

4 September 2024

# Eyeopener

## Today decision on interest rates

Today decision of Monetary Policy Council  
Weaker PMI from China and ISM from USA  
BIK: less motions for mortgage loans  
Weaker zloty, lower interest rates

**Today**, the Monetary Policy Council makes its first policy decision after the summer holidays. Although no one expects that the Council will change the level of interest rates, the tone of the statement published after the meeting will deserve attention. Abroad, there will be August readings of services PMIs, e.g. for Germany and the euro area. The Chinese PMI has already been published overnight and has turned out to be weaker than expected. Apart from that, we will also see July data on durable goods orders and factory orders in the US.

According to the Credit Information Bureau (BIK), in August, **the number housing loan applications** amounted to 26.4k and the average value of the loan applied for was PLN431k. Both values are the lowest in a couple of months, but do not deviate markedly from YTD average. In our opinion, the demand for housing loans should remain at a level corresponding to sales of PLN5-6bn per month.

**The government has adopted a law reforming the finances of local governments**, Prime Minister Donald Tusk said at yesterday's press conference. According to the act, the revenues of local governments from PIT and CIT are to be calculated based on taxpayers' revenues from their area (currently, local governments' revenues from PIT and CIT are calculated as a share to tax due). At the same time, the payments to the central budget by local governments with above-average revenues will be eliminated. As stated in the impact assessment of the act, the aforementioned changes are expected to increase the revenues of local governments by PLN345.8bn within 10 years of their introduction, including by PLN24.8bn in 2025. The effects of the reform have already been taken into account in the draft budget for 2025.

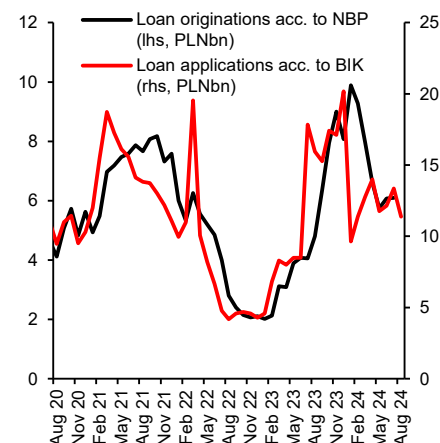
Prime Minister D. Tusk said yesterday that the proposal of the Ministry of Development and Technology on the **zero per cent housing loan is advanced and will be assessed relatively soon**. He added that he would be surprised if the project did not receive support in the Sejm, but did not rule it out either.

Minister Katarzyna Pełczyńska-Nałęcz said that **the Ministry of Funds and Regional Policy is counting on PLN30bn from the RRF EU program** by the end of the year. The ministry will aim to submit the second and third payment requests from the EU under the Recovery Fund no later than September 13.

**Weaker sentiment negative for the zloty**. The markets were dominated weaker sentiment yesterday, with notable declines particularly in US indices, mainly the Nasdaq with a sizeable increase in the VIX volatility index. In the foreign exchange market, with the dollar strengthening against the euro by about 0.3% to 1.104, weakness in the currencies of emerging economies prevailed. In the CEE region, the zloty lost by most, by about 0.4% towards 4.28 to the euro. Investors may have been concerned by slightly weaker data on sentiment in the U.S. industrial sector (ISM rose only to 47.2 points, while the PMI index fell to 47.9pts from 49.6pts).

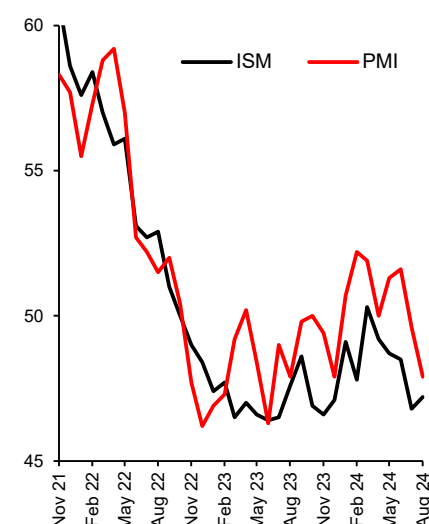
**Market rate declines**. Declines in market rates dominated the markets. FRAs on the domestic market fell by 2-6 bps, IRS by 4-5 bps, and bond yields by 5-8 bps. Domestic market followed moves in the core markets with German and US bond yields falling by 4-6 bps, respectively. Declines in yields were supported by weaker industrial sentiment from the US (PMI, ISM). Despite the significant upward rebound in rates in recent weeks, we see a chance for a further slight increase in rates in response to the September communication from the MPC and the NBP Governor. BGK announced that it will offer FPC0328, FPC0631, FPC0733 and FPC0342 series securities at tomorrow's auction, as part of an issue for the COVID-19 Fund; the supply will be a minimum of PLN250mn.

