

# Weekly Economic Update

## Happy Easter!

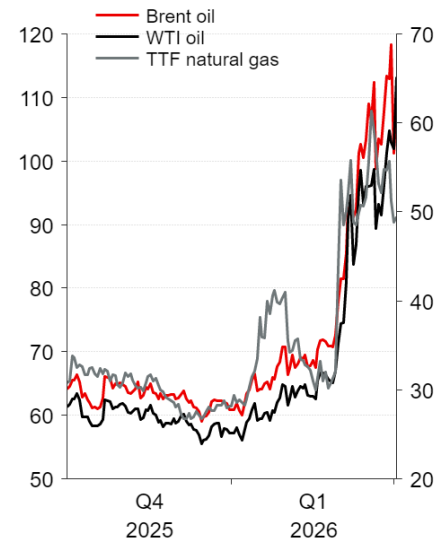
### Economy next week

- **First of all, we would like to wish all our readers a healthy and joyful Easter!**
- After the Easter break, attention will once again turn to current issues, most notably the situation in the Middle East. Unfortunately, Donald Trump's Thursday address to the nation failed to strengthen market confidence in a swift de-escalation of the conflict, so elevated sentiment volatility and a possible further rise in fuel prices should still be expected.
- In the domestic calendar, the only event in the coming week is the **meeting of the Monetary Policy Council**. This time, unusually, the MPC decision will be announced on Thursday, with the NBP President's press conference scheduled for Friday afternoon. The outcome of the meeting raises no doubts – interest rates will remain unchanged and the MPC will stay in wait-and-see mode. A bigger question is whether the post-meeting communication will close the door to further rate cuts. Recent comments by MPC members suggest that even among those perceived as the most "dovish", concerns about inflationary effects are growing, which in an adverse scenario could even lead to interest rate hikes. In our view, **NBP interest rates will remain unchanged until the end of this year and most likely also next year**, but we are not convinced that the MPC will already decide to narrow down the range of available options.
- Abroad, data releases will include March inflation from Czechia and Hungary, services PMIs in many countries, German industrial orders and production, and in the US, among others, data on consumer income and spending as well as inflation indicators: PCE deflator and CPI.
- Apart from Poland, interest rate decisions will also be taken by central banks in Romania, New Zealand and India.

### Markets next week

- Behaviour of foreign exchange and bond markets after the weekend will depend primarily on information from the Middle East. In our view, the information currently available does not point to a quick end to the conflict; for the coming weeks, the options in the menu are rather limited to a continuation of the status quo or further escalation (stronger attacks on Iran, including a ground invasion).
- The latter scenario would most likely involve a further rise in commodity prices, a marked increase in risk aversion, and a weakening of the zloty and bonds. Even under the former scenario, market uncertainty may increase, as according to various analyses, including those by the IEA, the lack of restored supply flows from the Persian Gulf may start to be felt in Europe in April, particularly in the case of diesel and jet fuel supply.

### Prices of Brent and WTI crude oil (\$/barrel) and TTF natural gas (€/MWh, rhs)

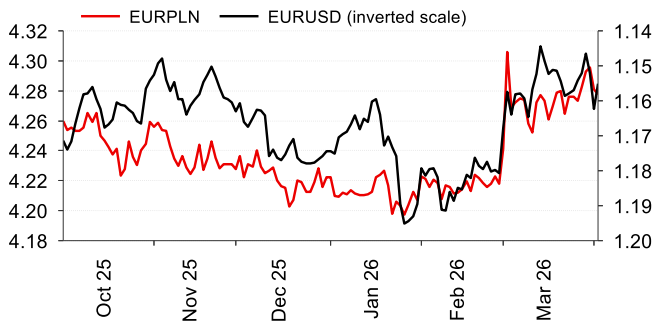


Source: LSEG Datastream, Santander Bank Polska

### Economic Analysis Department:

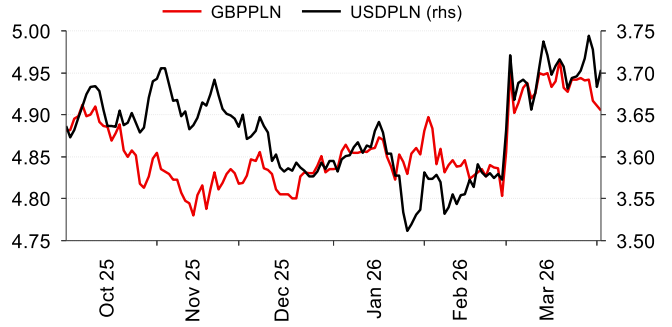
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**EURPLN and EURUSD**



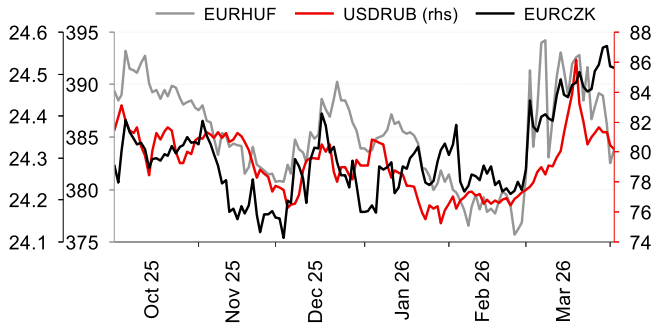
Source: LSEG Datastream, Santander

**GBPPLN and USDPLN**



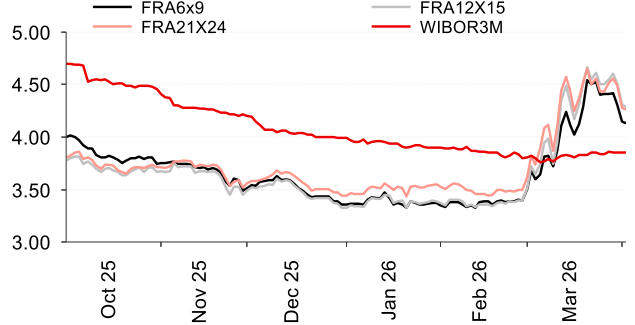
Source: LSEG Datastream, Santander Bank Polska

