

13 September 2024

Eyeopener

Today inflation and balance of payments data

Today final CPI data for August and balance of payments for July
 ECB reduced deposit rate by 25bp
 NBP: motion against A.Glapiński is breaking central bank independence
 Zloty temporarily weaker, slight moves in interest rate market

Today, we will see the final data on CPI inflation in August, as well as the July balance of payments. The CPI data will likely confirm the slight acceleration of inflation to 4.3% y/y, with a 0.1% m/m increase in the price level. According to our estimates, the balance of payments should show a rebound in export and import growth to, respectively, 1.9% y/y and 5.9% y/y, and, as a result, a current account deficit of c. EUR500mn – slightly higher than the market expects. In addition, in the euro area, there will be data on industrial production in July, and in the USA, the September reading of the Michigan index.

The minimum wage in 2025 will rise to PLN 4666 vs. PLN 4626 planned earlier, according to draft government regulation. It implies a rise of 8.5%, instead of earlier planned 7.6%, from this year's level of PLN 4300. This is still way below the nearly 20% jump in minimum salary applied in 2023 and 2024, but – all things being equal – may reduce arguments for the central bank to hurry with monetary policy easing. The ratio of minimum wage to average wage in the economy is predicted at 53.83% and would be the highest in the last 25 years, at least.

MPC member Henryk Wnorowski stated that the discussion on interest rate cuts will be possible when inflation is on its way towards the target and the March NBP projection shows that its downward trend is permanent. Wnorowski added that potential interest rate cuts would be cautious and that he cannot imagine any reasons that could persuade the Council to cut rates by more than 25 bps at a time.

On Thursday, **the Sejm Committee on Constitutional Responsibility held a meeting in order to set the schedule of work on the preliminary motion on the State Tribunal for the NBP president Adam Glapiński**. The meetings are to be held 2-3 times a month (the next one on 24 September). The list of witnesses, as well as the meetings themselves, will not be public. According to [Money.pl article](#), the list of potential witnesses is to include as many as 63 people, including NBP officials, MPC members, CEOs of commercial banks and government institutions. The Chairman of the Commission, Zdzisław Gawlik, wants the NBP Governor to be questioned as one of the last. In the evening, the [NBP published a statement](#) in which it stated, that the motion to bring A. Glapiński before the State Tribunal was defective and violated the independence of the central bank. The statement also refers in detail to each of the allegations, describing them as unfounded. In his published statement, the NBP Governor said that the proceedings initiated against him could paralyse the work of the central bank and would have a long-term negative impact on the perception of Poland in relations with other countries.

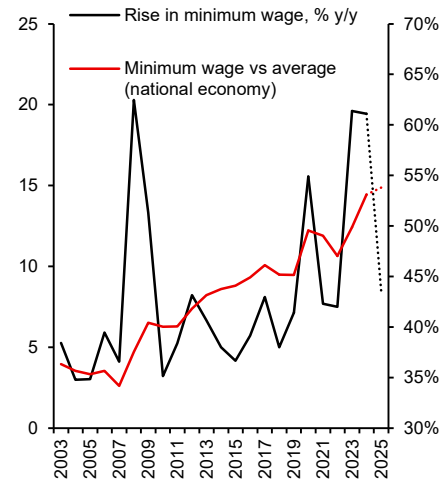
In 2023, Poland issued 642.8k first residence permits to non-EU citizens. Although the number of permits issued by Poland was the highest in the EU, it decreased compared to both 2022 and 2021, when it equaled 700.3k and 967.3k, respectively. The decrease in the total number of issued permits resulted mainly from decreases in the number of permits issued to citizens of Belarus (by 29.9k to 255.6k), as well as to citizens of Ukraine (by 23.4k to 240.6k). The main reason for issuing permits remained employment, which accounted for 66.5% (427.2k) of all permits issued in Poland.

The European Central Bank cut the deposit rate by 25 bps to 3.5%, as expected. At the same time, the bank lowered its forecasts for eurozone GDP growth by 0.1 pp in each year of the projection, i.e. to 0.8% in 2024, 1.3% in 2025 and 1.5% in 2026. ECB President Christine Lagarde assessed that the eurozone economy's rebound is facing some challenges, with negative factors still dominating the balance of risks to growth, but the bank expects the economic rebound to accelerate over time as rising household incomes allow for increased consumption. Lagarde added that she could not give any commitment on an ECB decision in October, and the Governing Council has no defined path for interest rates.

