

MACROscope Lite

Approaching the top

■ As we have written before, the domestic economy started the year on a high note. Last month, however, we got to see statistics that point to a gradual **deterioration in economic outlook**. Although GDP data for 1Q2022 was strong (+8.5% y/y), growth was mainly driven by stockbuilding, while consumption was weaker than expected. April's construction output was also disappointing, May's PMI fell below the 50-point threshold that marks the boundary between recession and expansion, and mortgage applications fell as much as 45% y/y in April. In our view, **we will be getting more and more such negative signals in the coming months**. The approval of Recovery Fund is good news, though. However, as the disbursement of funds is dependent on the fulfilment of a list of conditions, in our view, the positive impact of this programme on economic growth will not appear until 2023 (and this is provided that the government actually fulfils the requirements written in the milestones).

■ Inflation rose to 13.9% y/y in May, with core inflation likely to hit another record high at 8.5% y/y. **We still expect inflation to peak in the summer months, at around 15-16% y/y, and then to stabilise or decline slightly**. The more precise course of the inflation path will be significantly influenced by decisions on the so-called "Anti-Inflation Shield" (it subtracts about 4.0-4.5 percentage points from CPI). So far, it was extended until the end of October, but we believe it will last longer. Although the government has so far reacted to accelerating price growth by loosening fiscal policy, recent statements by ruling party leaders and the lack of new expansion plans during the recent Law and Justice convention suggest a certain change of attitude. However, the government is not backing away from its earlier ideas, including universal credit holidays, which we believe will seriously undermine the monetary policy transmission. A new version of the "Polish Deal", reducing PIT, is due to come into force in July.

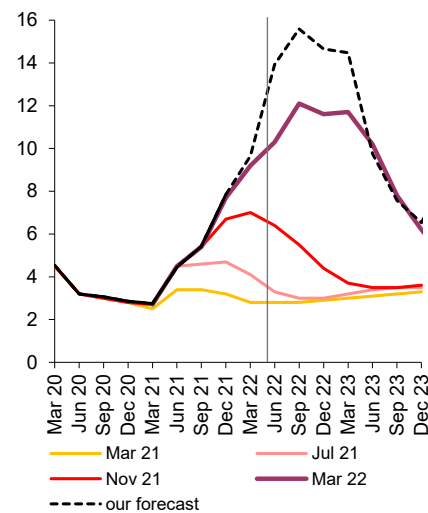
■ The deterioration of the economic outlook and the vision of an imminent inflation peak have changed the attitude of the NBP President, Adam Glapiński, who after the June meeting (the reference rate was raised by 75 bps, to 6.00%) suggested that **the MPC is closer to the end of the rate hike cycle than to its beginning**. We expect another 75bp hike in July and then a 25bp hike in September, bringing the reference rate to 7.00%. Still, in our view, risks are asymmetrically skewed upwards, primarily due to a possible further inflation shock in the autumn (food prices). We are still waiting for two vacancies in the MPC to be filled by the parliament.

■ Central banks still face the dilemma of whether to fight inflation or defend economic growth. Globally, economic data point to some weakening, although the unblocking of Chinese ports, previously closed due to Covid-19, is positive news. The approaching end of the hike cycle has been suggested not only by the NBP, but also by the central banks of the Czech Republic and Hungary. **Other central banks, however, still want to tighten monetary policy**: the US Fed has already raised rates by 75 bps, and the minutes from the last meeting suggest that at least 50 bps more hikes are likely this year. Meanwhile, the ECB strongly hinted at its June meeting that rates will go up from July. A rate hike is also expected in Switzerland.

■ The turnaround in the NBP's rhetoric dragged shorter money market rates lower and triggered a downward revision of market expectations for further NBP moves (FRA sees the year-end reference rate the reference rate at 7.50%), but bond prices continued to go down. In our view, the market assumes that inflation can still surprise upwards, so **we expect domestic bond yields to rise further**. A more pronounced decline will only be possible once the market believes in the end of domestic rate hikes.

