

Eyeopener

Today GDP data from 2021

Stock markets in red

Dollar stable, similarly to UST. Bund almost back at 0,0%

Zloty and Polish T-bonds weaker

Today GDP in Poland and euro zone, inflation in Germany

On Friday equity markets were declining, especially in Europe, as the US markets have rebounded at the end of the session. Dollar has stabilised, just like 2Y UST yields (1.20%) and 10Y yields (1.83%). Bund yield rose slightly by 4bp to -0.02%. Gold price fell to \$1790 while Brent oil price went up to \$88.7 p/b. FOMC member Neel Kashkari (Minneapolis Fed chairman, currently non-voter) said that US rates will probably go up in March and then a pause may be needed. US secretary of defence Lloyd Austin said that Russia has the military capability to start actions against Ukraine. It may cause a rise of worries about the conflict escalation.

US December PCE price deflator (the Fed's preferred inflation measure, for which a 2% target is set), was 5.8% y/y, in line with expectations after 5.7% in November. The core version of the deflator was 4.9% y/y (4.8% expected, 4.7% previously).

January Michigan index of US consumer confidence was still going down – after 70.6 pts in December and the final print for January was much lower than the preliminary one (67.2 pts vs 68.8 pts).

Polish president **Andrzej Duda filed a motion to the lower chamber of the parliament to grant current NBP governor Adam Glapiński a second term of office**. His current term end on 21 June 2022. The motion needs Sejm's majority to pass.

All **ESI sectoral sentiment indicators for Poland** dropped in January, the consumer, construction and industrial ones by most. As a result the main ESI index fell to 102 pts (the lowest since April 2021) from 106.2 pts (the highest since September 2019). The overall index of employment expectations was also significantly lower (100.4 pts, the lowest since March 2021, previously at 101.9 pts). Taking together three last months consumer sentiment index dropped the most while the mood in retail trade sector improved a bit. Selling price indexes remained very high in all business sectors, but the ones for industry and services did not grow m/m any more. A notable change was also a drop of labour shortages indicator in construction. At the same time the share of construction companies constrained by financial issues set a new all-time high at 80.4%

EURUSD on Friday stabilised after significant Thursday declines. On Friday it reached a low of 1.1120, but spent most of the day around 1.1150. This morning it is close to 1.116.

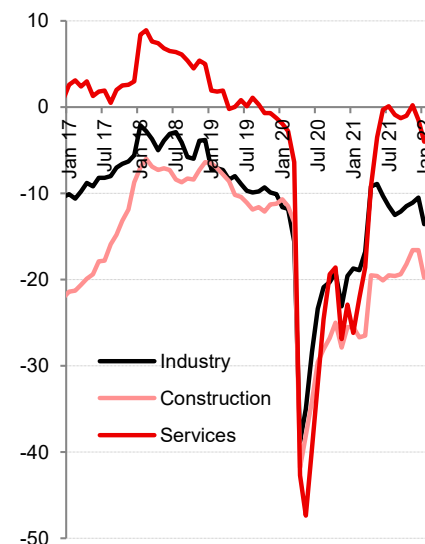
EURPLN on Friday reversed almost all of the Thursday drop and rose to 4.5850. USDPLN rose to 4.11, CHFPLN to 4.4150 and GBPPLN to 5.5160. This morning EURPLN is slightly below 4.58.

Other CEE FX: EURHUF rebounded to 358 from 356. EURCZK stabilised at 24.45, USDRUB moved within 77.5-78.

On the Polish interest rate market Friday saw rising IRS again – this time the curve moved up by c.3bp in 2Y tenor (4.38%) and 5bp in 10Y (4.02%) and settled down after a volatile week. Bonds were also losing – 10Y bond yield reached 4.04%.

Today **the preliminary GDP data for 2021** will be released in Poland. We expect to see +5.8% in 2021 after -2.5% in 2020. The data will allow us to calculate the 4Q result – according to our forecast the economic growth in the final quarter expanded c.7.5% y/y. We expect economic growth to slow in the subsequent quarters, and to average below 5% in 2022.

