

Eyeopener

Green light for grain transit, not for imports

Today final HICP inflation in the euro zone, PPI in Czechia
 Poland and Ukraine agreed on grain transit, import ban remains in place
 Cost of intervention grain purchase may be around PLN5bn
 EURPLN fell below 4.63, bond yields slightly lower

Today no important data from Poland. The main event of the day will be the March euro zone HICP inflation and PPI inflation from the Czech Republic.

Poland and Ukraine reached an agreement yesterday on the grain transit. Transports passing through Poland are to be escorted and monitored. The ban on the import of agricultural products to the domestic market is maintained. The European Commission welcomed the agreement, but reiterated its view that unilateral action on trade restrictions is unacceptable under EU law.

The cost of helping farmers will be around PLN5bn, according to Deputy Finance Minister Artur Soboń. At the weekend the government announced a public intervention purchase of grain, with a minimum price set at PLN1400 per tonne.

Monika Piątkowska, president of the Cereals and Forage Chamber, believes that **problems with the availability of phytosanitary certificates and port capacity limit Poland's cereal exports**. For this reason, Poland is losing new markets in Asia, Africa and Latin America. The possibility of greater availability and speed in obtaining certificates could bring positive changes in this regard.

The German ZEW index for assessment of the current economic situation improved in April (-32.5pts vs. -46.5pts). However, analysts' sentiment deteriorated with regard to expectations of further economic developments (4.1pts vs. expectations of 15.3pts and 13pts previously) following increased uncertainty related to the recent turbulence in the banking sector. Experts expect less credit supply despite the fact that the threat of a global financial crisis has started to recede.

Philip Lane, the ECB chief economist, said that an interest rate hike in May would be appropriate if situation develops in line with the bank's forecasts. In his view, the main drivers of inflation are food and services, and he expects their development to be a main point of ECB Council discussions this year.

The Fed's James Bullard said that risks to the banking sector appear to be abating, but that FOMC members continue to monitor the related situation very closely. The lack of certainty about the future behaviour of inflation means that interest rates will have to rise further. In his view, a range of 5.50%-5.75% would provide a sufficient level of monetary policy tightness in the US to combat inflation, but the Fed should avoid going too far forward guidance on rates to leave itself open to possible modifications of its policy.

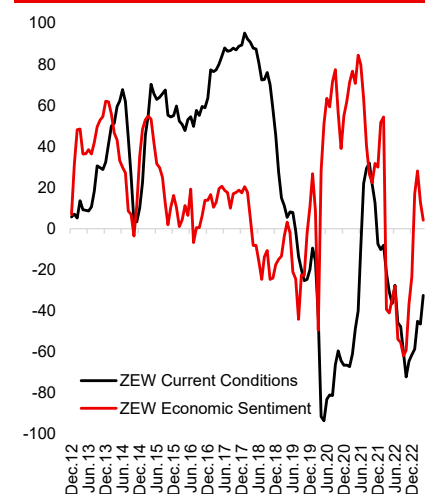
EURUSD moved from around 1.09 to 1.095. The euro was supported by better than expected data from China increasing the likelihood of an improvement in the economic situation in Europe.

EURPLN has been staying below 4.63 during the day. The zloty benefited from improved sentiment on global markets, but in view of the clear strengthening of the Polish currency in recent days, further continuation of the move to the south seems to require a stronger impulse. Today, a slight upward correction above 4.63 has been visible since the morning.

Other CEE currencies: EURCZK from around 23.40 rose to 23.44. Today's lower reading of producer inflation from the Czech Republic for March may, at least temporarily, strengthen market expectations of CNB rate cuts this year. The EURHUF slipped to 370 from around 371. The forint, like the zloty, benefited from improved sentiment in European markets.

Debt market: The domestic yield curve decreased a few basis points across the curve. In Germany and the US, yield curves remained stable.

