

Eyeopener

NBP governor one step closer to re-election

Today ECB decision and data on purchases and sentiments of US consumers
 Adam Glapiński was approved by the Sejm's commission
 Current account: February below expectations, January revised down
 Domestic bonds much stronger

Today the ECB meeting is the key event, yet it is unlikely to bring about a major change in rhetoric, or new suggestions about acceleration of changes in the euro zone monetary policy. In the USA we will get to see important data: retail sales and University of Michigan consumer sentiments (the latter are currently much weaker than at the start of the pandemic and a further decline is expected).

Sejm's Public Finance committee approved **Adam Glapiński's candidacy for the second term as the NBP governor**. Sejm did not vote on it yesterday, though. The next Sejm's meeting is on April 27-28. During the speech before the committee Glapiński admitted that he is looking closely at situation in the debt market, as "the clouds are gathering" due to monetary tightening cycle in the USA and in Poland and looming rise in borrowing needs. He also expressed hope that at the end of next year rate cuts could be considered. It will be possible once inflation stops and the NBP forecasts show its likely decline in the medium run.

Christopher Waller, one of the most hawkish Fed members said that rates should go up by 50bp at the upcoming meeting in May and they should go further up in June and July. He also stated that if inflation is to go further, then the Fed should also respond with higher rates. At the same time, however, he said that the March CPI reading in the US can set the peak of price pressures and this weakened somewhat his hawkish message.

February **current account** deficit showed EUR2.9bn, i.e. more than we (EUR2.4bn) and the market (EUR2.0bn) expected. Exports advanced by 10.4% y/y and imports by 21.6% y/y and both were considerably worse than we assumed. Export was supported by sales of electricity, coal, fertilizers and computers, but undermined by weak sales of cars. Import was boosted mostly by energy and metals. Even though NBP stated that results of the war are not visible in the trade data, the momentum seems to have weakened significantly. On the other hand, January numbers were revised markedly, with imports and exports dragged higher than previously, but with net effect pushing the current account balance to -EUR0.6bn from -EUR0.06bn. In total January and February data pushed 12m current account deficit to 1.8% of GDP from 0.6% in January. We are expecting a further deterioration in the months to come, above 3% of GDP at the end of the year, given weak inflow of EU funds and rise in imported energy prices.

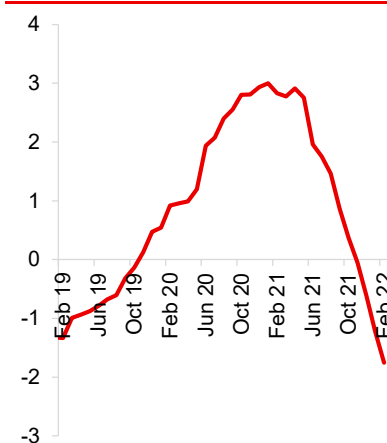
European equity markets did not change much, US stocks rose slightly. Crude oil price went up by c.4%. **EURUSD** still fails to depart from 1.09 for longer.

EURPLN has spent all day near 4.64. Neither surprisingly low current account balance in February, nor downward revision of January print triggered a bigger move. One month earlier, after the current account data for January surprised to the upside, EURPLN dropped immediately by 0.4% and by the end of that day by 0.7%.

CEE currencies were yesterday the only EM currencies which strengthened vs euro, however excluding ruble (+2.8%) the gain was minimal, ranging 0.1%-0.2%. Market does not expect any change of weekly deposit rate today by the Hungarian central bank (currently at 6.15%). CNB governor Jiri Rusnok did not try to strengthen the currency yesterday - he admitted that the bank will most likely hike interest rates more, but the moves will not be too strong, and not too numerous.

On the **interest rate market** the decline of Polish yields even gained strength. During the day the yield curve shifted down by 35bp, while 10Y papers from Germany and USA fell by 2bp. Decline of domestic IRS rates was not that strong so 5- and 10Y asset swap spread is not at 85bp like at the start of the week, but closer to 60-70bp.

C/A balance, 12M moving sum, % GDP



Source: NBP, GUS, Santander

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FX market

Today's opening			
EURPLN	4.6356	CZKPLN	0.1894
USDPLN	4.2464	HUFPLN*	1.2189
EURUSD	1.0911	RUBPLN	0.0518
CHFPLN	4.5477	NOKPLN	0.4856
GBPPLN	5.5738	DKKPLN	0.6226
USDCNY	6.3662	SEKPLN	0.4495

*for 100HUF

Last session in the FX market						13/04/2022
	min	max	open	close	fixing	
EURPLN	4.631	4.647	4.635	4.638	4.646	
USDPLN	4.263	4.293	4.278	4.266	4.287	
EURUSD	1.081	1.087	1.083	1.087	-	

Interest rate market 13/04/2022

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	6.28	-34
DS0726 (5Y)	6.38	-34
DS0432 (10Y)	5.86	-32

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	6.46	-20	2.06	-1	0.01	3
2L	6.36	-22	2.60	-5	0.72	-1
3L	6.10	-23	2.68	-6	1.04	1
4L	5.87	-22	2.70	-5	1.16	-1
5L	5.70	-20	2.70	-3	1.23	-2
8L	5.36	-15	2.71	-4	1.39	-1
10L	5.23	-12	2.74	-2	1.48	-1

WIBOR rates

Term	%	Change (bps)
O/N	4.25	0
T/N	4.48	0
SW	4.57	0
2W	4.59	0
1M	4.72	2
3M	5.47	4
6M	5.76	3
1Y	5.95	3

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	6.35	-9
3x6	6.64	-20
6x9	6.65	-26
9x12	6.54	-32
3x9	6.86	-23
6x12	6.87	-25