### Housing loans – applications and origination



Source: BIK, NBP, Santander

### US manufacturing sector activity indices, pts



Źródło: LSEG, Santander

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## FX market

### Today's opening

EURPLN	4.2806	CZKPLN	0.1702
USDPLN	3.8718	HUFPLN*	1.0756
EURUSD	1.1055	RUBPLN	0.0440
CHFPLN	4.5631	NOKPLN	0.3620
GBPPLN	5.0765	DKKPLN	0.5737
USDCNY	7.1132	SEKPLN	0.3756

\*for 100HUF

### Last session in the FX market

03/09/2024

	min	max	open	close	fixing
EURPLN	4.2688	4.2836	4.2705	4.2775	4.2757
USDPLN	3.8580	3.8802	3.8645	3.8742	3.8701
EURUSD	1.1032	1.1068	1.1054	1.1042	

## Interest rate market

03/09/2024

### T-bonds on the interbank market\*\*

Benchmark (term)	%	Change (bps)
OK0426 (2Y)	4.80	-6
WS0429 (5Y)	5.20	-5
DS1033 (10Y)	5.44	-7

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

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	5.64	4.47	2.97
2L	5.08	3.92	2.65
3L	4.74	3.74	2.52
4L	4.61	3.63	2.48
5L	4.56	3.61	2.46
8L	4.59	3.61	2.48
10L	4.64	3.64	2.51

## WIRON rate

Term	%	Change (bps)
WIRON	5.03	93

## WIBOR rates

Term	%	Change (bps)
O/N	5.73	6
T/N	5.78	-2
SW	5.84	1
1M	5.79	0
3M	5.87	2
6M	5.85	0
1Y	5.84	0

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

Term	%	Change (bps)
1x4	5.83	0
3x6	5.75	1
6x9	5.45	-2
9x12	5.03	-3
3x9	5.70	1
6x12	5.37	-2

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

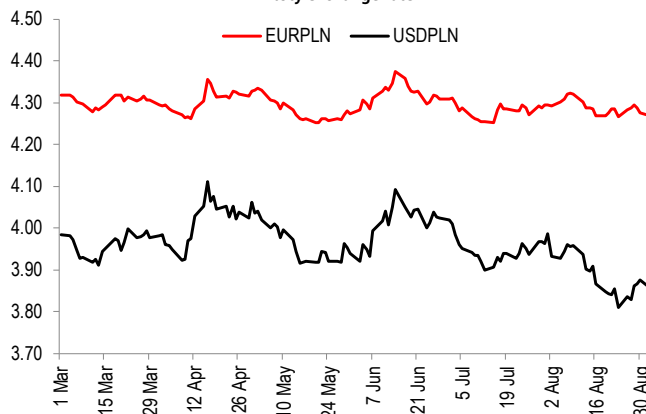
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	71	317
France	16	72
Hungary	128	416
Spain	37	83
Italy	25	140
Portugal	24	62
Ireland	13	38
Germany	6	-

\* 10Y treasury bonds over 10Y Bunds

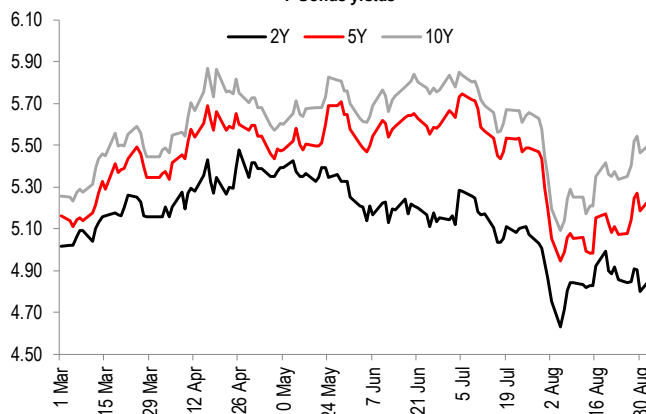
\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

