

# Eyeopener

## NBH leaves interest rates unchanged

No data in the country today, in the US real estate market data

Unemployment data reviewed

Yields down, zloty stronger thanks to weaker dollar.

Not many exciting statistics today. Only US new home sales are worth mentioning.

**German Ifo optimism index** worsened slightly in October, but was better than forecast and indicated an improvement in expectations in the German economy. In contrast, the US **Conference Board** consumer optimism index fell and was weaker than expected.

The nominal value of **new orders in Polish industry** was 44.1% higher in September than a year earlier, and export orders alone were 43.8% higher. This is a markedly faster increase than in August (31.5% y/y and 36.3% y/y respectively). PPI inflation was 24.6% y/y in September, suggesting that real order intake was also rising. This is a surprisingly good result in view of the GUS and ESI business climate indicators showing some of the weakest order flow ratings in two years in manufacturing in September.

**Registered unemployment rate** stood at 5.1% in September. The divergence from market expectations (4.8%) was due to the revision of the number of people working in the economy: down by more than one million. This was mainly the result of taking into account the results of the agricultural census, which used a different definition of a farm, but also the shrinking number of these farms. As a result, the path of the unemployment rate for the last two years rose by 0.3-0.5 percentage points. From a monthly change perspective, the September unemployment rate was 0.1 percentage points lower than the August rate, while the market had assumed a stabilisation.

September **labour market data** released on 20 October indicated a decline of 9k jobs in the enterprise sector. Meanwhile, the data published today on the number of people employed in the business sector showed an increase of 7k (caution: this is different data from the one cited in the paragraph on unemployment). This means that the decline in employment was mainly due to reductions in working hours and job sizes, rather than layoffs, which somewhat mitigates the negative tone of these statistics. In trade, the number of employed increased by 1k despite a decrease in employment by 2.5k. In manufacturing, however, the number of employed decreased, although only by 2k against a decrease in employment by 6.6k.

Senate-appointed **MPC members** Ludwik Kotecki, Przemysław Litwiniuk and Joanna Tyrowicz have requested the NBP president to convene an additional non-decision Council meeting in November to discuss the MPC's rules of procedure and opinion on the 2023 budget. According to PAP, the members have also requested a return to a model of at least two-day MPC meetings every month, starting from November.

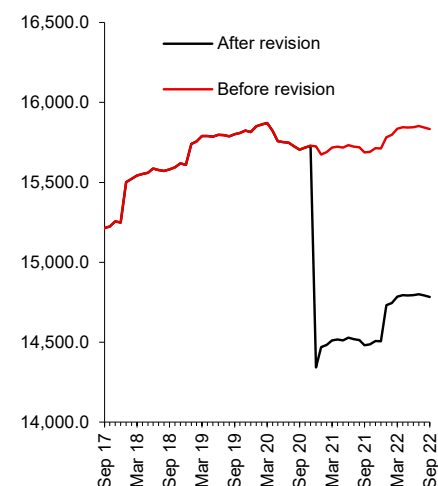
**EURUSD** rose about a figure from below 0.99. The single currency was helped by better-than-expected October readings of the German Ifo business sentiment index - significantly better than last week's reading of the ZEW index of German analysts' sentiment.

**EURPLN** fell from 4.78 to around 4.76. The zloty was not hurt by a higher reading of the unemployment rate for September. The main driver of the zloty's appreciation was the weakening of the dollar on European markets, partly due to the better-than-expected reading of the German Ifo index for October.

**Other CEE currencies: EURHUF** slipped from around 413 to around 412. The forint was not hurt by no change in the NBH's key interest rate, as the central bank deemed current levels sufficient to keep fundamental inflation risks under control. The NBH also announced that it would maintain its current monetary policy for an extended period, with both restrictive liquidity conditions and high levels of the lombard and O/N deposit rates. **EURCZK** rose from around 24.46 to around 24.50.

**Debt market:** Domestic yield curve fell across the board by around 25bp on average. Debt also strengthened on the main markets. After the WSJ hinted on Friday evening that the Fed was moving to slow the pace of rate hikes in December, European markets also began to discount a slowdown in euro area rate hikes at the next ECB meetings. Portuguese Prime Minister Antonio Costa called on the ECB to be "cautious" about raising rates further.

