

19 January 2023

## Eyeopener

### Weaker data from the US

Today, consumer sentiment in Poland, data from the US

US data: PPI inflation and retail sales below forecasts

EURPLN rose to 4.72, yields again well below 6%

**Today**, consumer sentiment data for January in Poland and data from the US: initial jobless claims, housing starts, Philly Fed index.

**Eurozone HICP inflation** was at 9.2% y/y in December, in line with the preliminary reading. The decline from 10.1% y/y in November was mainly due to weaker growth in energy prices, with a further acceleration in other components, including a rise in core inflation (to 5.2% y/y from 5.0% y/y). **US PPI inflation** in December fell more sharply than expected (6.2% y/y against forecasts of 6.8% y/y), mainly due to lower goods, food and energy prices. **US retail sales** in December were weak: the December reading was worse than expected and November's was revised downwards. Fuel and furniture sales posted most considerable declines, but these were generally seen in most categories. Overall, yesterday's data supported a weaker dollar and a lower valuation of the US interest rate path.

Commenting on the weaker data, **Loretta Mester** said that the Fed was beginning to see the economic phenomena it expected materialise. **James Bullard** announced the need to raise rates further to achieve sufficiently restrictive levels of monetary policy. In his view, bringing inflation on a path towards the 2% target will require raising interest rates to 5.25 - 5.50% and sustaining restrictive monetary policy throughout 2023. Such a strategy is expected to make it possible to prevent a relapse to high inflation. **Patrick Harker** reiterated his support for slowing the pace of rate hikes to 25bp. **Lorie Logan** supported a strategy of slowing the pace of rate hikes, but signalled that the rate target could be higher than many expect.

According to the Ministry of State Assets, Poland's **thermal coal imports** are expected to be over 14.5m tonnes in 2022, compared to 9.3m tonnes in 2021.

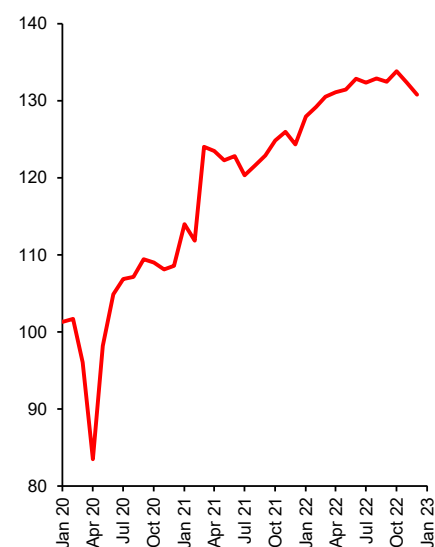
**EURUSD** once again attempted to attack the 1.09 level, but at the end of the day, like the day before, it returned close to 1.08. After worse-than-expected retail sales data from the US, the dollar began to weaken against the euro, but the US currency was supported by statements from Fed members.

**EURPLN** rose from the area of 4.70 to 4.72. The zloty was hurt by the strengthening of the dollar after statements by Fed members, particularly James Bullard, who announced that the Fed would maintain its monetary policy at restrictive levels throughout 2023.

**Other CEE currencies: EURCZK** rose to 23.94 from around 23.92. CNB's Eva Zamrazilova and Jan Frait announced that further interest rate rises would not be necessary unless wages start to rise sharply, which they believe is unlikely in the current environment. **EURHUF** fluctuated around 395.

**Debt market:** Domestic yield curve fell by an average of around 20 bp across the board. Rate expectations on the FRA market also fell. Yields were hurt by weak US retail sales data and statements from Fed members.

US retail sales, % y/y



Source: Refinitiv, Santander

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### FX market

#### Today's opening

EURPLN	4,7135	CZKPLN	0,1964
USDPLN	4,3625	HUFPLN*	1,1859
EURUSD	1,0801	RUBPLN	0,0633
CHFPLN	4,7595	NOKPLN	0,4377
GBPPLN	5,3723	DKKPLN	0,6334
USDCNY	6,7818	SEKPLN	0,4213

\*for 100HUF

#### Last session in the FX market 18.01.2023

	min	max	open	close	fixing
EURPLN	4,6927	4,7111	4,6956	4,7101	4,7091
USDPLN	4,3187	4,3590	4,3572	4,3495	4,3322
EURUSD	1,0778	1,0887	1,0779	1,0825	-

