

19 March 2021

# Weekly Economic Update

## Spring begins with new restrictions

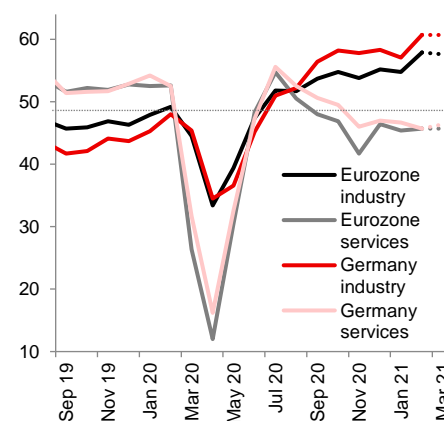
### What's hot next week

- Two potentially important events have disappeared from the next week's agenda: The presentation of the ruling party's new economic programme (called Polish New Deal) has been postponed due to the epidemic situation. Also, the meeting of the Supreme Court's Civil Law Chamber (at which it was supposed to consider a broad set of issues related to FX mortgage loans) has been rescheduled from March 25 to April 13 due to the hospitalization of the Supreme Court's head.
- At the start of the week we will get to know a few more domestic publications, including M3 money supply, unemployment and the monthly Statistical Bulletin with some more details on economic situation in January. But it will be mostly second-tier releases.
- Agenda abroad includes the central bank meetings in Czechia and Hungary. No policy changes are expected this time, but in both cases markets anticipate rate hikes before the end of this year (in Hungary even in 3-4 months horizon). Also, flash PMIs will be released and may attract investors' attention, plus German Ifo index. There will be also a few data releases in the USA, including housing market data.
- Today in the evening the Fitch Ratings may review its rating for Poland. We do not expect to see any change in the assessment. Review by S&P is planned on April 2, by Moody's on April 30.

### Markets next week

- PLN feels the impact of negative sentiment towards EM currencies, plus some local risk factors on top of it: the risk of NBP activity (interventions, more QE), new strong wave of Covid-19 pandemic, prolonged uncertainty regarding the FX loans issue. As a result, we see the scope for further rise in EURPLN.
- European indices of economic climate may feel the negative impact of rising new Covid wave, in the USA there will be no key data – as a result we think that yields in the core markets may stabilise in the coming days. Bond yields in Poland may even go down (NBP's signal about QE boost + weaker than expected recent production data + new restrictions, worsening outlook for 2Q).

PMI indexes and Bloomberg forecast median for March 2021



Source: Markit, Bloomberg, Santander

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## Economic Calendar

| TIME<br>CET                 | COUNTRY | INDICATOR                   | PERIOD |       | FORECAST |           | LAST  |
|-----------------------------|---------|-----------------------------|--------|-------|----------|-----------|-------|
|                             |         |                             |        |       | MARKET   | SANTANDER | VALUE |
| <b>MONDAY (22 March)</b>    |         |                             |        |       |          |           |       |
| 14:00                       | PL      | Money Supply M3             | Feb    | % y/y | 16.3     | 16.4      | 16.8  |
| 15:00                       | US      | Existing Home Sales         | Feb    | % m/m | -2.8     |           | 0.6   |
| <b>TUESDAY (23 March)</b>   |         |                             |        |       |          |           |       |
| 10:00                       | PL      | Unemployment Rate           | Feb    | %     | 6.5      | 6.6       | 6.5   |
| 14:00                       | HU      | Central Bank Rate Decision  | Mar.21 | %     | 0.6      |           | 0.6   |
| 15:00                       | US      | New Home Sales              | Feb    | % m/m | -4.1     |           | 4.3   |
| <b>WEDNESDAY (24 March)</b> |         |                             |        |       |          |           |       |
| 09:30                       | DE      | Germany Manufacturing PMI   | Mar    | pts   | 60.7     |           | 60.7  |
| 09:30                       | DE      | Markit Germany Services PMI | Mar    | pts   | 46.4     |           | 45.7  |
| 10:00                       | EZ      | Eurozone Manufacturing PMI  | Mar    | pts   | 57.6     |           | 57.9  |
| 10:00                       | EZ      | Eurozone Services PMI       | Mar    | pts   | 45.7     |           | 45.7  |
| 13:30                       | US      | Durable Goods Orders        | Feb    | % m/m | 1.0      |           | 3.4   |
| 14:30                       | CZ      | Central Bank Rate Decision  | Mar.21 |       | 0.25     |           | 0.25  |
| <b>THURSDAY (25 March)</b>  |         |                             |        |       |          |           |       |
| 13:30                       | US      | GDP Annualized              | 4Q     | % Q/Q | 4.1      |           | 4.1   |
| 13:30                       | US      | Initial Jobless Claims      |        | k     |          |           | 770   |
| <b>FRIDAY (26 March)</b>    |         |                             |        |       |          |           |       |
| 10:00                       | DE      | IFO Business Climate        | Mar    | pts   | 93.1     |           | 92.4  |
| 13:30                       | US      | Personal Spending           | Feb    | % m/m | -0.2     |           | 2.4   |
| 13:30                       | US      | Personal Income             | Feb    | % m/m | -7.0     |           | 10.0  |
| 13:30                       | US      | PCE Deflator SA             | Feb    | % m/m | 0.3      |           | 0.3   |
| 15:00                       | US      | Michigan index              | Mar    | pts   | 83.5     |           | 83.0  |

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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