

28 February 2024

Eyeopener

Record sales of housing loans

Today ESI sentiment indicators for EU countries, second estimate of US GDP
GUS business sentiment indicators up in February
Złoty rather stable, bond yields somewhat higher

Today, we will see February readings of Economic Sentiment Indicators (ESI), measuring consumer and business sentiment in EU countries, including Poland. We will also get the second estimate of GDP growth in 4Q23 in the US, which, according to the first estimate, equalled 3.3% q/q.

The Credit Information Bureau (BIK) reported that the value of newly issued housing loans reached PLN10.3bn in January, a historic record as well as an increase of over 400% y/y and 19.8% m/m from PLN8.6bn in December. The newest, record print of housing loans sales is the next one in the series of high results registered in recent months, exceeding on average PLN9bn in 4Q23 and representing the effects of the '2% Safe Credit' programme. Although the programme's funds had already been exhausted and applications for the subsidised loans could only be submitted until December, loans made under the government's programme were still being launched in January, as processing of housing loan applications usually exceeds one month. According to BIK, in January, the value of housing loans made under the programme reached PLN6.05bn. We estimate that in February the last loans from the programme will appear in the statistics, and from March sales of new loans may return near PLN5bn per month.

In February, the Polish statistical office's synthetic business climate indicators, which aggregate the opinions of businesses in the main sectors of the economy, improved slightly. The increases in the business climate indices in the manufacturing, retail trade and construction sectors did not exceed 0.5 pts, while the growth in the services sector amounted to 0.6 pts. At the same time, the overall current situation index slipped by 0.4 pts to 99.3 pts, and the prognostic index registered an increase of 1.1 pts to 96.5 pts. As a result, the overall synthetic business climate index increased by 0.4 pts to 97.8 pts, thus continuing the trend of gradual improvement initiated in the middle of last year. Overall, the latest readings point to further moderate improvement of Poland's economic situation.

In December, domestic tourists spent 4.4m nights in domestic tourist facilities, 4.7% more than a year earlier. Foreign tourists spent 1.3m nights, or 5.6% more y/y. The entire 2023 closed with 92.8m nights making it the best year since the outbreak of the pandemic. This is 3.2% more than in 2022, while still slightly short of the 2019 level (93.3m). Foreign tourists generated 18.3% of total tourist traffic and spent 15.3% more time in Poland in 2023 than in 2022.

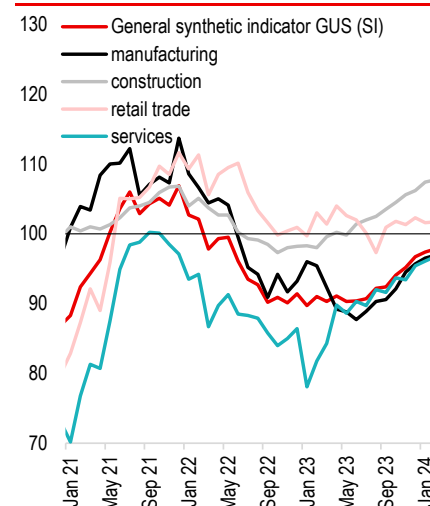
The European Parliament approved the revision of the EU budget for 2021-2027 and the EUR50bn of financial assistance it provides for Ukraine, including EUR33bn in loans and EUR17bn in non-repayable grants.

US durable goods orders fell by 6.1% m/m in January, more than expected. Moreover, the data for December were revised downwards from 0.0% m/m to -0.3% m/m. The weak performance in January was primarily due to a decline in orders in the transport category, including a 58.9% m/m drop in orders for nondefense aircraft and parts. Durable goods orders excluding transport fell by only 0.3% m/m (also weaker than expected). Orders for core capital goods rose by 0.1% m/m and their shipments by 0.8% m/m (the latter beating the 0.1% m/m market expectations).

On Tuesday, the EURPLN exchange rate briefly dipped below 4.30, but later the złoty weakened slightly and the pair ended the day at 4.31. The złoty traced the EURUSD. The value of the euro, after setting a daily high at 1.087 per dollar, decreased to 1.084 at the end of the day. The dollar gained ground despite fairly weak data on durable goods orders and Conference Board consumer sentiment. The EURCZK was stable at c.25.34. The forint was calm ahead of the MNB's rate decision, before weakening slightly to 391 from 389 per euro afterwards. The Hungarians cut rates by 100 bp, as expected (main rate to 9.00% from 10.00%). MNB President Barnabas Virag said at the post-meeting conference that the bank had only temporarily increased the pace of rate cuts and would be cautious in further decisions (the three previous meetings had ended with cuts of 75bp each). In doing so, he said that expectations for the main rate to fall to 6-7% by mid-2024 were realistic.

