

14 January 2022

Eyeopener

Final inflation data today

Giełdy nieznacznie wyżej, stabilizacja PPI w USA na wysokim poziomie
 Stock markets slightly higher, US PPI stabilising at high level
 EURUSD higher, CEE currencies, including the zloty, lose
 Stable yields on the core markets
 Today inflation in Poland and in Hungary, retail sales, industrial output in USA

On Thursday, for the third day in a row the main equity indices were rising. EURUSD soared towards 1.1460, 10Y UST yield stabilised near 1.73% (Bund near -0.07%). Brent oil price was stable near \$84.5 and gold price near \$1820. US producer prices did not surprise much (9.7% vs expected 9.8% y/y, or 0.2% m/m vs expected 0.4%). Even though the reading was still high, it sparked hope for consolidation as the components, i.e. prices of food and energy, eased somehow.

ECB's Luis de Guindos said that inflation will definitely go down, but the main risk for the short-term inflation outlook is the energy prices behaviour. He said the second round effects should be countered but so far no wage pressure has been observed.

Fed's Patrick Harker (Philadelphia) was another FOMC official calling for an interest rate hike already at the March meeting (by 25bp) and he expected 3-4 rate hikes in 2022.

In November **Polish C/A balance** was -EUR1.11bn vs. market expectations at nearly -EUR2bn and our forecast of -EUR1.07bn. The goods trade balance was -EUR0.63bn, still depressed by heightened imports due to expensive energy commodities. Imports grew by 29.0% y/y (up from 20.9% in October and vs. our 28.8% call) and exports by 14.2% y/y (up from 9.7% and vs. our 14.3% call), confirming high activity seen earlier in industrial output data for the same month. According to the NBP report, on the exports side the largest increases were seen in coke, electricity, refined copper, computers and car batteries while the automotive sector products remained a large drag on total exports growth. The services balance was EUR1.96bn some EUR0.2bn stronger than we had expected due to exports growing by 10.5% y/y instead of our 6.5% estimate. The October data saw a large revision, leading to C/A balance at -EUR0.86bn instead of -EUR1.79bn - the largest changes were seen in goods exports (EUR0.72bn higher than initially reported and services exports (up EUR0.22bn vs. initial data). In 12M moving sum terms, C/A turned negative (-0.2% of GDP, down from 0.3% in October and a local peak at 2.9% in April 2020). A further decline of the measure is likely, but it should not be too steep given the strong performance of the local industry sector.

Public finance sector recorded PLN2.5bn surplus in 3Q21 and the four-quarter moving sum reached -1.9% of GDP against -2.8% after 2Q21. The data support our forecast of low fiscal deficit in 2021 (c.2% of GDP at the end of the year).

EURUSD rose for the third day in a row and on Thursday reached 1.147. The size of the three-day rise is already 1.3%.

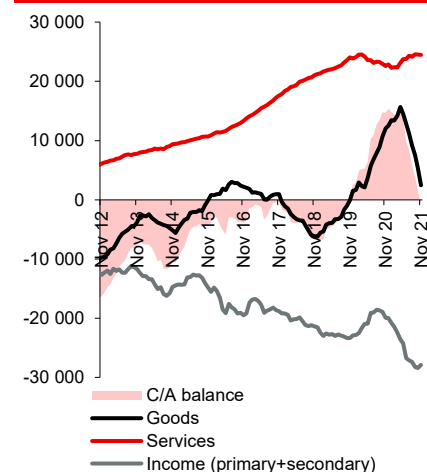
EURPLN had been constantly going down from Christmas until yesterday, when a minor weakening of the zloty was registered. EURPLN rose to 4.5340 despite the positive surprise with the C/A data. Other CEE FX: EURHUF rebounded from 355.1 and 1W deposit rate was not changed (4.0%). EURCZK rose by 0.7% to 24.47 despite the positive surprise with C/A data for November (deficit of CZK6bn instead of the expected CZK9bn) and a large upside surprise in November retail sales (9.9% y/y, 6.4% expected). USDRUB rose by 2.4% to 76.4 after failed Russia-NATO talks.

On the interest rate market in Poland IRS rates continued to fall (by c.7-10bp) and the yield curve moved lower by 4-8bp, more on the short end.

The Ministry of Finance bought at a switch auction: PS0422, OK0722 WS0922 and WZ112 papers for PLN3.9bn and sold OK0724, WZ1126, PS0527, WZ1131, DS0432 for PLN4.07bn. After the auction 2022 borrowing needs were covered in 48%.