Poland: ESI, sectoral business sentiment indicators



Source: European Commission, Santander

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FX market

Today's opening

EURPLN	4.5783	CZKPLN	0.1869
USDPLN	4.1006	HUFPLN*	1.2774
EURUSD	1.1161	RUBPLN	0.0529
CHFPLN	4.3999	NOKPLN	0.4573
GBPPLN	5.5037	DKKPLN	0.6150
USDCNY	6.3605	SEKPLN	0.4357

*for 100HUF

Last session in the FX market 28/01/2022

	min	max	open	close	fixing
EURPLN	4.559	4.599	4.563	4.589	4.570
USDPLN	4.088	4.123	4.090	4.111	4.105
EURUSD	1.112	1.117	1.115	1.116	-

Interest rate market 28/01/2022

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	3.49	19
DS0726 (5Y)	4.06	8
DS0432 (10Y)	4.05	0

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.19	-2	0.85	0	-0.45	1
2L	4.38	2	1.30	-1	-0.18	2
3L	4.30	2	1.52	-2	0.00	2
4L	4.23	5	1.63	-2	0.10	3
5L	4.15	4	1.68	-4	0.17	3
8L	4.05	7	1.78	-4	0.32	2
10L	4.03	6	1.83	-3	0.41	2

WIBOR rates

Term	%	Change (bps)
O/N	2.14	6
T/N	2.19	-2
SW	2.30	0
2W	2.43	6
1M	2.60	3
3M	2.99	3
6M	3.44	3
1Y	3.65	2

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3.59	0
3x6	4.35	7
6x9	4.60	0
9x12	4.61	-2
3x9	4.62	2
6x12	4.81	-2

