

## Eyeopener

### Good data on investment in big companies

Today unemployment rate, Statistical Bulletin, German GDP in 3Q23 and ZEW sentiment index  
Lower revenues but strong investment in non-financial companies  
Zloty slightly weaker, higher yields

**Today**, the October unemployment data will be published. We share the market's view that it has likely remained unchanged versus the previous months, i.e. 5.0%. GUS will also release its Statistical Bulletin with a number of interesting but less market-relevant data. Germany's new estimate of 3Q23 GDP growth showed no revision to the q/q rate (at -0.1% q/q) and a slight downward revision to the annual figure (-0.4% y/y). The November reading of the ZEW index will also flow in from Germany. According to the consensus, it should rise to 87.5 pts, indicating an improvement in sentiment.

**In 3Q, Polish non-financial companies employing 50+ persons saw a decline of revenues by 1.1% y/y and costs going down 0.5% y/y.** Negative growth was seen for the first time since 3Q20. Such result is a result of the historically high base (in 3Q22 revenues and costs were up more than 30% y/y). Gross financial result was PLN61.5bn, down 11.4% y/y (the first annual fall since 2Q20). Costs of materials dropped by 12.6% y/y (-6.2% y/y previously) and energy costs stopped growing y/y, which is a consequence of the extremely high base (+93% y/y a year ago). All other cost items continued to rise y/y, including wage bill (up 13.6% y/y vs. 18.8% in 2Q23). The fastest growing cost category in 3Q23 were taxes, up 21.4% y/y. There was some further downside adjustment of the average profit margin – its 4Q moving average descended to 5.6% from 5.8% in 2Q23 and 6.7% peak in 4Q21. **Investments in the sector of companies employing 50+ persons rose by 13.3% y/y** in real terms in 3Q, following 12.9% growth in 2Q. The acceleration was driven by higher construction spending (4.0% y/y vs -0.1% y/y previously), in line with the recovery seen in the construction output data. Outlays on purchases slowed slightly, to 18.9% y/y from 21.0% y/y for machinery and to 21.1% y/y from 23.7% y/y for transport. Significant contributions to total investment growth were made by transport (+27.7% y/y in nominal terms) and energy (33.4% y/y). High nominal growth rates were also registered in real estate services (57.8% y/y), construction (48.6% y/y) and mining (44.2% y/y). Investment growth slowed in manufacturing, to 9.1% y/y from 15.2% y/y and was the lowest since 2Q21, and in trade, to 0.8% y/y from 6.0% y/y in 2Q (the lowest since 1Q21). The strong performance of investment activity among 50+ companies in 3Q supports our estimate of high total investment growth (8.0% y/y). Detailed 3Q GDP data will be published on 30 November.

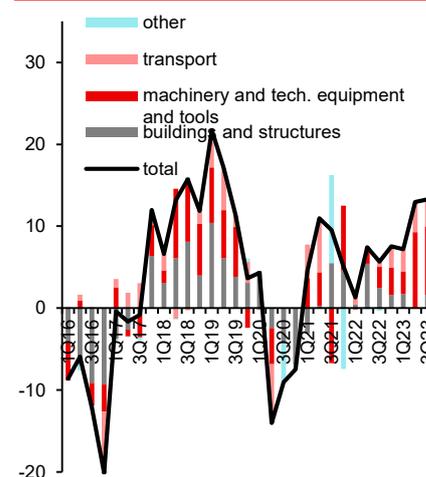
**M3 money supply surprised downwards in October**, slowing to 8.2% y/y from 8.3% y/y in September, vs our forecast of 8.8% y/y and consensus at 8.5% y/y. Cash in circulation increased by 1.0% y/y, as in September, while deposits remained at 10.0% y/y. After a large monthly increase in cash and household deposits, which we associate with the payment of the 14th pension, these categories showed a smaller than usual increase in October (although the special award for teachers was paid out, totalling around PLN0.9bn). On the other hand, there was a marked increase in funds held by non-commercial institutions acting for the benefit of households (e.g. political parties, foundations) by PLN2.3bn, or 5.9% m/m - in percentage terms, this is the biggest monthly change in this category since September 1999. Total credit adjusted for exchange rate changes fell by 0.3% y/y (previously 0.0%), with household loans deepening their decline to -3.3% y/y from -2.8% y/y and corporate loans to -2.2% y/y from -1.7%. The value of the mortgage loan portfolio fell by PLN9bn, driven by a large decline in FX loans (strongly affected by the effect of the appreciation of the zloty, but this does not explain the entire decline) and another relatively large increase in the PLN loan portfolio (PLN2.2bn, previously PLN2.1bn). In our view, the credit demand will be further stimulated by the improving performance of the economy, including a stable labour market. As a result, M3 growth rate should remain close to 8% y/y on average in the coming quarters.

**The German manufacturing PMI** rose to 42.3 pts in November from 40.8 pts in October, while the German services PMI rose to 48.7 pts from 48.2 pts. Both readings were better than the market had expected and represent the highest values recorded since, respectively, May and September. Higher-than-expected increases were also registered by the euro zone manufacturing (43.8 pts vs. 43.1 pts in October) and services (48.2 pts after 47.8 pts) PMIs. November's readings indicate that, although we may still have to wait for the euro zone's economic rebound, the downturn appears to be slowing down.