The zloty temporarily lost ground. Yesterday's session was marked by gains in equity markets, which may have been supported by expectations of rate cuts by major central banks. In the currency markets, most of the major EM currencies lost value. The zloty temporarily lost ground against the euro to around 4.30, but recovered later in the day and is back near 4.28 at the opening today. The Czech koruna also weakened to above 4.25, while the forint strengthened slightly. The EURUSD exchange rate rose towards 1.11, driven by renewed expectations of a slightly larger Fed cut and subdued comments from the ECB limiting expectations for the pace of further cuts in the euro zone. Today, the zloty may be negatively affected by data on the higher current account deficit.

Small changes in the interest rate market. Moves in FRA and IRS rates were marginal yesterday with a slight increase in bond yields. The movement in domestic bonds was influenced by the rise in yields in the core markets with Bund yields rising 4-7 bps under the influence of the not-so dovish ECB, and US Treasuries rising 2-4 bps.

Minimum wage in Poland



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	4.2826	CZKPLN	0.1702
USDPLN	3.8653	HUFPLN*	1.0732
EURUSD	1.1079	RUBPLN	0.0425
CHFPLN	4.5512	NOKPLN	0.3610
GBPPLN	5.0817	DKKPLN	0.5738
USDCNY	7.1007	SEKPLN	0.3763

*for 100HUF

Last session in the FX market

12/09/2024

	min	max	open	close	fixing
EURPLN	4.2820	4.3041	4.2848	4.2865	4.2986
USDPLN	3.8757	3.9099	3.8904	3.8822	3.9025
EURUSD	1.1004	1.1046	1.1016	1.1040	

Interest rate market

12/09/2024

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0426 (2Y)	4.62	-2
WS0429 (5Y)	5.01	2
DS1033 (10Y)	5.30	3

IRS on the interbank market**

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	5.52	4.25	2.88
2L	4.84	3.69	2.49
3L	4.48	3.53	2.37
4L	4.34	3.46	2.34
5L	4.30	3.43	2.34
8L	4.33	3.44	2.37
10L	4.39	3.47	2.41

WIRON rate

Term	%	Change (bps)
WIRON	5.29	-2

WIBOR rates

Term	%	Change (bps)
O/N	5.66	-8
T/N	5.78	2
SW	5.84	0
1M	5.85	5
3M	5.85	0
6M	5.85	0
1Y	5.81	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.82	-1
3x6	5.73	0
6x9	5.29	1
9x12	4.75	0
3x9	5.68	0
6x12	5.21	1

CDS rates and 10Y yield spread vs. German Bund

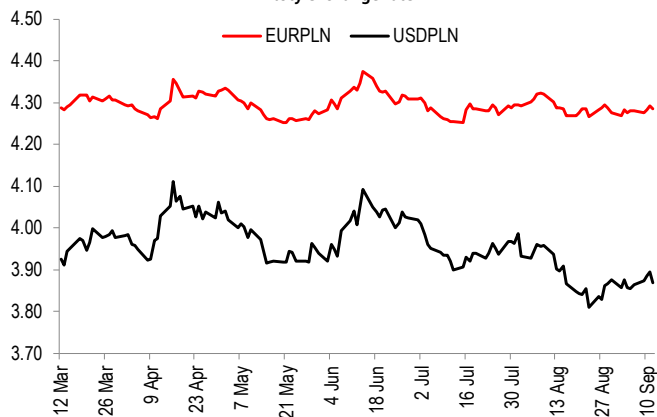
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	66	314
France	14	70
Hungary	122	411
Spain	34	80
Italy	25	140
Portugal	21	61
Ireland	12	38
Germany	6	-

* 10Y treasury bonds over 10Y Bunds

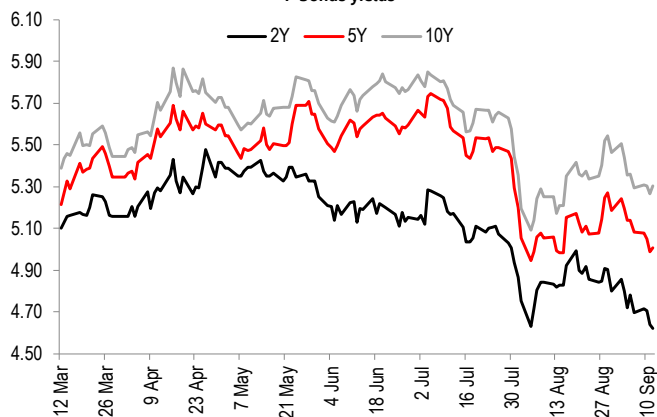
**Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