### Number of employees based on unemployment rate data, thousands\*



Source: NBP, Santander

\*data prior to December 2020 are currently not comparable with newer numbers

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### FX market

#### Today's opening

EURPLN	4,7622	CZKPLN	0,1940
USDPLN	4,7719	HUFPLN*	1,1562
EURUSD	0,9978	RUBPLN	0,0775
CHFPLN	4,8084	NOKPLN	0,4596
GBPPLN	5,4779	DKKPLN	0,6401
USDCNY	7,2597	SEKPLN	0,4354

\*for 100HUF

#### Last session in the FX market 25.10.2022

	min	max	open	close	fixing
EURPLN	4,7555	4,7873	4,7866	4,7616	4,7805
USDPLN	4,7670	4,8556	4,8454	4,7816	4,8499
EURUSD	0,9847	0,9976	0,9877	0,9956	-

### Interest rate market 25.10.2022

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	8,39	-19
DS0727 (5Y)	8,25	-28
DS0432 (10Y)	8,05	-27

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	8,13	-6	5,01	-2	2,53	-4
2L	8,10	-8	4,84	-1	2,89	-8
3L	7,81	-13	4,58	-5	2,89	-9
4L	7,57	-17	4,41	-8	2,92	-11
5L	7,46	-19	4,30	-9	2,92	-14
8L	7,34	-21	4,15	-12	2,96	-17
10L	7,32	-21	4,11	-12	3,00	-18

### WIBOR rates

Term	%	Change (bps)
O/N	6,49	1
T/N	6,59	-6
SW	6,91	1
2W	6,97	3
1M	7,09	2
3M	7,45	1
6M	7,65	0
1Y	7,76	0

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

Term	%	Change (bps)
1x4	7,59	-3
3x6	7,90	-6
6x9	8,11	-11
9x12	8,05	-12
3x9	8,08	-7
6x12	8,31	-6