**Slight weakening of the zloty against the euro and CEE currencies.** Last session was not the best for the EM FX, and CEE currencies outperformed. The Hungarian forint and the Czech koruna gained, while the zloty lost slightly to around 4.37 from 4.36 per euro. The forint was supported by news that the European Commission has approved the payment of around EUR900m to Hungary in 2024 from a previously blocked allocation from the European Recovery Fund. This decision still has to be supported by the EU countries.

**Market rate increase.** FRA rates rose by up to a dozen basis points, IRS by around 10 bps with a slightly smaller increase in yields. The rise was supported by an upward movement in German yields of 2-6 bp on slightly better PMI data, hawkish comments from the ECB (Wunsch, Nagel) and concerns about large debt issuance in the euro area. Hawkish comments from J. Tyrowicz about how difficult it will be to bring inflation down to 3.5% in 2025 may have worked in a similar direction. Today stronger German lfo may support further increase in Bund yields.

#### Contributions to real investment growth in companies employing 50+, % y/y



Source: GUS, Santander

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**FX market**

Today's opening			
EURPLN	4.3711	CZKPLN	0.1791
USDPLN	4.0091	HUFPLN*	1.1404
EURUSD	1.0903	RUBPLN	0.0450
CHFPLN	4.5308	NOKPLN	0.3717
GBPPLN	5.0223	DKKPLN	0.5862
USDCNY	7.1538	SEKPLN	0.3814

\*for 100HUF

Last session in the FX market						23/11/2023
	min	max	open	close	fixing	
EURPLN	4.3555	4.3732	4.3644	4.3695	4.3658	
USDPLN	3.9903	4.0121	4.0017	4.0074	3.9969	
EURUSD	1.0885	1.0930	1.0909	1.0904	-	

**Interest rate market** 23/11/2023

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
DS0725 (2Y)	5.44	2
WS0428 (5Y)	5.42	8
DS1033 (10Y)	5.61	2

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.77	9	5.54	1	3.88	1
2L	5.25	10	5.01	3	3.55	3
3L	4.97	12	4.68	0	3.30	4
4L	4.84	12	4.45	1	3.18	5
5L	4.80	12	4.42	1	3.12	5
8L	4.85	11	4.34	1	3.08	6
10L	4.92	11	4.34	0	3.10	6

**WIRON rate**

Term	%	Change (bps)
WIRON	5.04	15

**WIBOR rates**

Term	%	Change (bps)
O/N	5.73	0
T/N	5.81	0
SW	5.83	0
1M	5.85	1
3M	5.83	-1
6M	5.81	1
1Y	5.77	0

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

Term	%	Change (bps)
1x4	5.83	0
3x6	5.79	3
6x9	5.51	6
9x12	5.20	9
3x9	5.76	3
6x12	5.47	8

