

16 December 2024

Weekly Economic Update

Will the new data restore faith in recovery?

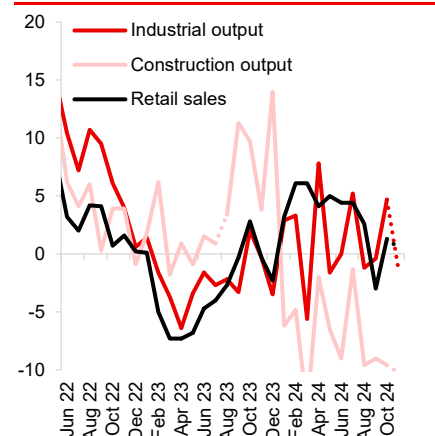
Economy next week

- The last week before Christmas will be quite rich calendar-wise. In Poland, we will get to see a set of statistical data that will allow us to verify to what extent the slowdown in economic activity in the third quarter was temporary. The calendar includes: **core inflation for November (Monday), December consumer sentiment (Wednesday), November wages and employment in the corporate sector, production in industry and construction, PPI inflation (Thursday), November retail sales and December business in the corporate sector (Friday)**. November data on the implementation of the state budget may also appear.
- **Some of the data (e.g. on production) may not look impressive at first glance**, but they will be under negative calendar effect (the number of working days in November is 2 lower than a year ago!). Overall, however, we expect results consistent with the acceleration of GDP growth in the fourth quarter again above 3% y/y.
- Abroad, there is also a long list of publications, including the preliminary PMI indices for industry and services, German Ifo and ZEW business sentiment indexes, in the USA data on production and retail sales, and the PCE deflator.
- The week will be full of central bank decisions. **The Fed meeting on Wednesday will be crucial for the markets** - a 25bps cut is expected and the decision will be supplemented by publication of new economic forecasts. In addition, the following central banks will announce decisions: the Bank of Japan (expected rate hike by 25bp), the Bank of England, plus also central banks in Sweden, Norway, Hungary, Czech Republic and China (in all these cases no change is expected).

Markets next week

- A week ago, we predicted that the EURPLN exchange rate would climb up in the coming days, supported, by the strengthening of the dollar against the euro. The direction turned out to be right, although the upward move was not very strong and choppy. We think that the next week may look similar – the EURUSD exchange rate may fall further, after the publication of the November business sentiment indices for the eurozone and the FOMC meeting, during which another rate cut by 25bp may be accompanied by a not very dovish message, including a likely increase in future interest rates expected by the FOMC members (dot-plot). **We still assume that EURPLN may head towards 4.30 before the end of the year.**
- The interest rate market has postponed the estimated date of MPC rate cuts, but **we see room for further correction** as new signals from the central bank appear, strengthening the hawkish message and reducing the chances of resuming the cycle in the first half of the year (such as the statement of the NBP Governor published today). Bond yields, in addition to the weakening faith in NBP rate cuts, are also pushed up by pressure from core markets, which may persist at least until the Fed's decision

Production and sales, constant prices, % y/y

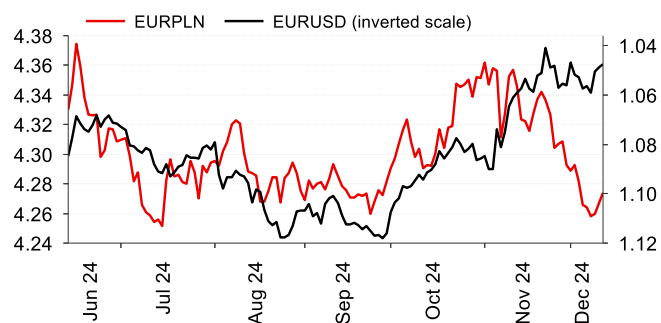


Source: GUS, Santander

Economic Analysis Department:

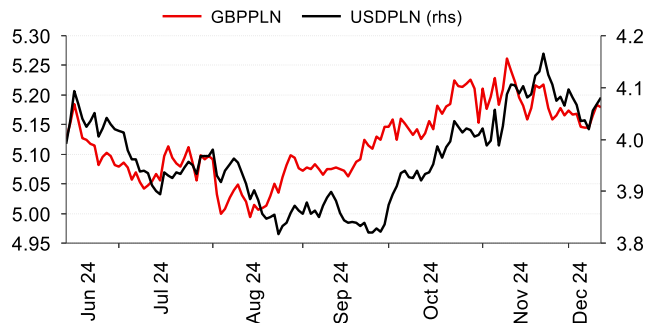
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EURPLN and EURUSD



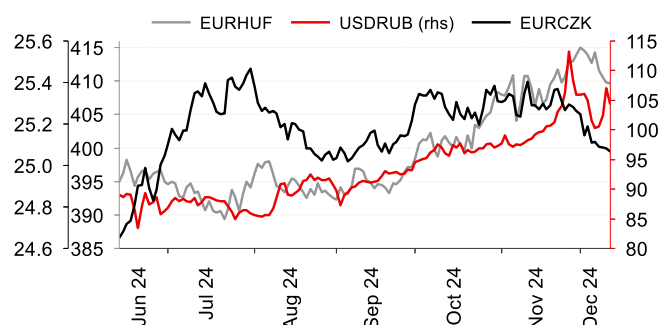
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



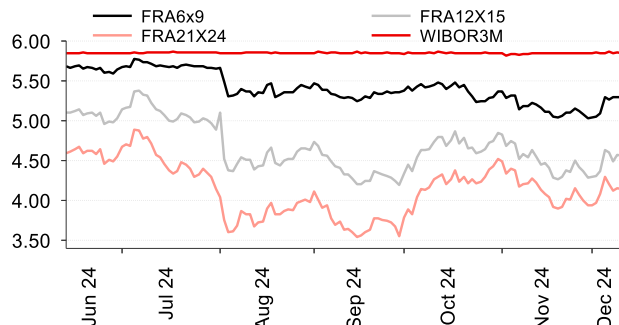
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



