

20 October 2022

Eyeopener

Survey results with a recessionary message

Today important Polish data regarding the labour market and industry
More pessimism among Polish enterprises and consumers
Polish yield curve keeps shifting higher

Today a set of important Poland's macroeconomic data for September is due for release. We will get to see data on employment in the corporate sector, wages, industrial production and producer prices. Wages and PPI inflation may give a hint about consumer inflation, the possible easing or intensification of wage and price pressures in the domestic economy. In both of these categories, we expect higher readings than previously, which is in line with our forecast for further increases in CPI inflation this year.

The results of the **NBP Quick Monitoring** survey indicate growing pessimism among domestic entrepreneurs. In 2Q, Polish companies continued to have good financial results, although real growth of revenue declined, especially for domestic sales. In 3Q, however, their assessment of the situation worsened, with entrepreneurs highlighting rising prices and costs and the level of uncertainty. Companies' expectations for the economic conditions reached historic lows. The share of respondents too high declaring inventory levels also rose strongly. On top of this, there was a marked decline in capacity utilisation among producers of consumer durables and intermediate goods. After solid and widely observed increases in investment in 1H22, according to the NBP survey there was a marked weakening of investment optimism in 3Q, suggesting y/y declines in outlays in the near future. The employment outlook index also fell sharply, with fewer companies feeling wage pressure and planning hikes (although wage pressure remained high). The report included a deeper analysis of wage-price nexus, and its risk was assessed as low (few wage indexation mechanisms, company economic situation as the main determinant of wage policy - which, in light of the apparent deterioration in demand, could make companies resist wage pressure). 63% of companies assume that inflation will be the same as now or higher in the next 12 months and 21% predict a decrease in inflation. The survey results are consistent with a further economic slowdown in 2H22.

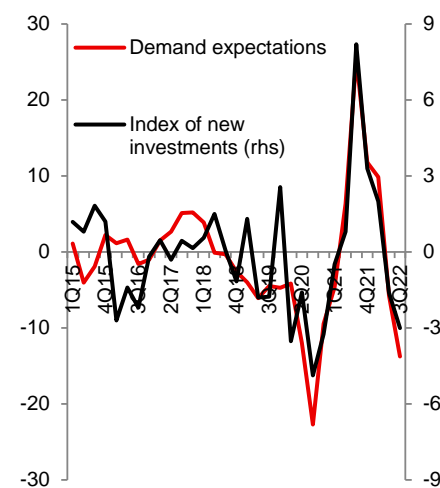
Consumer sentiment worsened in October in Poland. The current assessment index (-45.5 pts) is now the lowest ever (data since 2004) due to the worst ever opinion about what is going on in the economy. The aggregate expectations index also fell (-35.7 pts) but remained some 10 pts above the current situation index. For 49% of respondents current economic situation is much worse than 12M ago and only 5% expressed expectations that it will improve at least a bit in the next 12M. While the indexes describing consumers' own financial situation - present and future, were still historically low, both improved m/m, most likely due to the government efforts to tame energy cost increase felt by households. The part of the survey that we find worrying is the quick decline of the job security index, by 14.4 pts in two months - such moves were seen earlier only in the pandemic and during the global financial crisis. Inflation perception index managed to set a new all-time high while the inflation expectations index is on the rise again after declines in July and August. Consumers were also more pessimistic than a month ago on their ability to save and to buy big-ticket items now and within the next 12 months. The overall picture is quite negative for private consumption.

EURUSD slipped below 0.98. The dollar's strengthening is a result of growing expectations of aggressive rate hikes in the USA.

EURPLN rose from below 4.79 to around 4.80. **Other CEE currencies: EURHUF** went from below 413 to around 414. The forint was hurt by the strengthening of the dollar on global markets. The **EURCZK** fell to 24.53 from around 24.55. The Czech parliament approved an increase in this year's budget deficit to CZK375bn, a growth by one-third. Higher bond issues needed to finance it could have a negative impact on Czech credit risk valuations. Russia's further escalation actions (declaration of martial law in the occupied territories in Ukraine) did not particularly affect CEE currencies.

Debt market: The whole domestic yield curve rose by about 16bp, (new year-to-date peaks). Rate hike expectations also rose in the FRA market. The asset swap curve also widened further. After more readings began to undermine the NBP's narrative that inflationary processes were stabilising, the market began to assume that economic and market processes would force a hawkish turn in central bank policy, as they had done a year ago.

