

# Eyeopener

## Nord Stream 1 halted again

Today PMI for services, retail sales in Eurozone  
 US non-farm employment in line with expectations  
 Gazprom again halts supply via NS1 pipeline  
 EURUSD lowest since December 2020, EURPLN near 4.72, yields lower.

**Today** final readings of PMI in services and retail sales in the euro zone. Central banks' decisions are key events this week: the Polish Monetary Policy Council on Wednesday and the European Central Bank on Thursday. Other than that, the domestic publications calendar is empty. There will be also newsflow from the Economic Forum in Karpacz starting on Tuesday, at which, among others, PiS President Jarosław Kaczyński will be speaking. However, this is likely to be more political than economic information.

**Gazprom informed on Friday that gas transmission through the NS1 pipeline remains "completely suspended" until "the damage" detected at one of the compressor stations is repaired.** The announcement did not specify any possible dates for the restoration of supply. Nord Stream 1 was due to resume operations on Saturday after a three-day maintenance break. EC spokesman Eric Mamer said that Gazprom's announcement on Friday of another gas supply halt under a false pretext is further confirmation of its unreliability as a supplier. In his view, it is also evidence of Russia's cynicism, preferring to burn gas rather than honour contracts.

**The FAO has lowered its 2022 cereal production forecast** by 17.2 million tonnes due to the drought (by about 0.5%). On an annual basis, the FAO forecasts a decrease in production of 38.9 million tonnes, or 1.4%. Consumption is likely to be higher than production, but stocks will be sufficient to cover the shortfall.

**US non-farm employment data was in line with expectations**, while the unemployment rate surprised on the upside, rising to 3.7% from 3.5%. However, this increase was mainly due to the return to the labour market after the holidays. At the same time, upward pressure on wages weakened somewhat. It can therefore be said that the data were in line with the Fed's views and support further monetary tightening in the US.

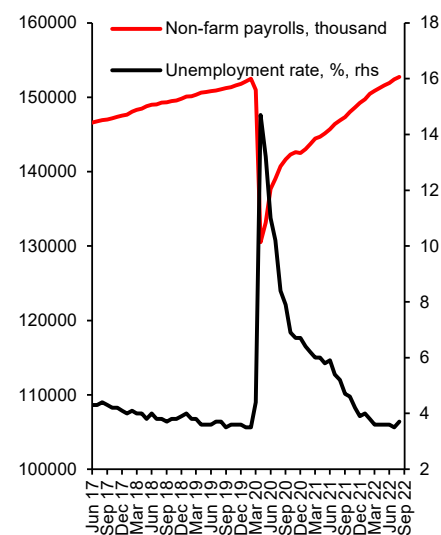
**EURUSD** has once again slipped below parity. After initial attempts to go lower, the exchange rate tried to return above parity, but not so much because of data from the US labour market, the condition of which supports the scenario of a 75 bp Fed rate hike in September, but because of July US industrial orders, which surprised noticeably in the negative. The renewed descent below parity at the end of the day was linked to the news of the indefinite suspension of gas supplies through the NS1 pipeline again this time. On Monday morning, the rate is slightly below 0.98.

**EURPLN** from near 4.72, tried to attack 4.70 on Friday, but by the end of the day was back above 4.71. The zloty was initially helped by a slight weakening of the dollar after the US industrial orders data, but the suspension of supplies via the NS1 pipeline weakened it again. On Monday morning, the exchange rate is back above 4.72. This week, however, the market will mainly wait for the MPC and ECB decisions. The ECB's hawkish tones and a 75 bp hike could weaken the zloty, even if the MPC decides to hike by 25 bp.

**Other CEE currencies:** **EURCZK** rose from 24.49 to 24.54. The value of the koruna was negatively affected by comments by CNB member Jan Frait, who spoke out against too aggressive a fight against inflation with central bank measures. In his opinion, in the current environment, bringing inflation down to the target quickly is not possible, and attempts to accelerate disinflationary processes may cause excessive costs to the economy in the form of increased unemployment with no guarantee of stabilizing prices in the long term. **EURHUF** from about 401 fell slightly below the psychological level of 400 on Friday. The Forint was helped on Friday by a statement by Development Minister Márton Nagy, who announced strict adherence to planned budget deficit levels. He also said that negotiations are underway with the Russian side to secure gas supplies to Hungary from that direction during the upcoming heating season, but it will take a few more weeks to see the final outcome. This morning the exchange rate rose to 403.

