

# Weekly Economic Update

## Hungary and Iran take centre stage

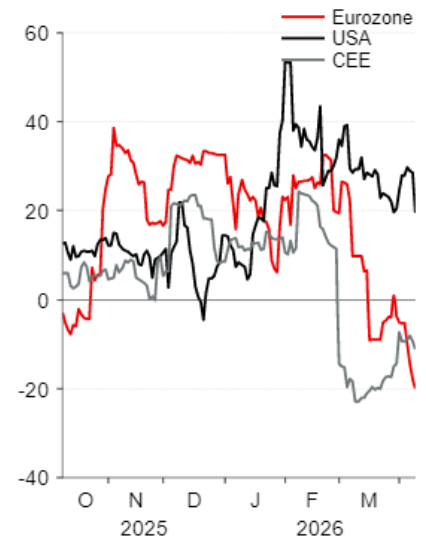
### Economy next week

- The coming week will be relatively light in terms of economic data releases. Global markets' attention will be focused on how **negotiations on ending the war with Iran** are progressing, but just after the weekend the number one topic will most likely be the **outcome of the elections in Hungary**. Opinion polls have for many weeks pointed to a growing lead of the opposition TISZA party, but the outcome is not a foregone conclusion, as the ruling Fidesz party can count on a number of electoral system regulations working in its favour and possibly also on a late-stage mobilisation of its electorate.
- In Poland, **balance of payments data for February** will be released on Monday, followed on Wednesday by **final March CPI inflation data**. On Thursday, **core inflation** figures will be published along with the annual **revision of quarterly GDP data** for the past two years.
- We expect the current account balance in February to come in slightly above zero, only marginally below the median of market forecasts. However, it should be borne in mind that in the coming months the terms-of-trade shock triggered by the conflict in the Middle East is likely to push the current account balance towards a widening deficit.
- Full CPI data will most likely confirm the preliminary reading of 3.0%, while core inflation data, according to our estimates, should show a minimal increase in March to 2.6% y/y. These data are unlikely to have a significant market impact.
- During the week, the Ministry of Finance may also publish **preliminary budget performance data after March**. **Further comments from members of the MPC** can also be expected.
- From Monday, the **IMF and World Bank Spring Meetings** will begin in Washington. On this occasion, the IMF will publish updated economic forecasts.
- There will be few economic data releases abroad, including final inflation data in European countries as well as industrial production figures in the euro area and the US.

### Markets next week

- Following the announcement by the US and Iran of a two-week ceasefire, financial markets rebounded markedly. How lasting this relief rally will be depends, among other things, on the outcome of talks scheduled for today and tomorrow in Pakistan, involving representatives of Iran and the US.
- We assume that the more likely scenario is the absence of renewed escalation, which would allow the **FX and bond markets to stabilise close to current levels** (EURPLN around 4.25, 10Y yield around 5.5%).
- Failure of the talks would most likely act as a catalyst for a new wave of risk aversion and a sell-off across markets.

### Index of economic surprises, CESI

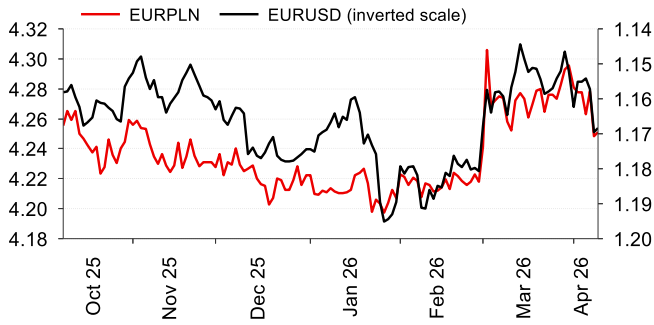


Source: LSEG Datastream, Santander Bank Polska

### Economic Analysis Department:

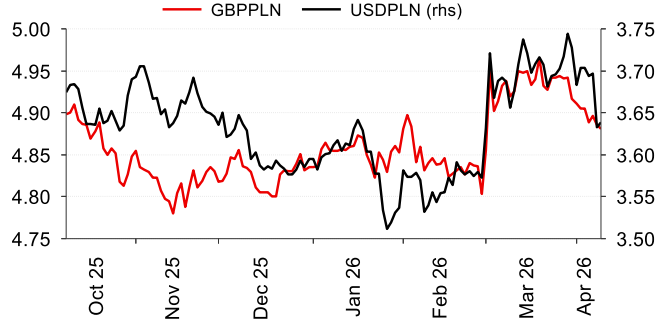
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**EURPLN and EURUSD**