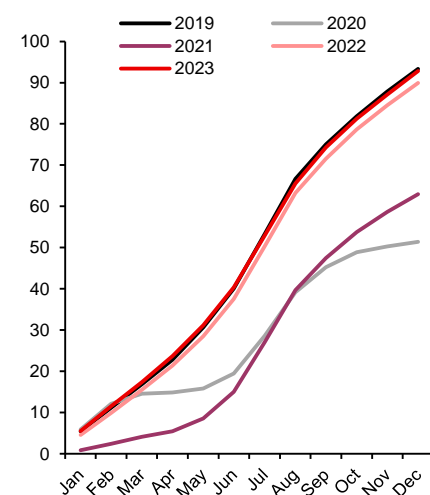
Local market rates rose slightly, with IRS up 5-7bp and bond yields up 1-3bp, more at the longer end of the curve, despite a slight reduction in yields on the core markets. The Ministry of Finance sold bonds for PLN9bn at yesterday's auction, i.e. the upper bound of the indicated supply range was reached. Demand was solid, with a bid-to-cover ratio of around 1.4. After the auction, the borrowing needs for this year were covered in 43.2%, according to the Finance Ministry.

Synthetic business climate indicators for Poland



Source: GUS, Santander

Nights spent by tourists in Poland, cumulative, millions



Source: GUS, Santander

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
email: ekonomia@santander.pl
website: santander.pl/en/economic-analysis
Piotr Bielski +48 691 393 119
Bartosz Biały +48 517 881 807
Cezary Chrapek, CFA +48 887 842 480
Marcin Łuziński +48 510 027 662
Grzegorz Ogonek +48 609 224 857

FX market

Today's opening

EURPLN	4.3091	CZKPLN	0.1698
USDPLN	3.9823	HUFPLN*	1.0985
EURUSD	1.0819	RUBPLN	0.0433
CHFPLN	4.5114	NOKPLN	0.3767
GBPPLN	5.0339	DKKPLN	0.5776
USDCNY	7.1992	SEKPLN	0.3850

*for 100HUF

Last session in the FX market 27.02.2024

	min	max	open	close	fixing
EURPLN	4.2973	4.3167	4.3059	4.3061	4.3067
USDPLN	3.9584	3.9830	3.9693	3.9679	3.9682
EURUSD	1.0831	1.0865	1.0852	1.0854	

Interest rate market

27.02.2024

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS0725 (2Y)	5.02	2
WS0428 (5Y)	5.20	4
DS1033 (10Y)	5.37	4

IRS on the interbank market**

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	5.77	5.38	3.65
2L	5.30	4.85	3.27
3L	4.97	4.57	3.04
4L	4.82	4.36	2.92
5L	4.77	4.32	2.85
8L	4.78	4.21	2.79
10L	4.84	4.20	2.80

WIRON rate

Term	%	Change (bps)
WIRON	4.65	-36

WIBOR rates

Term	%	Change (bps)
O/N	5.61	3
T/N	5.76	2
SW	5.83	0
1M	5.81	-2
3M	5.86	0
6M	5.85	0
1Y	5.85	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.88	1
3x6	5.77	1
6x9	5.59	7
9x12	5.31	12
3x9	5.73	2
6x12	5.53	8

CDS rates and 10Y yield spread vs. German Bund

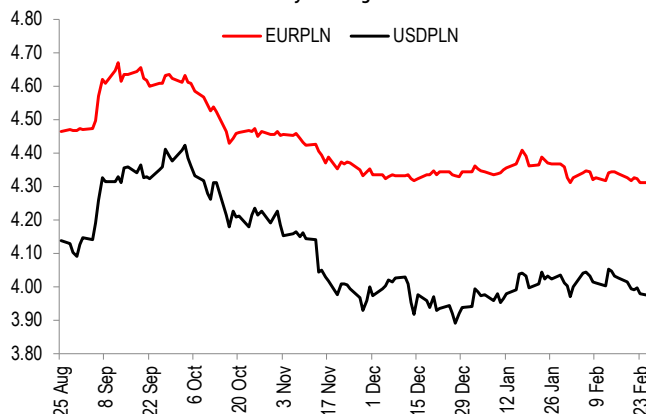
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	68	290
France	11	47
Hungary	132	386
Spain	40	89
Italy	28	146
Portugal	29	65
Ireland	16	42
Germany	9	-

* 10Y treasury bonds over 10Y Bunds

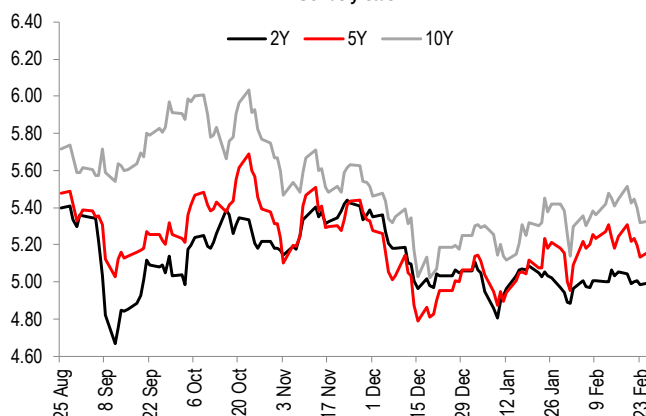
**Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

