

# Eyeopener

## PMI went down this time

Today industrial and durable goods orders in the USA  
 PMI for Polish manufacturing went down in March  
 General government deficit climbed to 3.4% of GDP in 2022  
 EURPLN slightly higher, Polish bonds stable

**Today** there are no major data releases in Poland. Abroad, we will see data from the US market, industrial orders and durable goods. This morning's German export reading was better than expected.

**In March Polish manufacturing PMI fell to 48.3pts from 48.5pts.** The market expected a drop to 48.1pts and we forecasted 47.9pts. The fall comes after four months of rebound, which was one of the strongest among all countries covered by manufacturing PMI surveys. The March report stresses the deterioration in current output and new orders, leading to staff reduction (via non-replacement of leaving employees) and cautious purchasing activity. The positive part was that output expectations 12 months ahead were the highest in a year thanks to the observed supply chains improvement and hopes for slower inflation. The report does not look like one that could spell the end of the recent weakness in real data on industrial output.

According to flash information, **2022 general government deficit amounted to 3.4% of GDP** vs 1.8% in 2021, while general government debt amounted to 49.1% of GDP vs 53.6% in 2021. Earlier the government officials suggested that the fiscal gap could have been somewhere near 3% of GDP, so the data should not be a big surprise for the market. We are expecting the deficit to swell to around 5% of GDP in 2023, while GG debt is likely to decline towards 48% of GDP, given very high nominal GDP growth.

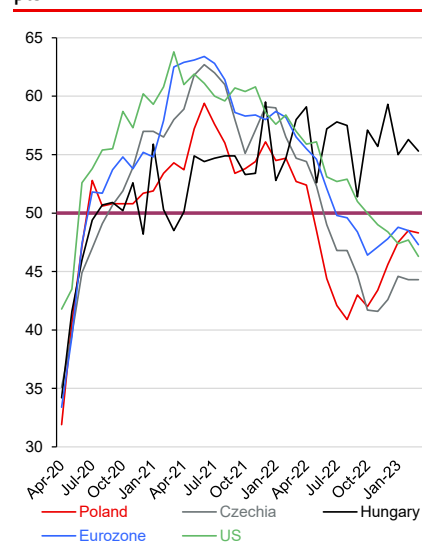
**EURUSD** rose to 1.09 from around 1.085. The euro gained on better-than-expected manufacturing PMI data from Germany and the euro zone, which, against the backdrop of weaker ISM data from the US, allowed the exchange rate to return on Monday to the Friday opening levels.

**EURPLN** started the day at lower levels than it ended last week, but was unable to stay around 4.66 for the rest of the day and eventually ended Monday close to 4.675. The zloty was hurt by worse domestic manufacturing PMI data for March.

**Other CEE currencies:** EURCZK fluctuated around 23.45. The Czech manufacturing PMI remained at the same levels in March as in February (44.3 points). EURHUF fluctuated close to 378. The weaker-than-earlier manufacturing PMI reading (55.3 pts vs. 56.3 pts) initially weakened the forint, but by the end of the day the currency was supported by the dollar, whose global weakening allowed the Hungarian forint to recover.

**Debt market:** the domestic yield curve was unable to rise amid weak PMI data from Poland, the euro area and the US. Despite uneven momentum relative to the previous month's readings, each of those indicators ultimately stayed below the 50 level, significantly dampening investors' aspirations to increase interest rate expectations.

PMI in manufacturing for selected countries, pts



Source: Refinitiv, Santander

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### FX market

#### Today's opening

EURPLN	4.6708	CZKPLN	0.1990
USDPLN	4.2862	HUFPLN*	1.2376
EURUSD	1.0896	RUBPLN	0.0541
CHFPLN	4.6914	NOKPLN	0.4155
GBPPLN	5.3173	DKKPLN	0.6268
USDCNY	6.8826	SEKPLN	0.4127

\*for 100HUF

#### Last session in the FX market 03/04/2023

	min	max	open	close	fixing
EURPLN	4.6667	4.6838	4.6809	4.6727	4.6805
USDPLN	4.2823	4.3409	4.3394	4.2894	4.3168
EURUSD	1.0787	1.0916	1.0791	1.0888	-