■ In recent weeks, the zloty has strengthened and positioned itself below 4.60 per euro. Green light for the Recovery Fund was the main factor behind the zloty appreciation. Following the realisation of this positive event, now potentially negative factors seem to prevail on the horizon: the prospect of narrowing the rate differential vis-à-vis the euro zone and the US, the still high inflation spread, slower GDP growth and growing economic imbalances, government plans to put the burden of economic stimulus on the banking sector. **This means a pressure on the domestic currency**.

Santander CPI forecast and evolution of NBP projections, % y/y



Source: NBP, GUS, Santander

Recently released Economic Comments:

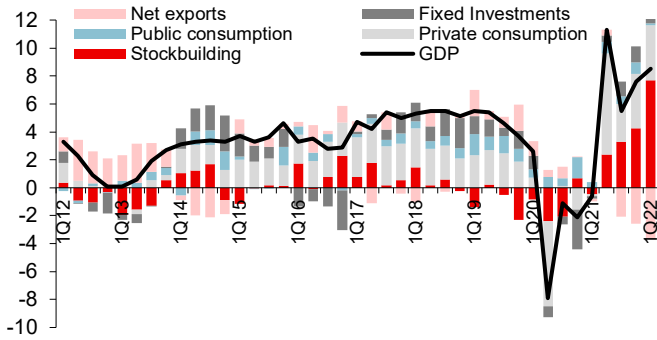
- [NBP signalling the nearing end of the cycle](#)
- [Rates up in line with expectations](#)
- [Swan song of the recovery, further CPI push](#)
- [Sales blooming, construction drying up](#)
- [Economy of high numbers](#)
- [Inflation heading for the top](#)

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
 email: ekonomia@santander.pl
 website: [santander.pl/en/economic-analysis](https://www.santander.pl/en/economic-analysis)
 Piotr Bielski +48 691 393 119
 Jarosław Kosaty +48 887 842 480
 Marcin Luźniński +48 510 027 662
 Grzegorz Ogonek +48 609 224 857

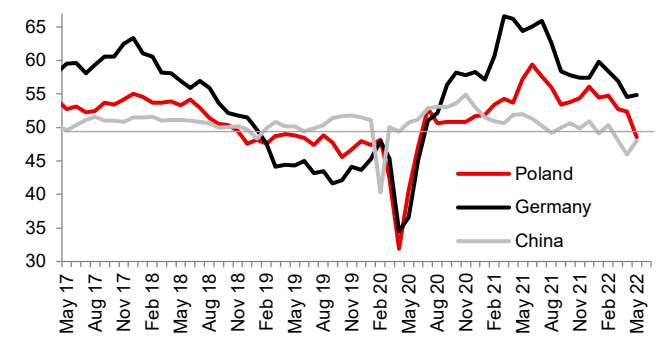
Economy in charts

1Q GDP growth beat forecasts, but there is relatively little consumption and investments inside, and plenty of inventories



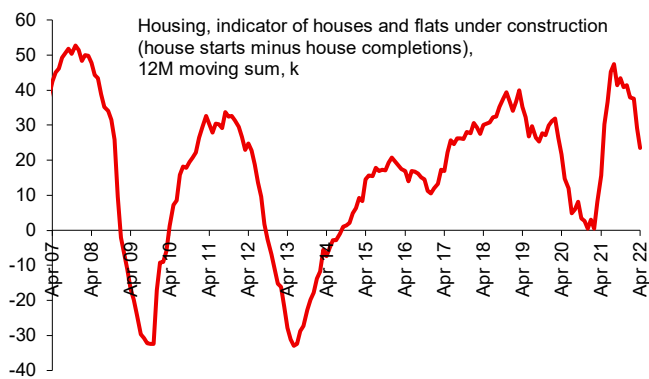
Source: GUS, Santander

A serious slowdown is coming, we treat the PMI's May collapse as one of the first signs



