

19 April 2024

Eyeopener

Higher investment in 2023 after GDP revision

Today, German PPI inflation, already released
 Polish GDP data revision showed higher investment growth in 2023, lower in 2022
 Polish consumers' assessment of current situation still improving
 Stable FX market yesterday, slightly stronger dollar, lower domestic yields and higher US yields

Today, we have seen Germany's March PPI inflation data which have shown that the annual growth rate continued to recover from negative values, and at a pace slightly faster than expected (at -2.9% y/y, up from -4.1% in February; the lowest point came in September at -9.1% y/y). Other than that, the economic calendar does not show any other significant publications for today.

Polish statistical office revised the quarterly GDP data for 2022-23. The main figures remained roughly unchanged: GDP growth reached 0.2% on average in 2023 after 5.6% in 2022 (previously: 0.2% in 2023, 5.3% in 2022). The breakdown of growth has changed, however, with the most spectacular revision affecting investments. It turned out that investment growth in 2023 was 13.1% y/y (up from 8.4%), with some quarters even approaching 16% y/y, and followed worse investment performance in 2022 (2.7% on average vs earlier reported 4.9%). Higher investments in 2023 were offset by slightly lower contribution of inventories and net exports. Overall, the data seem to be quite positive for GDP outlook for the coming quarters – we still think that a rebound in private consumption is almost a given, taking into account expected very strong disposable revenue growth, while the higher than expected investment momentum in recent quarters may imply more optimistic outlook also for 2024.

In April, Polish consumer confidence improved when it comes to the assessment of current situation, but the expectations got a bit worse. The current assessment index rose to -11.5 pts from -12.3 pts and is already 4.6 pts above the long-term average and the highest since March 2020. The expectations index dropped to -6.8 pts from -5.2 pts, which is the weakest print since November last year, but still 11.7 pts above the long-term average. On the one hand consumers signalled being a bit more worried about economic prospects and their future financial and labour market situation, on the other hand they continued to open up to major purchases (the sub-index is now the strongest in 2.5 years), more often mentioned large expenses on house redecoration within the next 12 months and remained confident in their ability to save within the next 12 months. While some of the consumer survey components are no longer exhibiting a positive trend, the ones we see as crucial for forming consumption forecasts keep improving and support our scenario of consumer demand-driven economic rebound in 2024.

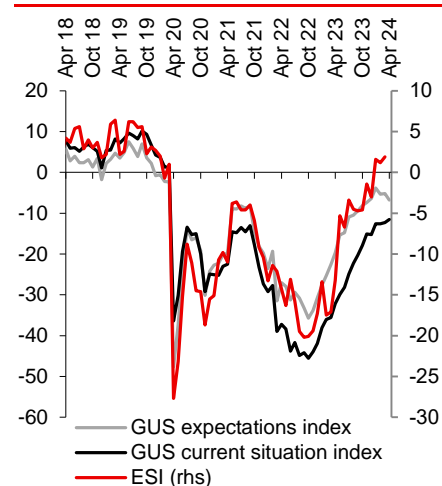
According to the fiscal impact assessment of the draft act on energy prices, the maximum selling price for heat will increase by 15% from 1 July 2024 and by 30% from 1 January 2025. In addition, the maximum price for electricity is to be maintained in 2H24 at 693 PLN/MWh for local government units, public utilities and SMEs. The expenditure limit for the implementation of the act was set at PLN4.57bn for 2024 and PLN1.75bn for 2025. These costs include PLN1.6bn for the introduction of energy vouchers, PLN3.3bn for compensating energy companies for setting maximum prices for electricity and gas fuels, and PLN1.5bn for compensating energy companies for the sale of heat.

At the March MPC meeting, motions were filed to raise NBP interest rates by 200bp and 25bp. The first motion was supported only by Joanna Tyrowicz, while the second was also supported by Przemysław Litwiniuk.

Zloty stable. The EURPLN exchange rate remained near 4.33 yesterday. The Czech koruna and the Hungarian forint lost a bit, while the dollar gained marginally against the euro to 1.065. This was accompanied by hawkish comments from Fed members and dovish comments from the ECB. Israel's attack on Iran this morning moved EURPLN towards this week's high and EURUSD towards this week's low.