ZEW indices for Germany, pts



Source: Refinitiv, Santander

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FX market

Today's opening

EURPLN	4.6337	CZKPLN	0.1985
USDPLN	4.2324	HUFPLN*	1.2332
EURUSD	1.0950	RUBPLN	0.0518
CHFPLN	4.7083	NOKPLN	0.4060
GBPPLN	5.2507	DKKPLN	0.6224
USDCNY	6.8926	SEKPLN	0.4086

*for 100HUF

Last session in the FX market 18/04/2023

	min	max	open	close	fixing
EURPLN	4.6148	4.6337	4.6303	4.6240	4.6286
USDPLN	4.2053	4.2370	4.2340	4.2198	4.2151
EURUSD	1.0932	1.0982	1.0935	1.0956	-

Interest rate market 18/04/2023

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS1024 (2Y)	6.14	-1
WS0428 (5Y)	6.13	-3
DS1033 (10Y)	6.16	-4

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	6.92	-1	5.14	-1	3.71	3
2L	6.47	-3	4.46	-2	3.58	3
3L	6.00	-3	4.09	-1	3.39	3
4L	5.76	-3	3.86	-2	3.27	3
5L	5.65	-4	3.72	-4	3.20	3
8L	5.51	-6	3.58	-1	3.10	2
10L	5.52	-7	3.57	0	3.09	1

WIBOR rates

Term	%	Change (bps)
O/N	6.55	1
T/N	6.67	-3
SW	6.83	0
2W	6.85	1
1M	6.86	-1
3M	6.90	0
6M	6.95	0
1Y	7.06	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	6.89	0
3x6	6.88	0
6x9	6.78	-1
9x12	6.43	-3
3x9	6.91	0
6x12	6.77	2

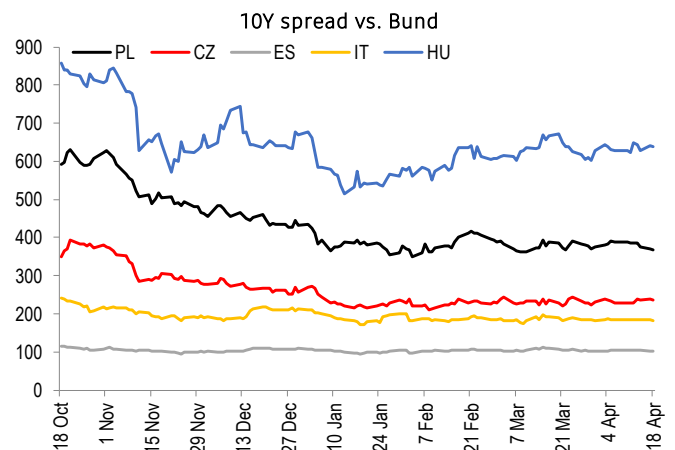
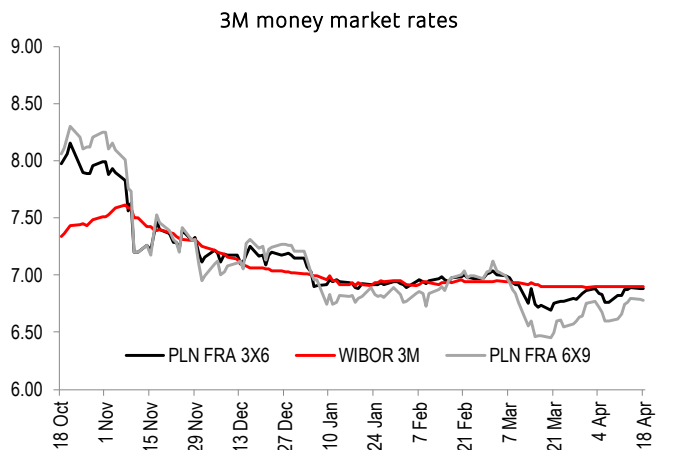
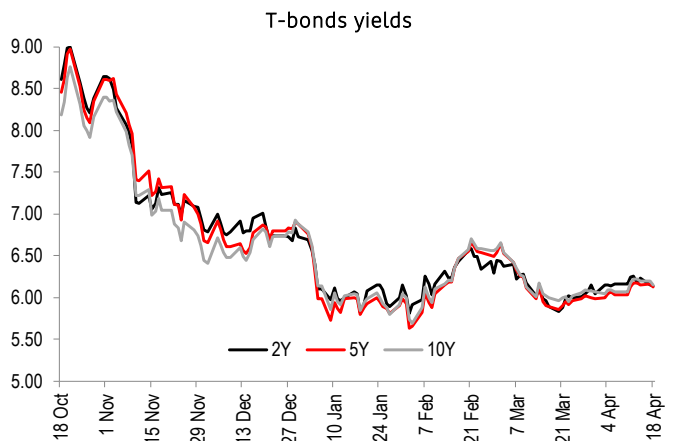
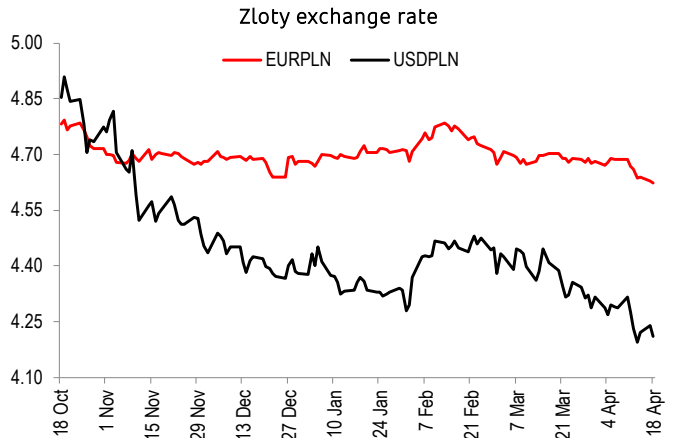
Measures of fiscal risk