**Debt market:** Domestic yield curve fell by about 10 bps, and the IRS curve also fell by several points. The correction in the domestic market was in response to the small several-point moves downward in US and German yields that followed the release of US industrial orders data. In contrast, immediately after the U.S. labour market readings released earlier in the week, yields in the main markets rose. This week, the main event for the domestic debt market will be the MPC's decision on rates and a conference by NBP President Adam Glapiński. A rate hike without an announcement of a definitive end to the hike cycle should support the gains in domestic yields.

US labour market numbers



Source: Refinitiv Datastream, Santander

### Economic Analysis Department:

aL. Jana Pawła II 17, 00-854 Warszawa  
 email: 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

### FX market

#### Today's opening

EURPLN	4,7238	CZKPLN	0,1918
USDPLN	4,7770	HUFPLN*	1,1669
EURUSD	0,9890	RUBPLN	0,0790
CHFPLN	4,8248	NOKPLN	0,4719
GBPPLN	5,4428	DKKPLN	0,6337
USDCNY	6,9349	SEKPLN	0,4387

\*for 100HUF

#### Last session in the FX market 02.09.2022

	min	max	open	close	fixing
EURPLN	4,6942	4,7200	4,7147	4,7004	4,7144
USDPLN	4,6804	4,7327	4,7287	4,6858	4,7276
EURUSD	0,9962	1,0033	0,9965	1,0028	-

### Interest rate market 02.09.2022

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

Benchmark (term)	%	Change (bps)
DS1023 (2Y)	7,05	-11
DS0726 (5Y)	6,58	-14
DS0432 (10Y)	6,08	-7

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7,80	-9	3,84	-9	1,76	-2
2L	7,49	-14	3,74	-11	2,11	-4
3L	6,97	-13	3,55	-12	2,13	-6
4L	6,61	-15	3,43	-10	2,14	-8
5L	6,45	-15	3,35	-10	2,22	-3
8L	6,18	-13	3,25	-9	2,32	-4
10L	6,10	-17	3,27	-5	2,39	-5

#### WIBOR rates

Term	%	Change (bps)
O/N	6,76	-4
T/N	6,79	5
SW	6,89	5
2W	6,95	2
1M	6,96	-6
3M	7,15	1
6M	7,35	1
1Y	7,51	2

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

Term	%	Change (bps)
1x4	7,37	-1
3x6	7,69	-10
6x9	7,81	-13
9x12	7,67	-13
3x9	7,86	-10
6x12	7,98	-14

