

20 May 2022

# Weekly Economic Update

## The heat is still on

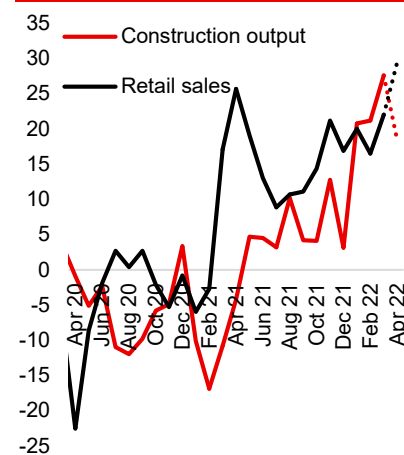
### Economy next week

- After the weekend the series of Polish monthly data releases, started today, will continue. This will cast more light on the business conditions at the start of 2Q. The data worth watching in our view will be: on Monday construction output and retail sales for April, on Tuesday aggregate 1Q financial results of companies and April money supply, on Wednesday unemployment, consumer sentiment and Statistical Bulletin offering detailed data in many fields. The indicators published today (industrial output, wages, employment, PPI) showed that **for the time being the weakening of real economic activity after the outbreak of war in Ukraine is not significant, but the processes of nominal indexation in the economy are still gaining momentum, raising fears that CPI inflation may creep higher than we imagine and prove more persistent**. More evidence of these tendencies in the data will support the rise of expectations about further rate hikes by NBP.
- In the Eurozone there will be plenty of business sentiment indicators, i.a. the German Ifo, flash PMIs in manufacturing and services, as well as FOMC minutes, 1Q US GDP revision, US consumer incomes and spending.
- The Sejm is scheduled to hold a session on Wednesday-Thursday to, among other issues, approve the presidential bill on the Supreme Court, which includes changes dissolving the Disciplinary Chamber. The Sejm's Justice Committee has finally managed to complete its work on the bill, which confirms that the ruling coalition parties have reached an agreement on the matter and the outcome of the Sejm's vote should be positive. If so, it will be **a step closer to unblocking the money from the Recovery Fund**.
- We would also expect the Sejm to finally deal with filling the two vacancies on the Monetary Policy Council.

### Markets next week

- **EURPLN should, in our opinion, continue going south after the weekend**. In the coming week, we see it in the range of 4.62 – 4.63 with a possible temporary attempt to break towards 4.60 – 4.61. The zloty should be supported by upcoming local macro data speaking in favour of a larger scale of NBP rate hikes, EURUSD attempting to break above 1.06 level and rising chances for unlocking the Recovery Plan.
- **Polish yields will likely go up** – strong local data, growing risk of further inflationary surprises and larger rate hikes suggest that the downward correction is coming to an end. Additionally, a new government bond supply on Thursday's auction of the Ministry of Finance should not be supportive for the Polish debt either.

