

28 September 2022

Eyeopener

USDPLN above 5.00

Today US data

Hungarian central bank surprised with scale of hike and its willingness to end the hiking cycle
Pressure on the zloty and other CEE currencies, USDPLN above 5.0
Rising yields in Poland and abroad

Today we will get to see data from the US real estate market, wholesaler inventories and the trade balance. The Polish government will meet to approve next year's draft budget and discuss the debt management strategy for 2023-2026.

Data from the USA surprised positively in terms of consumer sentiment (Conference Board: increase in willingness to buy household appliances, greater likelihood that private consumption in 2Q has not been cooled by the rate hikes so far) and industrial sentiment (Richmond Fed index: increase in the shipments index). We also learned that in the USA there was an unexpected drop in home prices in major cities in July (the S&P/Case-Shiller price index fell m/m for the first time since 2012), and in August there was a sharp rebound in sales in the primary housing market (+28.8% m/m).

Draft Bill on the Protection of Electricity Consumers in 2023 includes an estimate of the cost of the recently announced electricity price freeze for households up to a set consumption ceiling of PLN26.8bn. The funds will come from the COVID-19 Fund.

Yesterday, the **Baltic Pipe** gas connection between Poland and the Nordic countries was officially opened. On the same day, both Nord Stream pipelines were severely damaged with suspected sabotage. The damage has intensified fears of an energy crisis in the markets, as it essentially rules out the possible resumption of supplies from Russia.

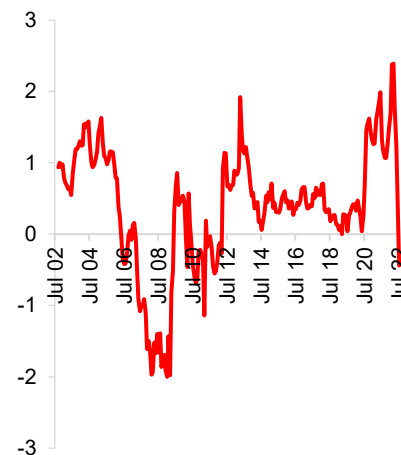
EURUSD oscillated around 0.96. The much better-than-expected US readings of new home sales for August and consumer confidence for September prevented even a temporary rebound in the rate - demand for the dollar remained unmoved. In the evening, the rate fell to about 0.955.

EURPLN rose from about 4.75 to around 4.79. The zloty depreciated under the influence of growing geopolitical risks in the region, in connection with the ending of the Russian pseudo-referendum in Ukraine and as a result of strong data from the US, which increases the likelihood of further aggressive moves by the Fed. The USDPLN exchange rate, meanwhile, broke through 5.00.

Other CEE currencies: EURCZK rose from around 24.63 to around 24.68. EURHUF went down to 406 from around 407. The small scale of the forint's appreciation, despite the larger-than-expected MNB rate hike (by 125 bps rather than the 100 bps the market had assumed, as before) is a result of the announcement that the hike cycle is over. The central bank now intends to focus on liquidity instruments to maintain Hungary's restrictive monetary policy.

Debt market: Domestic yield curve moved up by about 6bp on average. The rise in yields was supported by an auction of Ministry of Finance bonds with a relatively large supply of about PLN5.8bn. It resulted in a widening of asset swaps at the middle and longer end of the curve. In the main markets, yield increases continued. The Fed's Evans (Dove) expects the federal funds rate to rise 4.5 - 4.75% range, which is more or less in line with current market expectations, which sees the rate reaching that level in late 1Q/early 2Q2023.

