

# Weekly Economic Update

## Economic growth and inflation to rise even more

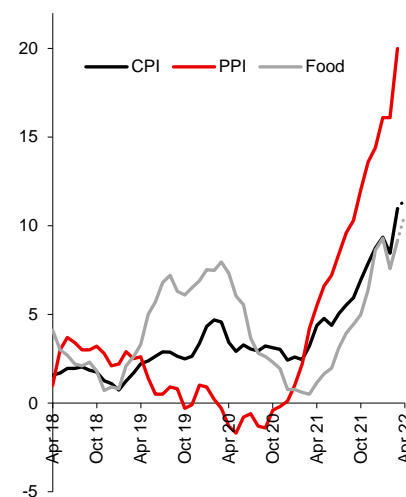
### Economy next week

- After series of better-than-expected data on economic activity (details [here](#) and [here](#)), **our estimates of GDP growth in 1Q22 have gone up to 8% y/y from 7% y/y** (flash estimate is due for release in mid-May). This also moves our forecast for average GDP growth in 2022 thanks to higher starting point: it is probable that we will go back to 4.5% we had expected before the war in Ukraine (which made us cut the forecast to 3.5%), if we do not change our expectations for q/q momentum in the following quarters.
- Thus, flash data on April's inflation due for release next Friday are crucial for the next MPC decision (5th May). Based on newest observations from the food and fuel market **we have increased our CPI forecast in April to 11.5% y/y**. If we are right, then the MPC should not be shocked by inflation. Is this enough for the MPC to return to lower scale of hikes? We thought so previously, but now we are getting more and more positive information on real activity and this is making us question our call.
- Before we will get to see flash inflation on Friday, on Monday money supply is due (we are expecting some deceleration in loans and deposits under impact of uncertainty after invasion on Ukraine) and on Tuesday unemployment rate and other detailed numbers in the GUS Statistical Bulletin. However, these are not market drivers.
- Abroad plenty of data with European inflation taking centre stage, first estimates of 1Q GDP in some EU countries and the USA, sentiment indicators (Ifo, ESI, Conference Board). The Hungarian central bank holds a meeting (rates expected to go up by 100bp) as well as the Russian one (200bp cut expected).
- The parliamentary Justice Committee is to continue working on the bill to liquidate the Disciplinary Chamber on Tuesday.
- The Sejm may vote on Wednesday or Thursday on the **approval of Adam Glapiński's candidacy** for the second term as the NBP governor (no voting schedule is available yet) after he received a positive recommendation from the Public Finance Committee a week ago. According to Radio ZET news PIS is still considering some other candidates for the post.
- It is possible that by the end of the coming week we will also know the name of the new finance minister.

### Markets next week

- **EURPLN remains stable** and in the coming week we do not see factors that could make him more volatile before the Friday data on CPI.
- After the streak of stronger-than-expected Polish data the market pricing of future interest rate hikes increased even more (FRA6x9 is already at 7.3%). **The rise of domestic bond yields is also stimulated by the trend of weaker core market bonds**. It is hard to point to factors that could materially change the situation before Friday. Only a downside surprise in local inflation might stop the rise of expectations about the MPC's next moves. Our CPI forecast (11.5% y/y) is however slightly higher than the current market median on Bloomberg.

