

22 February 2023

# Eyeopener

## Consumer under pressure

Today Polish money supply data, German Ifo index, FOMC minutes  
Retail sales slowed down in January, construction output surprised with positive growth  
EURPLN slightly higher, domestic yield curve up

**Today** in Poland, money supply data for January. Abroad, we will learn the reading of Ifo index of German industrial sentiment, and in the evening the main event of the day market-wise - the minutes of the latest FOMC meeting. Investors will look to it for clues as to the likelihood of the Fed raising rates above 5.25%, should the trend of falling inflation in the US be slower than the Fed's expectations. Currently, markets are pricing the Fed's target rate at just above 5.30%.

**Retail sales** slowed in January to -0.3% y/y from +0.2% y/y in December and were below forecasts. Puzzling weakness in sales of non-durable goods was the main culprit behind the deterioration in the headline figure. The private consumption outlook for 1H23 remains negative. In contrast, **construction output**, contrary to expectations, did not fall but rebounded by 2.4% y/y after printing -0.8% y/y in December. However, we expect that the upcoming readings, as well as the average 2023 growth to be negative. In January, the housing market continued the deceleration outlined in the previous months. More in our [Economic comment](#).

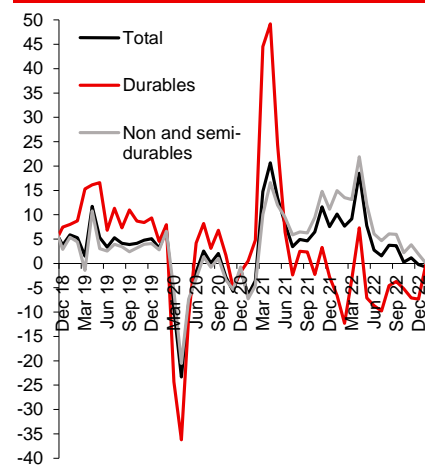
**EURUSD** fluctuated between 1.06 and 1.07, ending the day closer to the 1.06 level. The dollar was helped by better-than-expected US PMI data for February both when it came to the manufacturing and services sectors. In the case of similar data from Germany and the Eurozone, the services sector recorded a clear rebound, while manufacturing sector indicators surprised to the downside, which proved insufficient support for the common currency.

**EURPLN** rose from around 4.74 to near 4.75. The zloty lost on weaker retail sales data from Poland. The domestic currency was also not helped by the strengthening of the dollar on global markets.

**Other CEE currencies:** EURCZK rose to 23.74 from around 23.71. EURHUF rose to 383 from 380. The region's currencies lost on weaker-than-expected manufacturing PMIs from the Eurozone.

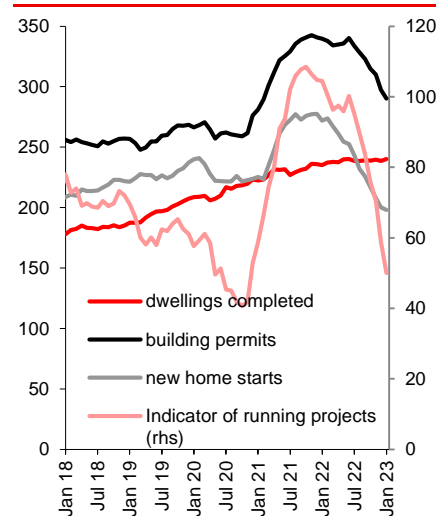
**Debt market:** Domestic yield curve has risen by about 13 bps on average. It now exceeds the 6.50% level across the board. Interest rate expectations also rose on the longer-dated Polish FRA market. The domestic market retreated from discounting rate cuts before the end of the year which were priced in just a few weeks ago. In the core markets, yields also rose sharply. Good PMI data from the US fuelled expectations for higher Fed rates. A factor further supporting the rise in yields overseas is the uncertainty over how to resolve the issue of the US government's debt limit reached in January. Admittedly, the "emergency measures" that were triggered will last until the end of June this year, but markets fear that negotiations in a sharply politically divided Congress may drag on, reducing demand from some investors for US long-term bonds.

