

## Eyeopener

### April's CPI key for MPC decision

Today flash CPI for April – we expect another rise to 11.5% y/y  
 US GDP declined in 1Q, German inflation rose further in April  
 NBP's Quick Monitoring shows clear worsening of firms' sentiment

**Today** we will see the most important local data release of the week – flash CPI for April. We think it will be key factor for the next week's MPC decision (May 5). Our forecast is at 11.5% y/y, market consensus has recently also converged to this level. If we are right, it would imply not as big upward inflation surprise for the central bank as last month. Possibly, it could be enough to convince the MPC to revert to smaller scale of interest rate hike (50bp) at the nearest meeting next week, especially if the zloty keeps strengthening in the coming days. Central bank of Russia will decide about interest rates today – its president has preannounced another rate cut and majority of analysts expect -200bp rate reduction (in the first days of war CBR was trying to defend ruble by hiking rates by 1050bp, but started reversing this course on April 8 by cutting rates -300bp). The first estimate of 1Q GDP growth will be released in Germany and euro zone, flash HICP for April in the euro zone (the partial data from the member states suggest a possible drop from 7.4% to 7.2% y/y, amid rising core inflation) and March PCE inflation in the USA. In the evening Moody's may update its sovereign rating for Poland.

**The vote on reelection of NBP governor Adam Glapiński** for the second term has been planned in the Sejm's agenda at the meeting on May 11-12.

The first estimate of **US GDP for 1Q22** was a big surprise: GDP fell by 1.4% q/q saar vs expected 1% rise. The weakness resulted mainly from lower inventories and net exports, while domestic demand was even better than in the previous quarter; consumption was supported by reduction of excessive savings accumulated during the pandemic and rising debt. At the same time GDP deflator rose 8% vs expected 7.2%. Publication of ESI indicators has been postponed until May 2. US president announced the **aid package for Ukraine worth USD 33bn** and the support in natural gas supplies to countries that will suffer from cut of Russian deliveries.

According to NBP's Quick Monitoring survey the situation of Polish firms in 4Q21 was still very good and their financial results were improving despite strong rise in costs. However, war in Ukraine caused strong deterioration of expectations for future and some indicators fell to their lowest levels in history. Firms were still reporting problems with supply chains and insufficient inventories. Those problems were deepening due to the war, especially in sectors: construction, production of investment goods and durable consumer goods. The main problems caused by the war are: rising prices of commodities and materials, higher uncertainty, shortage of commodities and materials, the return of workers to Ukraine. The wage pressure experienced by companies decreased slightly, but remained at the very high level.

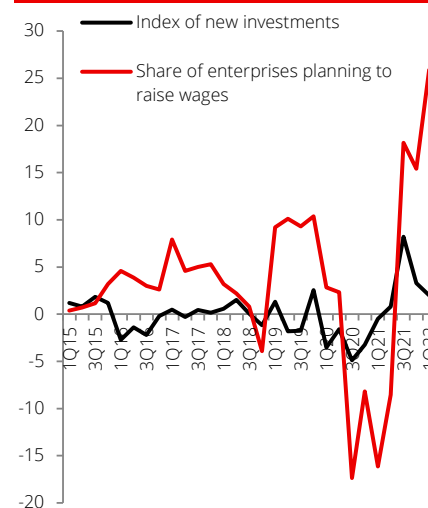
**EURUSD** after reaching 1.05 started showing symptoms of trend stop (the downward move started last Thursday above 1.09). Today the data on GDP and inflation in Europe will be important for the rate behaviour.

On new about positive outlook for Polish gas imports to cover the deliveries halted by Russia, **EURPLN** reversed another part of the Tuesday upside surge. So far its decline did not go beyond 4.68 in a lasting way, but a high CPI reading today could change this.

**Other CEE FX:** the Hungarian central bank lifted the 1W deposit rate by 30bp to 6.45%. It treats the rate as the indicative target level for the main policy rate. EURHUF did not change much day-on-day and EURCZK was slightly higher, but no higher than the top from the previous session.