Inflation in Poland, selected measures, % y/y

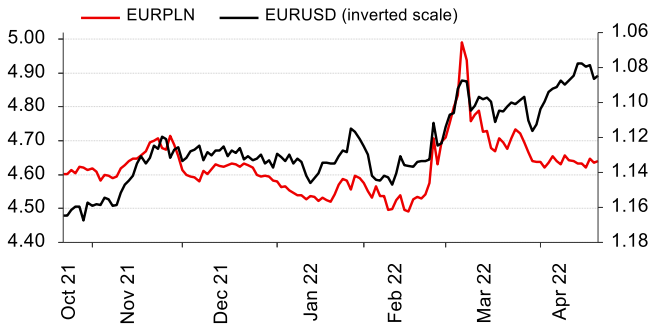


Source: GUS, Santander

### Economic Analysis Department:

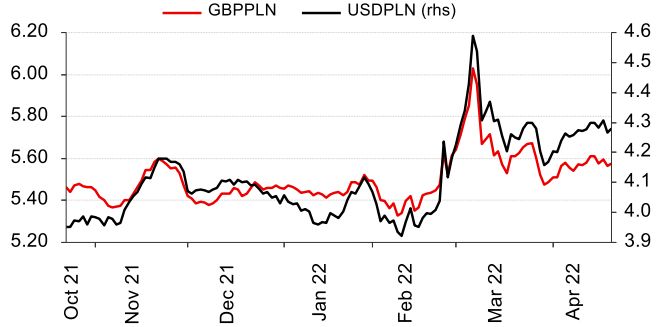
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### EURPLN and EURUSD



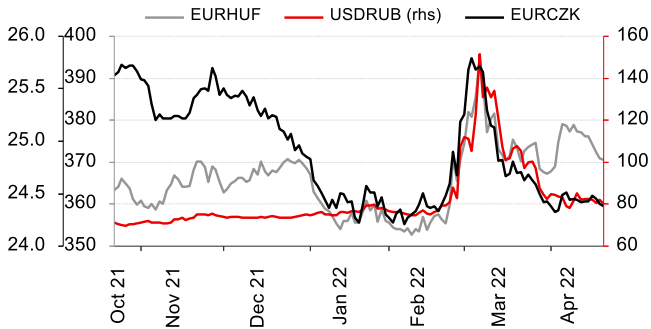
Source: Refinitiv Datastream, Santander Bank Polska

### GBPPLN and USDPLN



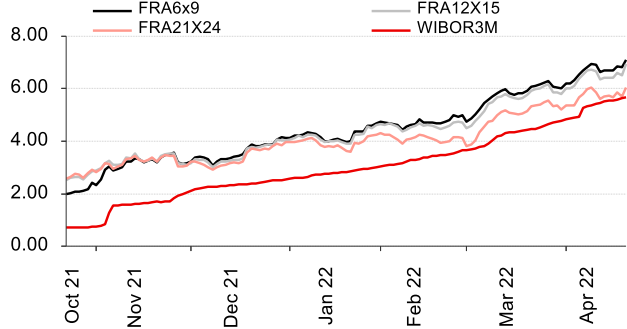
Source: Refinitiv Datastream, Santander Bank Polska

### EURCZK, EURHUF and USDRUB



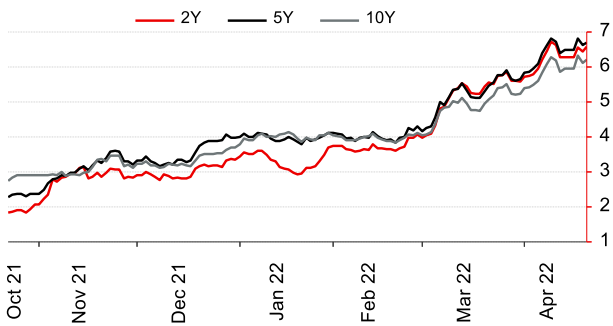
Source: Refinitiv Datastream, Santander Bank Polska

### PLN FRA and WIBOR3M



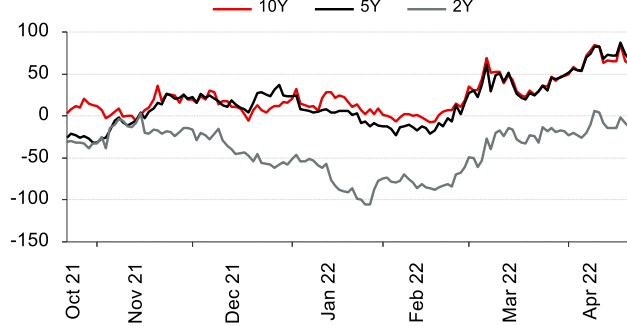
Source: Refinitiv Datastream, Santander Bank Polska