Today GUS releases **final December CPI data**. In the previous months flash readings were often revised higher, but this time we think the probability of such a change is lower. In the flash reading GUS did not yet take into account the large drop in fuel prices that took place in late December.

C/A and main components, 12M moving sums, EURmn



Source: NBP, 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 +48 691 393 119
 Marcin Luziński +48 510 027 662
 Wojciech Mazurkiewicz +48 887 842 480
 Grzegorz Ogonek +48 609 224 857

FX market

Today's opening			
EURPLN	4.5404	CZKPLN	0.1845
USDPLN	3.9586	HUFPLN*	1.2784
EURUSD	1.1469	RUBPLN	0.0522
CHFPLN	4.3495	NOKPLN	0.4557
GBPPLN	5.4300	DKKPLN	0.6099
USDCNY	6.3442	SEKPLN	0.4433

*for 100HUF

Last session in the FX market						13/01/2022
	min	max	open	close	fixing	
EURPLN	4.519	4.544	4.525	4.541	4.527	
USDPLN	3.941	3.964	3.956	3.959	3.946	
EURUSD	1.144	1.148	1.144	1.147	-	

Interest rate market 13/01/2022

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	3.31	-4
DS0726 (5Y)	3.88	-7
DS0432 (10Y)	4.00	-2

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	3.70	-10	0.64	1	-0.48	0
2L	3.89	-8	1.08	-1	-0.26	0
3L	3.87	-9	1.34	-2	-0.11	-1
4L	3.83	-10	1.46	-2	-0.02	-3
5L	3.81	-9	1.54	-3	0.06	-2
8L	3.72	-7	1.68	-4	0.23	-3
10L	3.73	-8	1.74	-4	0.32	-5

WIBOR rates

Term	%	Change (bps)
O/N	1.99	2
T/N	2.17	-3
SW	2.29	1
2W	2.30	0
1M	2.37	1
3M	2.75	1
6M	3.13	3
1Y	3.42	2

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3.11	-5
3x6	3.80	-12
6x9	4.02	-16
9x12	4.02	-12
3x9	4.12	-9
6x12	4.19	-16

