1
Hungary	59	0	390	6
Spain	31	0	62	0
Italy	43	-1	103	0
Portugal	20	0	51	1
Ireland	11	-1	37	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 (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	28.0	21.6	31.9
<b>WEDNESDAY (13 October)</b>							
08:00	DE	HICP	Sep	% m/m	0.3	0.3	0.3
11:00	EZ	Industrial Production SA	Aug	% m/m	-1.7	-1.6	1.5
14:30	US	CPI	Sep	% m/m	0.3	0.4	0.3
20:00	US	FOMC Meeting Minutes	Sep/21				
<b>THURSDAY (14 October)</b>							
14:00	PL	<b>Current Account Balance</b>	Aug	€mn	<b>-747</b>	<b>-896</b>	<b>-1686</b>
14:00	PL	<b>Trade Balance</b>	Aug	€mn	<b>-850</b>	<b>-289</b>	<b>-1413</b>
14:00	PL	<b>Exports</b>	Aug	€mn	<b>21147</b>	<b>21600</b>	<b>21775</b>
14:00	PL	<b>Imports</b>	Aug	€mn	<b>22016</b>	<b>21889</b>	<b>32188</b>
14:30	US	Initial Jobless Claims		k	320.0	293.0	326.0
<b>FRIDAY (15 October)</b>							
10:00	PL	CPI	Sep	% y/y	<b>5.8</b>	<b>5.8</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

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