**EURCZK, EURHUF and USDRUB**



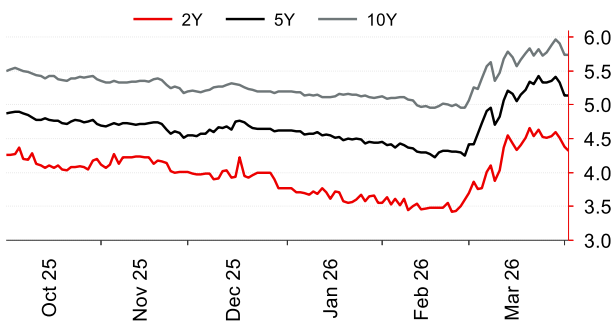
Source: LSEG Datastream, Santander Bank Polska

**PLN FRA and WIBOR3M**



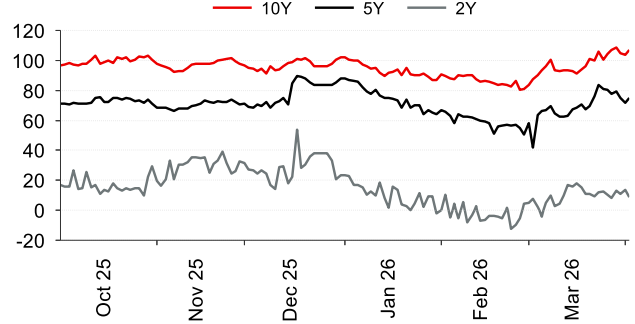
Source: LSEG Datastream, Santander Bank Polska

**Polish bond yields**



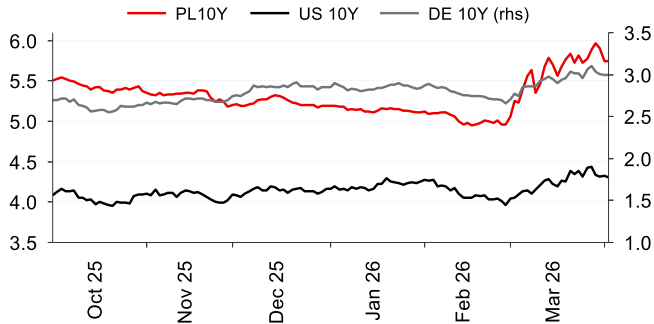
Source: LSEG Datastream, Santander Bank Polska

**Asset swap spreads**



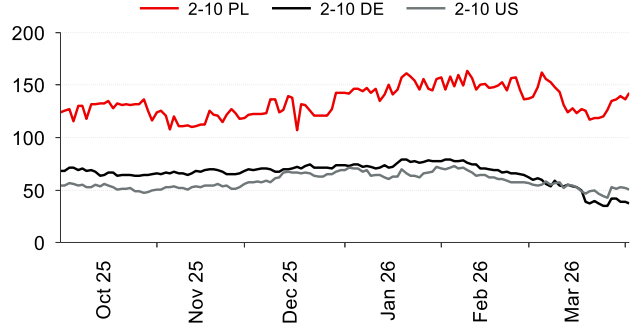
Source: LSEG Datastream, Santander Bank Polska

**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	
<b>MONDAY (6 April)</b>						
16:00	US	ISM services	Mar	pts	54.9	56.1
<b>TUESDAY (7 April)</b>						
09:00	CZ	CPI	Mar	% y/y	2.0	1.4
09:55	DE	Markit Germany Services PMI	Mar	pts	51.2	51.2
10:00	EZ	Eurozone Services PMI	Mar	pts	50.1	50.1
14:30	US	Durable Goods Orders	Feb	% m/m	-1.0	0.0
<b>WEDNESDAY (8 April)</b>						
08:00	DE	Factory Orders	Feb	% m/m	2.0	-11.1
08:30	HU	Industrial Production SA	Feb	% y/y	0.1	0.3
08:30	HU	CPI	Mar	% y/y	2.2	1.4
11:00	EZ	Retail Sales	Feb	% m/m	-0.1	-0.1
20:00	US	FOMC Meeting Minutes	Mar.26			
<b>THURSDAY (9 April)</b>						
	PL	MPC decision		%	3.75	3.75
08:00	DE	Exports SA	Feb	% m/m	1.5	-1.5
08:00	DE	Industrial Production SA	Feb	% m/m	0.6	-0.5
09:00	CZ	Industrial Production	Feb	% y/y	1.2	-0.1
14:30	US	GDP Annualized	4Q	% Q/Q	0.7	0.7
14:30	US	Initial Jobless Claims	Apr.26	k	212.0	202.0
14:30	US	Personal Spending	Feb	% m/m	0.5	0.4
14:30	US	Personal Income	Feb	% m/m	0.3	0.4
14:30	US	PCE Deflator SA	Feb	% m/m	0.4	0.3
<b>FRIDAY (10 April)</b>						
08:00	DE	HICP	Mar	% m/m	1.2	1.2
14:30	US	CPI	Mar	% m/m	1.0	0.3
16:00	US	Michigan index	Apr	pts	52.0	53.3
16:00	US	Factory Orders	Feb	% m/m	-0.2	0.1

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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