

# Eyeopener

## Important Polish data today

Today Polish industrial output and labour market data and more  
Weakness in US data  
Presidential draft law abolishing the Disciplinary Chamber ready to be voted on

**Today** important data in Poland are due: wages and employment, PPI, GUS business climate indicators, industrial output. The latter will be key in assessing how the local economic activity evolves under the impact of shocks (war in Ukraine, interest rate hikes). Our forecast is slightly below market consensus but still shows a decent rise. It will be the first print of industrial production for 2Q22, so it will be important for shaping expectations how quickly economy may be cooling down after the extremely strong 1Q. We expect to see also strong labour market data and further PPI inflation rise.

Yesterday's **US initial jobless claims** data came in slightly higher than expected. The rise in this metric has been ongoing for several weeks now and while not strong, it does suggest a slight increase in the US unemployment rate. The May Philly Fed index was also slightly worse than expected (the index fell to 2.6pts vs. 16pts expected and 17.6pts previously), including a sharp decline in the future activity index. Home sales also fell harder than expected and were the weakest since the pandemic shock in 2020. The Conference Board's US-wide business sentiment index also surprised downward, falling 0.3% in April while the market had expected an increase of the same magnitude. The survey also showed that nearly 70% of US business executives believe the economy is headed for a recession. On the other hand, a 15bp cut in the 5-year lending rate by the Chinese central bank was a positive signal for the markets this morning.

Yesterday, the Sejm's **Justice Committee** reached an agreement on the presidential draft law abolishing the Disciplinary Chamber, taking into account amendments by minor coalition partner Solidarna Polska. According to the government spokesperson, the legislative process should be completed by the end of June, and the Sejm is expected to vote on it at its next session next week.

The European Parliament has approved the **suspension of customs duties on all Ukrainian exports** for one year, which should improve the transit of Ukrainian goods through, among others, Poland in the face of blocked Black Sea ports. The US Senate passed a nearly \$40bn aid package for Ukraine (much more than c.USD14bn in aid approved in March). The vast majority of the new funds are to go toward rearming Ukraine.

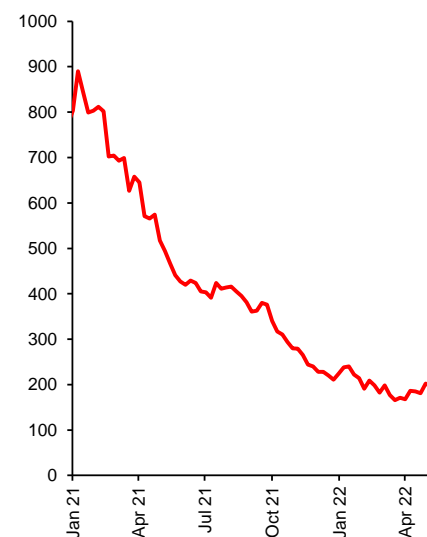
**EURUSD** for a few days now is making attempts to climb towards and above the level of 1.06. Upward recovery of the exchange rate was supported by weaker-than-expected US data on economic activity in the Philadelphia district and the ECB minutes release from April meeting. The minutes confirmed worries of the ECB Governing Council concerning growing inflation and widespread consensus within the council on the urgency of the monetary policy tightening. In the document, signalling of faster rate hikes in the Eurozone was recognised as one of the important conditions of lowering inflation expectations.

**EURPLN**, despite attempts to go lower during the Thursday session, ended the day with weaker PLN. The exchange rate rose to 4.65 from about 4.64. The factors acting against the zloty were the stock markets falls, which were discounting renewed fears on the global economic growth prospects.

**Other CEE currencies:** EURCZK rose to 24.70 from around 24.66. CNB Deputy Governor Tomas Nidetzky said in an interview that the rate hiking cycle may be coming to an end, but the next rate hike in June may still happen (this will be the last meeting during the term of current CNB head Jiri Rusnok). He also warned that "interventions in favour of the krona are not a tool without limits". However, he cautioned that the CNB will use standard tools, namely interest rates, "as long as they work." EURHUF rose to 384 from 383. The driver of the forint's weakening, as with the region's other currencies, was the deterioration in financial market sentiment.

