

# Eyeopener

## NBP president conference in focus

Today conference of NBP president  
MPC left interest rates unchanged  
Final PMI in services in main economies worse than expected  
EURPLN higher, Polish yields lower in the curve front end and belly

**Today's** main event will be a press conference by NBP President Adam Glapiński following yesterday's MPC decision on interest rates. This morning's industrial production reading from Germany showed better-than-expected figures, as did China's services PMI. Still this morning, industrial production from the Czech Republic is due, and later in the day, data on the number of initial jobless claims in the US will be out.

**The PMI and ISM indexes for services** in the major economies (Germany, euro zone, the US) turned out to be slightly worse in their final prints than preliminary readings and forecasts.

**Polish MPC did not change interest rates, as broadly expected (the main reference rate still at 6.75%).** The official post-meeting statement did not bring any important changes versus the previous month, except acknowledging that the banking sector turmoil in the US and Europe generates higher uncertainty for the economic outlook. Today at 15:00CET the NBP governor's press conference will take place, which potentially may bring some more guidance. The MPC's tightening cycle has not been formally concluded and the central bank head is likely to repeat that the next decisions will be strongly data-dependent. It will be interesting to see whether or not Adam Glapiński withdraws from his earlier predictions that CPI inflation is likely to decrease to 6-7% by the year-end (in our view recent inflation data decreased probability of such scenario). If yes, it will be another indication that there is less and less thinking in the central bank about possibility of interest rate cuts this year.

According to preliminary information from the Labour Ministry, **the registered unemployment rate** fell to 5.4% in March from 5.5%, while we had assumed stabilisation. The decline is mainly the result of a seasonal factor. The current recessionary economic environment is not conducive to labour demand, but we do not expect this to translate into strong increases in unemployment.

**The Fed's Loretta Mester** said that while she believes US rates should still rise slightly above 5% to combat inflation, it is too early to say whether there will be a rate hike at the next FOMC meeting in May. In her view inflation in the US may be somewhat more persistent than its FOMC median forecast indicates.

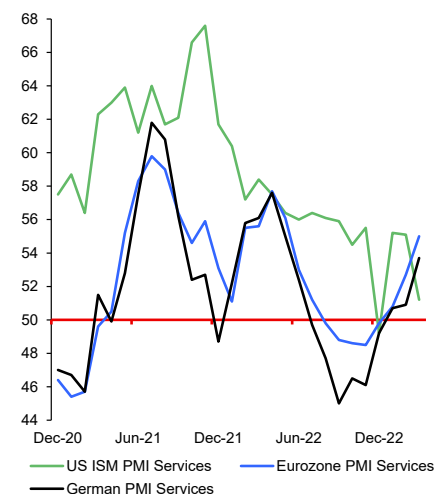
**EURUSD** moved from around 1.095 closer to 1.09. The weaker-than-expected service sector PMIs from the US, Germany and the euro zone worsened market sentiment, which benefited the dollar.

**EURPLN** rose from around 4.675 to near 4.685. The zloty was hurt by rising global recession fears and lower interest rate expectations in the domestic FRA market.

**Other CEE currencies:** the EURCZK fell to 23.42 from close to 23.46. The koruna was supported by slightly better-than-expected February retail sales data. EURHUF fluctuated around 377 ending the day slightly below that level. The sideways trend in which the exchange rate has been holding for several days has not been broken.

**Debt market:** The domestic yield curve fell at the shorter end and in the middle part. Polish interest rate expectations expressed in FRA market rates fell, while asset swap spreads widened. The weaker service sector PMI data from both sides of the Atlantic and lower ADP from the US added to markets' concerns about the pace of further slowdown in the global economy. The US and German yield curves fell across the curve.

PMI services for US, Eurozone & Germany, pts.



Source: Refinitiv, Santander

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### FX market

#### Today's opening

EURPLN	4.6867	CZKPLN	0.1997
USDPLN	4.3013	HUFPLN*	1.2353
EURUSD	1.0900	RUBPLN	0.0537
CHFPLN	4.7399	NOKPLN	0.4104
GBPPLN	5.3528	DKKPLN	0.6291
USDCNY	6.8796	SEKPLN	0.4120

\*for 100HUF

#### Last session in the FX market 05/04/2023

	min	max	open	close	fixing
EURPLN	4.6722	4.6930	4.6765	4.6848	4.6803
USDPLN	4.2615	4.3023	4.2683	4.2897	4.2739
EURUSD	1.0901	1.0967	1.0953	1.0915	-

### Interest rate market 05/04/2023

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

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6.15	-1
WS0428 (5Y)	6.06	2
DST033 (10Y)	6.09	0

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	6.81	-5	4.82	-5	3.43	-1
2L	6.30	-8	4.09	-6	3.25	-7
3L	5.79	-6	3.68	-7	3.06	-8
4L	5.55	-5	3.47	-6	2.95	-7
5L	5.44	-5	3.40	-4	2.90	-6
8L	5.34	-5	3.29	-3	2.83	-6
10L	5.35	-6	3.28	-5	2.84	-6

#### WIBOR rates

Term	%	Change (bps)
O/N	6.63	2
T/N	6.65	-3
SW	6.83	0
2W	6.84	1
1M	6.85	1
3M	6.90	0
6M	6.95	0
1Y	7.06	0