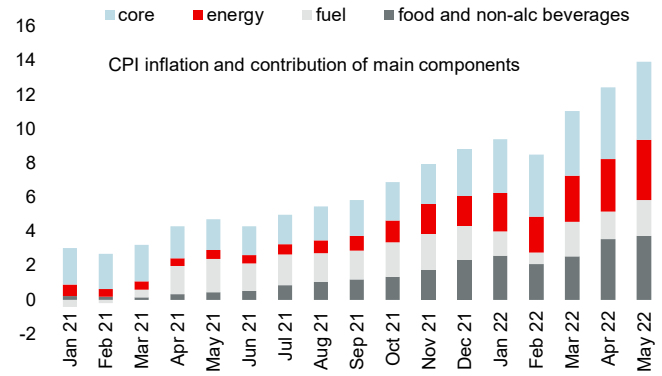
Source: GUS, Santander

Housing market statistics are also a source of worries



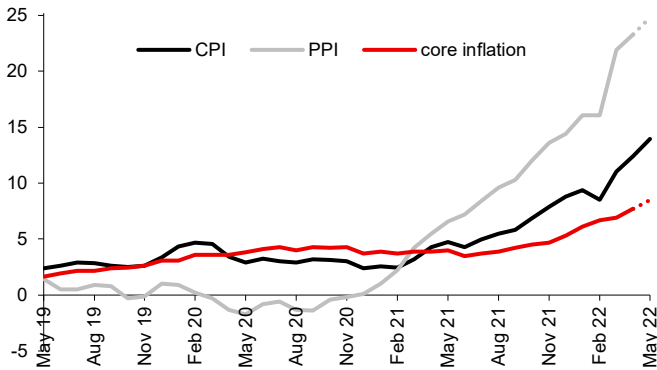
Source: GUS, Santander

At the same time CPI inflation is bloating



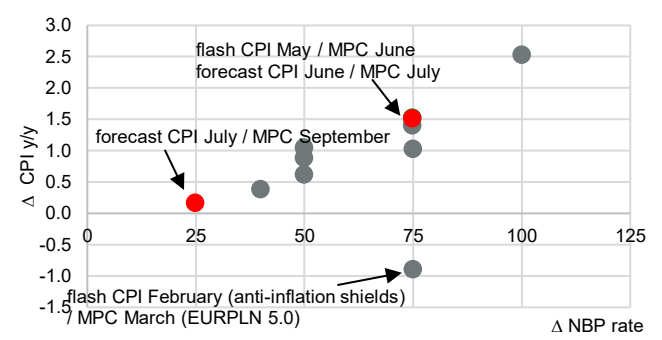
Source: GUS, NBP, Santander

...the same as other indicators of prices in the Polish economy



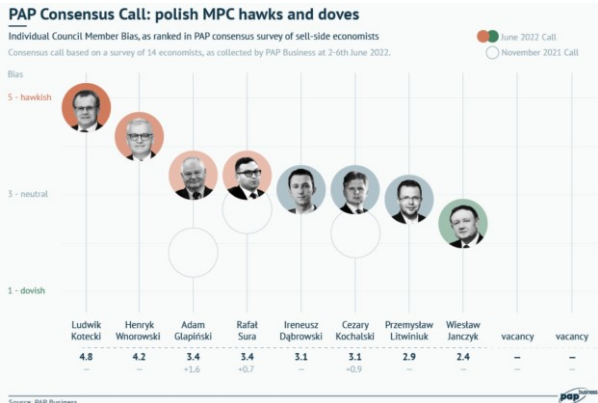
Source: GUS, NBP, Santander

NBP rate changes are highly correlated with monthly changes of annual CPI inflation, which suggests more rate hikes



