

## Eyeopener

### Further retreat from the zloty and POLGBs

More positive US data coming

EURUSD slightly higher, yet EURPLN did not stop rising

Severe losses in POLGBs despite stronger core bond markets

Today, data on wages and employment in Poland

On Thursday there was a mild profit taking mood on European stock exchanges, while the US equities have increased further. The demand for core market bonds made the yields in US and Germany lower by 3-4bp. The correction took place on the dollar - EURUSD moved back half a cent of the Tuesday's down move. The EM currencies however have not strengthened. The Turkish lira lost 3% in one day after the CBT cut interest rates by 100bp to 15.0% while the CPI inflation in Turkey remains near 20.0% y/y. Another Fed regional index, Philly Fed, has surprised to the upside in November (up to 39p vs expected stabilization at 24p, mostly due to improvement in new orders; the cost and price indices noticeably increased). The weekly initial jobless claims point to a still small supply of workers from which the companies might try to hire (the 4-week average of new claims at lowest level since the start of pandemic) which creates an environment for higher wage pressure. Today in the morning another data confirming the inflationary pressure in Europe came out - the German PPI in October accelerated to 18.4% y/y, highest since 1951.

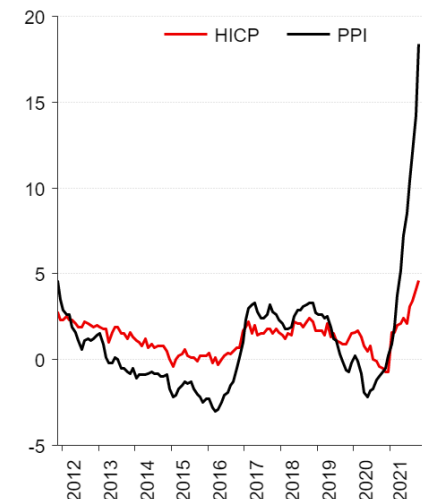
**EURUSD** yesterday went up for a change – the daily move was worth 0.5 cent and the level reached was 1.137. We consider this a too weak correction to the accelerated downside trend (seen since 10 November, from 1.16) to reject the possibility of an attack on 1.12 in the short term.

**EURPLN** started the Thursday session from a test if the market is ready for a downside correction, but the exchange rate quickly rebounded after reaching 4.65 and at the end of the day was even above 4.67 (+0.2% on the day). Such a move in the environment of a gentle depreciation of the dollar shows us that the upside potential of EURPLN is still there. The first important technical levels if the exchange rate moves past 4.67 are at 4.70 and 4.75.

**On the CEE FX market** the forint was outperforming (EURHUF down from 364.5 temporarily to 363 and eventually to 364), after the Hungarian central hiked the weekly deposit rate by 70bp in line with its wording from before two days that it will tighten the liquidity conditions. EURCZK moved quite strongly as for this currency pair and jumped by 0.3% to 25.29, escaping the trading range valid for the last two weeks. The ruble weakened against the dollar even though the oil price went up by 1%. Thus, USDRUB surpassed 73 entering the region last visited in early October.

**On the domestic interest rate market** the Polish bond yields climbed strongly despite strengthening on the core markets: 10Y went up by 20bp, 2 and 5Y by 13bp. The IRS curve shifted up by 8-10bp. 2Y rate is only 8bp below last Friday's peak. FRA rates also made for a half of decline since Friday, with 3x6 rate above 3%. High volatility was supported by lower investor activity and thus hardly any liquidity.

Inflation in Germany, % y/y



Source: Refinitiv Datastream, Santander

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**FX market**

Today's opening			
EURPLN	4.6628	CZKPLN	0.1842
USDPLN	4.1056	HUFPLN*	1.2808
EURUSD	1.1354	RUBPLN	0.0564
CHFPLN	4.4330	NOKPLN	0.4663
GBPPLN	5.5430	DKKPLN	0.6268
USDCNY	6.3809	SEKPLN	0.4627

\*for 100HUF

Last session in the FX market		18/11/2021			
	min	max	open	close	fixing
EURPLN	4.645	4.675	4.658	4.666	4.659
USDPLN	4.099	4.120	4.115	4.107	4.111
EURUSD	1.131	1.136	1.132	1.136	-

**Interest rate market 18/11/2021**

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

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	2.99	13
DS0726 (5Y)	3.32	13
DS0432 (10Y)	3.35	20

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	2.87	7	0.34	1	-0.51	0
2L	3.16	8	0.74	1	-0.35	-2
3L	3.24	8	1.02	0	-0.23	-2
4L	3.24	8	1.19	-1	-0.15	-2
5L	3.23	9	1.30	-2	-0.09	-2
8L	3.15	9	1.54	0	0.07	-1
10L	3.15	10	1.61	-1	0.18	-2

**WIBOR rates**

Term	%	Change (bps)
O/N	0.98	3
T/N	1.10	3
SW	1.25	0
2W	1.28	0
1M	1.42	1
3M	1.66	1
6M	2.01	3
1Y	2.41	1

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

Term	%	Change (bps)
1x4	2.40	4
3x6	3.03	5
6x9	3.33	8
9x12	3.37	11
3x9	3.25	6
6x12	3.51	10