S&P/Case-Shiller index of single family home prices in 20 largest US cities, % m/m



Source: Bloomberg, Santander

Economic Analysis Department:

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

FX market

Today's opening

EURPLN	4,7913	CZKPLN	0,1939
USDPLN	5,0114	HUFPLN*	1,1651
EURUSD	0,9558	RUBPLN	0,0854
CHFPLN	5,0324	NOKPLN	0,4597
GBPPLN	5,3468	DKKPLN	0,6440
USDCNY	7,2290	SEKPLN	0,4383

*for 100HUF

Last session in the FX market 27.09.2022

	min	max	open	close	fixing
EURPLN	4,7477	4,7824	4,7521	4,7820	4,7616
USDPLN	4,9120	4,9807	4,9300	4,9746	4,9476
EURUSD	0,9592	0,9670	0,9635	0,9612	-

Interest rate market 27.09.2022

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6,95	4
DS0727 (5Y)	7,14	6
DS0432 (10Y)	6,90	9

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7,60	-9	4,56	-9	2,55	0
2L	7,43	-5	4,55	-9	3,06	1
3L	7,08	-3	4,38	-8	3,12	2
4L	6,92	-1	4,28	-5	3,13	1
5L	6,85	0	4,17	-6	3,13	2
8L	6,72	1	3,98	-1	3,12	13
10L	6,70	-1	3,91	-2	3,13	14

WIBOR rates

Term	%	Change (bps)
O/N	6,52	-5
T/N	6,63	10
SW	6,94	0
2W	7,01	1
1M	7,06	0
3M	7,16	0
6M	7,32	0
1Y	7,46	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	7,26	-5
3x6	7,43	-12
6x9	7,52	-9
9x12	7,43	-12
3x9	7,58	-14
6x12	7,66	-9

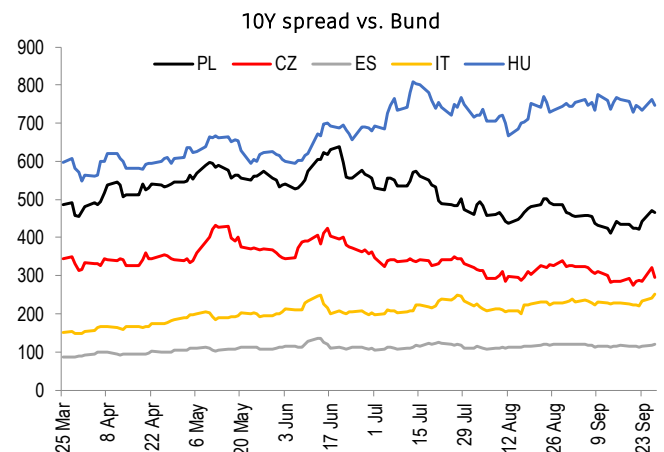
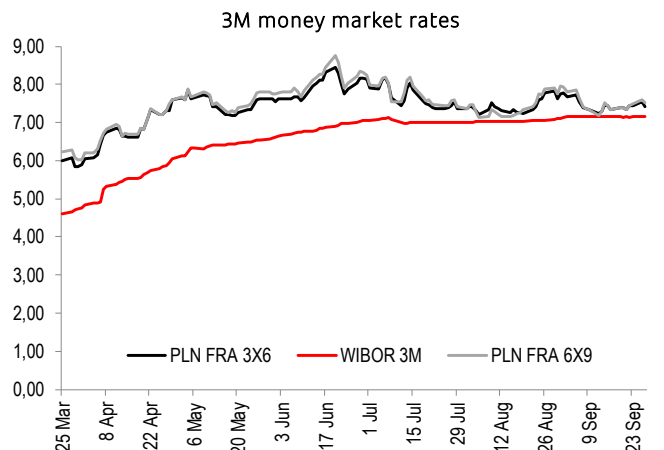
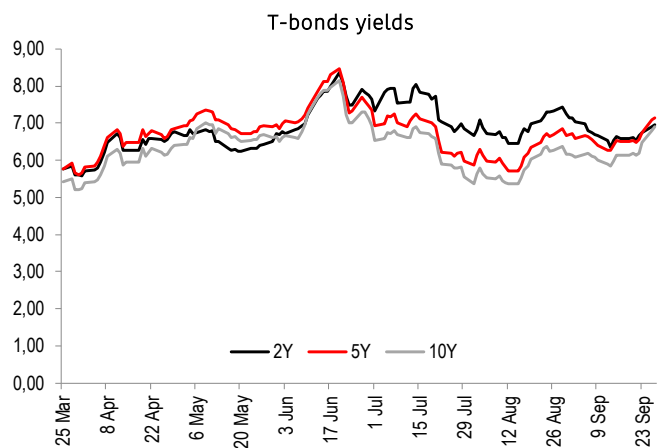
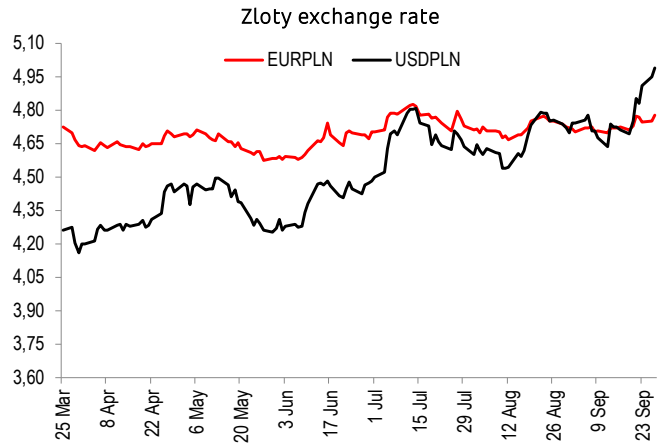
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	135	-2	465	-6
France	18	3	61	1
Hungary	204	0	746	-17
Spain	63	3	120	2
Italy	80	5	251	9
Portugal	50	3	111	2
Ireland	20	3	60	-3
Germany	16	1	-	-