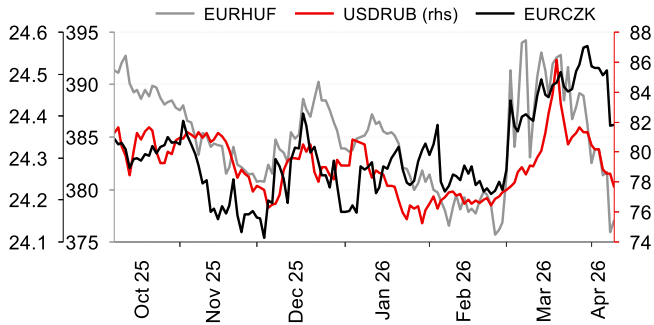
Source: LSEG Datastream, Santander

**GBPPLN and USDPLN**



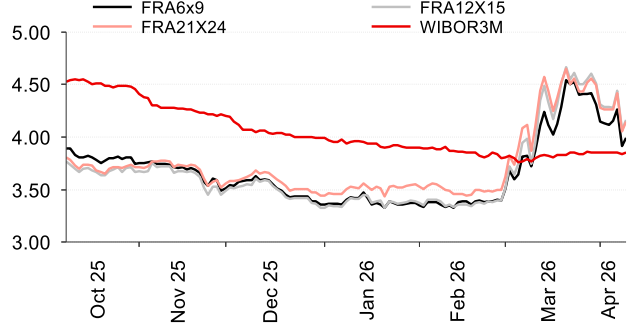
Source: LSEG Datastream, Santander Bank Polska

**EURCZK, EURHUF and USDRUB**



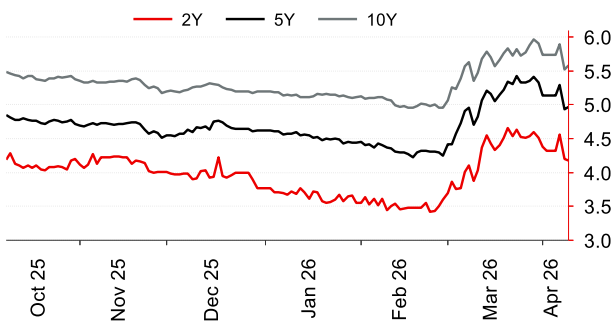
Source: LSEG Datastream, Santander Bank Polska

**PLN FRA and WIBOR3M**



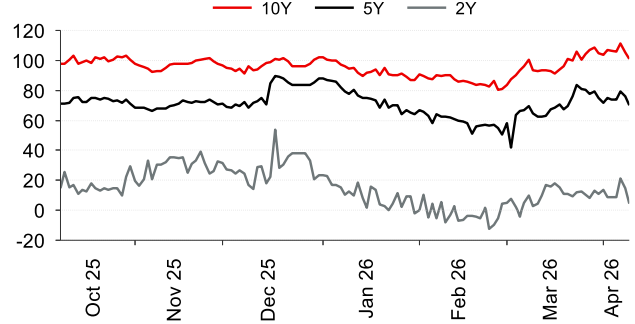
Source: LSEG Datastream, Santander Bank Polska

**Polish bond yields**



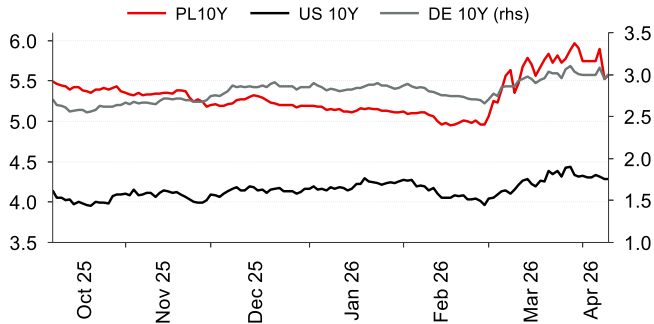
Source: LSEG Datastream, Santander Bank Polska

**Asset swap spreads**



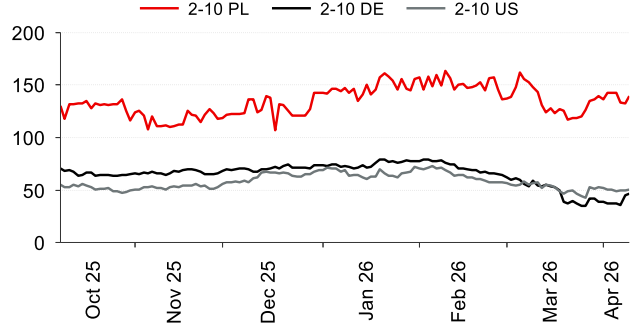
Source: LSEG Datastream, Santander Bank Polska

**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 (13 April)</b>							
14:00	PL	Current Account Balance	Feb	€mn	468	82	1153
14:00	PL	Trade Balance	Feb	€mn	-390	-980	378
14:00	PL	Exports	Feb	€mn	28447	28385	27706
14:00	PL	Imports	Feb	€mn	28702	29365	27328
16:00	US	Existing Home Sales	Mar	% m/m	0.1		1.7
<b>TUESDAY (14 April)</b>							
09:00	CZ	CPI	Mar	% y/y	1.9		1.4
<b>WEDNESDAY (15 April)</b>							
09:30	PL	CPI	Mar	% y/y	3.0	3.0	2.1
11:00	EZ	Industrial Production SA	Feb	% m/m	0.3		-1.5
<b>THURSDAY (16 April)</b>							
11:00	EZ	HICP	Mar	% y/y	2.5		1.9
14:00	PL	CPI Core	Mar	% y/y	2.6	2.6	2.5
14:30	US	Initial Jobless Claims	Apr.26	k	210		219
15:15	US	Industrial Production	Mar	% m/m	0.1		0.2
<b>FRIDAY (17 April)</b>							
No important data releases							

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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