

25 November 2022

## Eyeopener

### Money puts the brakes on

CSO Statistical Bulletin today

Money supply grew less than expected, consumer sentiment improves

ECB minutes showed some votes in favor of slowing pace of rate hikes

EURPLN still in place, domestic yields still down

**Today** the monthly Statistical Bulletin will be released in Poland, including the unemployment rate for October and industrial orders. Germany's full Q3 GDP data, presented this morning, showed an upward revision of growth to 1.3% y/y from 1.2%, and in q/q terms to 0.4% from 0.3%.

**The Ifo index** describing the business climate in Germany rose more than expected, but still remains around the lowest levels since May 2020. The improvement was based on better business outlook (probably due to the reassurance on energy costs), while the current situation was assessed worse than a month ago. Yesterday, the **Swedish central bank** raised rates by 75 bp, in line with expectations. In its previous move, it raised them by 100 bp, and as for the next one, it signalled +50 bp.

**Consumer confidence** improved in November, with the current index rising to -44.0 points from -45.5 points and the expectations index to -33.8 points from -35.7 points. The improvement was mainly due to a better assessment of the economic situation, higher ability to save and to make more purchases. However, we think this is statistical noise rather than the start of a larger improvement in consumer sentiment; the indicators remain deeply negative and consumers will have little reason to feel financially more secure in the coming months, given the slowing economy, deeply negative real wage growth and still elevated inflation.

**M3 money supply** slowed in October to 7.0% y/y from 7.7% y/y in September versus our forecast at 7.3% y/y. Cash in circulation increased by 6.7% y/y (7.5% y/y in September) and deposits by 6.6% y/y (7.6% y/y in September). Slower deposit growth was mainly seen in non-monetary financial institutions (3.0% y/y vs. 24.0% y/y in September). Loan growth declined further, to 2.9% y/y from 3.9% y/y in October (FX adjusted). Loans to individuals fell by 3.9% y/y (-1.9% y/y in September), including consumer loans down by 3.0% y/y (-2.6% y/y in September), while housing loans in PLN increased by 1.1% y/y (2.7% y/y in September). Loans to companies also grew more slowly, by 12.7% y/y against 15.4% y/y in the previous month. In our view, there will be a further slowdown in lending and deposit growth in the coming months.

After October, the **central budget balance** still remained above +PLN27bn. In October alone, revenue fell by 6.1% y/y (September was -4.9% y/y) and expenditure rose by 4.2% y/y (previously +6.5% y/y). PIT receipts were more than half lower than one year earlier (-53.1% y/y) and CIT receipts were 45.3% higher. VAT revenue increased by around 5.5% y/y. The FUS (Social Security Fund) was supported from the budget by almost the same amount as a year ago (+0.5% y/y, in September it was -52.7% y/y).

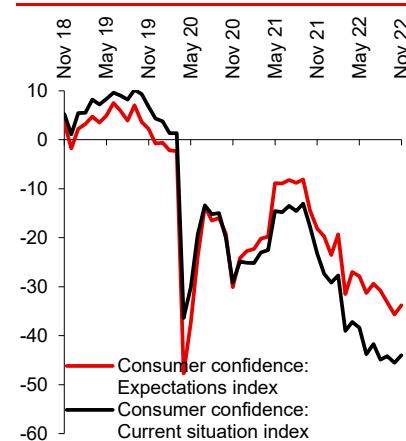
**EURUSD** tried to move towards 1.045 after a better-than-expected German Ifo reading for November, but after the ECB minutes release the exchange rate returned to the 1.04 area. In the minutes, to the detriment of the single currency, there were signs that although most members favour further rate hikes to prevent inflation expectations from becoming anchored, there were also calls for a slower pace of hikes, in 50bp steps. In recent weeks, the idea was voiced by ECB policymakers that a possible compromise could be a slower pace of rate hikes at the price of a faster reduction in the ECB's balance sheet. This concept was mentioned yesterday by ECB Vice-President Luis de Guindos, who stated that inflation in the euro area has peaked, or is very close to it.

**EURPLN** continued to consolidate around 4.70 without reacting to either domestic data or global market events.

**Other CEE currencies: EURHUF** rose from around 409 to around 413, influenced by concerns about the freezing of cohesion funds for Hungary. **EURCZK** rose from around 24.35 to around 24.39. The Czech Senate approved gas price caps for large companies.