### Retail sales, % y/y



Source: GUS, Santander

### Housing market indicators, thousands, 12m sums



Source: GUS, Santander

### Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa  
email: [ekonomia@santander.pl](mailto: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	4.7489	CZKPLN	0.2009
USDPLN	4.4551	HUFPLN*	1.2286
EURUSD	1.0657	RUBPLN	0.0599
CHFPLN	4.8092	NOKPLN	0.4332
GBPPLN	5.3936	DKKPLN	0.6406
USDCNY	6.8923	SEKPLN	0.4284

\*for 100HUF

**Last session in the FX market 21/02/2023**

	min	max	open	close	fixing
EURPLN	4.7405	4.7533	4.7421	4.7479	4.7469
USDPLN	4.4335	4.4659	4.4417	4.4546	4.4524
EURUSD	1.0641	1.0697	1.0671	1.0655	-

**Interest rate market 21/02/2023**

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6.58	2
DS0727 (5Y)	6.67	13
DS0432 (10Y)	6.70	13

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	7.14	4	5.46	3	3.51	5
2L	6.80	8	5.03	8	3.58	5
3L	6.38	13	4.62	9	3.41	6
4L	6.17	16	4.38	13	3.29	6
5L	6.08	17	4.23	12	3.21	6
8L	6.00	21	4.00	14	3.10	7
10L	6.01	21	3.94	15	3.09	7

**WIBOR rates**

Term	%	Change (bps)
O/N	6.56	1
T/N	6.72	0
SW	6.83	0
2W	6.83	-2
1M	6.90	-2
3M	6.94	-2
6M	7.00	0
1Y	7.10	0

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

Term	%	Change (bps)
1x4	6.96	-1
3x6	7.01	2
6x9	7.04	3
9x12	6.85	13
3x9	7.07	3
6x12	7.10	4