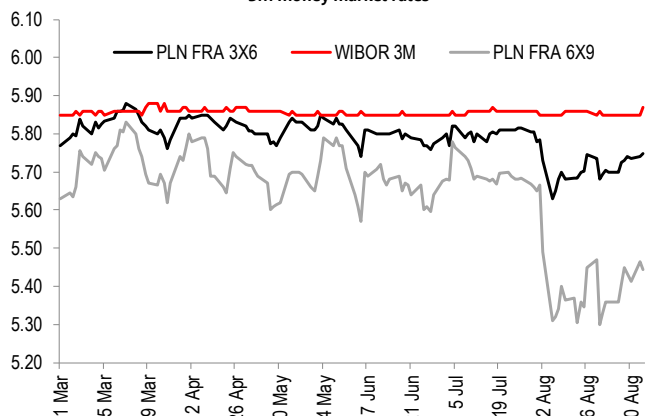
## Zloty exchange rate



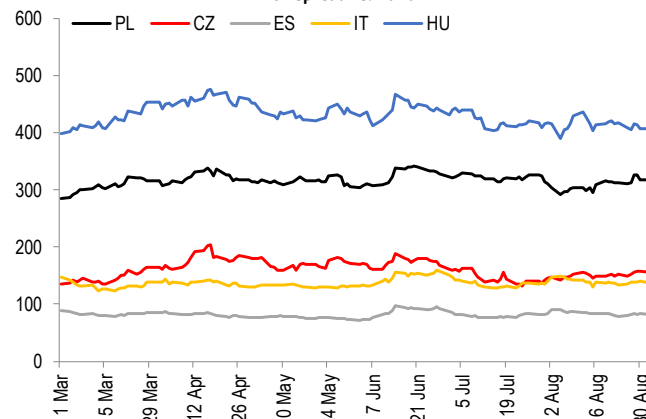
## T-bonds yields



## 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 (30 August)								
09:00	CZ	GDP SA	2Q	% y/y	0.4	-	0.6	0.4
10:00	PL	CPI	Aug	% y/y	4.3	4.2	4.3	4.2
11:00	EZ	Flash HICP	Aug	% y/y	2.2	-	2.2	2.6
11:00	EZ	Unemployment Rate	Jul	%	6.5	-	6.4	6.5
14:30	US	Personal Spending	Jul	% m/m	0.5	-	0.5	0.3
14:30	US	Personal Income	Jul	% m/m	0.2	-	0.3	0.2
14:30	US	PCE Deflator SA	Jul	% m/m	0.2	-	0.2	0.1
16:00	US	Michigan index	Aug	pts	68.1	-	67.9	66.4
MONDAY (2 September)								
09:00	PL	Poland Manufacturing PMI	Aug	pts	47.4	46.8	47.8	47.3
09:55	DE	Germany Manufacturing PMI	Aug	pts	42.1	-	42.4	43.2
10:00	EZ	Eurozone Manufacturing PMI	Aug	pts	45.6	-	45.8	45.8
TUESDAY (3 September)								
08:30	HU	GDP	2Q	% y/y	1.5	-	1.5	1.1
16:00	US	ISM manufacturing	Aug	pts	47.5	-	47.2	46.8
WEDNESDAY (4 September)								
	PL	MPC decision	Sep	%	5.75	5.75	-	5.75
03:45	CN	Caixin China PMI Services	Aug	pts	52.1	-	51.6	52.1
09:55	DE	Markit Germany Services PMI	Aug	pts	51.4	-	-	52.5
10:00	EZ	Eurozone Services PMI	Aug	pts	53.3	-	-	51.9
16:00	US	Durable Goods Orders	Jul	% m/m	-	-	-	9.9
16:00	US	Factory Orders	Jul	% m/m	4.6	-	-	-3.3
THURSDAY (5 September)								
08:00	DE	Factory Orders	Jul	% m/m	-1.5	-	-	3.9
11:00	EZ	Retail Sales	Jul	% m/m	0.1	-	-	-0.3
14:15	US	ADP report	Aug	k	145	-	-	122
14:30	US	Initial Jobless Claims	weekly	k	-	-	-	231
16:00	US	ISM services	Aug	pts	50.9	-	-	51.4
FRIDAY (6 September)								
08:00	DE	Exports SA	Jul	% m/m	1.1	-	-	-3.3
08:00	DE	Industrial Production SA	Jul	% m/m	-0.5	-	-	1.4
08:30	HU	Industrial Production SA	Jul	% y/y	-6.1	-	-	-3.7
09:00	CZ	Industrial Production	Jul	% y/y	7.0	-	-	-9.1
11:00	EZ	GDP SA	2Q	% y/y	0.6	-	-	0.5
14:30	US	Change in Nonfarm Payrolls	Aug	k	163	-	-	114
14:30	US	Unemployment Rate	Aug	%	4.2	-	-	4.3

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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