

Eyeopener

Today MPC decision on rates

Today MPC decision on interest rates

Abroad PMI for services in Germany, euro zone and USA

EURPLN slightly higher, Polish yields higher thanks to wider ASW

Today Polish MPC decides on interest rates. While the decision itself to leave rates unchanged is unlikely to come as a surprise, what will be most important for investors will be the signals regarding the further path of interest rates in 2023, and if it still pays to price in rate cuts during this period. For this, we will probably have to wait until tomorrow's conference of the NBP president. Abroad, service sector PMI readings in Germany, the Eurozone and the US are due. Today's German industrial orders data was clearly better than expected.

Advisor to the NBP president, Leon Podkaminer, said that further interest rate hikes in Poland would not significantly accelerate the disinflation process, and would mainly result in a deepening of consumption decline leading to stagflation. In his opinion, disinflation will proceed at its own pace dictated by the prices of imported raw materials and the effectiveness of efforts to support competition in the domestic market.

Euro zone PPI inflation fell to 13.2% y/y in February, compared to 15.1% y/y in January. On a monthly basis, producer prices fell 0.5% versus a 2.5% drop previously. The core PPI rose 0.2% m/m. Energy prices were the only factor behind the decline in producer prices, while the persistence of inflationary processes could be seen in the other components.

February's JOLTS survey of newly created jobs in the US economy showed a decline to 9.93 million, compared to 10.82 million in January and expectations of 10.4 million. Although this was the lowest reading since May 2021, it still indicates that statistically there are 1.82 jobs per unemployed person, meaning that the US labour market can still be considered heated.

February industrial orders in US manufacturing fell by 0.7% m/m, compared to a 2.1% drop previously, while **durable goods orders fell** by 1% m/m for another consecutive month. Both indicators pointed to a broad slowdown. The only exceptions were orders for electrical equipment, computers and major industrial metals. Despite the decline in inventories (-0.1% m/m), their ratio to the volume of production sold rose to 1.49 from 1.48 and reached its highest level since December 2021, indicating a weakening demand. High inventory levels increase the likelihood of production declines, at least in the short term.

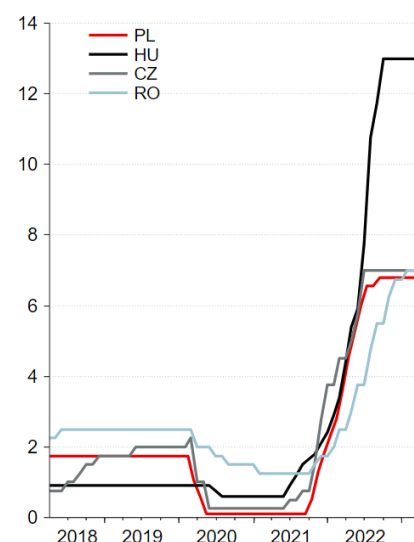
EURUSD rose to 1.0950 from 1.09. The dollar's weakening was the result of softer US orders data.

EURPLN rose from near 4.67 to near 4.68. Weaker data from the U.S. increased market concerns about the pace of further slowing of the global economy.

Other CEE currencies: EURCZK rose to 23.47 from around 23.42. The Czech market is starting to bet more boldly on CNB rate cuts at the end of the year. EURHUF remained near 378 for another consecutive day. Barriers to further appreciation of the forint are growing expectations of NBH rate cuts, contrary to the central bank's rhetoric signalling their stabilisation.

Debt market: Domestic yields rose an average of about 7 bps across the curve. The main driver of the rise was an increase in risk perception, as interest rate expectations eased slightly. Markets are becoming increasingly concerned about a faster slowdown in the global economy. In the main markets, particularly in the US, yields fell.

Policy rates in CEE countries (%)



Source: Refinitiv, Santander

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FX market

Today's opening

EURPLN	4.6753	CZKPLN	0.1990
USDPLN	4.2688	HUFPLN*	1.2300
EURUSD	1.0951	RUBPLN	0.0535
CHFPLN	4.7130	NOKPLN	0.4134
GBPPLN	5.3302	DKKPLN	0.6275
USDCNY	6.8780	SEKPLN	0.4151

*for 100HUF

Last session in the FX market 04/04/2023

	min	max	open	close	fixing
EURPLN	4.6668	4.6812	4.6711	4.6801	4.6785
USDPLN	4.2612	4.2949	4.2890	4.2725	4.2855
EURUSD	1.0881	1.0973	1.0893	1.0949	-

Interest rate market 04/04/2023

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6.15	0
WS0428 (5Y)	6.04	5
DS1033 (10Y)	6.09	4

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	6.86	-4	4.87	-14	3.44	-6
2L	6.38	-2	4.16	-15	3.32	-7
3L	5.85	-3	3.75	-23	3.13	-7
4L	5.60	-3	3.53	-19	3.02	-6
5L	5.48	-3	3.44	-10	2.96	-5
8L	5.39	-3	3.32	-9	2.90	-2
10L	5.41	-3	3.32	-6	2.91	-1