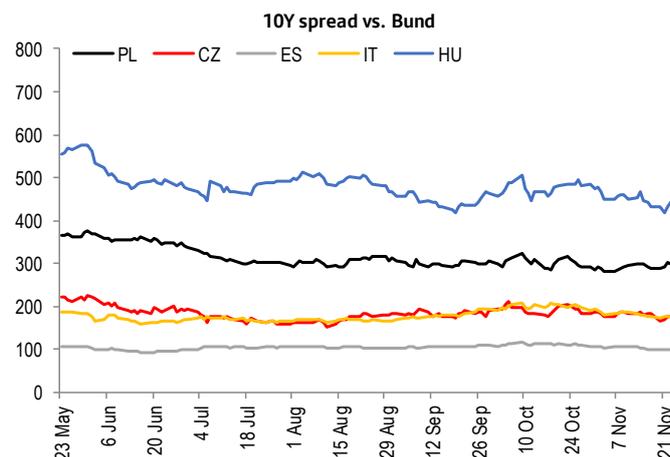
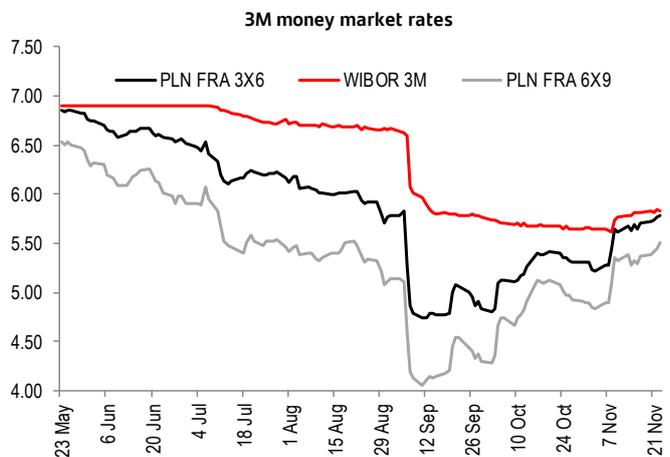
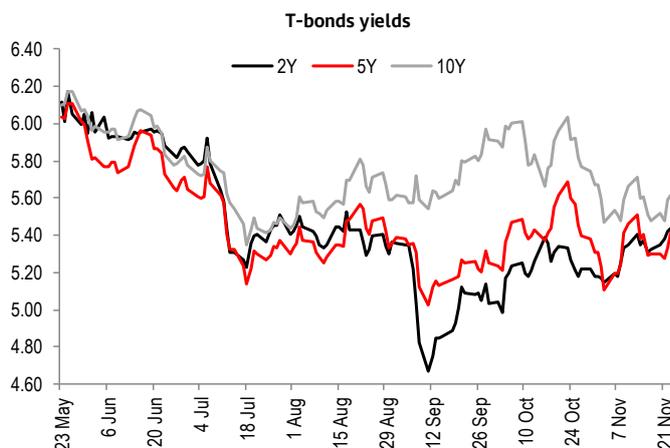
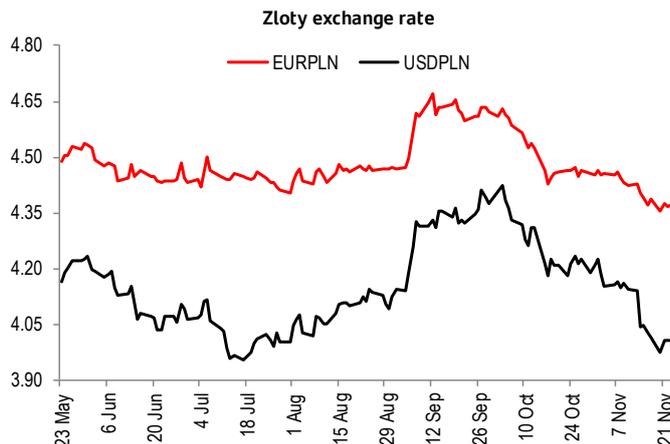
**CDS rates and 10Y yield spread vs. German Bund**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	63	0	299	-3
France	12	0	56	1
Hungary	144	0	442	10
Spain	48	-1	100	1
Italy	39	-1	177	1
Portugal	37	0	67	1
Ireland	19	0	39	1
Germany	14	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 November)</b>								
11:00	EZ	HICP	Oct	% y/y	2.9	-	2.9	4.3
14:30	US	Housing Starts	Oct	% m/m	-0.59	-	1.9	3.0
<b>MONDAY (20 November)</b>								
02:15	CN	PBOC's 1Y loan prime rate	Nov	%	3.45	-	3.45	3.45
<b>TUESDAY (21 November)</b>								
10:00	PL	<b>Employment in corporate sector</b>	Oct	% y/y	<b>0.0</b>	<b>0.0</b>	-0.1	<b>0.0</b>
10:00	PL	<b>Sold Industrial Output</b>	Oct	% y/y	<b>1.9</b>	<b>0.7</b>	<b>1.6</b>	<b>-3.1</b>
10:00	PL	<b>PPI</b>	Oct	% y/y	<b>-3.7</b>	<b>-4.5</b>	-4.1	<b>-2.8</b>
10:00	PL	<b>Average Gross Wages</b>	Oct	% y/y	<b>12.0</b>	<b>12.0</b>	<b>12.8</b>	<b>10.3</b>
14:00	HU	Central Bank Rate Decision	Nov	%	11.50	11.50	11.50	12.25
16:00	US	Existing Home Sales	Oct	% m/m	-1.5		-4.1	-1.98
20:00	US	FOMC Meeting Minutes	Nov					
<b>WEDNESDAY (22 November)</b>								
10:00	PL	<b>Construction Output</b>	Oct	% y/y	<b>11.3</b>	<b>12.0</b>	<b>9.8</b>	<b>11.5</b>
10:00	PL	<b>Retail Sales Real</b>	Oct	% y/y	<b>1.3</b>	<b>0.8</b>	<b>2.8</b>	<b>-0.3</b>
14:30	US	Durable Goods Orders	Oct	% m/m	-3.0		-5.4	4.6
14:30	US	Initial Jobless Claims	week	k	225		209	233
16:00	US	Michigan index	Nov	pts	60.8		61.3	60.4
<b>THURSDAY (23 November)</b>								
09:30	DE	Germany Manufacturing PMI	Nov	pts	41.1		42.3	40.8
09:30	DE	Markit Germany Services PMI	Nov	pts	48.2		48.7	48.2
10:00	EZ	Eurozone Manufacturing PMI	Nov	pts	43.3		43.8	43.1
10:00	EZ	Eurozone Services PMI	Nov	pts	48.1		48.2	47.8
14:00	PL	<b>Money Supply M3</b>	Oct	% y/y	<b>8.5</b>	<b>8.8</b>	<b>8.2</b>	<b>8.3</b>
<b>FRIDAY (24 November)</b>								
08:00	DE	GDP WDA	3Q	% y/y	-0.3		-0.4	-0.2
10:00	DE	IFO Business Climate	Nov	pts	87.5			86.9
10:00	PL	<b>Unemployment Rate</b>	Oct	%	<b>5.0</b>	<b>5.0</b>		<b>5.0</b>

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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