

3 January 2023

# Eyeopener

## Polish PMI on the rise

Today German inflation

Polish manufacturing PMI surprised to the upside, the German one to the downside

NBP president's press conference planned for Thursday

Złoty a bit stronger, domestic bond yields lower

**Today** we will get to see inflation in Germany (preliminary reading for December). The market is expecting a fairly pronounced decline in this indicator. From the morning onwards, indicators for individual German regions will appear, giving the market hints before the final reading (the first one showed a clear drop in headline inflation, but not in core inflation).

**PMI indicator for Polish manufacturing** jumped to 45.6pts in December from 43.4pts in November, beating market consensus (44.0pts). Improvement was recorded in output and new orders indicators, but they remained in contractionary territory. Companies were still reducing employment and purchasing activity, but also recorded falling backlogs and lower growth in costs and output prices. The PMI index is suggesting that the Polish economy may be close to its trough. In our view, 1Q23 is going to be the weakest point in the economic cycle, followed by a rebound. Still, 2023 GDP growth rate is likely to remain depressed (we see 0.1%). Meanwhile, the **PMI for German manufacturing** ultimately came in slightly below the preliminary reading, while the one for the **euro area** was in line with expectations. Both, however, were higher than a month earlier. The numbers for Spain, France, the Czech Republic and Hungary, among others, surprised upwards. This morning, a rather weak reading from China (i.e. without the positive effect of the removal of the Covid restrictions) supplemented this set.

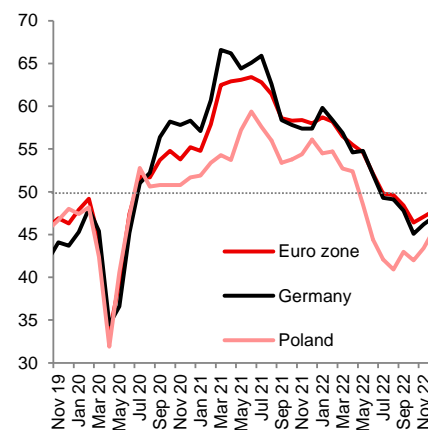
The NBP has announced that the **Adam Glapiński's press conference** will take place this Thursday at 1500 CET.

**EURUSD** on Monday remained within the 1.06-1.07 range in which it has been moving since mid-December. The euro weakened slightly against the dollar in response to the weaker-than-expected PMI index for Germany. Today, the inflation reading from Germany could be key for the EURUSD market.

**EURPLN** declined on Monday and ended the day slightly above 4.67. The exchange rate is waiting for new impulses, which may appear in the second half of the week (MPC decision on Wednesday, CPI inflation and the conference of the NBP president on Thursday). The **EURCZK** exchange rate oscillated around 24.15. The **Hungarian forint**, in turn, weakened.

**Debt market:** on Monday, yields on the domestic market fell by 10-12 basis points in line with global markets. IRS rates were stable, so asset swap spreads narrowed. FRA rates were also stable. In the coming days, there could be quite a few signals that could affect the interest rate market.

Manufacturing PMI indices, pts



Source: S&P Global, 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	4.6672	CZKPLN	0.1928
USDPLN	4.3831	HUFPLN*	1.1642
EURUSD	1.0653	RUBPLN	0.0617
CHFPLN	4.7331	NOKPLN	0.4436
GBPPLN	5.2902	DKKPLN	0.6281
USDCNY	6.8885	SEKPLN	0.4194

\*for 100HUF

Last session in the FX market						02.01.2023
	min	max	open	close	fixing	
EURPLN	4.6645	4.6939	4.6764	4.6674	4.6784	
USDPLN	4.3677	4.3916	4.3775	4.3804	4.3811	
EURUSD	1.0649	1.0698	1.0693	1.0653	-	

**Interest rate market** 02.01.2023

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6.69	-3
DS0727 (5Y)	6.76	-12
DS0432 (10Y)	6.79	-9

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7.26	-5	5.12	0	3.19	-2
2L	6.91	-1	4.70	0	3.34	-5
3L	6.43	-4	4.29	-2	3.23	-8
4L	6.21	-2	4.12	1	3.16	-10
5L	6.10	-7	4.01	0	3.12	-12
8L	6.07	-2	3.82	0	3.06	-13
10L	6.12	-4	3.82	0	3.07	-12

**WIBOR rates**

Term	%	Change (bps)
O/N	6.54	64
T/N	6.63	-17
SW	6.85	-1
2W	6.85	-1
1M	6.92	-1
3M	7.01	-1
6M	7.14	0
1Y	7.23	0

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

Term	%	Change (bps)
1x4	6.96	0
3x6	7.15	0
6x9	7.21	0
9x12	7.07	1
3x9	7.23	3
6x12	7.25	4

