

25 April 2024

Eyeopener

GDP data in the USA today

Today advance data on 1Q24 US GDP, NBP's "Quick Monitoring"
Registered unemployment rate declined in March to 5.3%, in line with expectations
MPC's Kotecki: no rate changes still baseline scenario in 2024
Weaker zloty, slight changes on the domestic FI market, core yields up

Today, we will see the advance estimate of 1Q24 US GDP growth. After strong growth in both the third and the fourth quarter of the last year – by, respectively, 4.9% and 3.4% q/q on an annualised basis – the market expects normalisation and deceleration of growth to 2.3%. In addition to the GDP data, we will also get to set the US number of initial jobless claims last week and pending home sales in March. Important publications from Poland will include the NBP's 'Quick Monitoring' report describing the situation of enterprises in 1Q24 and their expectations for 2Q24, as well as April's detailed set of GUS business climate indicators, including the overall synthetic business climate indicator.

The registered unemployment rate fell to 5.3% in March from 5.4% in February, in line with our forecast and the market expectations. We expect a further decline in the unemployment rate in the coming months as well as its decrease below 5.0% by mid-year.

Nominal industrial new orders fell by 22.0% y/y in March, following a 2.8% y/y decline in February, whereas new export orders contracted by 21.7% y/y, following a 3.2% y/y decline the month before. On a monthly basis, total industrial orders fell by 1.1% and export orders remained almost unchanged. Although the average level of industrial new orders is still below the values registered in 2022, the sharp decline in their annual growth rate was mainly the result of the high statistical base in March 2023 and does not indicate any visible deterioration of the situation in the sector.

According to MPC's Ludwik Kotecki, despite the recent weak data from the domestic economy, the scenario of no interest rate cuts in 2024 should still be considered baseline. The data minimally increased the probability of a rate cut later this year. According to Kotecki, the MPC may begin discussing rate cuts towards the end of the year if inflation forecasts point to a sustained return to target in the second half of 2025 or early 2026.

Finance Minister Andrzej Domański estimated yesterday that CPI inflation will be in the range 4.5-5.0% at the end of the year, and Polish GDP will grow by 3.1% y/y in 2024 and by 3.7% y/y in 2025. He expects GDP growth in 2025 to be supported by an increase in investments in the second half of the current year. The minister also referred to the low demand at Tuesday's government bond auction by assessing that it was caused by external factors, including an increase in yields in the core markets due to lower expectations of an interest rate cut by the Fed, as well as the appreciation of the dollar.

The value of housing loans granted in March equalled PLN7.7bn, down from PLN9.1bn in February and the historic record of PLN10.3bn in January, according to information published by the Credit Information Bureau (BIK). The drop in sales was mainly caused by the end of the '2% Safe Credit' programme. According to BIK, the value of loans launched in March under the programme was PLN1.7bn. In February, it reached nearly PLN4.4bn. We expect housing loan sales to normalise further in the coming months and to return to the vicinity of PLN5bn, at least until another programme of housing loan subsidies is launched.

In February, EUR216.3mn of EU funds flowed into Poland, including EUR138.1mn from the Cohesion Policy of the 2014-2020 financial framework and PLN77.6bn from the Common Agricultural Policy. At the same time, Poland paid EUR594.1mn into the EU budget.

Weakening of the zloty. Yesterday was not the best for emerging market currencies, despite the stabilization of EURUSD near 1.07 and amid the prevalence of declines in equity markets. The zloty lost about 0.7%, or about PLN0.03, with EURPLN up to 4.33, with smaller movements in the koruna and the forint. The domestic currency may have been negatively affected by a series of weaker-than-expected activity data. Weaker GDP data from the US could favour higher EURUSD and the zloty today.

Little change in the rate market. Yesterday, there was a slight increase in FRA rates by about 2-4 bps with no significant changes for swap rates and bond yields. This was accompanied by 5-8 bp increases in yields for German and US bonds (in the US influenced by high bond supply and in anticipation of GDP and PCE data). If today's GDP data from the US surprises negatively, they could improve market sentiment and contribute to some decline in yields.