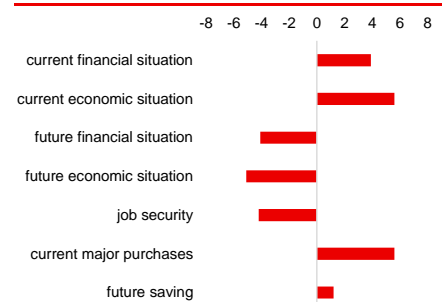
Strengthening in the domestic market, weakening in the core markets. In the domestic market, the correction of the previous upward movement on bonds continued. FRA rates fell by 6-13 bps, IRS by 8-10 bps and bond yields by 4-6 bps. Yields in the core markets rose 3-4 bps in Germany and 5-7 bps in the US. US Treasuries yields rose again in response to a strong Philadelphia Fed index reading and comments by J. Williams of the New York Fed, who suggested no rush to cut rates.

Consumer confidence indicators, pts



Source: GUS, Santander

Change in selected consumer sentiment indicators in the last 3 months, points, pts



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 Białas +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	4.3424	CZKPLN	0.1716
USDPLN	4.0819	HUFPLN*	1.0883
EURUSD	1.0634	RUBPLN	0.0435
CHFPLN	4.4879	NOKPLN	0.3688
GBPPLN	5.0674	DKKPLN	0.5818
USDCNY	7.2412	SEKPLN	0.3712

*for 100HUF

Last session in the FX market

18.04.2024

	min	max	open	close	fixing
EURPLN	4.3185	4.3371	4.3354	4.3305	4.3309
USDPLN	4.0415	4.0700	4.0610	4.0624	4.0559
EURUSD	1.0644	1.0689	1.0676		1.0659

Interest rate market

18.04.2024

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS0725 (2Y)	5.27	-6
WS0428 (5Y)	5.57	-5
DS1033 (10Y)	5.73	-7

IRS on the interbank market**

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	5.84	5.49	3.60
	-4	2	2
2L	5.55	5.17	3.31
	-7	5	4
3L	5.37	4.95	3.10
	-9	6	3
4L	5.30	4.77	2.97
	-10	5	4
5L	5.29	4.70	2.89
	-10	6	4
8L	5.35	4.56	2.81
	-9	4	4
10L	5.41	4.52	2.81
	-9	4	4

WIRON rate

Term	%	Change (bps)
WIRON	5.50	20

WIBOR rates

Term	%	Change (bps)
O/N	5.78	7
T/N	5.80	-1
SW	5.84	0
1M	5.84	-1
3M	5.86	0
6M	5.87	0
1Y	5.87	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.87	0
3x6	5.84	-1
6x9	5.69	-7
9x12	5.47	-9
3x9	5.82	-2
6x12	5.67	-8

CDS rates and 10Y yield spread vs. German Bund

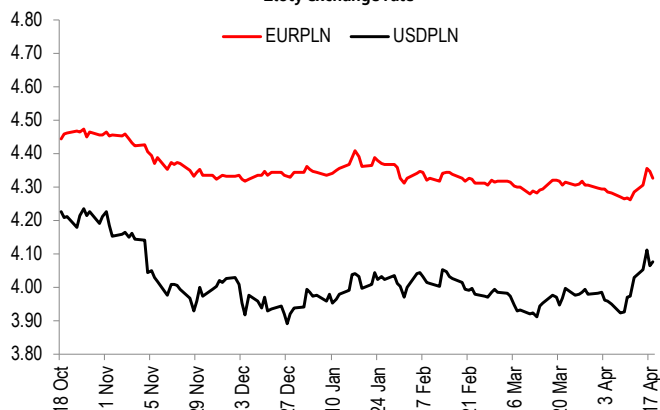
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	72	324
	0	-9
France	12	51
	0	0
Hungary	128	466
	0	-10
Spain	38	82
	-1	-2
Italy	28	139
	-1	-2
Portugal	25	68
	0	-2
Ireland	15	44
	0	0
Germany	6	-
	0	-

* 10Y treasury bonds over 10Y Bunds

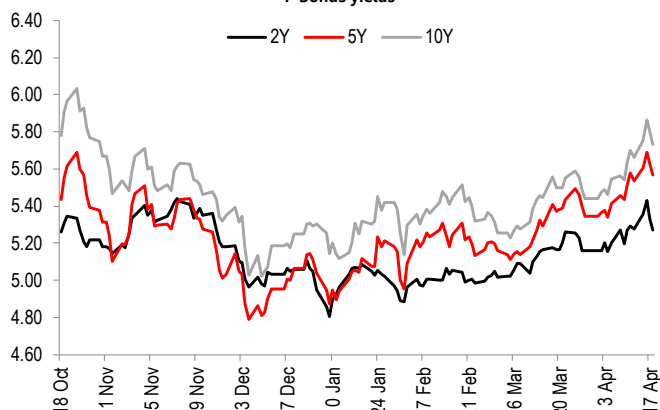
**Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