Selected economic activity data, % y/y

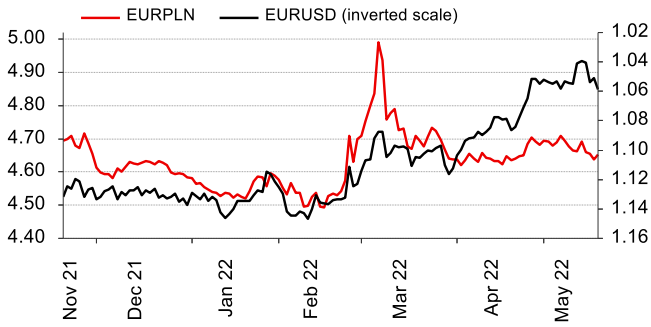


Source: GUS, Santander

### Economic Analysis Department:

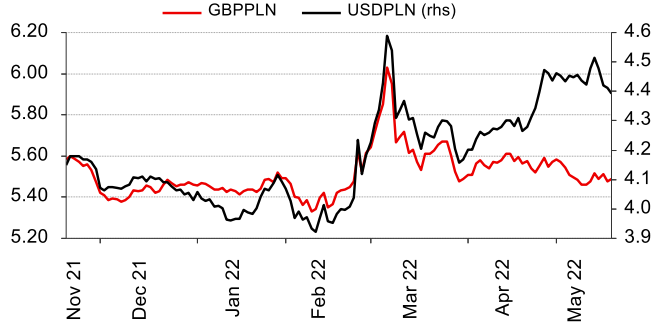
al. Jana Pawła II 17, 00-854 Warszawa  
 email: [ekonomia@santander.pl](mailto:ekonomia@santander.pl)  
 website: [santander.pl/en/economic-analysis](https://santander.pl/en/economic-analysis)  
 Piotr Bielski +48 691 393 119  
 Jarosław Kosaty +48 887 842 480  
 Marcin Luziński +48 510 027 662  
 Grzegorz Ogonek +48 609 224 857

### EURPLN and EURUSD



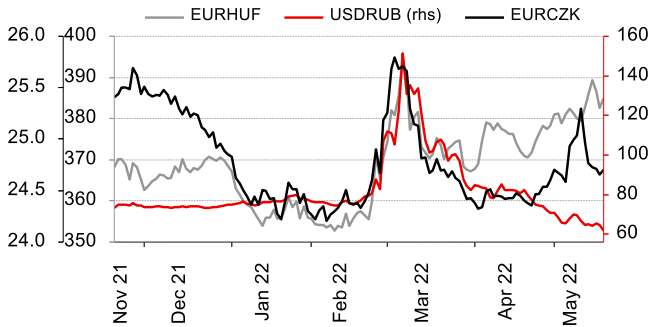
Source: Refinitiv Datastream, Santander

### GBPPLN and USDPLN



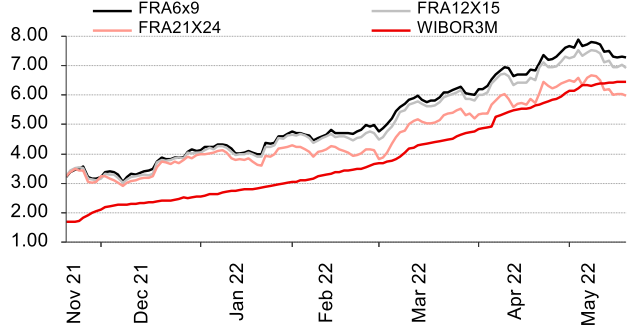
Source: Refinitiv Datastream, Santander Bank Polska

### EURCZK, EURHUF and USDRUB



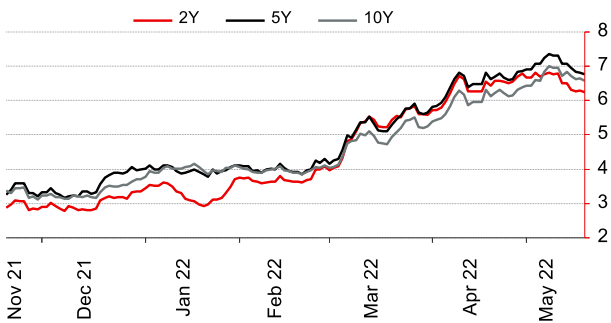
Source: Refinitiv Datastream, Santander Bank Polska

### PLN FRA and WIBOR3M



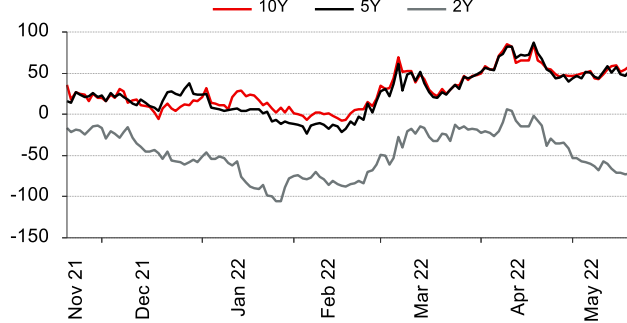
Source: Refinitiv Datastream, Santander Bank Polska