* 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		
FRIDAY (23 September)							
09:30	DE	Germany Manufacturing PMI	Sep	pts	48.25	48.3	49.1
09:30	DE	Markit Germany Services PMI	Sep	pts	47.2	45.4	47.7
10:00	EZ	Eurozone Manufacturing PMI	Sep	pts	48.75	48.5	49.6
10:00	EZ	Eurozone Services PMI	Sep	pts	49.05	48.9	49.8
10:00	PL	Unemployment Rate	Aug	%	4.9	4.8	4.9
MONDAY (26 September)							
10:00	DE	IFO Business Climate	Sep	pts	87.0	84.3	88.6
TUESDAY (27 September)							
14:00	HU	Central Bank Rate Decision	Sep.22	%	12.75	13.00	11.75
14:30	US	Durable Goods Orders	Aug	% m/m	-0.3	-0.2	-0.1
16:00	US	Consumer Conference Board	Sep	pts	104.5	108.0	103.6
16:00	US	New Home Sales	Aug	% m/m	-2.2	28.8	-8.6
WEDNESDAY (28 September)							
16:00	US	Pending Home Sales	Aug	% m/m	-0.8	-	-0.99
THURSDAY (29 September)							
11:00	EZ	ESI	Sep	pct.	95.0	-	97.6
14:00	DE	HICP	Sep	% m/m	1.5	-	0.4
14:30	US	GDP Annualized	2Q	% Q/Q	-0.6	-	-0.6
14:30	US	Initial Jobless Claims	Sep.22	k	220	-	213
14:30	CZ	Central Bank Rate Decision	Sep.22		7.0	-	7.0
FRIDAY (30 September)							
09:00	CZ	GDP SA	2Q	% y/y	3.7	-	3.7
10:00	PL	CPI	Sep	% y/y	16.4	16.6	16.1
11:00	EZ	Flash HICP	Sep	% y/y	9.7	-	9.1
11:00	EZ	Unemployment Rate	Aug	%	6.6	-	6.6
14:30	US	Personal Spending	Aug	% m/m	0.2	-	0.1
14:30	US	Personal Income	Aug	% m/m	0.3	-	0.2
14:30	US	PCE Deflator SA	Aug	% m/m	0.1	-	-0.1
16:00	US	Michigan index	Sep	pts	59.5	-	59.5

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.