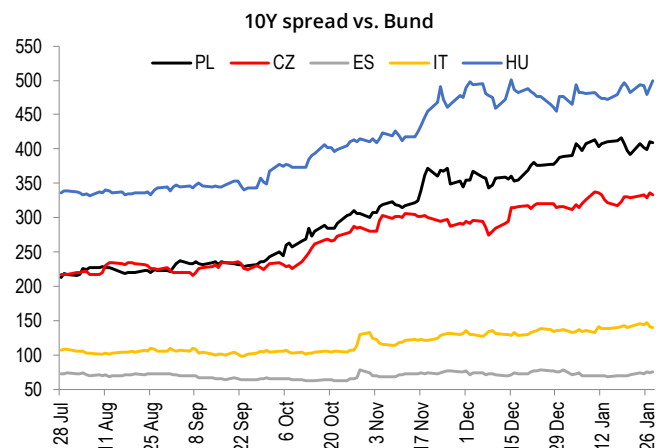
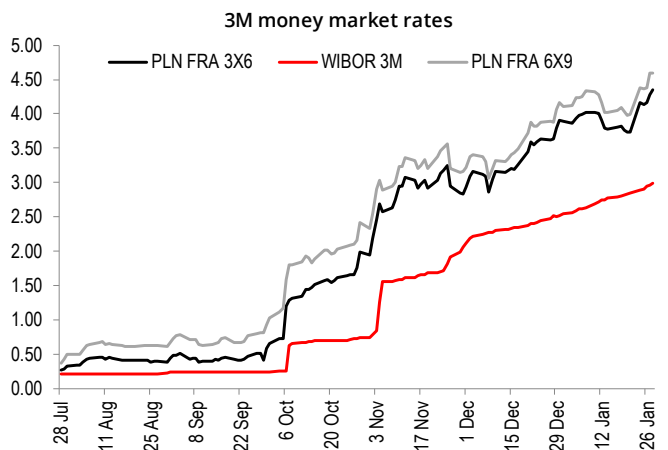
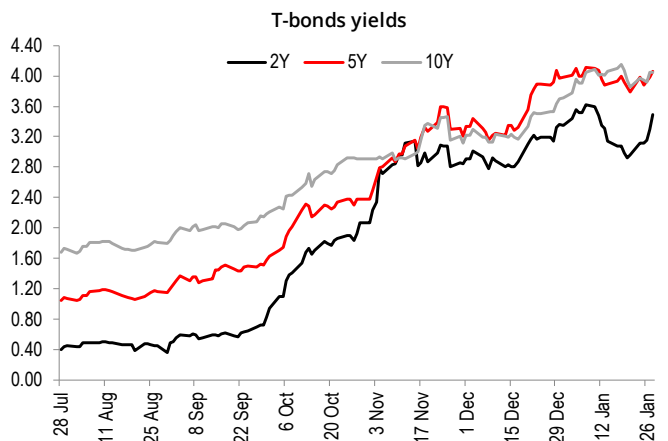
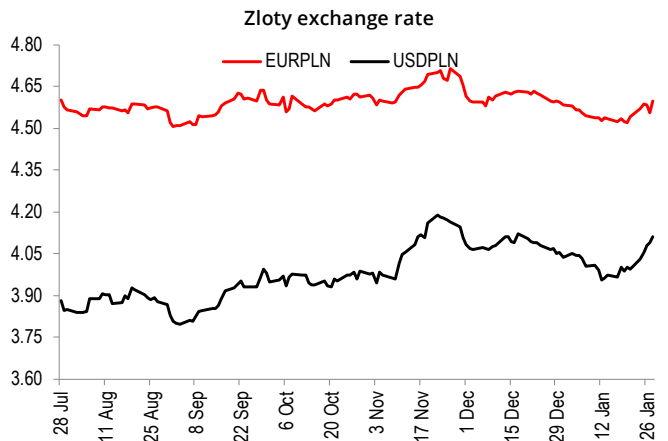
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	43	0	409	-1
France	9	0	41	1
Hungary	53	1	499	11
Spain	34	1	75	1
Italy	50	0	139	-2
Portugal	24	1	67	1
Ireland	10	0	52	1
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 (28 January)								
10:00	DE	GDP WDA	4Q	% y/y	1.8		1.4	2.5
11:00	EZ	ESI	Jan	pct.	114.5		112.7	115.3
14:30	US	Personal Spending	Dec	% m/m	-0.6		-0.6	0.6
14:30	US	Personal Income	Dec	% m/m	0.5		0.3	0.4
14:30	US	PCE Deflator SA	Dec	% m/m	0.4		0.4	0.6
16:00	US	Michigan index	Jan	pts	68.8		67.2	70.6
MONDAY (31 January)								
10:00	PL	GDP	2021	% y/y	5.5	5.8	-	-2.5
11:00	EZ	GDP SA	4Q	% y/y	4.6		-	3.9
14:00	DE	HICP	Jan	% m/m	-0.4		-	0.3
TUESDAY (1 February)								
09:00	CZ	GDP SA	4Q	% y/y	2.75		-	3.3
09:00	PL	Poland Manufacturing PMI	Jan	pts	56.4	56.7	-	56.1
09:55	DE	Germany Manufacturing PMI	Jan	pts	60.5		-	57.4
10:00	EZ	Eurozone Manufacturing PMI	Jan	pts	59.0		-	58.0
11:00	EZ	Unemployment Rate	Dec	%	7.1		-	7.2
16:00	US	ISM manufacturing	Jan	pts	58.0		-	58.7
WEDNESDAY (2 February)								
11:00	EZ	Flash HICP	Jan	% y/y	4.3		-	5.0
14:15	US	ADP report	Jan	k	208.0		-	807.3
THURSDAY (3 February)								
09:55	DE	Markit Germany Services PMI	Jan	pts	52.2		-	48.7
10:00	EZ	Eurozone Services PMI	Jan	pts	51.2		-	53.1
13:45	EZ	ECB Main Refinancing Rate	Feb/22	%	0.0		-	0.0
14:30	US	Initial Jobless Claims	Jan/22	k	265		-	260
14:30	CZ	Central Bank Rate Decision	Feb/22		4.5		-	3.75
16:00	US	Durable Goods Orders	Dec	% m/m			-	-0.9
16:00	US	ISM services	Jan	pts	59.6		-	62.3
16:00	US	Factory Orders	Dec	% m/m	0.1		-	1.6
FRIDAY (4 February)								
08:00	DE	Factory Orders	Dec	% m/m	0.0		-	3.7
09:00	HU	Industrial Production SA	Dec	% y/y			-	2.1
11:00	EZ	Retail Sales	Dec	% m/m	-0.5		-	1.0
14:30	US	Change in Nonfarm Payrolls	Jan	k	178		-	199
14:30	US	Unemployment Rate	Jan	%	3.9		-	3.9

Source: Santander Bank Polska, Bloomberg, Parkiet

* in the case of a revision the data is updated

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