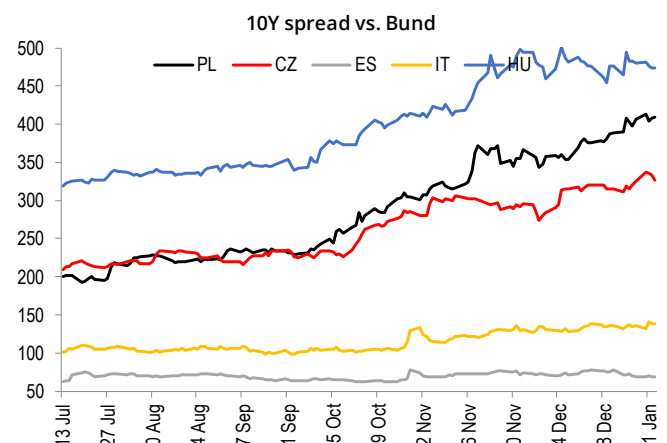
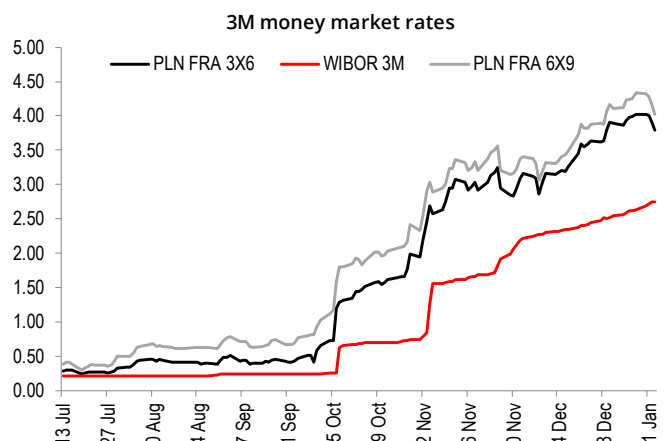
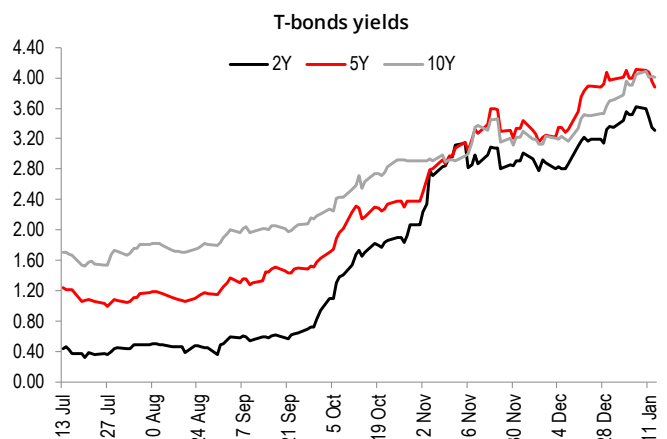
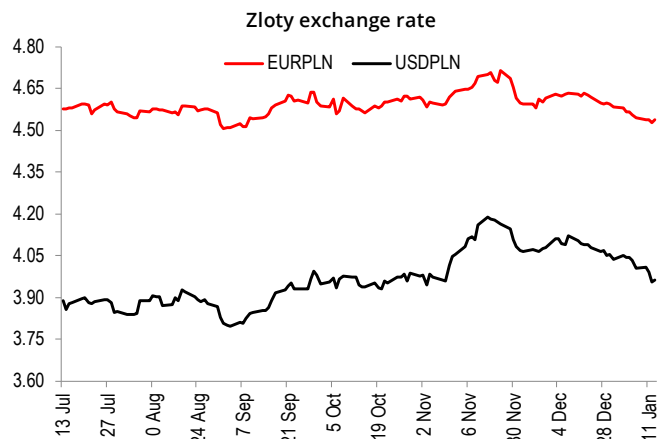
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	41	0	409	1
France	9	0	33	0
Hungary	48	0	474	0
Spain	32	0	69	0
Italy	48	0	138	-1
Portugal	22	0	63	0
Ireland	10	0	38	-2
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		
THURSDAY (6 January)							
02:45	CN	Caixin China PMI Services	Dec	pts	51.7	53.1	52.1
08:00	DE	Factory Orders	Nov	% m/m	2.3	3.7	-6.9
14:00	DE	HICP	Dec	% m/m	0.2	0.3	0.3
14:30	US	Initial Jobless Claims	Jan.22	k	195	207	200
16:00	US	Durable Goods Orders	Nov	% m/m	2.5	2.6	2.5
16:00	US	ISM services	Dec	pts	67.0	62.0	69.1
16:00	US	Factory Orders	Nov	% m/m	1.5	1.6	1.2
FRIDAY (7 January)							
08:00	DE	Exports SA	Nov	% m/m	-0.2	1.7	4.2
08:00	DE	Industrial Production SA	Nov	% m/m	1.0	-0.2	2.8
09:00	CZ	GDP SA	3Q	% y/y	3.1	3.3	3.1
09:00	CZ	Industrial Production	Nov	% y/y	-0.6	1.6	-4.9
09:00	HU	Industrial Production SA	Nov	% y/y	-1.7	2.6	-3.4
10:00	PL	CPI	Dec	% y/y	8.3	8.3	8.6
11:00	EZ	Flash HICP	Dec	% y/y	4.8	5.0	4.9
11:00	EZ	Retail Sales	Nov	% m/m	-0.5	1.0	0.3
11:00	EZ	ESI	Dec	pct.	116.1	115.3	117.6
14:30	US	Change in Nonfarm Payrolls	Dec	k	424	199	249
14:30	US	Unemployment Rate	Dec	%	4.1	3.9	4.2
MONDAY (10 January)							
11:00	EZ	Unemployment Rate	Nov	%	7.2	7.2	7.3
WEDNESDAY (12 January)							
09:00	CZ	CPI	Dec	% y/y	6.6	6.6	6.0
11:00	EZ	Industrial Production SA	Nov	% m/m	0.3	2.3	-1.3
14:30	US	CPI	Dec	% m/m	0.4	0.5	0.8
THURSDAY (13 January)							
14:00	PL	Current Account Balance	Nov	€mn	-1477	-1995	-1112
14:00	PL	Trade Balance	Nov	€mn	-550	-589	-218
14:00	PL	Exports	Nov	€mn	26600	26843	26915
14:00	PL	Imports	Nov	€mn	27505	27607	27547
FRIDAY (14 January)							
09:00	HU	CPI	Dec	% y/y	-	-	7.4
10:00	PL	CPI	Dec	% y/y	-	8.5	7.8
14:30	US	Retail Sales Advance	Dec	% m/m	0.0	-	0.3
15:15	US	Industrial Production	Dec	% m/m	0.3	-	0.52
16:00	US	Michigan index	Jan	pts	70.3	-	70.6

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.