On the **interest rate market** the domestic yield curve and IRS rates slid on Thursday on a wave of declines in the main markets. The slope of the domestic yield curve (measured as the difference in 10Y and 2Y yields) was little changed and remained clearly positive (unlike in March and April, when the short end was higher than the long end).

Initial jobless claims, thousand



Source: Refinitiv, Santander

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**FX market**

**Today's opening**

EURPLN	4.6387	CZKPLN	0.1877
USDPLN	4.3821	HUFPLN*	1.1977
EURUSD	1.0584	RUBPLN	0.0707
CHFPLN	4.5160	NOKPLN	0.4516
GBPPLN	5.4675	DKKPLN	0.6232
USDCNY	6.6927	SEKPLN	0.4418

\*for 100HUF

**Last session in the FX market 19.05.2022**

	min	max	open	close	fixing
EURPLN	4.635	4.656	4.639	4.650	4.643
USDPLN	4.384	4.444	4.422	4.395	4.423
EURUSD	1.046	1.060	1.049	1.059	-

**Interest rate market 19.05.2022**

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

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	6.24	-5
DS0726 (5Y)	6.78	-4
DS0432 (10Y)	6.57	-8

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7.21	-4	2.55	0	0.40	2
2L	6.96	-5	2.86	-7	0.97	1
3L	6.64	-9	2.90	-5	1.19	1
4L	6.41	-9	2.87	-6	1.31	-1
5L	6.25	-10	2.85	-6	1.40	-2
8L	6.04	-13	2.86	-4	1.58	-4
10L	5.99	-12	2.89	-5	1.69	-6

**WIBOR rates**

Term	%	Change (bps)
O/N	5.00	-8
T/N	5.23	1
SW	5.33	0
2W	5.37	-1
1M	5.60	2
3M	6.45	0
6M	6.68	1
1Y	6.80	0

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

Term	%	Change (bps)
1x4	6.86	-2
3x6	7.20	0
6x9	7.28	-3
9x12	7.24	-4
3x9	7.37	-3
6x12	7.46	0

