

# Weekly Economic Update

## Waiting for reopening

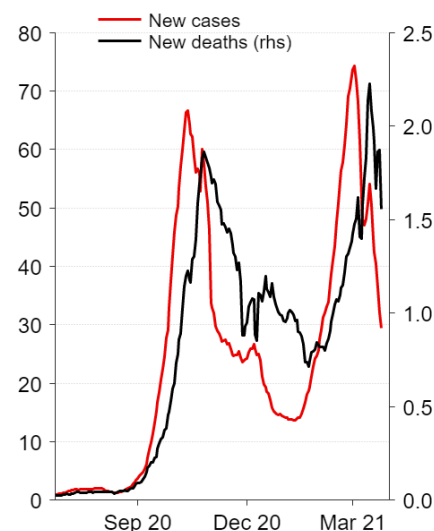
### What's hot next week

- In the coming week most people will most likely think about the looming May holiday break and possible government's decisions to relax pandemic restrictions. The fact is that the third wave of Covid-19 pandemic in Poland is receding (number of new cases and hospitalisations going down), but it is too early to claim the victory. First of all, the number of deaths is declining very slowly and remains high. Secondly, Poland is lagging behind most of European countries in terms of vaccine rollout, despite rising supply of vaccines (especially as regards the share of elderly population already inoculated). Third, new infectious mutations are spreading across the world, which is among reasons why in countries like Brazil and India the pandemic is on the rise again. As a result, the global number of deaths has been rising recently.
- The list of local data releases at the end of April is quite short: the monthly Statistical Bulletin on Monday with the **unemployment rate**, among others (insignificant for markets), and the **flash inflation print for April** on Friday. Our forecast and market consensus both point to CPI rise to 3.8% y/y. Any upward surprises from the data, after the recent series of strong publications, would fuel market speculation about rising inflationary pressure in the coming months.
- Abroad the economic calendar is packed with events: we will see some business climate indicators (Ifo, ESI, Conference Board), flash inflation numbers for April (Germany, euro zone), first 1Q GDP readings (Germany, Czechia, US). There are also central bank meetings in the agenda: in the US, Japan, Sweden, Hungary.
- The week will end with the **meeting of the European Court of Justice**, which will answer several questions that may be important for Polish FX loans issue. The ECJ ruling may affect later decisions of Polish Supreme Court.

### Markets next week

- EURPLN decreased since the start of April by 1.5% and is currently in the narrow range between two important technical levels: 4.54 and 4.57. Unsuccessful test of the lower level, which may take place if the flash inflation number surprises to the upside, would confirm the continuation of the medium-term upward trend of EURPLN, thus opening the door to increase above 4.65.
- There are many factors that should be supportive for Polish bonds this week. First, there is a huge maturity (PLN11.9bn). Second, investors will be asking for government bonds in order to avoid bank tax at the end of the month. Third, there is a NBP auction scheduled for 29 April. However, events abroad will be also important, with FOMC meeting on Wednesday, April inflation in Germany (Thursday) and in the euro zone (Friday). Any possible upward inflationary surprises could encourage Bund yield to go up to -0.20% which would undermine Polish securities as well. The debt market volatility could also be heightened in the upcoming week. On 28 April BGK (state-owned bank) is to sell its bonds, for the second time this month.