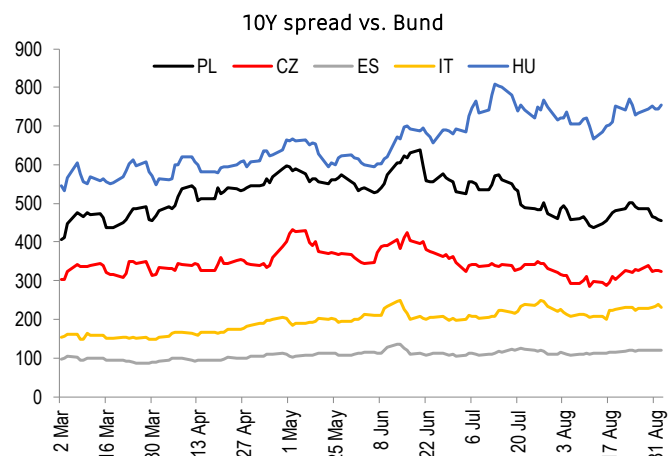
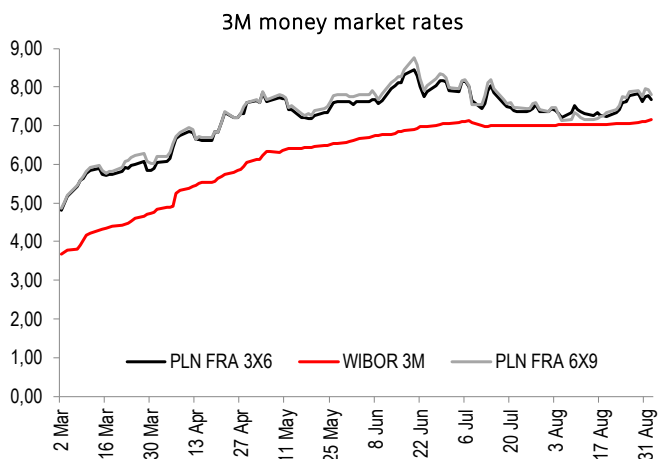
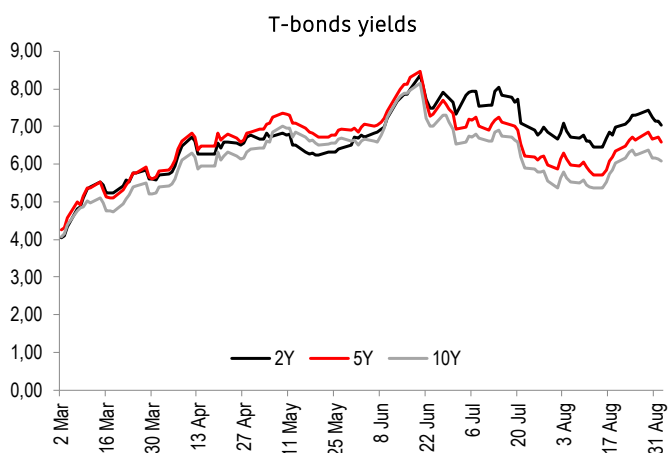
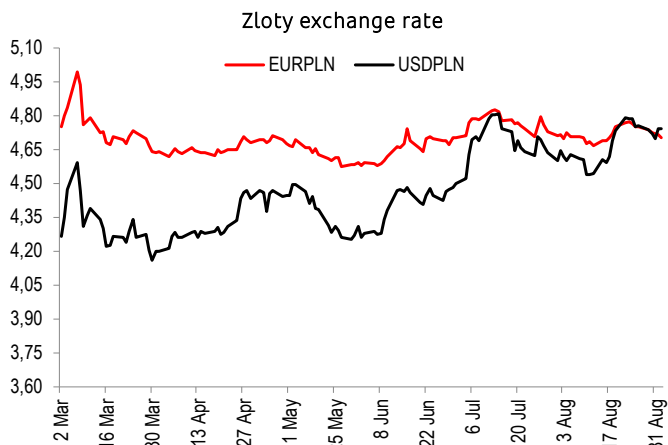
#### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	145	-1	455	-2
France	13	0	63	4
Hungary	196	0	755	9
Spain	53	0	120	-1
Italy	70	0	232	-7
Portugal	40	0	111	-1
Ireland	14	1	65	1
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 (2 September)</b>								
08:00	DE	Exports SA	Jul	% m/m	-2.75	-	-2.1	4.4
14:30	US	Change in Nonfarm Payrolls	Aug	k	300	-	315	526
14:30	US	Unemployment Rate	Aug	%	3.5	-	3.7	3.5
16:00	US	Durable Goods Orders	Jul	% m/m	0.0	-	-0.1	0.0
16:00	US	Factory Orders	Jul	% m/m	0.2	-	-1.0	1.8
<b>MONDAY (5 September)</b>								
03:45	CN	Caixin China PMI Services	Aug	pts	54.0	-	53	55.5
09:55	DE	Markit Germany Services PMI	Aug	pts	48.2	-		48.2
10:00	EZ	Eurozone Services PMI	Aug	pts	50.2	-		50.2
11:00	EZ	Retail Sales	Jul	% m/m	0.5	-		-1.2
<b>TUESDAY (6 September)</b>								
08:00	DE	Factory Orders	Jul	% m/m	-0.5	-		-0.4
09:00	CZ	Industrial Production	Jul	% y/y	-1.6	-		1.7
16:00	US	ISM services	Aug	pts	55.2	-		56.7
<b>WEDNESDAY (7 September)</b>								
	<b>PL</b>	<b>MPC decision</b>		<b>%</b>	<b>6.75</b>	<b>6.75</b>		<b>6.5</b>
08:00	DE	Industrial Production SA	Jul	% m/m	-0.5	-		0.4
09:00	HU	Industrial Production SA	Jul	% y/y	0.0	-		4.8
11:00	EZ	GDP SA	2Q	% y/y	3.9	-		3.9
<b>THURSDAY (8 September)</b>								
09:00	HU	CPI	Aug	% y/y	16.0	-		13.7
14:15	EZ	ECB Main Refinancing Rate	Sep/22	%	1.25	-		0.5
14:30	US	Initial Jobless Claims	Sep/22	k	247.5	-		232.0
<b>FRIDAY (9 September)</b>								
03:30	CN	Inflation	VIII	% r/r	2.8	-		2.7
03:30	CN	PPI	VIII	% r/r	3.2	-		4.2

Source: Santander Bank Polska. Bloomberg. Parkiet

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

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.