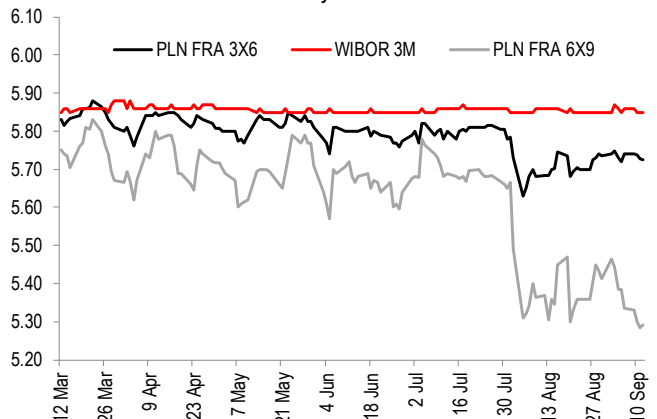
Zloty exchange rate



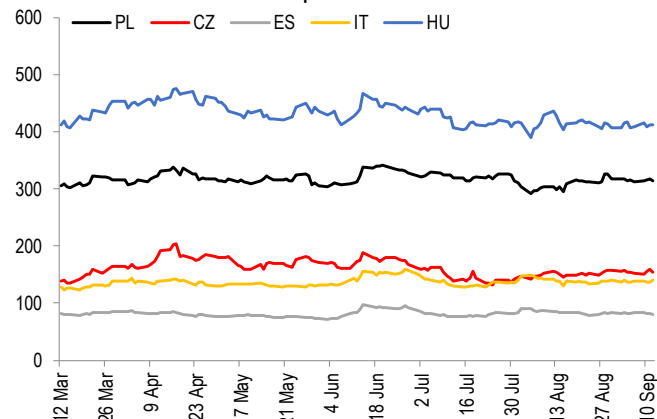
T-bonds yields



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 (6 September)								
08:00	DE	Exports SA	Jul	% m/m	1.1	-	1.7	-3.3
08:00	DE	Industrial Production SA	Jul	% m/m	-0.5	-	-2.4	1.4
08:30	HU	Industrial Production SA	Jul	% y/y	-6.1	-	-6.4	-3.7
09:00	CZ	Industrial Production	Jul	% y/y	7.0	-	7.2	-9.1
11:00	EZ	GDP SA	2Q	% y/y	0.6	-	0.6	0.5
14:30	US	Change in Nonfarm Payrolls	Aug	k	163	-	142	114
14:30	US	Unemployment Rate	Aug	%	4.2	-	4.2	4.3
MONDAY (9 September)								
No key events or data releases								
TUESDAY (10 September)								
08:00	DE	HICP	Aug	% y/y	2.0	-	2.0	2.6
08:30	HU	CPI	Aug	% y/y	3.6	-	3.4	4.1
09:00	CZ	CPI	Aug	% y/y	2.0	-	2.2	2.2
WEDNESDAY (11 September)								
14:30	US	CPI	Aug	% y/y	2.5	-	2.5	2.9
THURSDAY (12 September)								
14:15	EZ	ECB Deposit Facility Rate	Sep	%	3.50	-	3.50	3.75
14:30	US	Initial Jobless Claims		k	230	-	230	228
FRIDAY (13 September)								
10:00	PL	CPI	Aug	% y/y	4.3	4.3		4.2
11:00	EZ	Industrial Production SA	Jul	% y/y	-2.7	-		-3.9
14:00	PL	Current Account Balance	Jul	€mn	-445	-514		588
14:00	PL	Trade Balance	Jul	€mn	-900	-954		-191
14:00	PL	Exports	Jul	€mn	26377	26320		27092
14:00	PL	Imports	Jul	€mn	27213	27274		27283
16:00	US	Michigan index	Sep	pts	68.0	-		67.9

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>.