

10 August 2022

## Eyeopener

### Real wages falling at record pace

Today inflation data in the USA and some European economies  
 Inflation in Hungary well above forecast, in Germany in line  
 Real wage growth in 2Q22 negative and lowest in 30 years  
 EURUSD and USDPLN waiting for US CPI data

**Today**, inflation data in the agenda, including the most important one - CPI in the US. Czechia and Italy will also publish inflation prints. Hungary's inflation exceeded forecasts yesterday. This morning, inflation in Germany was in line with forecasts, while inflation in China rose slightly less than expected.

**The average wage in the national economy** in 2Q 2022 was PLN 6156, which means an increase of 11.8% y/y - the highest since 2000. However, the growth in the whole economy was again lower than in the corporate sector (13.5% y/y), which we believe is due to weak growth in the public sector. For the first time in a decade, wage growth was also below inflation (13.9% y/y). In real terms, wage growth was -1.8% y/y, which was the weakest reading in the entire history of comparable data, i.e. since 1995. The data confirm that high inflation is eroding consumers' purchasing power, which does not bode well for consumption outlook.

**The number of foreigners insured with Social Security (ZUS)** continued to grow, reaching 1.025 million in July (+1.3% m/m, +24.1% y/y). The number of Ukrainians amounted to 736,000 (+21.1% y/y), and citizens of other countries to 289,000 (+32.5% y/y).

According to the President of the Polish Bank Association, Krzysztof Pietraszkiewicz, 850 thousand **applications for mortgage loan moratoria** have been submitted so far in all banks, versus around 2.1 million eligible applicants. This means c.40% customer participation. However, this percentage may increase further in the coming months.

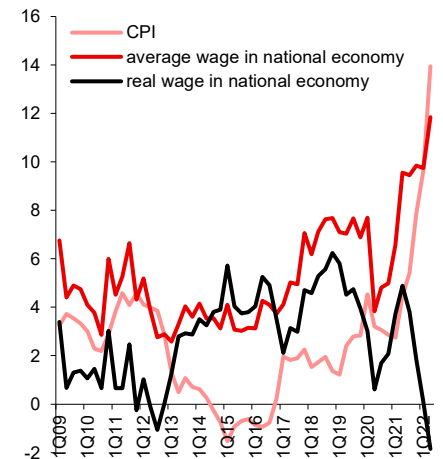
**EURUSD** has moved slightly away from 1.02. Expectations for a 50bp ECB hike in September are growing. A stronger-than-expected rise in US unit labour costs in 2Q and another quarter in a row of declining productivity potentially increases inflationary pressure overseas, but investors will probably want to wait for today's US CPI readings before jumping to conclusions.

**EURPLN** is oscillating around the 4.70 level in anticipation of new impulses. If today's CPI readings from the US show a further increase in core CPI inflation and only a slight decline in core CPI compared to the reading a month earlier, both the zloty and other CEE currencies may weaken.

**Other CEE currencies:** the EURHUF rose above 396 from 393. The forint was hurt by news that oil supplies via the southern branch of the Druzhba pipeline passing through Ukrainian territory to Hungary, Slovakia and the Czech Republic had been halted. The Russian side claims that the reason for withholding supplies was the Ukrainian side's failure to accept transit payments. Hungarian energy operator MOL assures that it has oil reserves for several weeks and that it is working to resolve the issue. The forint was also not helped by the inflation reading for July. Record levels of inflation despite rapid recent rate rises and their already relatively high levels (10.75%) increase the likelihood of a recession in Hungary. The EURCZK rose from around 24.50 to 24.52.