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

Term	%	Change (bps)
1x4	6.87	0
3x6	6.83	-1
6x9	6.68	-4
9x12	6.27	-4
3x9	6.85	-1
6x12	6.66	-4

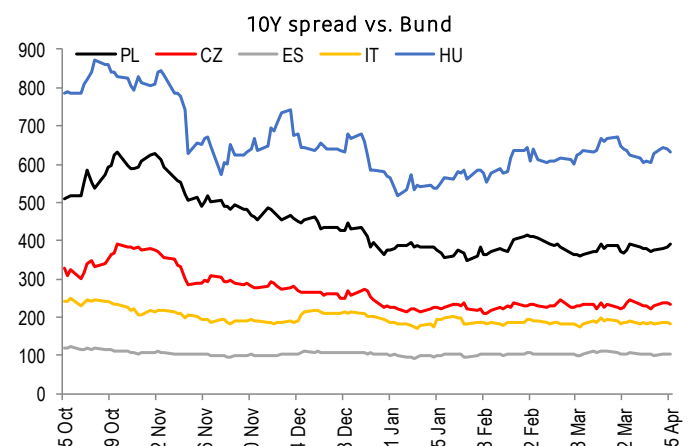
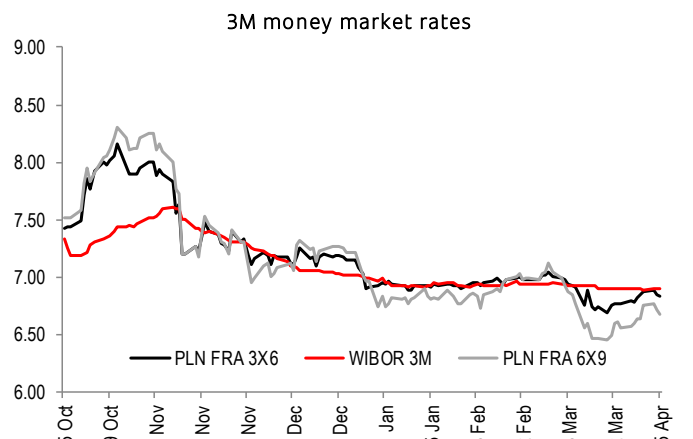
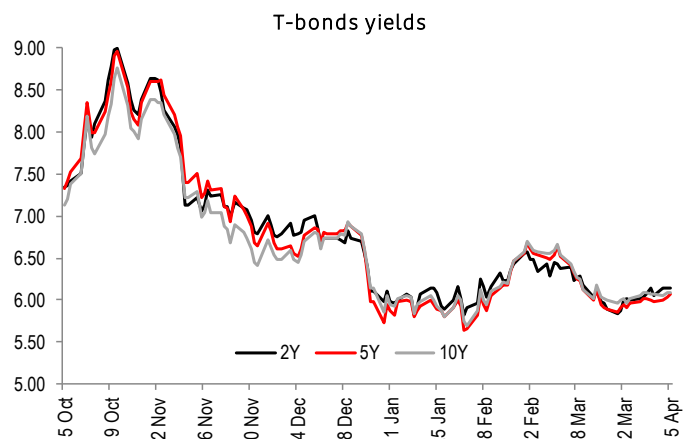
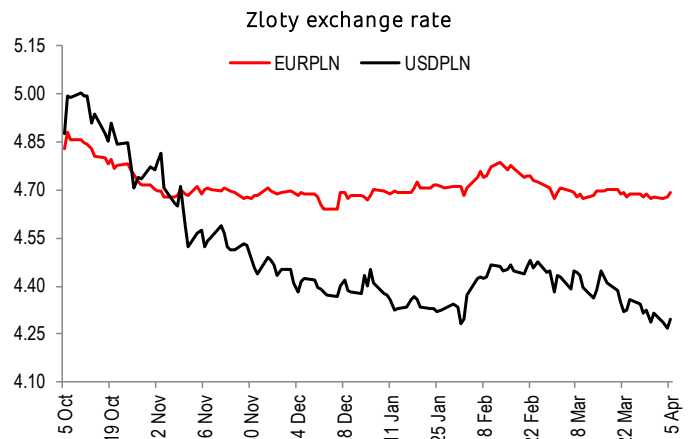
#### Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	100	0	391	9
France	14	0	51	0
Hungary	169	0	630	-8
Spain	48	0	104	0
Italy	47	1	184	-2
Portugal	36	0	88	1
Ireland	19	0	46	1
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		
<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	-1.0
16:00	US	Factory Orders	Feb	% m/m	-0.5	-0.7	-2.1
<b>WEDNESDAY (5 April)</b>							
	PL	MPC decision		%	6.75	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	-2.3	-1.3	-3.2
09:55	DE	Markit Germany Services PMI	Mar	pts	53.9	53.7	53.9
10:00	EZ	Eurozone Services PMI	Mar	pts	55.6	55.0	55.6
14:15	US	ADP report	Mar	k	205.0	145	261.0
16:00	US	ISM services	Mar	pts	54.5	52.6	55.1
<b>THURSDAY (6 April)</b>							
03:45	CN	Caixin China PMI Services	Mar	pts	55.0	57.8	55.0
08:00	DE	Industrial Production SA	Feb	% m/m	-0.3	2.0	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					
<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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