### Interest rate market 03/04/2023

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6.15	10
WS0428 (5Y)	5.99	1
DS1033 (10Y)	6.05	-1

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	6.90	2	5.00	-2	3.50	0
2L	6.40	3	4.31	-8	3.39	-3
3L	5.88	3	3.98	-1	3.21	-4
4L	5.63	2	3.72	-5	3.08	-4
5L	5.52	2	3.54	-6	3.01	-3
8L	5.43	0	3.41	-4	2.92	-4
10L	5.45	1	3.39	-5	2.92	-4

#### WIBOR rates

Term	%	Change (bps)
O/N	6.40	26
T/N	6.70	-5
SW	6.83	0
2W	6.83	0
1M	6.84	0
3M	6.90	1
6M	6.95	0
1Y	7.06	0

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

Term	%	Change (bps)
1x4	6.89	1
3x6	6.88	1
6x9	6.77	2
9x12	6.35	1
3x9	6.91	3
6x12	6.75	2

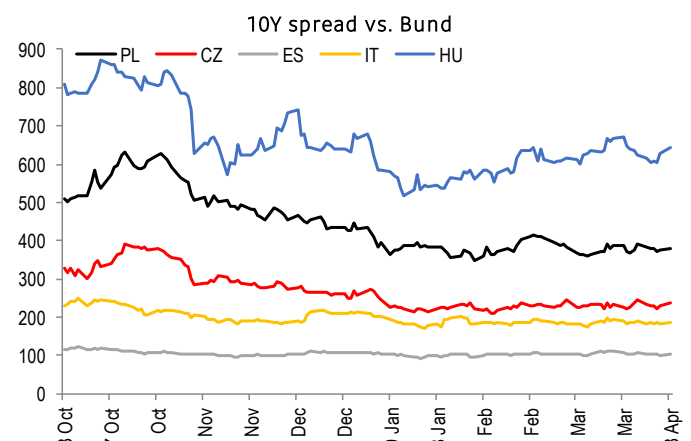
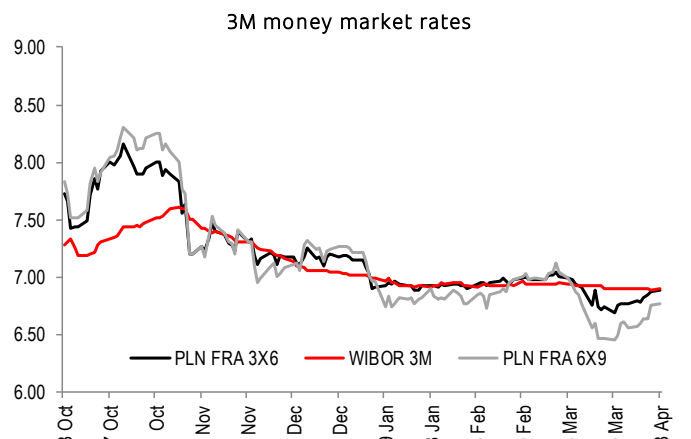
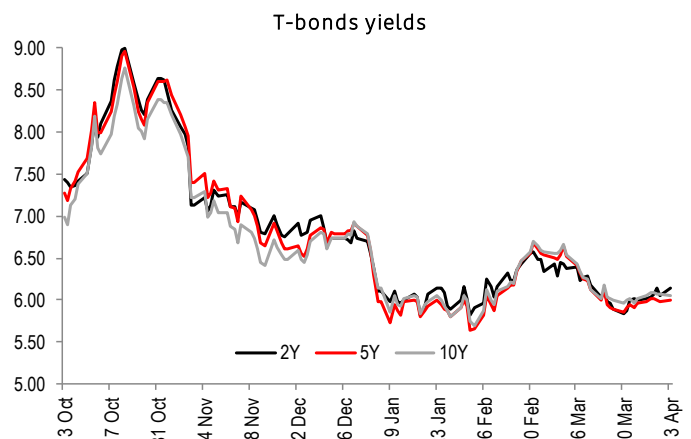
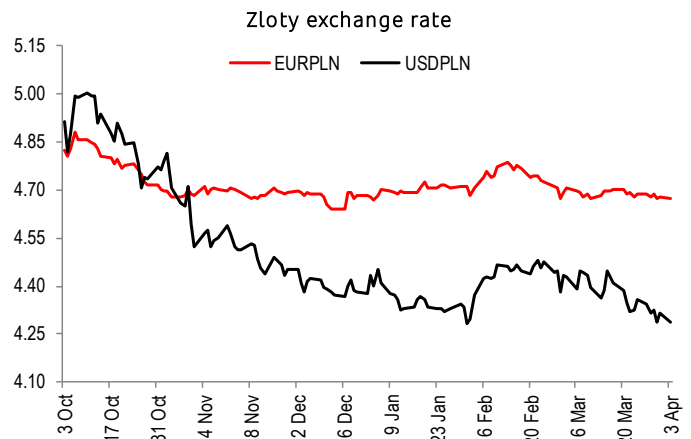
#### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	100	-2	381	5
France	14	-1	51	0
Hungary	169	0	644	16
Spain	48	0	103	1
Italy	46	0	185	4
Portugal	36	1	86	1
Ireland	19	-1	48	4
Germany	12	-1	-	-