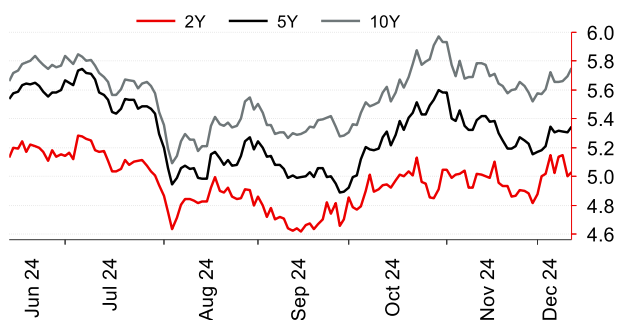
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



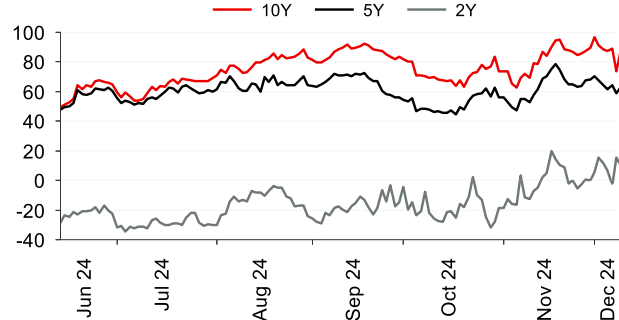
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



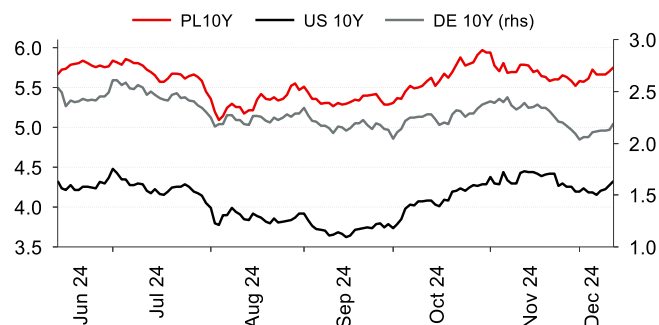
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



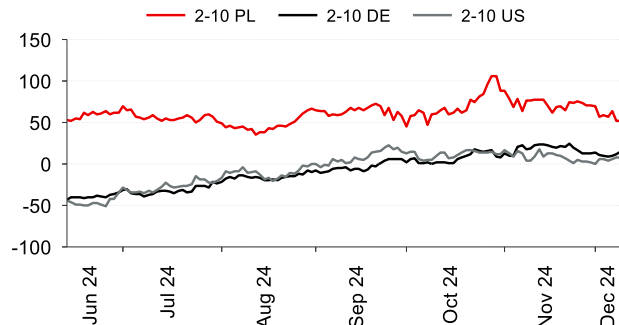
Source: LSEG Datastream, Santander Bank Polska

10Y bond yields



Source: LSEG Datastream, Santander

Steepness of yield curves



Source: LSEG Datastream, Santander Bank Polska

Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		LAST VALUE
				MARKET	SANTANDER	
MONDAY (16 December)						
	PL	Central Budget Cumul.	Nov	mn PLN	-	-130
09:30	DE	Germany Manufacturing PMI	Dec	pts	43.1	43.0
09:30	DE	Markit Germany Services PMI	Dec	pts	49.5	49.3
10:00	EZ	Eurozone Manufacturing PMI	Dec	pts	45.25	45.2
10:00	EZ	Eurozone Services PMI	Dec	pts	49.5	49.5
14:00	PL	CPI Core	Nov	% y/y	4.2	4.1
TUESDAY (17 December)						
10:00	DE	IFO Business Climate	Dec	pts	85.55	85.7
11:00	DE	ZEW Survey Current Situation	Dec	pts	-92.6	-91.4
14:00	HU	Central Bank Rate Decision	Dec/24	%	6.5	6.5
14:30	US	Retail Sales Advance	Nov	% m/m	0.5	0.4
15:15	US	Industrial Production	Nov	% m/m	0.2	-0.26
WEDNESDAY (18 December)						
11:00	EZ	HICP	Nov	% y/y	2.3	2.3
14:30	US	Housing Starts	Nov	% m/m	2.52	-3.1
20:00	US	FOMC decision	Dec/24		4.5	4.75
THURSDAY (19 December)						
10:00	PL	Employment in corporate sector	Nov	% y/y	-0.6	-0.5
10:00	PL	Sold Industrial Output	Nov	% y/y	-2.0	4.7
10:00	PL	Construction Output	Nov	% y/y	-11.6	-9.6
10:00	PL	PPI	Nov	% y/y	-3.8	-5.2
10:00	PL	Average Gross Wages	Nov	% y/y	10.0	10.2
14:30	US	GDP Annualized	3Q	% Q/Q	2.8	2.8
14:30	US	Initial Jobless Claims	Dec/24	k	220.0	242.0
14:30	CZ	Central Bank Rate Decision	Dec/24		4.0	4.0
16:00	US	Existing Home Sales	Nov	% m/m	3.33	3.39
FRIDAY (20 December)						
10:00	PL	Retail Sales Real	Nov	% y/y	1.0	1.3
14:30	US	Personal Spending	Nov	% m/m	0.5	0.4
14:30	US	Personal Income	Nov	% m/m	0.4	0.6
14:30	US	PCE Deflator SA	Nov	% m/m	0.2	0.2
16:00	US	Michioan index	Dec	pts	-	74.0

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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