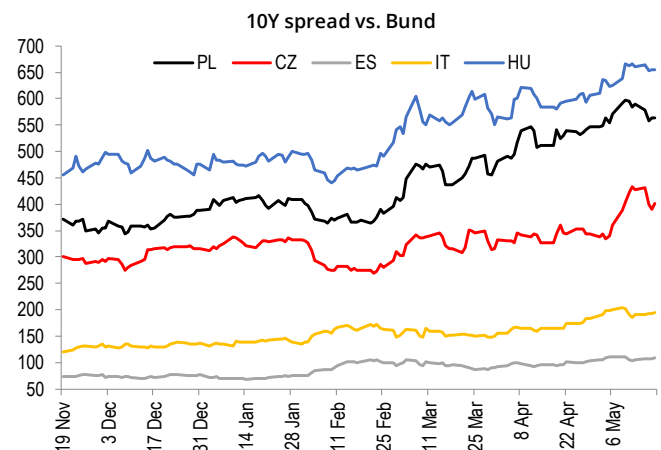
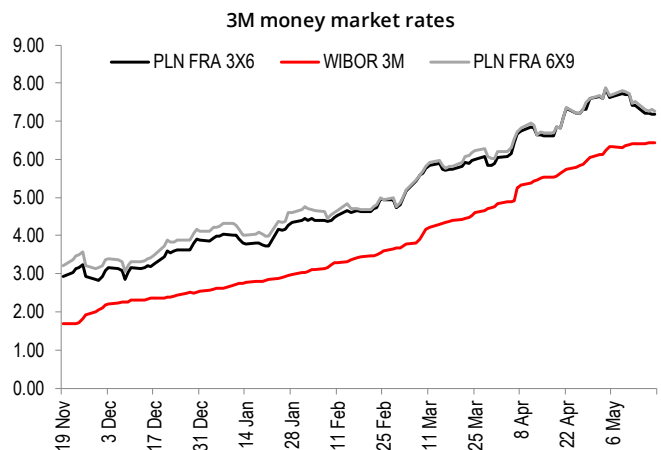
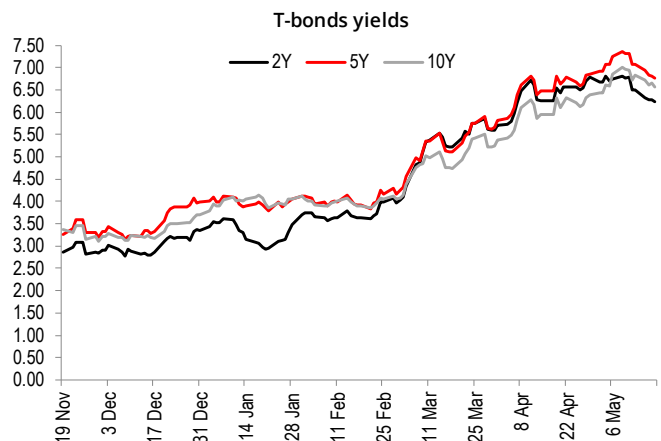
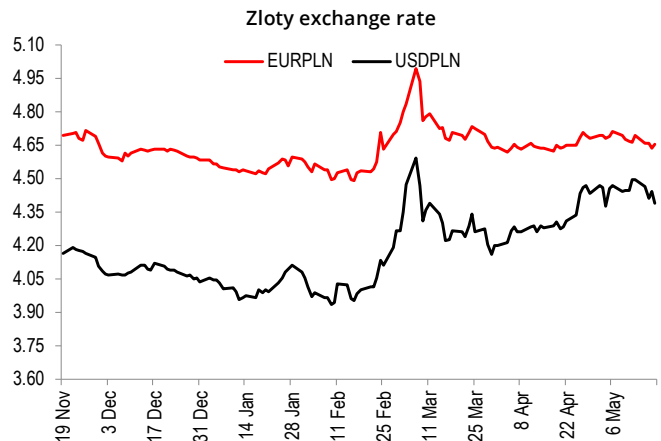
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	115	0	563	0
France	12	0	50	1
Hungary	130	5	655	-1
Spain	53	0	109	2
Italy	63	2	195	3
Portugal	40	0	116	2
Ireland	13	0	64	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 (13 May)</b>								
10:00	PL	CPI	Apr	% y/y	12.3	12.3	12.4	11.0
11:00	EZ	Industrial Production SA	Mar	% m/m	-0.7	-	-1.8	0.5
14:00	PL	Current Account Balance	Mar	€mn	-2935	-2478	-2972	-2663
14:00	PL	Trade Balance	Mar	€mn	-2194	-1836	-3253	-1559
14:00	PL	Exports	Mar	€mn	26259	25950	25831	25141
14:00	PL	Imports	Mar	€mn	28919	28038	29084	26700
16:00	US	Michigan index	May	pts	63.7	-	59.1	65.2
<b>MONDAY (16 May)</b>								
14:00	PL	CPI Core	Apr	% y/y	7.5	7.7	7.7	6.9
<b>TUESDAY (17 May)</b>								
09:00	HU	GDP	1Q	% y/y	7.8	-	8.2	7.1
10:00	PL	GDP	1Q	% y/y	8.1	8.1	8.5	7.3
11:00	EZ	GDP SA	1Q	% y/y	5.0	-	5.1	4.6
14:30	US	Retail Sales Advance	Apr	% m/m	1.0	-	0.9	1.4
15:15	US	Industrial Production	Apr	% m/m	0.4	-	1.1	0.9
<b>WEDNESDAY (18 May)</b>								
11:00	EZ	HICP	Apr	% y/y	7.5	-	7.4	7.4
14:30	US	Housing Starts	Apr	% m/m	-1.7	-	-0.2	-2.8
<b>THURSDAY (19 May)</b>								
14:30	US	Initial Jobless Claims		k	193	-	218	197
14:30	US	Index Philly Fed	May		16.7	-	2.6	17.6
16:00	US	Existing Home Sales	Apr	% m/m	-2.1	-	-2.4	-3.0
<b>FRIDAY (20 May)</b>								
10:00	PL	Employment in corporate sector	Apr	% y/y	2.7	2.8	-	2.4
10:00	PL	Sold Industrial Output	Apr	% y/y	14.5	12.3	-	17.3
10:00	PL	PPI	Apr	% y/y	20.3	20.5	-	20.0
10:00	PL	Average Gross Wages	Apr	% y/y	12.3	12.4	-	12.4

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

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