Quick Monitoring: selected indexes, y/y difference



Source: NBP, Santander

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Rynek walutowy

Dzisiejsze otwarcie

EURPLN	4.7989	CZKPLN	0.1952
USDPLN	4.9008	HUFPLN*	1.1461
EURUSD	0.9785	RUBPLN	0.0794
CHFPLN	4.8748	NOKPLN	0.4621
GBPPLN	5.4972	DKKPLN	0.6448
USDCNY	7.2255	SEKPLN	0.4374

*za 100HUF

Poprzednia sesja na rynku FX 19.10.2022

	min	max	otwarcie	zamkn.	fixing
EURPLN	4.7812	4.8047	4.7852	4.7986	4.7997
USDPLN	4.8607	4.9108	4.8642	4.9069	4.8892
EURUSD	0.9758	0.9843	0.9839	0.9777	-

Rynek stopy procentowej 19.10.2022

Obligacje na rynku międzybankowym

Benchmark (termin)	%	Zmiana (pb)
PS1024 (2L)	8.79	17
DS0727 (5L)	8.61	16
DS0432 (10L)	8.34	16

Stawki IRS na rynku międzybankowym**

Termin	PL		US		EZ	
	%	Zmiana (pb)	%	Zmiana (pb)	%	Zmiana (pb)
1L	8.13	5	5.04	7	2.66	9
2L	8.14	7	4.92	12	3.04	6
3L	7.91	9	4.68	14	3.09	7
4L	7.74	12	4.49	14	3.12	6
5L	7.67	13	4.36	14	3.16	6
8L	7.53	15	4.17	14	3.21	4
10L	7.50	15	4.11	14	3.25	4

Stawki WIBOR

Termin	%	Zmiana (pb)
O/N	6.56	2
T/N	6.68	1
SW	6.90	1
2W	6.95	1
1M	7.05	-1
3M	7.36	2
6M	7.55	6
1Y	7.63	2

Stawki FRA (na rynku międzybankowym)**

Termin	%	Zmiana (pb)
1x4	7.64	-1
3x6	8.02	4
6x9	8.11	5
9x12	8.08	8
3x9	8.19	7
6x12	8.27	6

Miary ryzyka fiskalnego

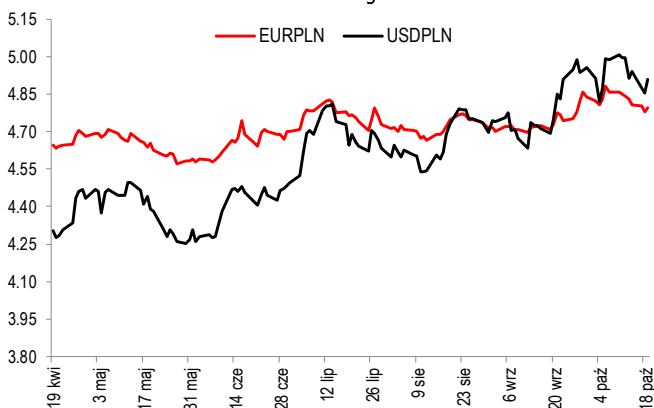
Kraj	CDS 5Y USD		Spread 10L*	
	Wartość	Zmiana (pb)	Wartość	Zmiana (pb)
Polska	152	5	598	7
Francja	20	0	57	-1
Węgry	261	1	839	-19
Hiszpania	68	0	115	-1
Włochy	78	0	239	-3
Portugalia	53	0	107	-1
Irlandia	25	0	56	0
Niemcy	22	0	-	-

*spread 10-letnich obligacji skarbowych do 10-letnich Bundów

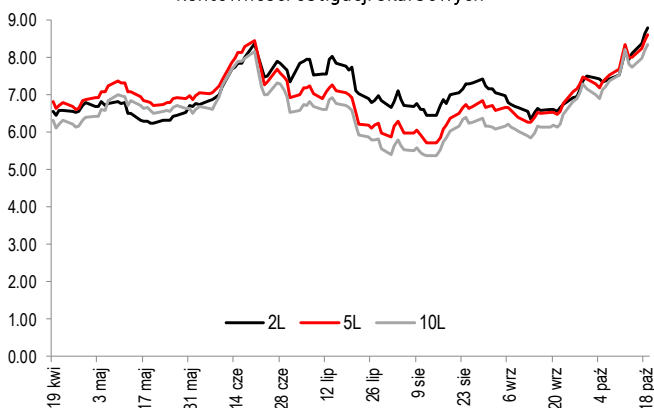
**Informacje odnoszą się do stawek kupna na rynku międzybankowym na koniec dnia