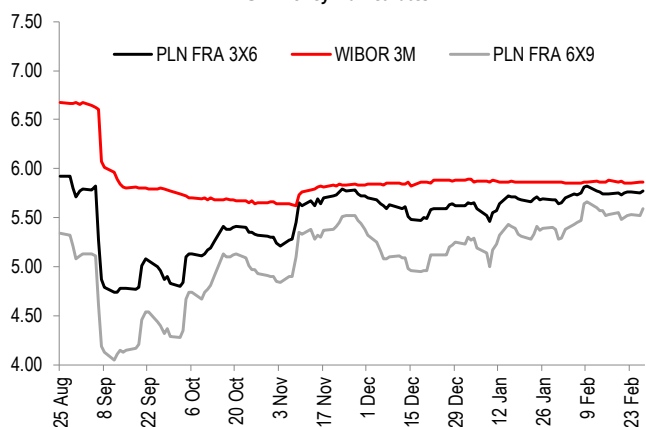
Zloty exchange rate



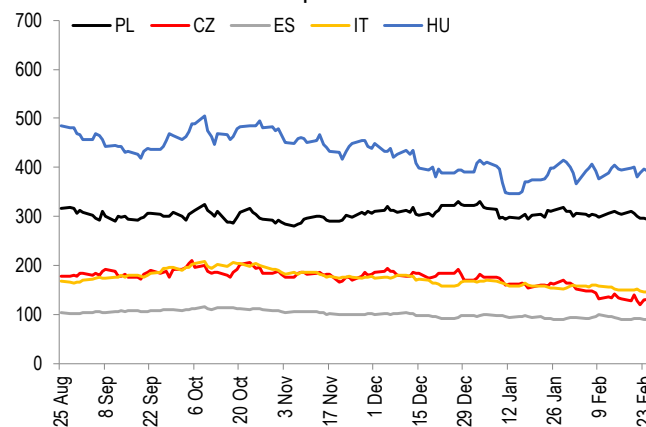
T-bonds yields



3M money market rates



10Y spread vs. Bund



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD		FORECAST		ACTUAL	LAST
					MARKET	SANTANDER	VALUE	VALUE*
FRIDAY (23 February)								
08:00	DE	GDP WDA	4Q	% y/y	-0.2	-	-0.2	-0.4
10:00	DE	IFO Business Climate	Feb	pts	85.5	-	85.5	85.2
10:00	PL	Unemployment Rate	Jan	%	5.3	5.4	5.4	5.1
MONDAY (26 February)								
16:00	US	New Home Sales	Jan	% m/m	3.0	-	1.5	7.2
TUESDAY (27 February)								
14:00	HU	Central Bank Rate Decision	Feb	%	9.00	-	9.00	10.00
14:30	US	Durable Goods Orders	Jan	% m/m	-5.0	-	-6.1	-0.3
16:00	US	Consumer Conference Board	Feb	pts	115.0	-	106.7	110.9
WEDNESDAY (28 February)								
11:00	EZ	ESI	Feb	pts	96.6	-	-	96.2
14:30	US	GDP Annualized	4Q	% q/q	3.3	-	-	3.3
THURSDAY (29 February)								
10:00	PL	GDP	4Q	% y/y	1.0	1.0	-	0.5
14:00	DE	HICP	Feb	% m/m	0.6	-	-	-0.2
14:30	US	Initial Jobless Claims		k	210	-	-	201
14:30	US	Personal Spending	Jan	% m/m	0.2	-	-	0.7
14:30	US	Personal Income	Jan	% m/m	0.5	-	-	0.3
14:30	US	PCE Deflator SA	Jan	% m/m	0.4	-	-	0.2
16:00	US	Pending Home Sales	Jan	% m/m	1.0	-	-	8.3
FRIDAY (1 March)								
09:00	CZ	GDP SA	4Q	% y/y	-0.2	-	-	-0.2
09:00	PL	Poland Manufacturing PMI	Feb	pts	47.0	46.9	-	47.1
09:30	DE	Germany Manufacturing PMI	Feb	pts	42.3	-	-	45.5
10:00	EZ	Eurozone Manufacturing PMI	Feb	pts	46.1	-	-	46.6
11:00	EZ	Flash HICP	Feb	% y/y	2.5	-	-	2.8
11:00	EZ	Unemployment Rate	Jan	%	6.4	-	-	6.4
16:00	US	Michigan index	Feb	pts	79.6	-	-	79.0
16:00	US	ISM manufacturing	Feb	pts	49.5	-	-	49.1

Source: Santander Bank Polska, Bloomberg, Parkiet

* in the case of a revision the data is updated

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Additional information is available on request. Please contact Santander Bank Polska S.A., Financial Management Division, Economic Analysis Department. al. Jana Pawła II 17, 00-854 Warsaw, Poland. phone +48 22 534 18 87, email ekonomia@santander.pl, <http://www.santander.pl>.