### New registered Covid-19 cases and deaths per 100k population, 7d moving average



Source: Refinitiv Datastream, Santander

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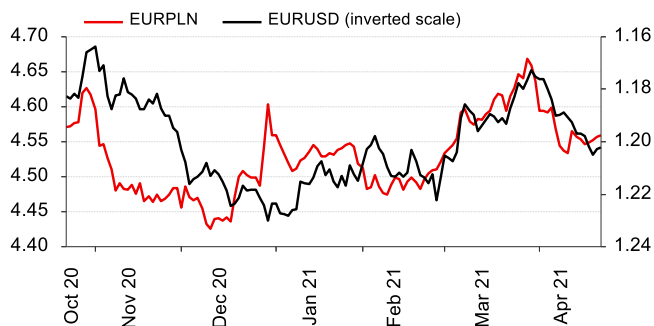
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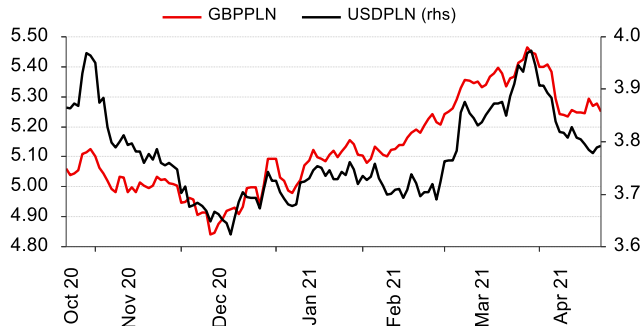
## FX and FI markets

### EURPLN and EURUSD



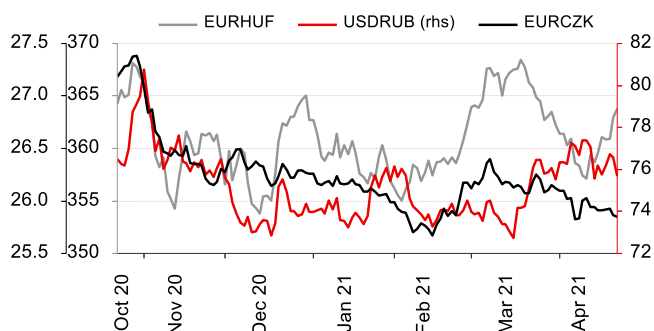
Source: Refinitiv Datastream, Santander Bank Polska

### GBPPLN and USDPLN



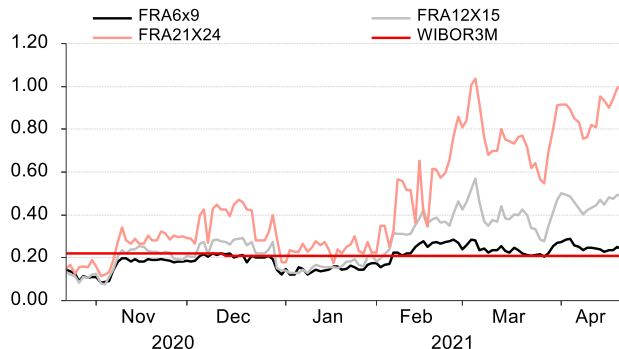
Source: Refinitiv Datastream, Santander Bank Polska

### EURCZK, EURHUF and USDRUB



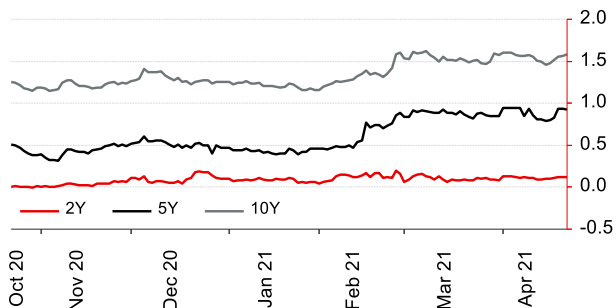
Source: Refinitiv Datastream, Santander Bank Polska

### PLN FRA and WIBOR3M



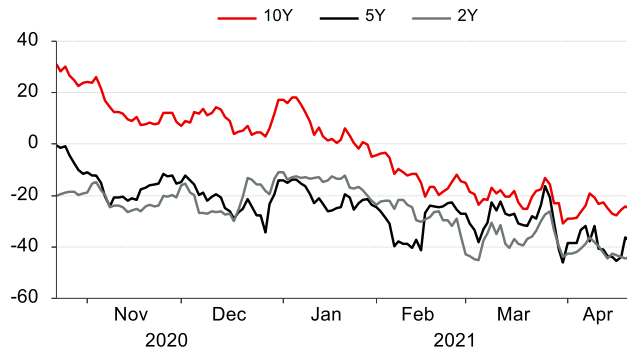
Source: Refinitiv Datastream, Santander Bank Polska