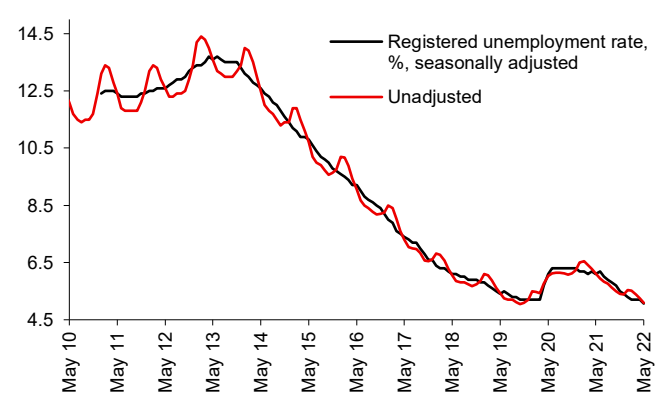
Source: GUS, Santander

In these circumstances there is no room for doves in the MPC



Source: PAP

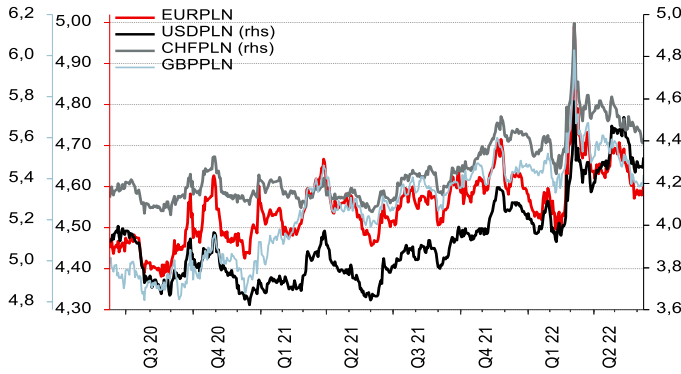
The labour market is so tight that it preserves high inflation



Source: GUS, Santander

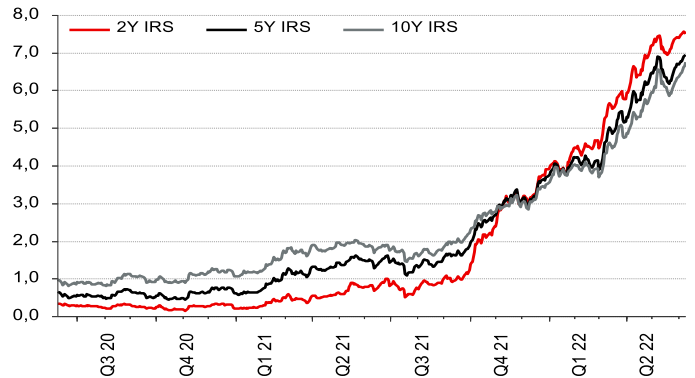
Markets in charts

Zloty exchange rates



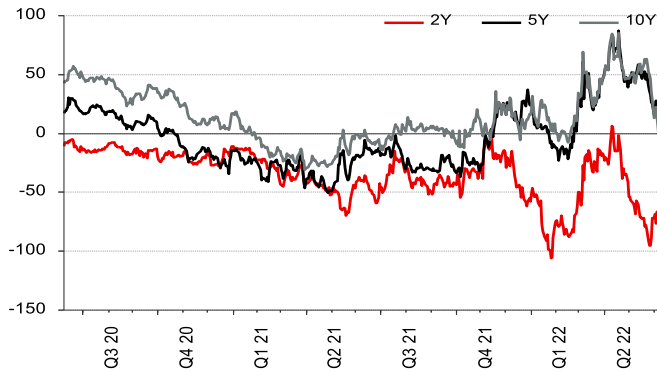
Source: Refinitiv Datastream, Santander

IRS (%)