**Debt market:** Domestic yield curve fell by around 15bp on average. Rate hike expectations expressed in the FRA market also fell. Yields also fell in the core bond markets. Debt markets around the world are increasingly beginning to discount the scenario of slower rate rises due to the ongoing economic slowdown.

Consumer sentiment in Poland



Source: GUS, 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

Jarostaw Kosaty +48 887 842 480

Marcin Luziński +48 510 027 662

Grzegorz Ogonek +48 609 224 857

### FX market

#### Today's opening

EURPLN	4,6945	CZKPLN	0,1922
USDPLN	4,5087	HUFPLN*	1,1284
EURUSD	1,0415	RUBPLN	0,0746
CHFPLN	4,7701	NOKPLN	0,4546
GBPPLN	5,4558	DKKPLN	0,6311
USDCNY	7,1564	SEKPLN	0,4327

\*for 100HUF

#### Last session in the FX market 24.11.2022

	min	max	open	close	fixing
EURPLN	4,6922	4,7104	4,7005	4,6968	4,6993
USDPLN	4,5018	4,5288	4,5042	4,5133	4,5101
EURUSD	1,0380	1,0439	1,0432	1,0405	-

### Interest rate market 24.11.2022

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6,99	-12
DS0727 (5Y)	6,93	-17
DS0432 (10Y)	6,68	-16

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7,40	-1	5,16	-1	2,74	0
2L	7,00	-6	4,77	-1	2,84	-4
3L	6,52	-6	4,31	-3	2,74	-5
4L	6,23	-4	4,10	1	2,66	-6
5L	6,06	-4	3,94	1	2,62	-6
8L	5,89	-6	3,72	2	2,56	-7
10L	5,89	-6	3,65	1	2,58	-8

### WIBOR rates

Term	%	Change (bps)
O/N	6,49	2
T/N	6,72	7
SW	6,87	1
2W	6,92	1
1M	6,96	-2
3M	7,32	-2
6M	7,51	-2
1Y	7,70	1

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

Term	%	Change (bps)
1x4	7,22	-6
3x6	7,23	-6
6x9	7,20	-9
9x12	6,91	-10
3x9	7,35	-8
6x12	7,29	-10