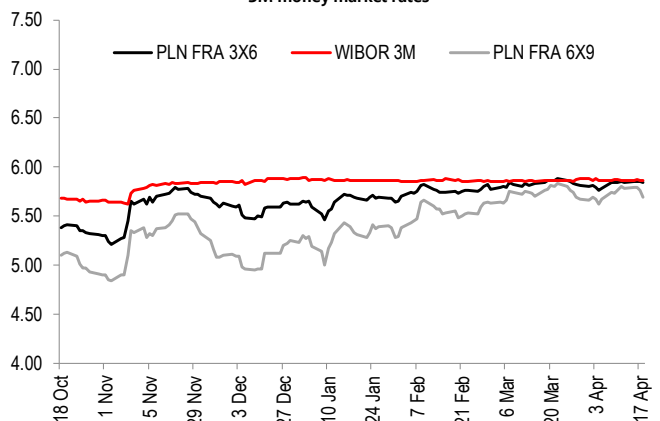
Zloty exchange rate



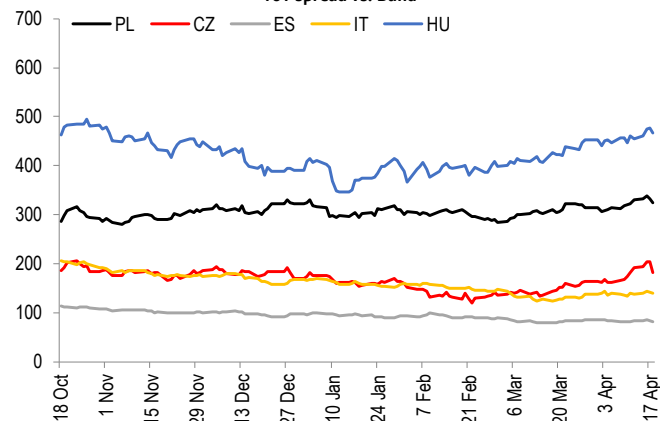
T-bonds yields



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 (12 April)							
08:00	DE	HICP	Mar	% m/m	0.6	-	0.6
14:00	PL	Current Account Balance	Feb	€mn	855	574	1 742
14:00	PL	Trade Balance	Feb	€mn	628	475	1 297
14:00	PL	Exports	Feb	€mn	27 383	26 630	27 032
14:00	PL	Imports	Feb	€mn	26 798	26 155	25 735
16:00	US	Michigan index	Apr	pts	79.0	-	77.9
MONDAY (15 April)							
10:00	PL	CPI	Mar	% y/y	1.9	1.9	2.8
11:00	EZ	Industrial Production SA	Feb	% m/m	-	-	-3.0
14:30	US	Retail Sales Advance	Mar	% m/m	0.4	-	0.9
TUESDAY (16 April)							
11:00	DE	ZEW Survey Current Situation	Apr	pts	-76.0	-	-79.2
14:00	PL	CPI Core	Mar	% y/y	4.6	4.6	5.4
14:30	US	Housing Starts	Mar	% m/m	-2.4	-	10.7
15:15	US	Industrial Production	Mar	% m/m	0.4	-	0.1
WEDNESDAY (17 April)							
11:00	EZ	HICP	Mar	% y/y	2.4	-	2.6
THURSDAY (18 April)							
10:00	PL	Revised quarterly GDP data	2022-23				
14:30	US	Initial Jobless Claims		k	215	-	212
16:00	US	Existing Home Sales	Mar	% m/m	-4.1	-	9.5
FRIDAY (19 April)							
08:00	DE	PPI	Mar	% y/y	-3.3	-	-4.1

Source: Santander Bank Polska, Bloomberg, Parkiet

* in the case of a revision the data is updated

This publication has been prepared by Santander Bank Polska S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. Information presented in the publication is not an investment advice. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. Santander Bank Polska S.A. its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Santander Bank Polska S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Santander Bank Polska S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.

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>.