

23 December 2022

# Eyeopener

## Merry Christmas!

GUS Statistical Bulletin today, important data from the US  
 Polish industrial sentiment continues to improve in December  
 M3 money supply slowed in November to 5.6% y/y  
 EURPLN edging lower, domestic yields rebounded after US data

**This is the last Eyeopener this year, we will resume publication on 2 January 2023. Merry Christmas and Best Wishes for 2023!**

**Today**, the Statistical Bulletin of the GUS is due for release, completing the monthly set of data from the Polish economy. In particular, it will show what happened in November with unemployment and industrial orders. In the afternoon in the US, a set of important consumer data: income and spending and the University of Michigan sentiment index. There will also be PCE inflation, which according to the market will fall sharply to 5.5% y/y and its core measure to 4.6% - for both these would be the lowest levels in a year.

In December, for the second consecutive month, the **GUS sectoral sentiment indicators** describing the business climate in industry and the accommodation/restaurants improved significantly (seasonally adjusted data). The survey also signalled a m/m improvement among transport companies and in the wholesale trade. In the remaining sectors, sentiment was fairly stable relative to November. The behaviour of the overall industrial climate index is similar to that of the German Ifo index, and both measures suggest that a bottom has already been set in business sentiment. In most sectors, the current business situation was perceived slightly better in December than in November. Movements in the indicators of the expected situation were more mixed: a marked decline in retail, construction, transport and financial and insurance institutions but improvement in industry and the accommodation/restaurants. In our view, even if there are further signs of resisting a slowdown in industry, the economy as a whole will decelerate further in 4Q this year and 1Q2023.

**M3 money supply** expanded by 5.6% y/y in November vs. 7.0% y/y previously. A narrower measure including only cash in circulation and current accounts, M1, fell by 9% y/y (previously -7.4% y/y) as a result of the search for storing the value of money in a high-inflation environment (current deposits declined at an accelerating rate of 12.3% y/y and time deposit growth jumped to 102.6% y/y). Adjusted for currency movements, data on the value of the loan portfolio showed an increase of 1.9% y/y (in October it was 2.9%), of which loans to households fell by 3.3% y/y (their momentum weakening throughout 2022).

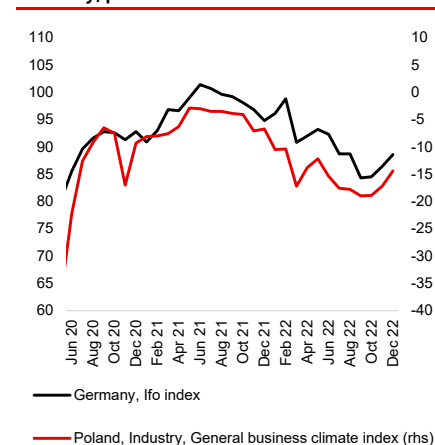
**EURUSD** remained close to 1.06. Attempts to move higher were halted by better-than-expected US 3Q GDP data (upward revision of economic growth mainly as a result of an upward revision of private consumption growth to 2.3% q/q from 1.7%), Today's readings of PCE inflation for November will determine the pair's behaviour in the following days.

**EURPLN** continued its southward march for the third consecutive day. From the area above 4.65, the exchange rate went below 4.64. The zloty was helped by improving global investment sentiment fuelled by better-than-expected data from Europe and the US, which increase the likelihood of a slightly softer landing for economies on both sides of the Atlantic.

**Other CEE currencies: EURCZK** rose from 24.16 to 24.21. The koruna's return from 10-month highs is the result of investors closing positions after the CNB refrained from raising rates despite anticipating further inflation growth in the coming months. **EURHUF** fluctuated around 400. The NBH's lack of rate changes prevented the forint from appreciating further on the back of positive expectations for the Hungarian Recovery Fund.

**Debt market:** Domestic yield curve rebounded upwards by around 10bp on average. The greatest upward momentum occurred in the middle and longer part of the curve. Better US 3Q data stimulated expectations for a slower deceleration of the global economy, which boosted inflation expectations and for a rate hike in Poland. As a result, the yield on 10-year government bonds, which during the day tried to descend towards 6.55%, returned above 6.70% at the end of the session.