On the **interest rate market** the day passed on watching the yields go up in Poland (by some 15bp) and on core markets (Bunds up c.10bp, UST up 3-5bp). Polish IRS rates and market-implied rate hike expectations also went up. The impulse for the move was the surprise caused by the further rise of German inflation. In the US data apparently the higher-than-expected significant rise of the broadest inflation measure and the resilience of domestic demand and consumption proved more important marketwise than the disappointment with headline GDP growth.

Annual change of selected "Quick Monitoring" indicators



Source: NBP, Santander

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### FX market

#### Today's opening

EURPLN	4.6762	CZKPLN	0.1904
USDPLN	4.4392	HUFPLN*	1.2378
EURUSD	1.0530	RUBPLN	0.0630
CHFPLN	4.5833	NOKPLN	0.4737
GBPPLN	5.5547	DKKPLN	0.6291
USDCNY	6.6093	SEKPLN	0.4528

\*for 100HUF

#### Last session in the FX market

28/04/2022

	min	max	open	close	fixing
EURPLN	4.668	4.708	4.706	4.689	4.692
USDPLN	4.419	4.490	4.473	4.465	4.461
EURUSD	1.047	1.056	1.052	1.050	-

### Interest rate market 28/04/2022

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

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	6.71	15
DS0726 (5Y)	6.83	20
DS0432 (10Y)	6.32	16

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7.26	14	2.42	3	0.19	6
2L	7.05	14	2.93	5	0.90	11
3L	6.78	15	2.97	3	1.16	11
4L	6.53	16	2.95	4	1.30	11
5L	6.35	16	2.93	4	1.39	11
8L	5.99	17	2.88	1	1.57	11
10L	5.85	15	2.89	1	1.68	11

### WIBOR rates

Term	%	Change (bps)
O/N	4.38	-9
T/N	4.55	2
SW	4.82	17
2W	4.97	8
1M	5.12	6
3M	5.95	7
6M	6.15	5
1Y	6.35	5

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

Term	%	Change (bps)
1x4	6.93	11
3x6	7.33	1
6x9	7.48	18
9x12	7.45	20
3x9	7.63	9
6x12	7.61	15