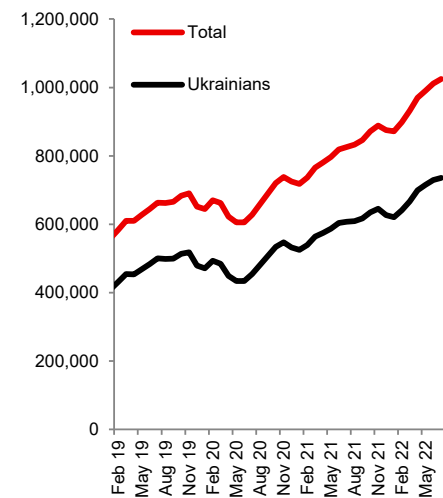
**Debt market:** Domestic yield and IRS curves rose by more than 5bp. Expectations of rate increases in the FRA market, both in shorter and longer terms, also started to rise again. This was helped by a renewed rise in energy commodity prices, including oil, and a high inflation reading in Hungary, well above expectations. In the main markets, yields also rose.

Wages in national economy, % y/y



Source: GUS, Santander

Foreigners registered in ZUS



Source: Refinitiv, Santander

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**FX market**

**Today's opening**

EURPLN	4.7016	CZKPLN	0.1912
USDPLN	4.6063	HUFPLN*	1.1720
EURUSD	1.0206	RUBPLN	0.0765
CHFPLN	4.8286	NOKPLN	0.4732
GBPPLN	5.5571	DKKPLN	0.6321
USDCNY	6.7573	SEKPLN	0.4522

\*for 100HUF

**Last session in the FX market** 09/08/2022

	min	max	open	close	fixing
EURPLN	4.6942	4.7100	4.6976	4.7009	4.7021
USDPLN	4.5863	4.6185	4.6051	4.5955	4.5919
EURUSD	1.0191	1.0247	1.0192	1.0223	-

**Interest rate market** 09/08/2022

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

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	6.76	7
DS0726 (5Y)	6.05	9
DS0432 (10Y)	5.58	7

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7.38	12	3.66	1	1.06	4
2L	6.77	12	3.50	5	1.34	4
3L	6.22	9	3.25	4	1.41	4
4L	5.84	9	3.09	5	1.48	4
5L	5.60	10	2.98	5	1.54	3
8L	5.33	11	2.83	3	1.69	4
10L	5.32	10	2.81	1	1.78	3

**WIBOR rates**

Term	%	Change (bps)
O/N	6.36	-1
T/N	6.57	-2
SW	6.74	0
2W	6.79	0
1M	6.82	0
3M	7.03	0
6M	7.30	0
1Y	7.44	0

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

Term	%	Change (bps)
1x4	7.30	13
3x6	7.52	18
6x9	7.35	18
9x12	6.98	18
3x9	7.52	12
6x12	7.40	18