**Business climate indicators: Poland and Germany, pts**



Source: GUS, Bloomberg, Santander

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### FX market

#### Today's opening

EURPLN	4,6391	CZKPLN	0,1913
USDPLN	4,3699	HUFPLN*	1,1666
EURUSD	1,0617	RUBPLN	0,0631
CHFPLN	4,6928	NOKPLN	0,4437
GBPPLN	5,2646	DKKPLN	0,6237
USDCNY	6,9828	SEKPLN	0,4178

\*for 100HUF

#### Last session in the FX market 22.12.2022

	min	max	open	close	fixing
EURPLN	4,6361	4,6604	4,6557	4,6413	4,6551
USDPLN	4,3647	4,3854	4,3769	4,3839	4,3726
EURUSD	1,0581	1,0658	1,0638	1,0585	-

### Interest rate market 22.12.2022

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6,74	5
DS0727 (5Y)	6,80	11
DS0432 (10Y)	6,73	12

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7,31	5	5,02	2	3,16	3
2L	6,91	12	4,53	2	3,30	3
3L	6,46	15	4,16	4	3,19	3
4L	6,17	12	3,95	3	3,12	3
5L	6,06	15	3,83	4	3,08	3
8L	5,95	19	3,67	2	3,02	4
10L	6,01	21	3,64	1	3,03	4

### WIBOR rates

Term	%	Change (bps)
O/N	6,52	-1
T/N	6,74	6
SW	6,85	1
2W	6,87	0
1M	6,97	1
3M	7,05	0
6M	7,17	-1
1Y	7,27	-1

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

Term	%	Change (bps)
1x4	7,04	2
3x6	7,17	8
6x9	7,23	10
9x12	7,03	10
3x9	7,25	8
6x12	7,24	11