New industrial orders, 2021 = 100



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	4.3289	CZKPLN	0.1704
USDPLN	4.0386	HUFPLN*	1.0883
EURUSD	1.0717	RUBPLN	0.0437
CHFPLN	4.4190	NOKPLN	0.3678
GBPPLN	5.0256	DKKPLN	0.5769
USDCNY	7.2467	SEKPLN	0.3713

*for 100HUF

Last session in the FX market 24/04/2024

	min	max	open	close	fixing
EURPLN	4.3068	4.3322	4.3075	4.3312	4.3177
USDPLN	4.0215	4.0555	4.0230	4.0524	4.0417
EURUSD	1.0676	1.0707	1.0703	1.0684	

Interest rate market

24/04/2024

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS0725 (2Y)	5.29	0
WS0428 (5Y)	5.58	-1
DS1033 (10Y)	5.74	-1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.85	4	5.46	0	3.60	2
2L	5.54	4	5.13	3	3.35	5
3L	5.35	4	4.91	3	3.15	5
4L	5.26	3	4.75	3	3.03	6
5L	5.23	2	4.69	4	2.96	7
8L	5.30	2	4.57	6	2.89	8
10L	5.37	1	4.55	4	2.89	8

WIRON rate

Term	%	Change (bps)
WIRON	5.38	-1

WIBOR rates

Term	%	Change (bps)
O/N	5.58	-10
T/N	5.78	0
SW	5.83	0
1M	5.85	0
3M	5.86	-1
6M	5.87	0
1Y	5.85	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.86	0
3x6	5.84	2
6x9	5.71	7
9x12	5.48	8
3x9	5.82	2
6x12	5.69	6

CDS rates and 10Y yield spread vs. German Bund

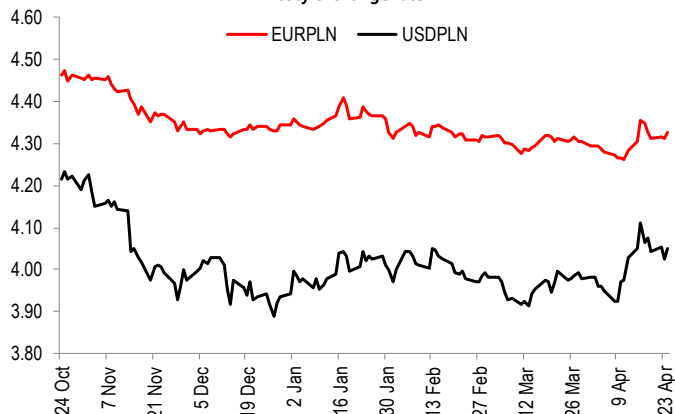
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	74	1	316	-9
France	12	0	50	1
Hungary	125	0	447	-9
Spain	38	0	80	3
Italy	27	0	137	6
Portugal	25	0	65	2
Ireland	15	0	42	1
Germany	6	0	-	-

* 10Y treasury bonds over 10Y Bunds

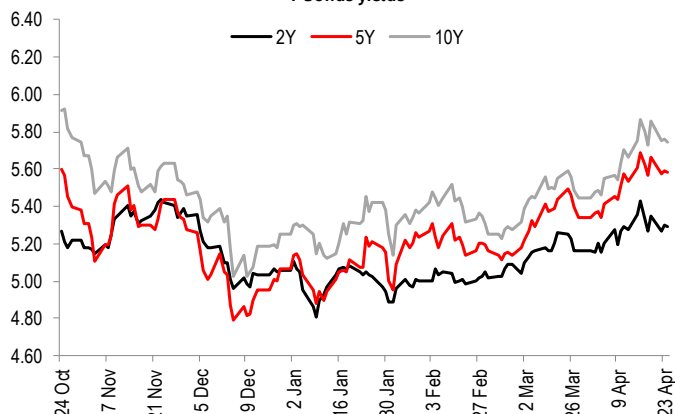
**Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