### Polish bond yields



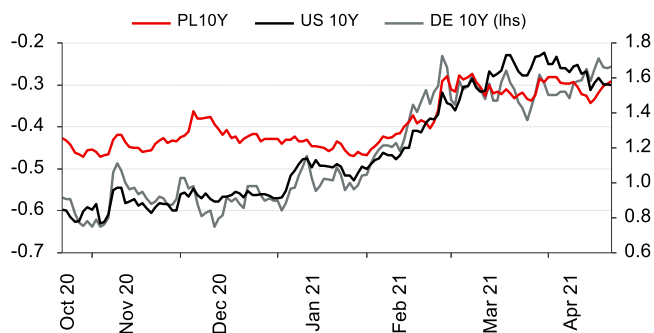
Source: Refinitiv Datastream, Santander Bank Polska

### Asset swap spreads



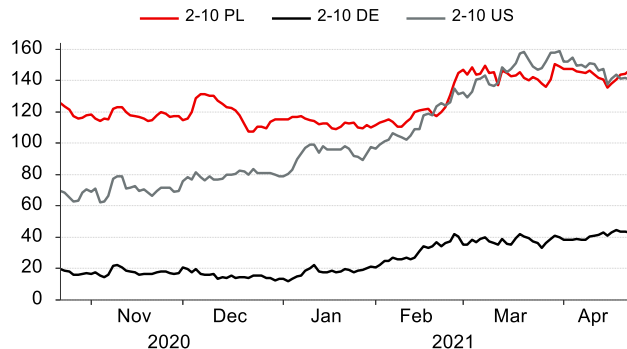
Source: Refinitiv Datastream, Santander Bank Polska

### 10Y bond yields



Source: Refinitiv Datastream, Santander Bank Polska

### Steepness of yield curves



Source: Refinitiv Datastream, Santander Bank Polska

## Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		LAST VALUE
				MARKET	SANTANDER	
<b>MONDAY (26 April)</b>						
10:00	DE	IFO Business Climate	Apr	pts	98.0	96.6
<b>10:00</b>	<b>PL</b>	<b>Unemployment Rate</b>	<b>Mar</b>	<b>%</b>	<b>6.4</b>	<b>6.3</b>
14:30	US	Durable Goods Orders	Mar	% m/m	2.0	-1.2
<b>TUESDAY (27 April)</b>						
14:00	HU	Central Bank Rate Decision	Apr/21	%	0.6	0.6
16:00	US	Consumer Conference Board	Apr	pts	111.7	109.7
<b>WEDNESDAY (28 April)</b>						
20:00	US	FOMC decision	Apr/21		0.25	0.25
<b>THURSDAY (29 April)</b>						
	<b>PL</b>	<b>ECJ ruling on Polish FX mortgage loans</b>				
11:00	EZ	ESI	Apr	pct.	102.0	100.9
14:00	DE	HICP	Apr	% m/m	0.5	0.5
14:30	US	GDP Annualized	1Q	% Q/Q	6.1	4.3
14:30	US	Initial Jobless Claims		k	610.0	576.0
16:00	US	Pending Home Sales	Mar	% m/m	4.0	-10.6
<b>FRIDAY (30 April)</b>						
09:00	CZ	GDP SA	1Q	% y/y	-2.7	-4.8
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Apr</b>	<b>% y/y</b>	<b>3.8</b>	<b>3.2</b>
10:00	DE	GDP WDA	1Q	% y/y	0.0	-3.7
11:00	EZ	Flash HICP	Apr	% y/y	1.5	1.3
11:00	EZ	GDP SA	1Q	% y/y	-2.1	-4.9
11:00	EZ	Unemployment Rate	Mar	%	8.4	8.3
14:30	US	Personal Spending	Mar	% m/m	4.0	-1.0
14:30	US	Personal Income	Mar	% m/m	20.0	-7.1
14:30	US	PCE Deflator SA	Mar	% m/m	0.5	0.2
16:00	US	Michigan index	Apr	pts	88.2	86.5

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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