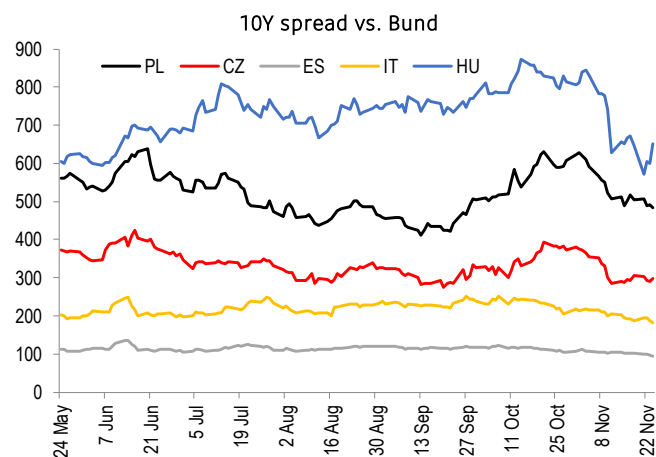
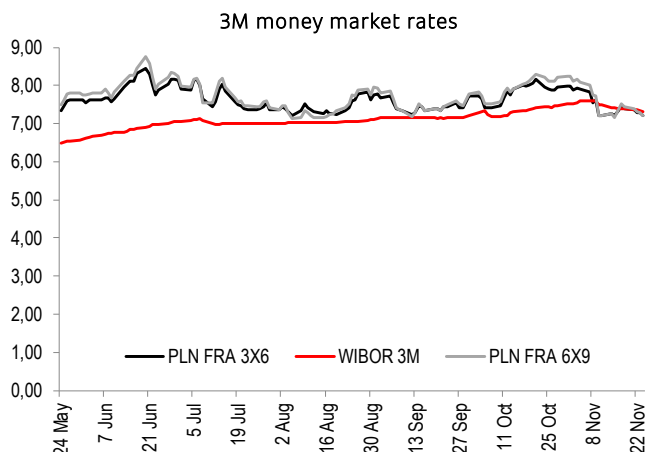
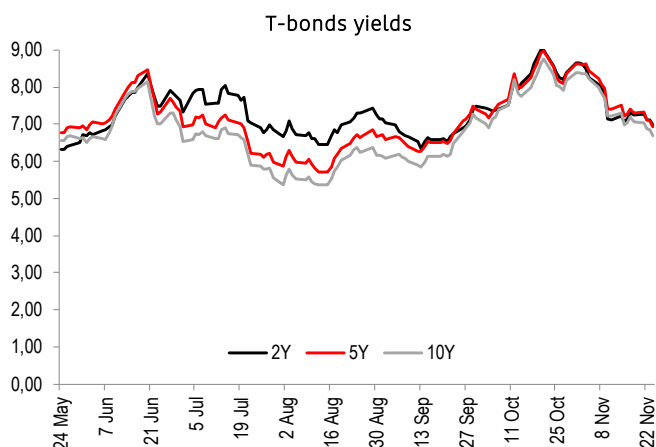
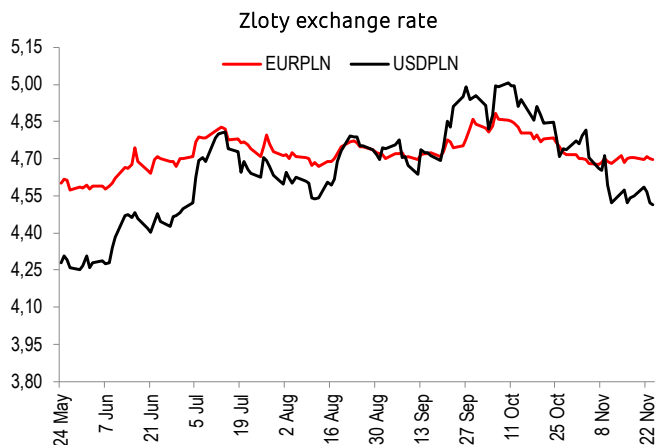
### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	133	0	484	-8
France	15	0	45	-2
Hungary	214	0	651	50
Spain	55	0	95	-2
Italy	55	0	183	-4
Portugal	40	0	90	-2
Ireland	20	0	42	-2
Germany	15	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 (18 November)</b>							
16:00	US	Existing Home Sales	Oct	% m/m	-6.6	-	-1.5
<b>MONDAY (21 November)</b>							
No key events							
<b>TUESDAY (22 November)</b>							
10:00	PL	Employment in corporate sector	Oct	% y/y	2.2	2.2	2.4
10:00	PL	Sold Industrial Output	Oct	% y/y	7.8	6.7	6.8
10:00	PL	PPI	Oct	% y/y	23.5	23.5	22.9
10:00	PL	Average Gross Wages	Oct	% y/y	13.9	14.3	13.0
14:00	HU	Central Bank Rate Decision	Nov.22	%	13.0	13.0	13.0
<b>WEDNESDAY (23 November)</b>							
09:30	DE	Germany Manufacturing PMI	Nov	pts	45.0	46.7	45.1
09:30	DE	Markit Germany Services PMI	Nov	pts	46.2	46.4	46.5
10:00	EZ	Eurozone Manufacturing PMI	Nov	pts	46.0	47.3	46.4
10:00	EZ	Eurozone Services PMI	Nov	pts	48.0	48.6	48.6
10:00	PL	Construction Output	Oct	% y/y	-0.8	-2.1	3.9
10:00	PL	Retail Sales Real	Oct	% y/y	3.1	2.9	0.7
14:30	US	Durable Goods Orders	Oct	% m/m	0.5	1.0	0.4
14:30	US	Initial Jobless Claims	Nov.22	k	225	240.0	222.0
16:00	US	Michigan index	Nov	pts	55.5	56.8	54.7
16:00	US	New Home Sales	Oct	% m/m	-4.6	7.5	-10.9
20:00	US	FOMC minutes					
<b>THURSDAY (24 November)</b>							
10:00	DE	IFO Business Climate	Nov	pts	85.0	86.3	84.5
13:30	EZ	ECB minutes					
14:00	PL	Money Supply M3	Oct	% y/y	7.5	7.3	7.0
<b>FRIDAY (25 November)</b>							
08:00	DE	GDP WDA	3Q	% y/y	1.2	1.3	1.2
10:00	PL	Unemployment Rate	Oct	%	5.1	5.1	-

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.