

20 March 2023

# Eyeopener

## Coordinated action of the main central banks

Today Polish output and labour market data  
Main central banks have announced coordinated liquidity provision to global markets  
OECD raised global growth forecast for 2023  
EURPLN and Polish bond yields were stable

**Today** a set of important domestic data will be out. We will get data on industrial production, on wages and employment, and inflation on the producer price side. Investors will look to them for clues regarding the strength of inflationary processes in Poland. Although this topic has recently receded into the background due to the turmoil in global financial markets, it will gradually return to the forefront as the situation calms down.

On Sunday, the major central banks: The Fed, the ECB, the Bank of England, the Bank of Canada, the Bank of Japan and the SNB announced a **coordinated action to provide liquidity to the global financial market**. From today until at least the end of April, daily operations will be made to inject US dollar liquidity, which, thanks to the network between these banks, will provide access to liquidity in each of the six currencies for which they are responsible.

**UBS has agreed to take over Credit Suisse** before the end of this year. The Swiss central bank will assist in this by providing CHF 100 billion in liquidity. On top of that, the Swiss government has provided a CHF 9 billion of guarantees to cover any potential losses of UBS from the takeover in excess of CHF 5 billion. Some of the burden will also fall on private investors - the Swiss regulator has announced that a portion of Credit Suisse's bonds will not be repaid (CHF 16 billion).

**HICP inflation for Poland** reached 17.2% y/y in February, up from 15.9% in January, which clearly surpassed last October's peak (16.4%). Core HICP inflation, after stabilising at 12.0% in November and December, fell marginally in y/y terms for the second consecutive month, to 11.8%. Based on data published by Eurostat, we estimate that already more than 40 percent of the inflation basket is growing at a rate of more than 20 percent y/y (in January it was less than 30 percent).

The **OECD** raised its global growth forecast for 2023 to 2.6% from 2.2% and for 2024 to 2.9% from 2.7%. The forecast for this year for the US went up to 1.5% from 0.5% and for the euro area to 0.8% from 0.5%. The G20 average inflation forecast was revised to 5.9% from 6.0%, but at the same time the core inflation forecast went up, to 4.0% from 3.8%. In its recommendations to central banks, the OECD continues to focus on the fight against inflation and the consequence in monetary tightening until there is a turnaround in inflation trends.

**EURUSD** rose above 1.065 from close to 1.06. The weakening of the dollar is a result of the gradual calming of the situation in the financial markets and signals from the ECB on the need for further rate increases due to inflation.

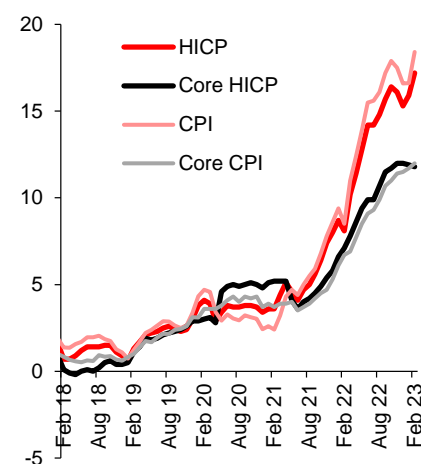
**EURPLN** oscillated around 4.70, eventually ending the day slightly above this level. The actions taken by the major central banks should lead to a gradual easing of stress on the markets and, as a result, translate into the stability of the zloty.

**Other CEE currencies:** EURCZK oscillated around 23.98. EURHUF rose above 397 from 394. The forint's weakening is the result of lower investor confidence in the currency due to its weaker fundamentals.