Źródło: Refinitiv, Datastream

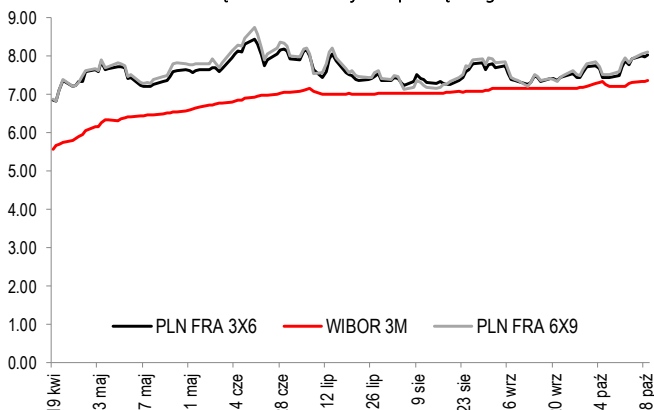
Kurs złotego



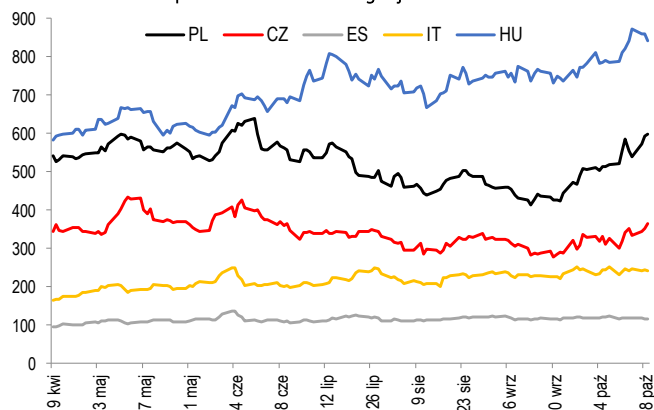
Rentowności obligacji skarbowych



3-miesięczne stawki rynku pieniężnego



Spread 10-letnich obligacji do Bunda



Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*
				MARKET	SANTANDER		
FRIDAY (14 October)							
10:00	PL	CPI	Sep	% y/y	17.2	17.2	17.2
14:00	PL	C/a balance	Aug	€mn	-1642	-1534	-3967
14:00	PL	Trade balance	Aug	€mn	-1317	-2226	-2927
14:00	PL	Export	Aug	€mn	26560	24775	25358
14:00	PL	Import	Aug	€mn	27876	27001	28285
14:30	US	Retail sales	Sep	% m/m	0.2	0.0	0.3
16:00	US	Michigan index	Aug	pts	58.8	59.8	58.6
MONDAY (17 October)							
14:00	PL	CPI Core	Sep	% y/y	10.7	10.8	10.7
TUESDAY (18 October)							
11:00	DE	ZEW Survey Current Situation	Oct	pts	-69.0		-72.2
15:15	US	Industrial Production	Sep	% m/m	0.1		0.4
WEDNESDAY (19 October)							
11:00	EZ	HICP	Sep	% y/y	10.0		9.9
14:30	US	Housing Starts	Sep	% m/m	-6.4		-8.1
THURSDAY (20 October)							
10:00	PL	Employment in corporate sector	Sep	% y/y	2.4	2.4	2.4
10:00	PL	Average Gross Wages	Sep	% y/y	13.4	13.4	12.7
10:00	PL	Sold Industrial Output	Sep	% y/y	8.8	9.2	10.9
10:00	PL	PPI	Sep	% y/y	25.5	25.6	25.5
14:30	US	Initial Jobless Claims		k	235.0		228.0
16:00	US	Existing Home Sales	Sep	% m/m	-2.1		-0.4
FRIDAY (21 October)							
10:00	PL	Construction Output	Sep	% y/y	6.5	9.2	6.1
10:00	PL	Retail Sales Real	Sep	% y/y	4.5	3.5	4.2

Source: Santander Bank Polska. Bloomberg. Parkiet

* in the case of a revision the data is updated

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