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	95	0	369	-3
France	14	0	50	0
Hungary	172	0	638	-2
Spain	49	-1	102	-1
Italy	45	-2	182	-3
Portugal	37	0	85	-1
Ireland	19	0	41	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		
FRIDAY (14 April)							
10:00	PL	CPI	Mar	% y/y	16.2		16.2
14:30	US	Retail Sales Advance	Mar	% m/m	-0.4	-1.0	-0.2
15:15	US	Industrial Production	Mar	% m/m	0.2	0.4	0.2
16:00	US	Michigan index	Apr	pts	62.0	63.5	62.0
MONDAY (17 April)							
14:00	PL	CPI Core	Mar	% y/y	12.2	12.2	12.3
TUESDAY (18 April)							
11:00	DE	ZEW Survey Current Situation	Apr	pts	-	-32.5	-46.5
14:30	US	Housing Starts	Mar	% m/m	-2.8	-0.8	7.3
WEDNESDAY (19 April)							
11:00	EZ	HICP	Mar	% y/y	-	-	6.9
THURSDAY (20 April)							
14:30	US	Initial Jobless Claims		k	235	-	239
16:00	US	Existing Home Sales	Mar	% m/m	-1.75	-	14.5
FRIDAY (21 April)							
09:30	DE	Germany Manufacturing PMI	Apr	pts	-	-	44.7
09:30	DE	Markit Germany Services PMI	Apr	pts	-	-	53.7
10:00	EZ	Eurozone Manufacturing PMI	Apr	pts	-	-	47.3
10:00	EZ	Eurozone Services PMI	Apr	pts	-	-	55.0
10:00	PL	Employment in corporate sector	Mar	% y/y	0.6	0.5	0.8
10:00	PL	Average Gross Wages	Mar	% y/y	12.5	12.3	13.6

Source: Santander Bank Polska, Bloomberg, Parkiet

* in the case of a revision the data is updated

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