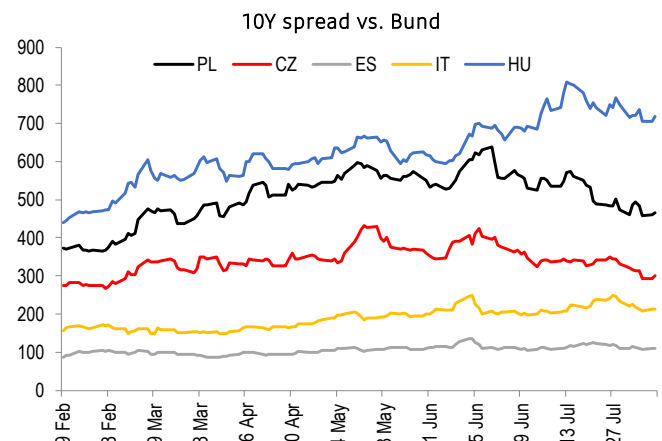
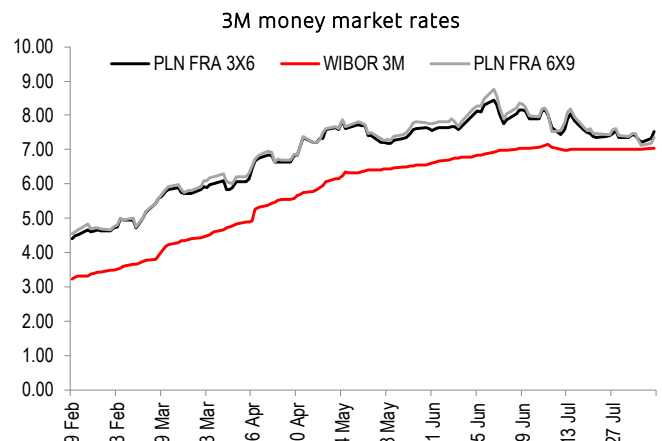
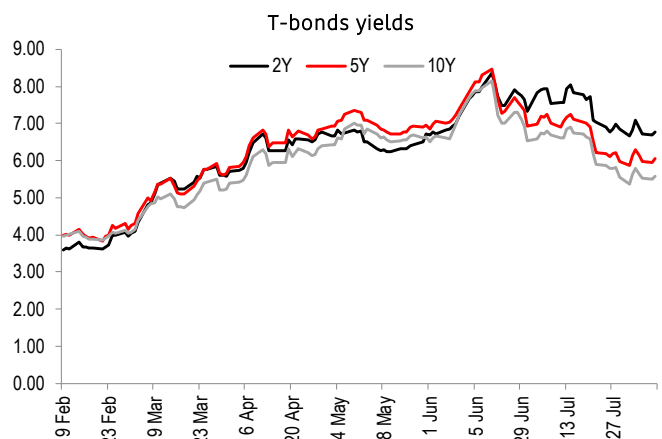
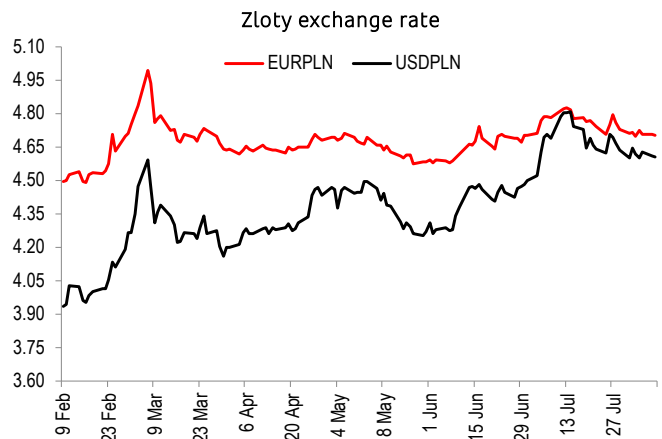
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	130	0	466	5
France	14	0	55	1
Hungary	189	0	718	11
Spain	50	0	111	1
Italy	68	0	213	-1
Portugal	38	0	103	0
Ireland	13	0	60	0
Germany	13	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 (5 August)</b>							
08:00	DE	Industrial Production SA	Jun	% m/m	-0.4	0.4	-0.1
09:00	HU	Industrial Production SA	Jun	% y/y	-	0.6	3.4
14:30	US	Change in Nonfarm Payrolls	Jul	k	250	528	398
14:30	US	Unemployment Rate	Jul	%	3.6	3.5	3.6
<b>MONDAY (8 August)</b>							
09:00	CZ	Industrial Production	Jun	% y/y	2.0	-	1.7
<b>TUESDAY (9 August)</b>							
09:00	HU	CPI	Jul	% y/y	13.0	-	13.7
<b>WEDNESDAY (10 August)</b>							
08:00	DE	HICP	Jul	% m/m	0.8	-	0.8
09:00	CZ	CPI	Jul	% y/y	17.7	-	17.2
14:30	US	CPI	Jul	% m/m	0.2	-	1.3
<b>THURSDAY (11 August)</b>							
14:30	US	Initial Jobless Claims		k	260	-	260
<b>FRIDAY (12 August)</b>							
10:00	PL	CPI	Jul	% y/y	15.5	15.5	15.5
11:00	EZ	Industrial Production SA	Jun	% m/m	0.0	-	0.8
14:00	PL	Current Account Balance	Jun	€mn	-2571	-3220	-1909
14:00	PL	Trade Balance	Jun	€mn	-1500	2016	-1222
14:00	PL	Exports	Jun	€mn	27296	26133	28104
14:00	PL	Imports	Jun	€mn	29144	28149	29326
16:00	US	Michigan index	Aug	pts	51.8	-	51.5

Source: Santander Bank Polska, Bloomberg, Parkiet

\* in the case of a revision the data is updated

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