\* 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 (31 March)</b>							
08:00	DE	Retail Sales	Feb	% m/m	0.5	-1.3	-0.3
09:00	CZ	GDP SA	4Q	% y/y	0.2	0.3	0.2
10:00	PL	CPI	Mar	% y/y	16.0	15.8	16.2
10:14	PL	Central Budget Cumul.	Feb	mn PLN	-	-47.4	11232.0
11:00	EZ	Flash HICP	Mar	% y/y	7.1	6.9	8.5
11:00	EZ	Unemployment Rate	Feb	%	6.6	6.6	6.7
14:30	US	Personal Spending	Feb	% m/m	0.3	0.2	1.8
14:30	US	Personal Income	Feb	% m/m	0.2	0.3	0.6
14:30	US	PCE Deflator SA	Feb	% m/m	0.3	0.3	0.6
16:00	US	Michigan index	Mar	pts	63.25	62.0	63.4
<b>MONDAY (3 April)</b>							
09:00	PL	Poland Manufacturing PMI	Mar	pts	48.05	48.3	48.5
09:55	DE	Germany Manufacturing PMI	Mar	pts	44.4	44.7	44.4
10:00	EZ	Eurozone Manufacturing PMI	Mar	pts	47.1	47.3	47.1
10:00	PL	GG fiscal balance	2022	% GDP		-3.0	3.4
16:00	US	ISM manufacturing	Mar	pts	47.5	46.3	47.7
<b>TUESDAY (4 April)</b>							
08:00	DE	Exports SA	Feb	% m/m	1.8	4.0	2.7
16:00	US	Durable Goods Orders	Feb	% m/m	-	-	-1.0
16:00	US	Factory Orders	Feb	% m/m	-0.5	-	-1.6
<b>WEDNESDAY (5 April)</b>							
	PL	MPC decision		%	6.75	6.75	-
08:00	DE	Factory Orders	Feb	% m/m	0.5	-	1.0
08:30	HU	Industrial Production SA	Feb	% y/y	-2.25	-	-3.2
09:55	DE	Markit Germany Services PMI	Mar	pts	53.9	-	53.9
10:00	EZ	Eurozone Services PMI	Mar	pts	55.6	-	55.6
14:15	US	ADP report	Mar	k	205.0	-	242.0
16:00	US	ISM services	Mar	pts	54.5	-	55.1
<b>THURSDAY (6 April)</b>							
03:45	CN	Caixin China PMI Services	Mar	pts	55.0	-	55.0
08:00	DE	Industrial Production SA	Feb	% m/m	-0.25	-	3.5
09:00	CZ	Industrial Production	Feb	% y/y	1.7	-	1.3
14:30	US	Initial Jobless Claims	Apr.23	k	0.0	-	198.0
<b>FRIDAY (7 April)</b>							
14:30	US	Change in Nonfarm Payrolls	Mar	k	240.0	-	311.0
14:30	US	Unemployment Rate	Mar	%	3.6	-	3.6

Source: Santander Bank Polska. Bloomberg. Parkiet

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

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