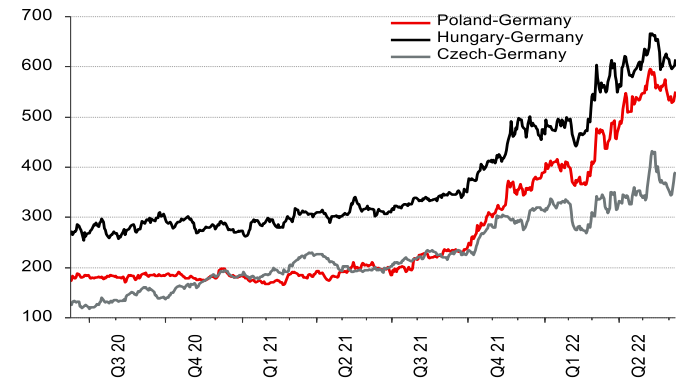
Source: Refinitiv Datastream, Santander

Poland asset swap spreads (bp)



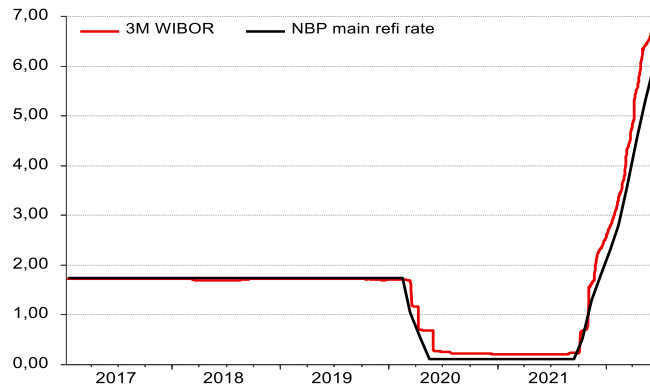
Source: Refinitiv Datastream, Santander

10Y bond yield spreads vs Bund



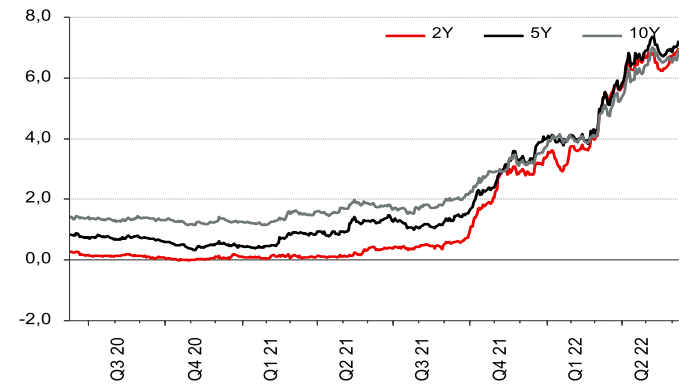
Source: Refinitiv Datastream, Santander

Interest rates



Source: Refinitiv Datastream, Santander

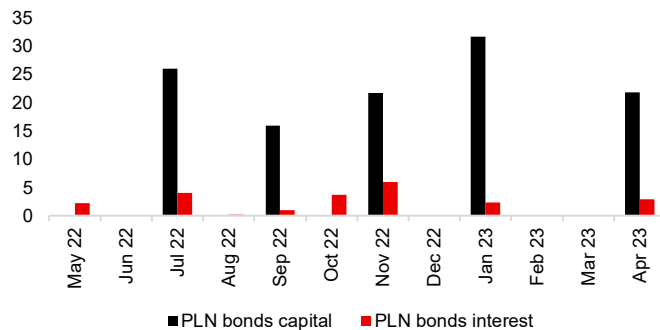
Polish bond yields (%)