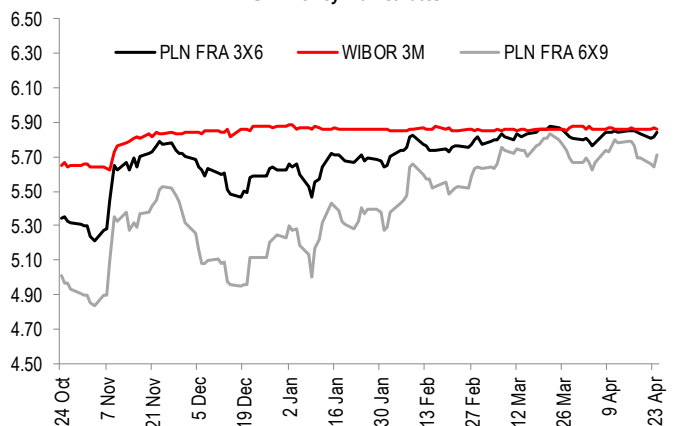
Zloty exchange rate



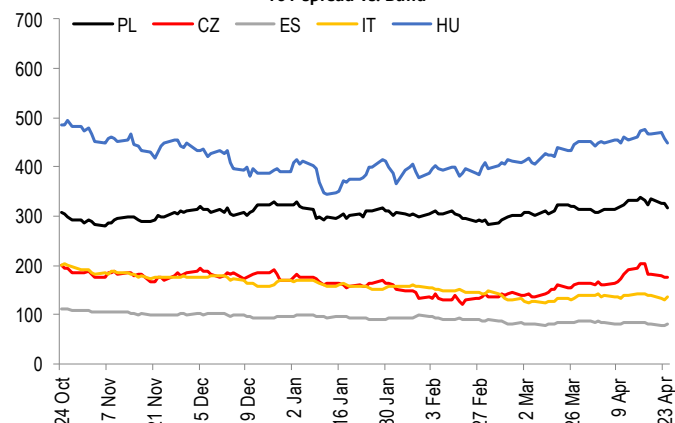
T-bonds yields



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*
MONDAY (22 April)								
10:00	PL	Employment in corporate sector	Mar	% y/y	-0.2	-0.2	-0.2	-0.2
10:00	PL	Sold Industrial Output	Mar	% y/y	-2.4	-1.1	-6.0	3.3
10:00	PL	Construction Output	Mar	% y/y	-6.7	-6.8	-13.3	-4.9
10:00	PL	PPI	Mar	% y/y	-9.5	-9.5	-9.6	-10.0
10:00	PL	Average Gross Wages	Mar	% y/y	12.0	11.9	12.0	12.9
TUESDAY (23 April)								
09:30	DE	Germany Manufacturing PMI	Apr	pts	42.7	-	42.2	41.9
09:30	DE	Markit Germany Services PMI	Apr	pts	50.5	-	53.3	50.1
10:00	EZ	Eurozone Manufacturing PMI	Apr	pts	46.5	-	45.6	46.1
10:00	EZ	Eurozone Services PMI	Apr	pts	51.8	-	52.9	51.5
10:00	PL	Retail Sales Real	Mar	% y/y	6.9	9.5	6.1	6.1
14:00	HU	Central Bank Rate Decision	Apr	%	7.75	7.75	7.75	8.25
14:00	PL	Money Supply M3	Mar	% y/y	7.8	7.7	6.6	7.4
16:00	US	New Home Sales	Mar	% m/m	1.1	-	8.8	-5.1
WEDNESDAY (24 April)								
10:00	DE	IFO Business Climate	Apr	pts	88.8	-	89.4	87.8
10:00	PL	Unemployment Rate	Mar	%	5.3	5.3	5.3	5.4
14:30	US	Durable Goods Orders	Mar	% m/m	2.5	-	2.6	1.7
THURSDAY (25 April)								
14:30	US	GDP Annualized	1Q	% q/q	2.3	-		3.4
14:30	US	Initial Jobless Claims		k	215	-		212
16:00	US	Pending Home Sales	Mar	% m/m	1.0	-		1.6
FRIDAY (26 April)								
14:30	US	Personal Spending	Mar	% m/m	0.6	-		0.8
14:30	US	Personal Income	Mar	% m/m	0.5	-		0.3
14:30	US	PCE Deflator SA	Mar	% m/m	0.3	-		0.3
16:00	US	Michigan index	Apr	pts	77.9	-		79.4

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.