### Polish bond yields



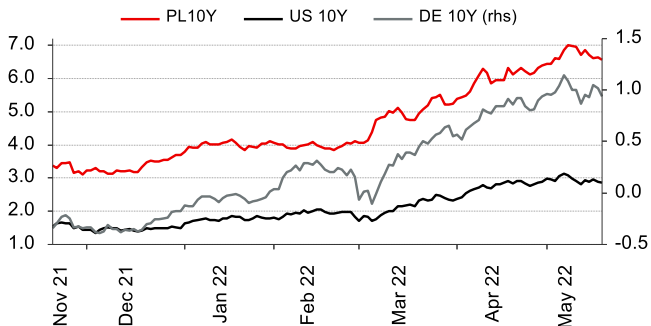
Source: Refinitiv Datastream, Santander Bank Polska

### Asset swap spreads



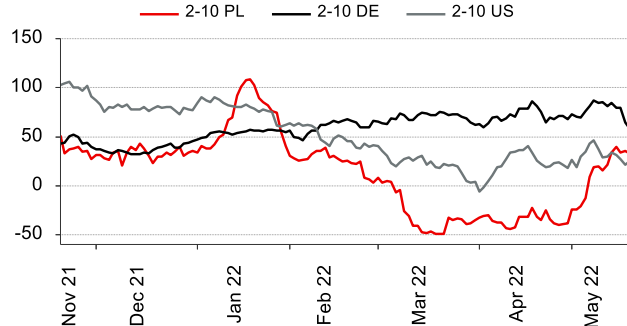
Source: Refinitiv Datastream, Santander Bank Polska

### 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 (23 May)</b>						
10:00	DE	IFO Business Climate	May	pts	91.4	91.8
<b>10:00</b>	<b>PL</b>	<b>Construction Output</b>	<b>Apr</b>	<b>% y/y</b>	<b>18.9</b>	<b>18.5</b>
<b>10:00</b>	<b>PL</b>	<b>Retail Sales Real</b>	<b>Apr</b>	<b>% y/y</b>	<b>16.1</b>	<b>17.1</b>
<b>TUESDAY (24 May)</b>						
09:30	DE	Germany Manufacturing PMI	May	pts	54.0	54.6
09:30	DE	Markit Germany Services PMI	May	pts	57.2	57.6
10:00	EZ	Eurozone Manufacturing PMI	May	pts	54.7	55.5
10:00	EZ	Eurozone Services PMI	May	pts	57.5	57.7
<b>14:00</b>	<b>PL</b>	<b>Money Supply M3</b>	<b>Apr</b>	<b>% y/y</b>	<b>8.4</b>	<b>8.8</b>
16:00	US	New Home Sales	Apr	% m/m	-1.7	-8.6
<b>WEDNESDAY (25 May)</b>						
08:00	DE	GDP WDA	1Q	% y/y	3.7	3.7
<b>10:00</b>	<b>PL</b>	<b>Unemployment Rate</b>	<b>Apr</b>	<b>%</b>	<b>5.3</b>	<b>5.3</b>
14:30	US	Durable Goods Orders	Apr	% m/m	0.6	0.8
20:00	US	FOMC Meeting Minutes	May.22			
<b>THURSDAY (26 May)</b>						
14:30	US	GDP Annualized	1Q	% Q/Q	-1.3	-1.4
14:30	US	Initial Jobless Claims	May.22	k	210.0	218.0
16:00	US	Pending Home Sales	Apr	% m/m	-1.9	-1.2
<b>FRIDAY (27 May)</b>						
14:30	US	Personal Spending	Apr	% m/m	0.6	1.1
14:30	US	Personal Income	Apr	% m/m	0.5	0.5
14:30	US	PCE Deflator SA	Apr	% m/m	0.2	0.9
16:00	US	Michigan index	May	pts	59.1	59.1

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

*This publication has been prepared by Santander Bank Polska S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. Information presented in the publication is not an investment advice. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. Santander Bank Polska S.A. its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Santander Bank Polska S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Santander Bank Polska S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.*

*Additional information is available on request. Please contact Santander Bank Polska S.A. Financial Management Division. Economic Analysis Department. al. Jana Pawła II 17. 00-854 Warsaw. Poland. phone +48 22 534 18 87. email ekonomia@santander.pl. http://www.santander.pl.*