**Debt market:** The domestic yield curve, despite fluctuations during the day, finally ended Friday near the opening levels. An improved investment climate on global financial markets also helped narrow asset swap spreads on the Polish market. There were small increases on longer-dated FRA contracts.

yields

Inflation In Poland, % y/y



Source: GUS, NBP, Santander

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**FX market**

**Today's opening**

EURPLN	4.7051	CZKPLN	0.1954
USDPLN	4.4178	HUFPLN*	1.1682
EURUSD	1.0654	RUBPLN	0.0573
CHFPLN	4.7554	NOKPLN	0.4110
GBPPLN	5.3593	DKKPLN	0.6310
USDCNY	6.8926	SEKPLN	0.4256

\*for 100HUF

**Last session in the FX market 17.03.2023**

	min	max	open	close	fixing
EURPLN	4.6896	4.7095	4.6904	4.7036	4.7062
USDPLN	4.3987	4.4349	4.4052	4.4080	4.4202
EURUSD	1.0610	1.0675	1.0647	1.0665	-

**Interest rate market 17.03.2023**

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	5.89	-7
DS0727 (5Y)	5.89	-2
DS0432 (10Y)	6.00	-2

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	6.70	-6	4.63	-23	3.14	-12
2L	6.08	1	4.11	-29	3.15	-20
3L	5.61	0	3.85	-23	3.09	-15
4L	5.40	2	3.72	-21	2.96	-18
5L	5.30	0	3.59	-25	2.93	-15
8L	5.24	2	3.47	-17	2.85	-14
10L	5.28	3	3.46	-15	2.85	-14

**WIBOR rates**

Term	%	Change (bps)
O/N	6.49	-15
T/N	6.73	0
SW	6.83	0
2W	6.86	1
1M	6.83	-1
3M	6.90	-2
6M	6.97	-1
1Y	7.08	0

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

Term	%	Change (bps)
1x4	6.88	2
3x6	6.74	2
6x9	6.47	0
9x12	6.04	0
3x9	6.75	1
6x12	6.46	-1