### Interest rate market 18.01.2023

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	5,82	-22
DS0727 (5Y)	5,79	-19
DS0432 (10Y)	5,85	-19

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	6,88	-5	4,98	-5	3,09	1
2L	6,19	-12	4,32	-12	3,08	0
3L	5,55	-17	3,85	-14	2,87	0
4L	5,23	-23	3,60	-16	2,74	0
5L	5,10	-24	3,47	-17	2,66	-1
8L	5,02	-25	3,32	-18	2,59	-3
10L	5,05	-26	3,33	-17	2,60	-4

### WIBOR rates

Term	%	Change (bps)
O/N	6,66	9
T/N	6,71	1
SW	6,83	0
2W	6,84	-1
1M	6,89	-1
3M	6,91	-2
6M	7,00	-1
1Y	7,10	1

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

Term	%	Change (bps)
1x4	6,88	0
3x6	6,89	-4
6x9	6,76	-6
9x12	6,30	-9
3x9	6,93	-4
6x12	6,73	-12

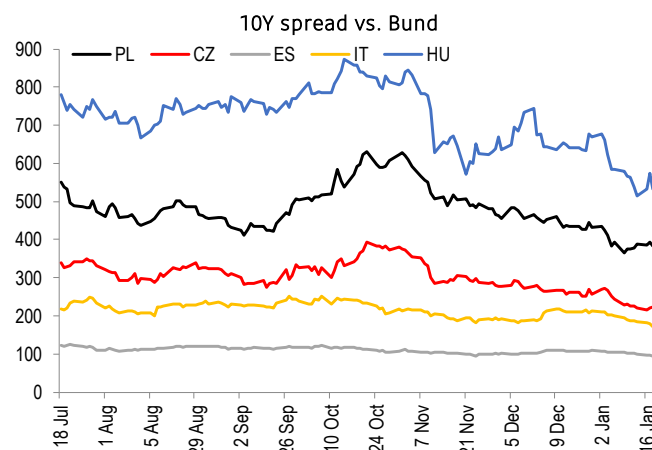
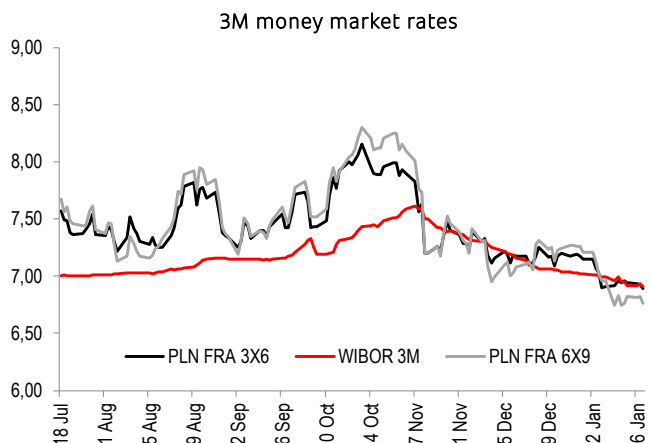
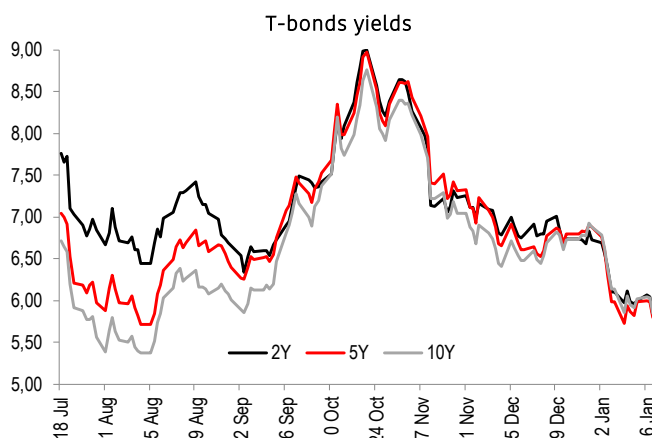
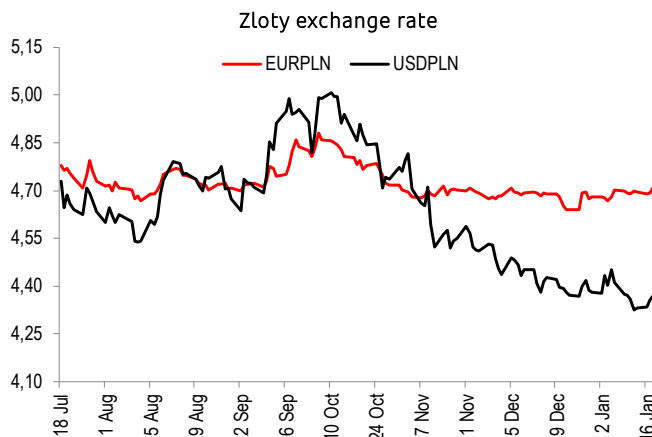
### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	117	-2	384	-11
France	10	0	43	-2
Hungary	199	-7	532	-42
Spain	46	-2	94	-4
Italy	43	-2	173	-7
Portugal	30	-2	87	-4
Ireland	18	0	40	0
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



## Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*
				MARKET	SANTANDER		
<b>FRIDAY (13 January)</b>							
08:30	HU	CPI	Dec	% y/y	25.8	24.5	22.5
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Dec</b>	<b>% y/y</b>	<b>16.6</b>	<b>16.6</b>	<b>17.5</b>
11:00	EZ	Industrial Production SA	Nov	% m/m	0.5	1.0	-1.9
<b>14:00</b>	<b>PL</b>	<b>Current Account Balance</b>	<b>Nov</b>	<b>€mn</b>	<b>-1014</b>	<b>-486</b>	<b>-549</b>
<b>14:00</b>	<b>PL</b>	<b>Trade Balance</b>	<b>Nov</b>	<b>€mn</b>	<b>-2327</b>	<b>-2343</b>	<b>-1496</b>
<b>14:00</b>	<b>PL</b>	<b>Exports</b>	<b>Nov</b>	<b>€mn</b>	<b>29808</b>	<b>29995</b>	<b>30018</b>
<b>14:00</b>	<b>PL</b>	<b>Imports</b>	<b>Nov</b>	<b>€mn</b>	<b>31878</b>	<b>32338</b>	<b>31514</b>
16:00	US	Michigan index	Jan	pts	60.5	64.6	59.7
<b>MONDAY (16 January)</b>							
<b>14:00</b>	<b>PL</b>	<b>CPI Core</b>	<b>Dec</b>	<b>% y/y</b>	<b>11.5</b>	<b>11.4</b>	<b>11.4</b>
<b>TUESDAY (17 January)</b>							
08:00	DE	HICP	Dec	% m/m	-1.2	-1.2	0.0
11:00	DE	ZEW Survey Current Situation	Jan	pts	-56.4	-58.6	-61.4
<b>WEDNESDAY (18 January)</b>							
11:00	EZ	HICP	Dec	% y/y	9.2	9.2	10.1
14:30	US	Retail Sales Advance	Dec	% m/m	-0.75	-1.1	-1.0
15:15	US	Industrial Production	Dec	% m/m	0.0	-0.7	-0.6
<b>THURSDAY (19 January)</b>							
<b>10:00</b>	<b>PL</b>	<b>Consumer confidence</b>	<b>Jan</b>			-	
14:30	US	Initial Jobless Claims		k	215.0	-	205.0
14:30	US	Housing Starts	Dec	% m/m	-5.4	-	-0.5
14:30	US	Index Philly Fed	Jan		-10.8	-	-13.7
<b>FRIDAY (20 January)</b>							
<b>10:00</b>	<b>PL</b>	<b>Business confidence</b>	<b>Jan</b>			-	
<b>10:00</b>	<b>PL</b>	<b>Employment in corporate sector</b>	<b>Dec</b>	<b>% y/y</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>
<b>10:00</b>	<b>PL</b>	<b>Average Gross Wages</b>	<b>Dec</b>	<b>% y/y</b>	<b>12.4</b>	<b>12.3</b>	<b>13.9</b>
16:00	US	Existing Home Sales	Dec	% m/m	-3.18	-	-7.67

Source: Santander Bank Polska. Bloomberg. Parkiet

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

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