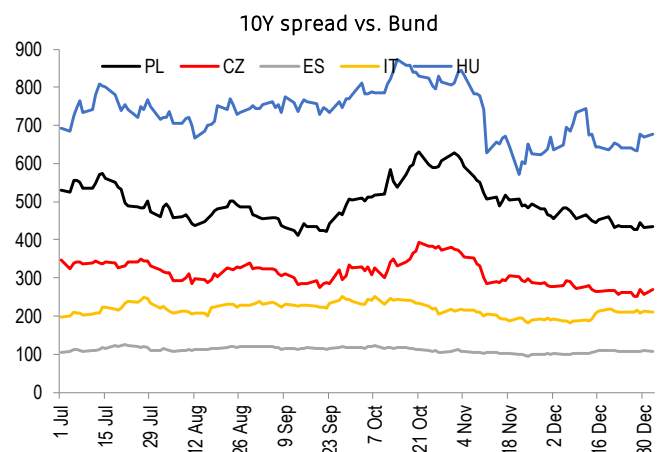
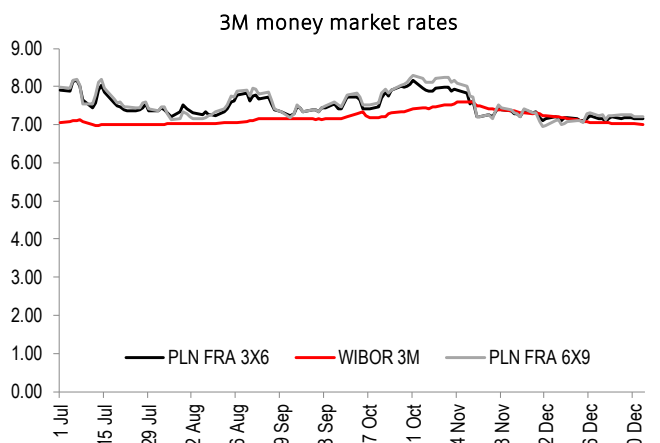
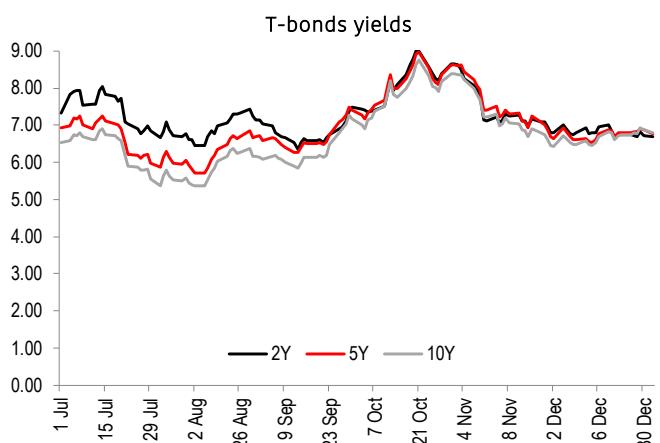
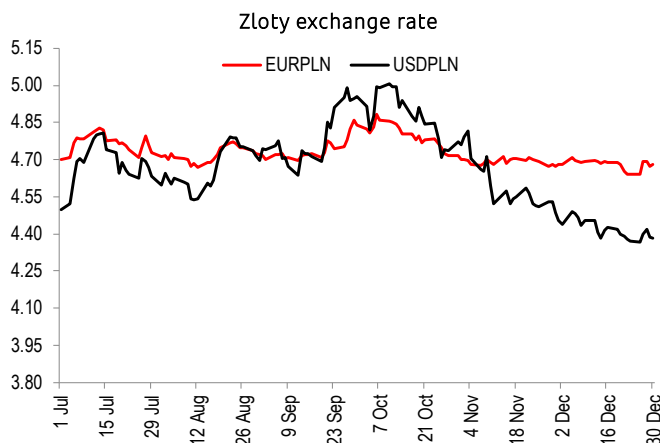
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	115	0	434	3
France	15	0	54	0
Hungary	202	0	678	10
Spain	55	0	108	-1
Italy	55	0	212	-2
Portugal	40	0	103	-1
Ireland	23	0	52	-4
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



## Kalendarz wydarzeń i publikacji

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*	
				MARKET	SANTANDER			
<b>FRIDAY (30 December)</b>								
No important data								
<b>MONDAY (2 January)</b>								
09:00	PL	PMI manufacturing	Dec	pts	44.0	43.7	45.6	43.4
09:55	DE	PMI manufacturing	Dec	pts	47.4	-	47.1	46.2
10:00	EZ	PMI manufacturing	Dec	pts	47.8	-	47.8	47.1
<b>TUESDAY (3 January)</b>								
14:00	DE	HICP inflation	Dec	% m/m	-0.5	-		0.0
<b>WEDNESDAY (4 January)</b>								
	PL	MPC decision		%	6.75	6.75		6.75
02:45	CN	PMI services	Dec	pts		-		46.7
09:55	DE	PMI services	Dec	pts	49.0	-		46.1
10:00	EZ	PMI services	Dec	pts	49.1	-		48.5
16:00	US	ISM manufacturing	Dec	pts	48.5	-		49.0
20:00	US	Minutes FOMC	14.12.2022					
<b>THURSDAY (5 January)</b>								
08:00	DE	Export	Nov	% m/m	-0.5	-		0.8
10:00	PL	CPI inflation	Dec	% y/y	17.4	17.2		17.5
14:00	PL	MPC minutes	Dec					
14:15	US	ADP report	Dec	k	140	-		127.0
15:00	PL	NBP president's press conference						
<b>FRIDAY (6 January)</b>								
	PL	National holiday						
08:00	DE	Factory orders	Nov	% m/m	-0.5	-		0.8
08:00	DE	Retail sales	Nov	% m/m	1.5	-		-2.7
09:00	CZ	Industrial output	Nov	% y/y	-1.4	-		2.9
11:00	EZ	HICP flash	Dec	% y/y	9.6	-		10.0
11:00	EZ	Retail sales	Nov	% m/m	0.6	-		-1.8
11:00	EZ	ESI	Dec	pts	94.5	-		93.7
14:30	US	Non-farm payrolls	Dec	k	200	-		263.0
14:30	US	Unemployment rate	Dec	%	3.7	-		3.7
16:00	US	ISM services	Dec	pts	55.0	-		56.5
16:00	US	Factory orders	Nov	% m/m	-0.8	-		1.0

Source: Santander Bank Polska. Bloomberg. Parkiet

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

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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.