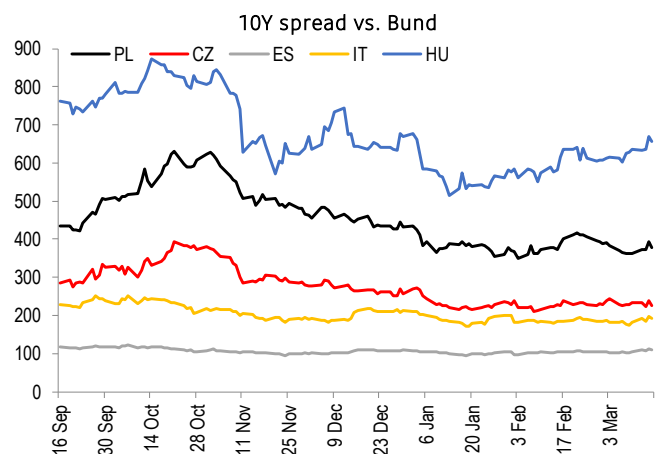
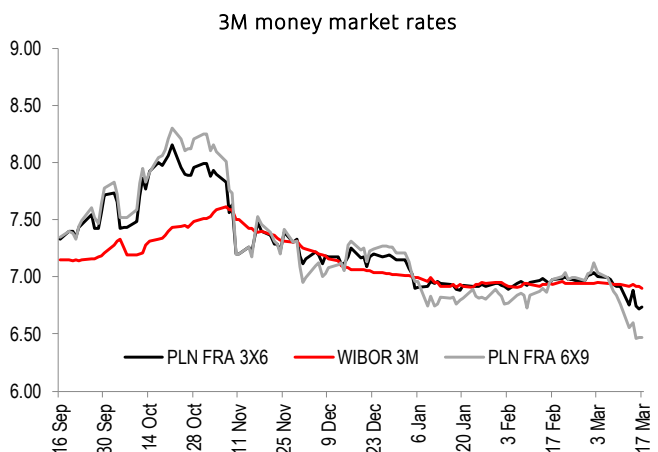
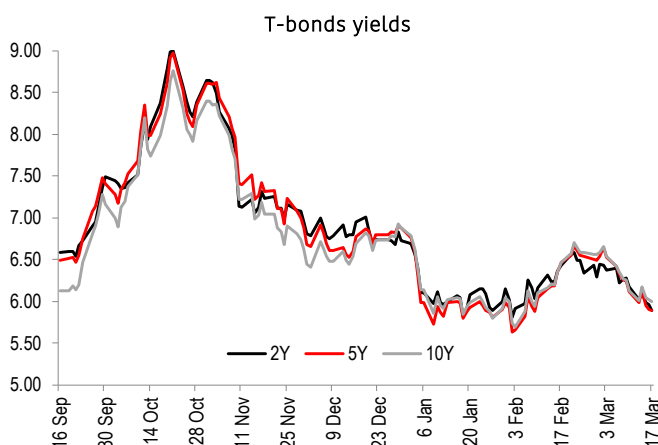
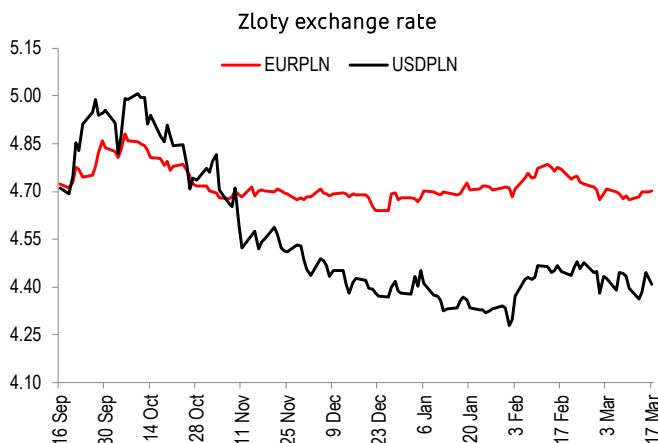
**Measures of fiscal risk**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	100	-1	378	-15
France	14	0	55	0
Hungary	166	-1	658	-12
Spain	53	0	110	-3
Italy	50	1	191	-6
Portugal	35	1	95	-3
Ireland	20	1	55	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 March)</b>							
11:00	EZ	HICP	Dec.23	% y/y	8.5	-	8.5
14:15	US	Industrial Production	Dec.23	% m/m	0.2	-	0.0
15:00	US	Michigan index	Jan.23	pts	67.0	-	63.4
<b>MONDAY (20 March)</b>							
10:00	PL	Employment in corporate sector	Feb	% y/y	1.0	0.9	-
10:00	PL	Sold Industrial Output	Feb	% y/y	1.1	1.4	-
10:00	PL	PPI	Feb	% y/y	17.7	17.7	-
10:00	PL	Average Gross Wages	Feb	% y/y	11.9	12.0	-
<b>TUESDAY (21 March)</b>							
10:00	PL	Construction Output	Feb	% y/y	1.0	0.7	-
10:00	PL	Retail Sales Real	Feb	% y/y	-1.5	-1.2	-
11:00	DE	ZEW Survey Current Situation	Mar	pts	-45.0	-	-45.1
15:00	US	Existing Home Sales	Feb	% m/m	4.8	-	-0.7
<b>WEDNESDAY (22 March)</b>							
14:00	PL	Money Supply M3	Feb	% y/y	6.5	6.4	-
19:00	US	FOMC decision			4.75	-	4.50
<b>THURSDAY (23 March)</b>							
10:00	PL	Unemployment Rate	Feb	%	5.5	5.5	-
13:30	US	Initial Jobless Claims	week	k		-	192
15:00	US	New Home Sales	Feb	% m/m	-3.0	-	7.2
<b>FRIDAY (24 March)</b>							
09:30	DE	Germany Manufacturing PMI	Mar	pts	47.0	-	46.3
09:30	DE	Markit Germany Services PMI	Mar	pts	51.0	-	50.9
10:00	EZ	Eurozone Manufacturing PMI	Mar	pts	49.0	-	48.5
10:00	EZ	Eurozone Services PMI	Mar	pts	52.5	-	52.7
13:30	US	Durable Goods Orders	Feb	% m/m	1.5	-	-4.5
	PL	Rating review by Moody's				A2/stable	A2/stable

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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