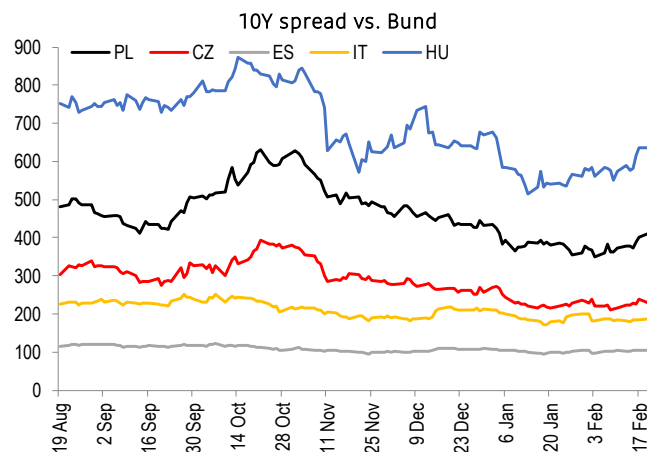
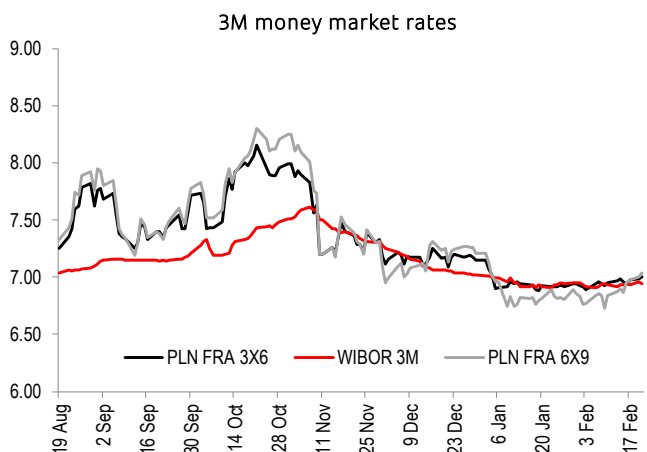
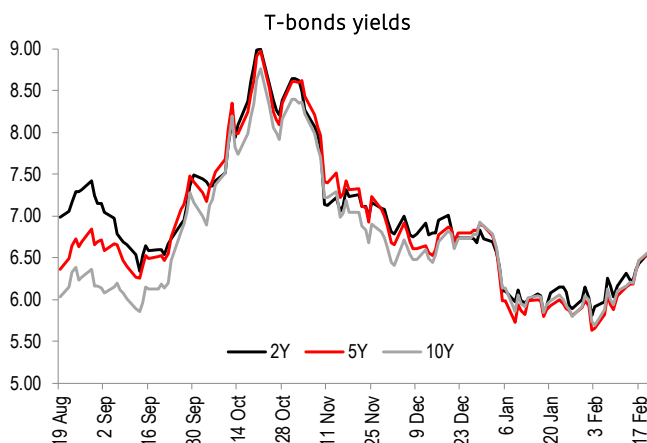
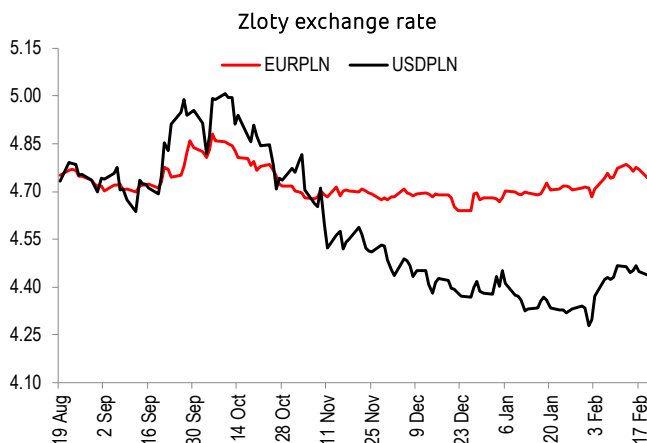
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	99	1	416	5
France	10	0	48	1
Hungary	169	5	642	5
Spain	45	0	107	2
Italy	43	2	193	6
Portugal	30	0	91	1
Ireland	17	0	48	1
Germany	11	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 (17 February)</b>								
	PL	S&P rating/outlook review					A-/stable	A-/stable
<b>MONDAY (20 February)</b>								
10:00	PL	Employment in corporate sector	Jan	% y/y	1.8	2.0	1.1	2.2
10:00	PL	Sold Industrial Output	Jan	% y/y	4.7	5.1	2.6	1.0
10:00	PL	PPI	Jan	% y/y	18.5	18.2	18.5	20.5
10:00	PL	Average Gross Wages	Jan	% y/y	12.7	13.8	13.5	10.3
<b>TUESDAY (21 February)</b>								
09:30	DE	Germany Manufacturing PMI	Feb	pts	48.0	-	46.5	47.3
09:30	DE	Markit Germany Services PMI	Feb	pts	51.0	-	51.3	50.7
10:00	EZ	Eurozone Manufacturing PMI	Feb	pts	49.3	-	48.5	48.8
10:00	EZ	Eurozone Services PMI	Feb	pts	51.3	-	53.0	50.8
10:00	PL	Construction Output	Jan	% y/y	-4.7	-1.9	2.4	-0.8
10:00	PL	Retail Sales Real	Jan	% y/y	1.1	1.2	-0.3	0.2
11:00	DE	ZEW Survey Current Conditions	Feb	pts	-52.0	-	-45.1	-58.6
16:00	US	Existing Home Sales	Jan	% m/m	2.1	-	-0.7	-2.2
<b>WEDNESDAY (22 February)</b>								
08:00	DE	HICP	Jan	% m/m	0.5	-	0.5	-1.2
10:00	DE	IFO Business Climate	Feb	pts	91.0	-	-	90.2
14:00	PL	Money Supply M3	Jan	% y/y	6.1	5.6	-	5.4
20:00	US	FOMC Meeting Minutes	Feb.23					
<b>THURSDAY (23 February)</b>								
10:00	PL	Unemployment Rate	Jan	%	5.45	5.5	-	5.2
11:00	EZ	HICP	Jan	% y/y	8.6	-	-	9.2
14:30	US	GDP Annualized	4Q	% q/q	2.9	-	-	3.2
14:30	US	Initial Jobless Claims		k	200.0	-	-	194.0
<b>FRIDAY (24 February)</b>								
08:00	DE	GDP WDA	4Q	% y/y	1.1	-	-	1.4
14:30	US	Personal Spending	Jan	% m/m	1.0	-	-	-0.2
14:30	US	Personal Income	Jan	% m/m	1.0	-	-	0.2
14:30	US	PCE Deflator SA	Jan	% m/m	0.4	-	-	0.1
16:00	US	Michigan index	Feb	pts	66.4	-	-	64.9
16:00	US	New Home Sales	Jan	% m/m	0.7	-	-	2.3

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.