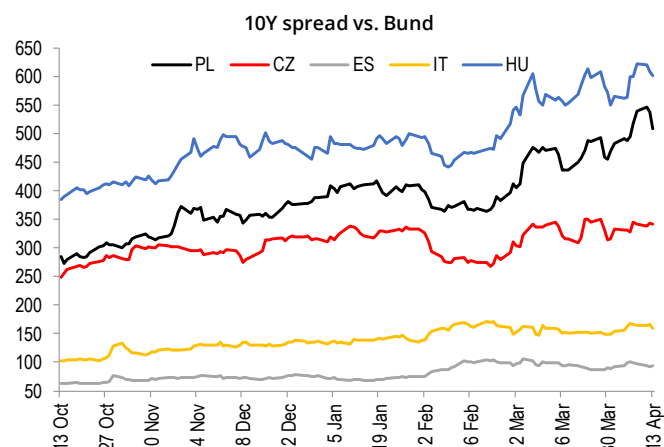
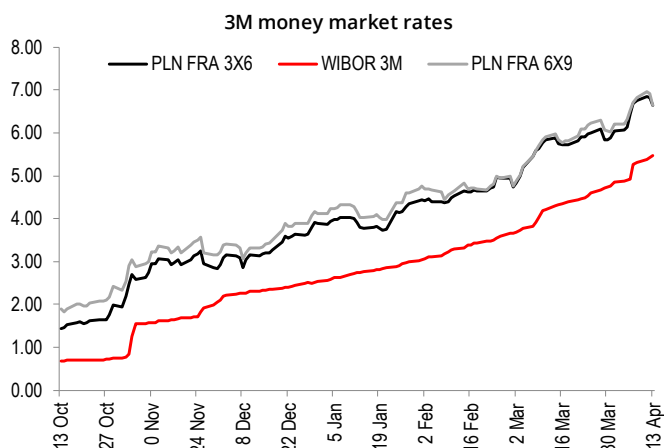
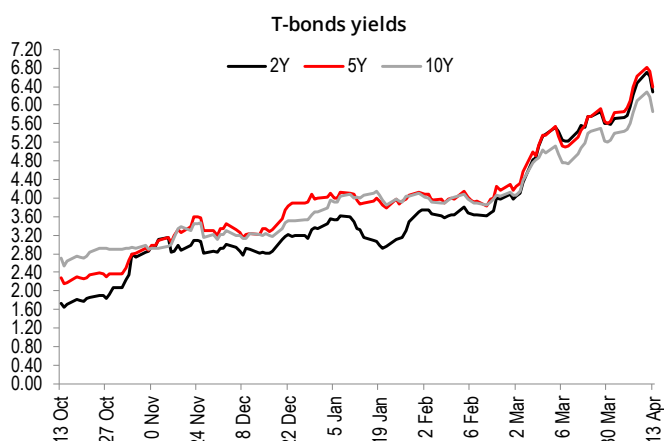
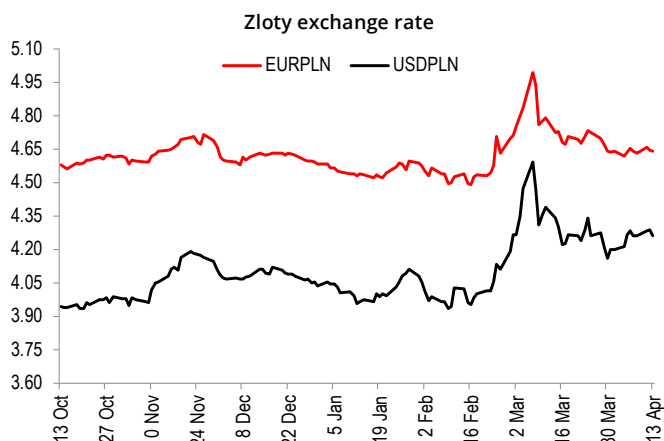
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	80	2	508	-30
France	13	-1	50	-1
Hungary	97	0	601	-8
Spain	42	0	93	1
Italy	52	0	159	-8
Portugal	30	0	101	14
Ireland	13	-1	59	-1
Germany	10	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 (8 April)								
09:00	HU	CPI	Mar	% y/y	8.8	-	8.5	8.3
MONDAY (11 April)								
09:00	CZ	CPI	Mar	% y/y	12.2	-	12.7	11.1
TUESDAY (12 April)								
08:00	DE	HICP	Mar	% m/m	2.5	-	2.5	0.9
11:00	DE	ZEW Survey Current Situation	Apr	pts	-35.0	-	-30.8	-21.4
14:30	US	CPI	Mar	% m/m	1.2	-	1.2	0.8
WEDNESDAY (13 April)								
14:00	PL	Current Account Balance	Feb	€mn	-2049	-2395	-2871	-638
14:00	PL	Trade Balance	Feb	€mn	-1541	-1503	-1741	-1669
14:00	PL	Exports	Feb	€mn	26094	26368	25270	25166
14:00	PL	Imports	Feb	€mn	27670	27871	27011	26835
THURSDAY (14 April)								
13:45	EZ	ECB Main Refinancing Rate	Apr.22	%	0.0	-	-	0.0
14:30	US	Initial Jobless Claims		k	200.0	-	-	166.0
14:30	US	Retail Sales Advance	Mar	% m/m	0.5	-	-	0.3
16:00	US	Michigan index	Apr	pts	58.8	-	-	59.4
FRIDAY (15 April)								
10:00	PL	CPI	Mar	% y/y	10.9	10.9	-	8.5
15:15	US	Industrial Production	Mar	% m/m	0.4	-	-	0.5

Source: Santander Bank Polska, Bloomberg, Parkiet
* in the case of a revision the data is updated

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