WIBOR rates

Term	%	Change (bps)
O/N	6.61	21
T/N	6.68	-2
SW	6.83	0
2W	6.83	0
1M	6.84	0
3M	6.90	0
6M	6.95	0
1Y	7.06	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	6.87	-2
3x6	6.84	-4
6x9	6.72	-5
9x12	6.31	-4
3x9	6.86	-5
6x12	6.70	-5

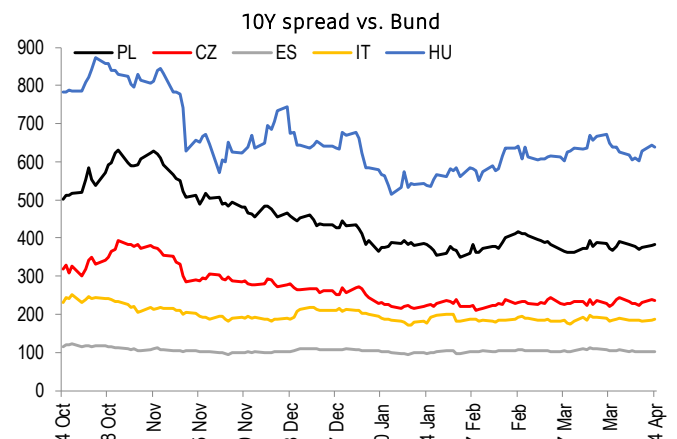
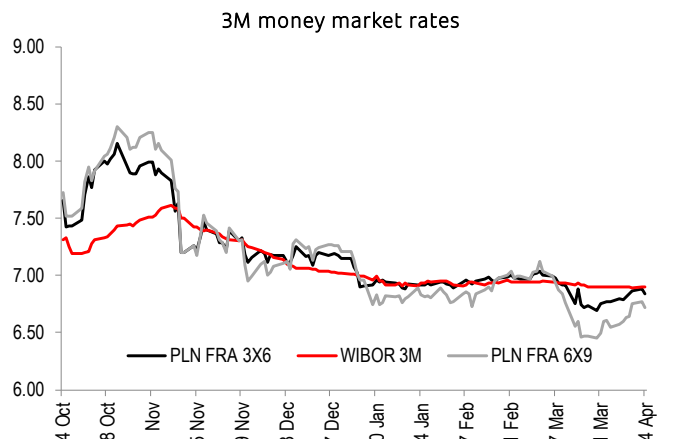
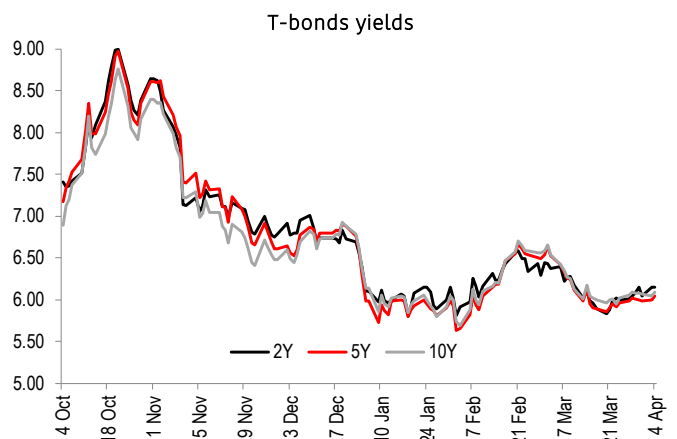
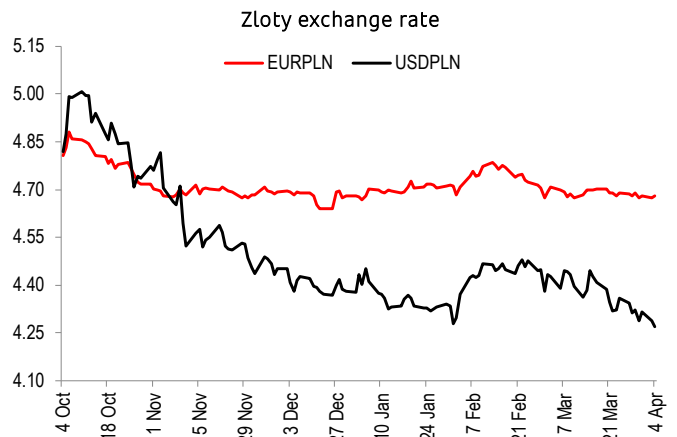
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	100	0	382	1
France	14	0	51	0
Hungary	169	0	638	-5
Spain	48	0	103	1
Italy	46	0	186	1
Portugal	36	0	87	1
Ireland	19	0	45	-4
Germany	12	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		
FRIDAY (31 March)							
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
MONDAY (3 April)							
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
TUESDAY (4 April)							
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	-1.0
16:00	US	Factory Orders	Feb	% m/m	-0.5	-0.7	-2.1
WEDNESDAY (5 April)							
	PL	MPC decision		%	6.75	6.75	-
08:00	DE	Factory Orders	Feb	% m/m	0.5	4.8	1.0
08:30	HU	Industrial Production SA	Feb	% y/y	-2.25	-1.3	-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
THURSDAY (6 April)							
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
15:00	PL	Conference of NBP president					
FRIDAY (7 April)							
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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