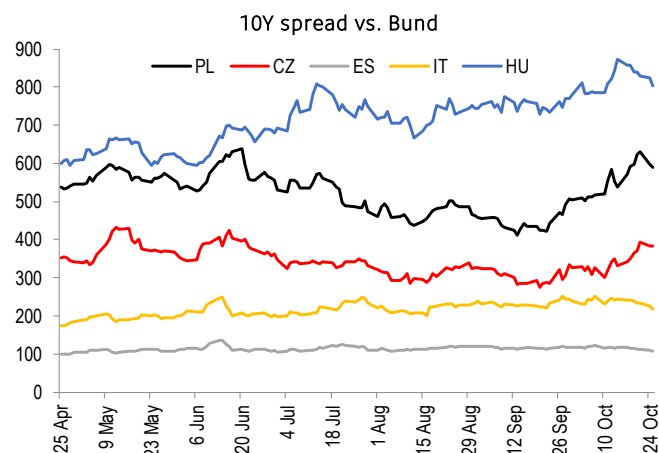
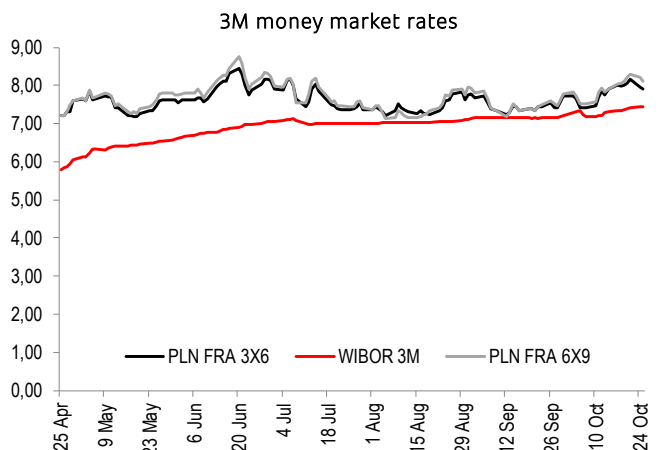
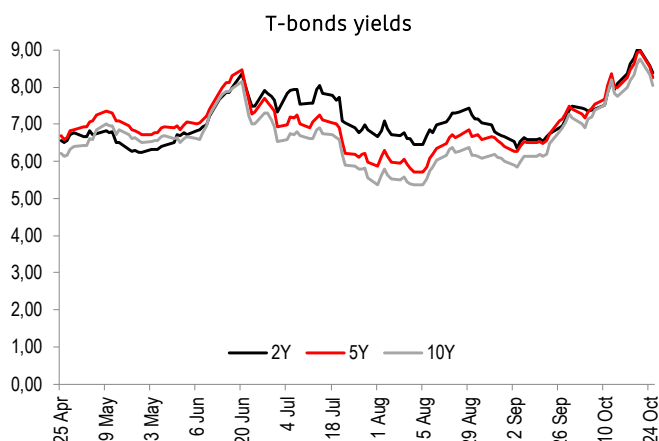
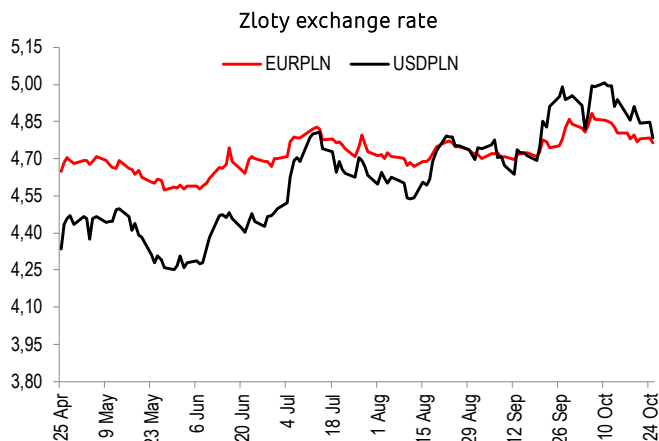
### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	150	-5	589	-9
France	20	0	53	0
Hungary	258	-2	804	-21
Spain	63	-2	108	-2
Italy	65	-5	219	-6
Portugal	48	-2	101	0
Ireland	23	-2	47	1
Germany	21	-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			
<b>FRIDAY (21 October)</b>								
10:00	PL	Construction output	IX	% r/r	6.5	9.2	0.3	6.1
10:00	PL	Retail sales	IX	% r/r	4.5	3.5	4.1	4.2
<b>MONDAY (24 October)</b>								
09:30	DE	PMI manufacturing	X	pkt	47.1		45.7	47.8
09:30	DE	PMI services	X	pkt	45.1		44.9	45.0
10:00	EZ	PMI manufacturing	X	pkt	48.0		46.6	48.4
10:00	EZ	PMI services	X	pkt	48.5		48.2	48.8
14:00	PL	M3 money supply	IX	% r/r	7.6	7.7	7.7	7.4
<b>TUESDAY (25 October)</b>								
10:00	DE	Ifo	X	pkt	83.8		84.3	84.4
10:00	PL	Unemployment rate	IX	%	4.8	4.8	5.1	5.2
14:00	HU	Central bank decision		%	13.0		13.0	13.0
16:00	US	Conference Board	X	pkt	105.0		102.5	108.0
<b>WEDNESDAY (26 October)</b>								
16:00	US	New home sales	IX	% m/m	-12.4			28.8
<b>THURSDAY (27 October)</b>								
14:15	EZ	ECB decision		%	2.0			1.3
14:30	US	Durable goods orders	IX	% m/m	0.6			-0.2
14:30	US	GDP	III kw.	% k/k	2.1			-0.6
<b>FRIDAY (28 October)</b>								
10:00	DE	GDP WDA	III kw.	% r/r	0.8			1.7
11:00	EZ	ESI	X	pkt	0.0			93.7
14:00	DE	HICP inflation	X	% m/m	0.4			2.2
14:30	US	Personal spending	IX	% m/m	0.3			0.4
14:30	US	Personal incomes	IX	% m/m	0.3			0.3
14:30	US	PCE price index	IX	% m/m	0.3			0.3
16:00	US	Michigan	X	pkt	59.5			59.8
16:00	US	Pending home sales	IX	% m/m	-5.0			-2.0
	PL	Moody's rating review						

Source: Santander Bank Polska. Bloomberg. Parkiet

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

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