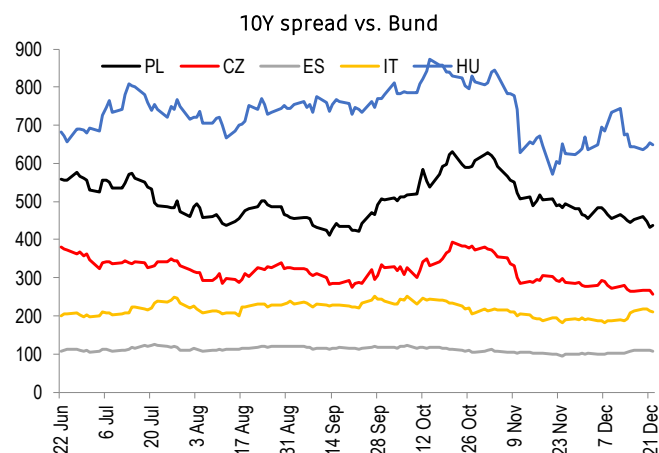
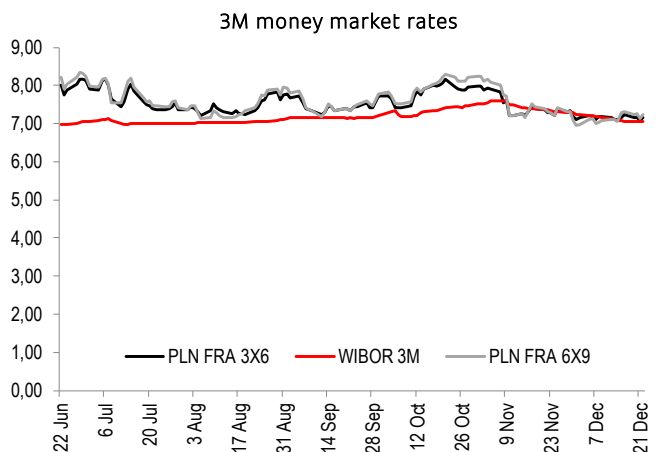
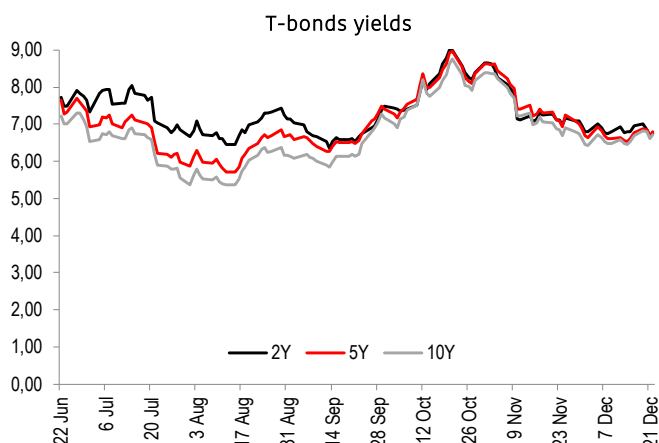
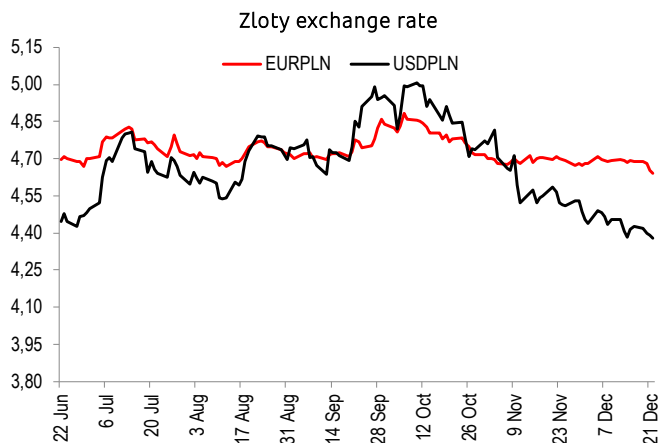
### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	117	0	436	5
France	15	0	54	0
Hungary	202	0	649	-7
Spain	58	0	107	-2
Italy	58	0	211	-1
Portugal	43	0	103	-1
Ireland	23	0	52	-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 (16 December)</b>							
09:30	DE	Germany Manufacturing PMI	Dec	pts	46.3	47.4	46.2
09:30	DE	Markit Germany Services PMI	Dec	pts	46.3	49.0	46.1
10:00	EZ	Eurozone Manufacturing PMI	Dec	pts	47.1	47.8	47.1
10:00	EZ	Eurozone Services PMI	Dec	pts	48.5	49.1	48.5
11:00	EZ	HICP	Nov	% y/y	10.0	10.1	10.6
<b>14:00</b>	<b>PL</b>	<b>CPI Core</b>	<b>Nov</b>	<b>% y/y</b>	<b>11.3</b>	<b>11.4</b>	<b>11.0</b>
<b>MONDAY (19 December)</b>							
10:00	DE	Ifo Business Climate	Dec	pts	87.5	88.6	86.4
<b>TUESDAY (20 December)</b>							
<b>10:00</b>	<b>PL</b>	<b>Employment in corporate sector</b>	<b>Nov</b>	<b>% y/y</b>	<b>2.3</b>	<b>2.3</b>	<b>2.4</b>
<b>10:00</b>	<b>PL</b>	<b>Sold Industrial Output</b>	<b>Nov</b>	<b>% y/y</b>	<b>2.2</b>	<b>4.0</b>	<b>6.8</b>
<b>10:00</b>	<b>PL</b>	<b>PPI</b>	<b>Nov</b>	<b>% y/y</b>	<b>21.1</b>	<b>20.7</b>	<b>22.9</b>
<b>10:00</b>	<b>PL</b>	<b>Average Gross Wages</b>	<b>Nov</b>	<b>% y/y</b>	<b>12.8</b>	<b>12.7</b>	<b>13.0</b>
14:00	HU	Central Bank Rate Decision	Dec.22	%	-	13.00	13.00
14:30	US	Housing Starts	Nov	% m/m	-1.8	-0.5	-4.2
<b>WEDNESDAY (21 December)</b>							
<b>10:00</b>	<b>PL</b>	<b>Construction Output</b>	<b>Nov</b>	<b>% y/y</b>	<b>-1.6</b>	<b>-2.2</b>	<b>4.0</b>
<b>10:00</b>	<b>PL</b>	<b>Retail Sales Real</b>	<b>Nov</b>	<b>% y/y</b>	<b>0.3</b>	<b>-0.2</b>	<b>1.6</b>
14:30	CZ	Central Bank Rate Decision	Dec.22		-	7.00	7.00
16:00	US	Consumer Conference Board	Dec	pts	101.0	108.3	101.4
16:00	US	Existing Home Sales	Nov	% m/m	-5.2	-7.7	-5.9
<b>THURSDAY (22 December)</b>							
<b>14:00</b>	<b>PL</b>	<b>Money Supply M3</b>	<b>Nov</b>	<b>% y/y</b>	<b>5.9</b>	<b>5.7</b>	<b>5.6</b>
14:30	US	GDP Annualized	3Q	% q/q	2.9	3.2	-0.6
14:30	US	Initial Jobless Claims		k	222	216	214
<b>FRIDAY (23 December)</b>							
<b>10:00</b>	<b>PL</b>	<b>Unemployment Rate</b>	<b>Nov</b>	<b>%</b>	<b>5.1</b>	<b>5.1</b>	<b>-</b>
14:30	US	Durable Goods Orders	Nov	% m/m	-0.5	-	1.0
14:30	US	Personal Spending	Nov	% m/m	0.2	-	0.8
14:30	US	Personal Income	Nov	% m/m	0.2	-	0.7
14:30	US	PCE Deflator SA	Nov	% m/m	0.3	-	0.3
16:00	US	Michigan index	Dec	pts	59.1	-	56.8
16:00	US	New Home Sales	Nov	% m/m	-5.1	-	7.5

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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