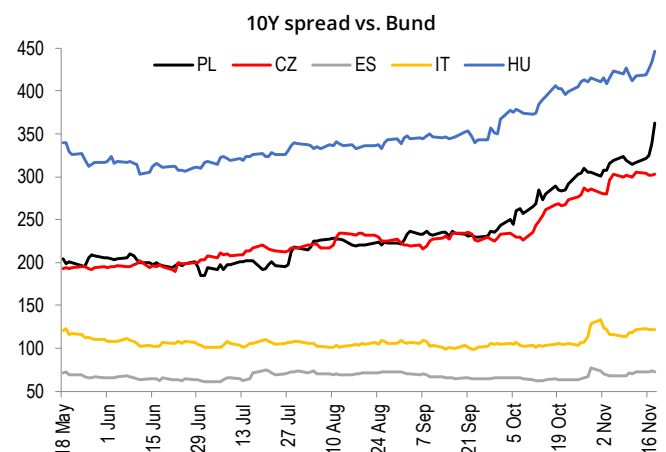
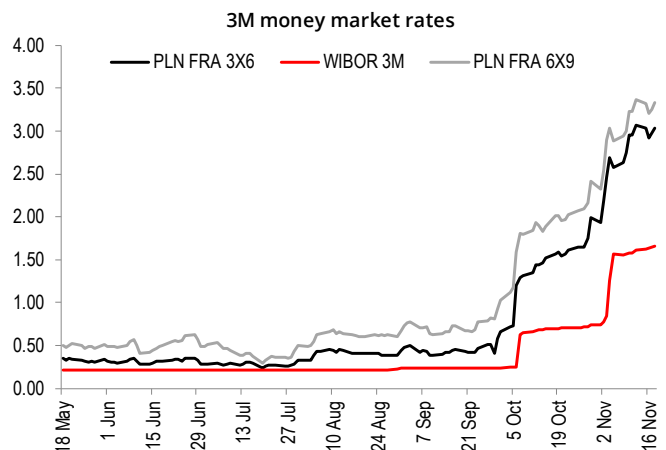
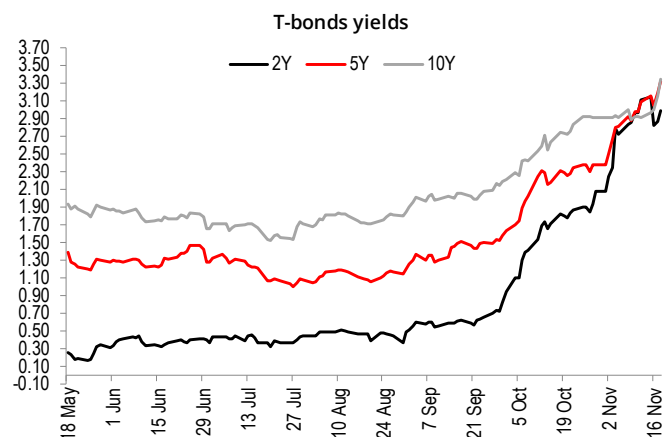
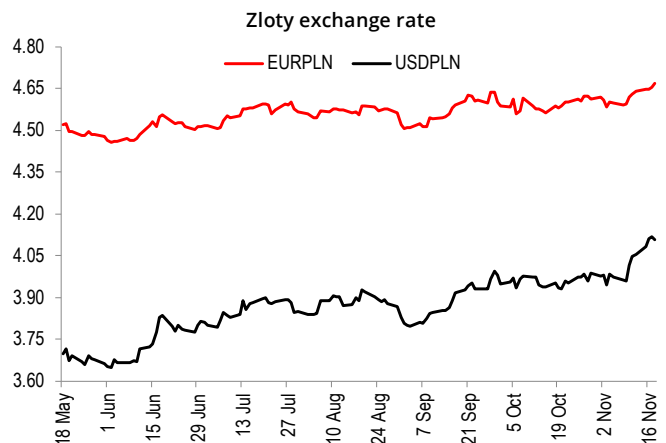
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	53	0	363	24
France	9	0	35	-1
Hungary	51	0	446	12
Spain	33	-1	72	-1
Italy	48	0	121	-1
Portugal	23	-1	63	0
Ireland	11	0	47	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 (12 November)</b>								
10:00	PL	<b>GDP</b>	3Q	% y/y	4.8	3.8	5.1	11.2
11:00	EZ	Industrial Production SA	Sep	% m/m	-0.5		-0.2	-1.7
16:00	US	Michigan index	Nov	pts	72.5		66.8	71.7
<b>MONDAY (15 November)</b>								
10:00	PL	<b>CPI</b>	Oct	% y/y	6.8	6.8	6.8	5.9
14:00	PL	<b>Current Account Balance</b>	Sep	€mn	-	-1175	-1339	-1441
14:00	PL	<b>Trade Balance</b>	Sep	€mn	-	-321	-111	-1279
14:00	PL	<b>Exports</b>	Sep	€mn	-	25104	24537	21680
14:00	PL	<b>Imports</b>	Sep	€mn	-	25425	24648	22959
<b>TUESDAY (16 November)</b>								
09:00	HU	GDP	3Q	% y/y	7.4		6.1	17.8
11:00	EZ	GDP SA	3Q	% y/y	3.7		3.7	14.3
14:00	HU	Central Bank Rate Decision	Nov/21	%	2.1		2.1	1.8
14:00	PL	<b>CPI Core</b>	Oct	% y/y	-	4.6	4.5	4.2
14:30	US	Retail Sales Advance	Oct	% m/m	1.4		1.7	0.8
15:15	US	Industrial Production	Oct	% m/m	0.7		1.6	-1.3
<b>WEDNESDAY (17 November)</b>								
11:00	EZ	HICP	Oct	% y/y	4.1		4.1	4.1
14:30	US	Housing Starts	Oct	% m/m	1.6		-0.7	-2.7
<b>THURSDAY (18 November)</b>								
14:30	US	Initial Jobless Claims		k	260		268	269
14:30	US	Index Philly Fed	Nov		21.0		39	23.8
<b>FRIDAY (19 November)</b>								
10:00	PL	<b>Employment in corporate sector</b>	Oct	% y/y	-	0.5	-	0.6
10:00	PL	<b>Average Gross Wages</b>	Oct	% y/y	-	8.7	-	8.7

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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