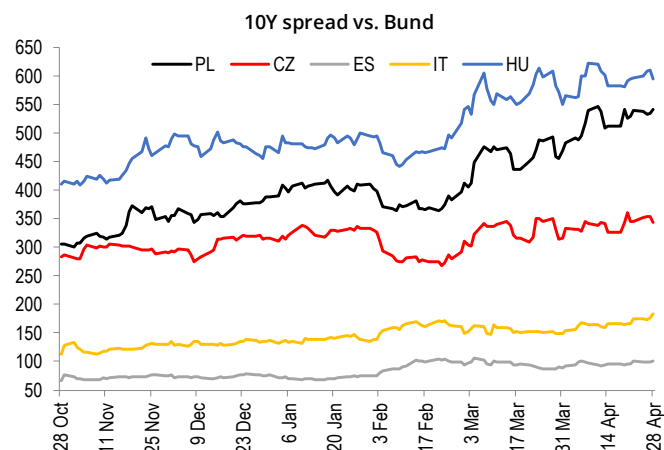
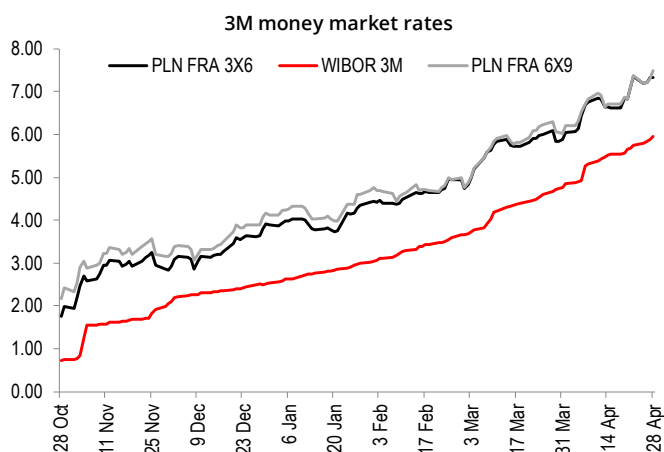
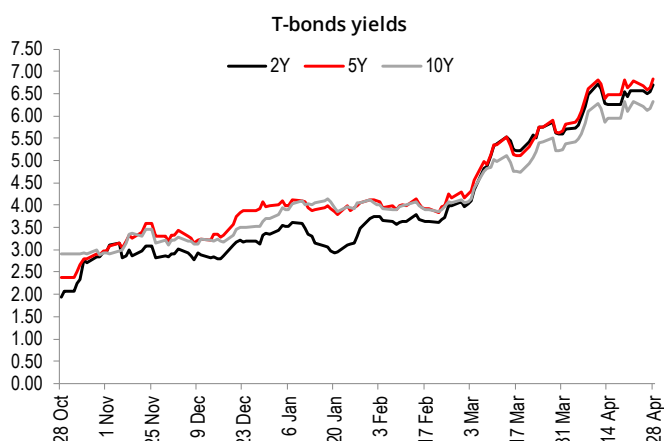
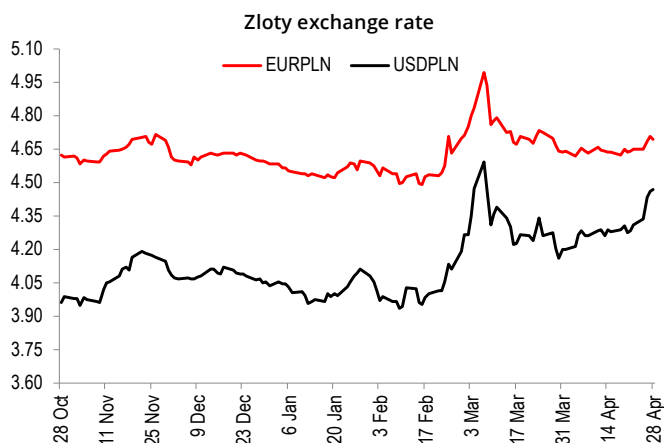
### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	82	0	542	7
France	11	0	50	0
Hungary	112	0	594	-16
Spain	48	0	101	2
Italy	60	2	183	6
Portugal	33	0	106	1
Ireland	12	0	65	1
Germany	9	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 (22 April)</b>								
09:30	DE	Germany Manufacturing PMI	Apr	pts	54.5	-	54.1	56.9
09:30	DE	Markit Germany Services PMI	Apr	pts	55.3	-	57.9	56.1
10:00	EZ	Eurozone Manufacturing PMI	Apr	pts	54.9	-	55.3	56.5
10:00	EZ	Eurozone Services PMI	Apr	pts	55.0	-	57.7	55.6
<b>10:00</b>	<b>PL</b>	<b>Construction Output</b>	<b>Mar</b>	<b>% y/y</b>	<b>13.8</b>	<b>15.5</b>	<b>27.6</b>	<b>21.2</b>
<b>10:00</b>	<b>PL</b>	<b>Retail Sales Real</b>	<b>Mar</b>	<b>% y/y</b>	<b>8.8</b>	<b>7.8</b>	<b>9.6</b>	<b>8.1</b>
<b>MONDAY (25 April)</b>								
10:00	DE	IFO Business Climate	Apr	pts	89.1	-	91.8	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>7.9</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>5.4</b>	<b>5.5</b>
14:00	HU	Central Bank Rate Decision	Apr.22	%	5.40	-	5.40	4.40
14:30	US	Durable Goods Orders	Mar	% m/m	1.0	-	0.8	-1.7
16:00	US	Consumer Conference Board	Apr	pts	108.0	-	107.3	107.2
16:00	US	New Home Sales	Mar	% m/m	0.4	-	-8.6	-1.2
<b>WEDNESDAY (27 April)</b>								
16:00	US	Pending Home Sales	Mar	% m/m	-0.5	-	-1.2	-4.0
<b>THURSDAY (28 April)</b>								
14:00	DE	HICP	Apr	% y/y	7.6	-	7.8	7.6
14:30	US	GDP Annualized	1Q	% q/q	1.0	-	-1.4	6.9
14:30	US	Initial Jobless Claims		k	180	-	180	185
<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>11.5</b>	<b>11.5</b>	<b>-</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, Bloomberg, Parkiet  
\* in the case of a revision the data is updated

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