### Polish bond yields



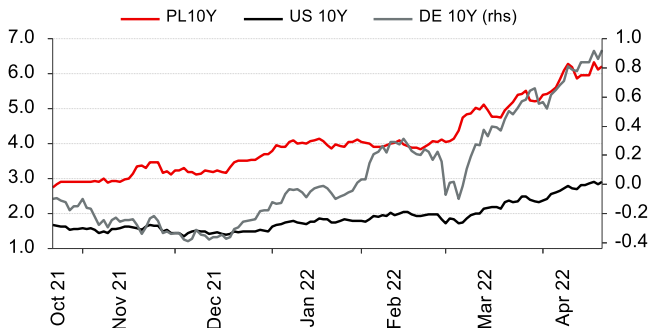
Source: Refinitiv Datastream, Santander Bank Polska

### Asset swap spreads



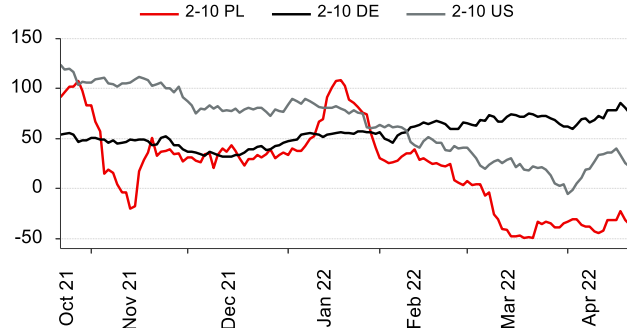
Source: Refinitiv Datastream, Santander Bank Polska

### 10Y bond yields



Source: Refinitiv Datastream, Santander

### Steepness of yield curves



Source: Refinitiv Datastream, Santander Bank Polska

## Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		LAST VALUE	
				MARKET	SANTANDER		
<b>MONDAY (25 April)</b>							
10:00	DE	Ifo Business Climate	Apr	pts	89.1	-	90.8
<b>14:00</b>	<b>PL</b>	<b>Money Supply M3</b>	<b>Mar</b>	<b>% y/y</b>	<b>7.8</b>	<b>7.6</b>	<b>8.0</b>
<b>TUESDAY (26 April)</b>							
<b>10:00</b>	<b>PL</b>	<b>Unemployment Rate</b>	<b>Mar</b>	<b>%</b>	<b>5.4</b>	<b>5.4</b>	<b>5.5</b>
14:00	HU	Central Bank Rate Decision	Apr.22	%	5.40	-	4.40
14:30	US	Durable Goods Orders	Mar	% m/m	1.0	-	-2.1
16:00	US	Consumer Conference Board	Apr	pts	108.0	-	107.2
16:00	US	New Home Sales	Mar	% m/m	0.4	-	-2.0
<b>WEDNESDAY (27 April)</b>							
16:00	US	Pending Home Sales	Mar	% m/m	-0.5	-	-4.1
<b>THURSDAY (28 April)</b>							
11:00	EZ	ESI	Apr	pct.	108.0	-	108.5
14:00	DE	HICP	Apr	% y/y	7.6	-	7.6
14:30	US	GDP Annualized	1Q	% q/q	1.0	-	6.9
14:30	US	Initial Jobless Claims		k	180	-	184
<b>FRIDAY (29 April)</b>							
09:00	CZ	GDP SA	1Q	% y/y	4.3	-	3.6
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Apr</b>	<b>% y/y</b>	<b>11.3</b>	<b>11.5</b>	<b>11.0</b>
10:00	DE	GDP WDA	1Q	% y/y	3.6	-	1.8
11:00	EZ	Flash HICP	Apr	% y/y	7.5	-	7.5
11:00	EZ	GDP SA	1Q	% y/y	5.1	-	4.7
14:30	US	Personal Spending	Mar	% m/m	0.6	-	0.2
14:30	US	Personal Income	Mar	% m/m	0.4	-	0.5
14:30	US	PCE Deflator SA	Mar	% m/m	6.7	-	6.4
16:00	US	Michigan index	Apr	pts	65.7	-	59.4

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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