Source: Refinitiv Datastream, Santander

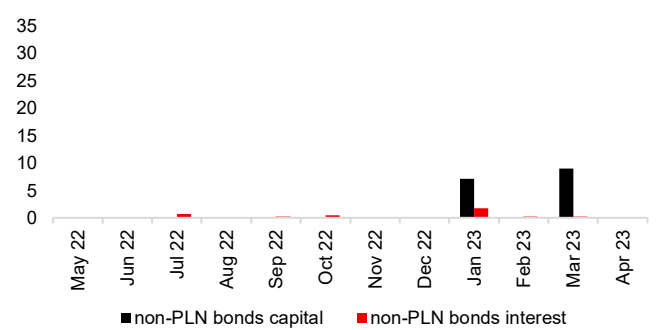
Principal and interest payments

PLN-denominated bond redemptions and interest payments, PLNbn



Source: Ministry of Finance, Santander

FX denominated bond redemptions and interest payments, PLNbn



Source: Ministry of Finance, Santander

Economic Calendar

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
		1 June PL: Manufacturing PMI (May) HU: GDP (1Q) DE: Manufacturing PMI (May) EZ: Manufacturing PMI (May) EZ: Unemployment rate (Apr) US: Manufacturing ISM (May)	2 US ADP employment (May) US: Durable goods orders (May, flash) US: Factory orders (May)	3 DE: Exports (Apr) DE: Services PMI (May) EZ: Services PMI (May) EZ: Retail sales (Apr) US: Non-farm payrolls (May) US: Unemployment rate (May) US: Services ISM (May)
6 CN: Services PMI (May)	7 DE: industrial orders (Apr)	8 PL: NBP interest rate decision HU: CPI (Apr) HU: industrial output (Apr) EZ: GDP (1Q)	9 EZ: ECB interest rate decision	10 PL: MPC minutes CZ: CPI (May) US: CPI (May) US: Michigan index (Jun flash)
13 PL: C/A (Apr)	14 DE: HICP (May) DE: ZEW index (Jun)	15 PL: CPI (May) EZ: industrial output (Apr) US: Retail sales (Apr)	16 PL: Market holiday CH: SNB interest rate decision UK: BOE interest rate decision US: housing starts (Apr)	17 PL: core CPI (May) EZ: HICP (May) DE: industrial output (Apr)
20	21 PL: wages, employment (May) PL: Industrial output (May) PL: PPI (May) US: home sales (May)	22 PL: Construction output (May) PL: Retail sales (May) CZ: CNB interest rate decision	23 PL: M3 (Apr) DE: PMI (Jun, flash) EZ: PMI (Jun, flash)	24 PL: unemployment rate (Apr) DE: IFO index (Jun) US: new home sales (May) US: Michigan index (Jun)
27 US: Durable goods orders (May) US: Pending home sales (May)	28 HU: MNB interest rate decision DE: consumer sentiment (Jul) US: Trade balance (May) US: consumer confidence (Jun)	29 EZ: ESI (Jun) US: GDP (1Q)	30 DE: HICP (Jun, flash) DE: Retail sales (May) CZ: GDP (1Q) US: PCE inflation (May) CN: PMI (Jun)	

Source: GUS, NBP, Ministry of Finance, Bloomberg

Calendar of MPC meetings and data releases for 2022

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
ECB decision		3	10	14		9	21		8	27		15
Fed decision	26		16		4	15	27		21		2	14
MPC decision	4	8	8	6	5	8	7		7	5	9	7
MPC minutes	7	10	10	8	6	10	8	25		7	10	9
Flash GDP*		15			17			17			15	
GDP*		28			31			31			30	
CPI	14	15	15	15	13	15	15	12	15	14	15	15
Core inflation			16	16	17	16	16	16	16	18	16	16
PPI	21	18	18	21	20	21	20	19	20	20	22	20
Industrial output	21	18	18	21	20	21	20	19	20	20	22	20
Retail sales	24	21	21	22	23	22	21	22	21	21	23	21
Gross wages, employment	21	18	18	21	20	21	20	19	20	20	22	20
Foreign trade	17	15	15	15	17	15	15	16	15	14	17	15
Balance of payments*			31			30			30			
Balance of payments	13	14	16	13	13	13	14	12	13			
Money supply	26	22	22	25	24	23	22	23	22			

Source: GUS, NBP, Ministry of Finance, * quarterly data

Economic data and forecasts for Poland

Monthly economic indicators

		May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22
PMI	pts	57.2	59.4	57.6	56.0	53.4	53.8	54.4	56.1	54.5	54.7	52.7	52.4	48.5	48.0
Industrial production	% y/y	29.7	18.1	9.5	13.0	8.7	7.6	14.8	16.3	18.0	17.3	15.4	13.0	17.3	11.9
Construction production	% y/y	4.7	4.5	3.2	10.2	4.2	4.1	12.8	3.1	20.8	21.2	27.6	9.3	8.6	6.4
Retail sales (current prices)	% y/y	19.1	13.0	8.9	10.7	11.1	14.4	21.2	16.9	20.0	16.5	22.0	33.4	23.3	20.4
Unemployment rate	%	6.1	5.9	5.8	5.8	5.6	5.5	5.4	5.4	5.5	5.5	5.4	5.2	5.1	5.0
Gross wages in corporate sector	% y/y	10.1	9.8	8.7	9.5	8.7	8.4	9.8	11.2	9.5	11.7	12.4	14.1	14.5	14.4
Employment in corporate sector	% y/y	2.7	2.8	1.8	0.9	0.6	0.5	0.7	0.5	2.3	2.2	2.4	2.8	2.6	2.4
Exports (€)	% y/y	38.3	15.8	9.2	23.9	9.4	8.9	7.4	26.6	20.0	9.8	16.2	13.2	26.0	16.8
Imports (€)	% y/y	46.4	29.2	16.3	33.6	22.4	24.2	24.3	35.5	37.4	20.2	34.3	30.8	36.3	25.1
Trade balance	EUR mn	653	321	-545	-712	-915	-1 099	-1 217	-1 004	-1 669	-1 559	-3 253	-2 795	-1 399	-1 442
Current account balance	EUR mn	491	-464	-1 017	-527	-1 817	-1 166	-1 077	-2 491	-638	-2 663	-2 972	-2 109	-1 718	-2 361
Current account balance	% GDP	2.7	1.9	1.7	1.5	0.9	0.4	-0.1	-0.6	-1.2	-1.7	-2.2	-2.7	-3.1	-3.3
Budget balance (cumulative)	PLN bn	9.4	28.0	35.3	43.4	47.6	51.9	50.4	-26.3	22.3	11.3	-0.3	9.2	7.4	24.3
Budget balance (cumulative)	% of FY plan	-11.4	-34.0	-42.8	-52.7	-57.8	-63.0	-61.2	32.0	-74.6	-37.7	0.9	-30.8	-24.8	-81.3
CPI	% y/y	4.7	4.3	5.0	5.5	5.8	6.9	7.9	8.8	9.4	8.5	11.0	12.4	13.9	15.4
CPI excluding food and energy	% y/y	4.0	3.5	3.7	3.9	4.2	4.5	4.7	5.3	6.1	6.7	6.9	7.7	8.5	9.1
PPI	% y/y	6.6	7.2	8.4	9.6	10.3	12.0	13.6	14.4	16.1	16.1	21.9	23.3	24.8	24.3
Broad money (M3)	% y/y	9.0	7.4	8.8	9.1	8.6	8.6	10.1	8.9	7.7	8.0	7.9	8.2	7.8	7.9
Deposits	% y/y	7.0	5.7	7.1	7.4	7.0	7.4	9.4	8.8	7.8	7.0	5.9	6.4	6.2	7.3
Loans	% y/y	-0.3	0.2	1.9	2.3	2.7	3.5	4.8	5.1	4.9	6.2	6.4	7.4	7.7	8.7
EUR/PLN	PLN	4.53	4.50	4.56	4.57	4.57	4.59	4.65	4.62	4.55	4.55	4.76	4.65	4.65	4.59
USD/PLN	PLN	3.73	3.74	3.86	3.88	3.88	3.96	4.07	4.08	4.02	4.01	4.32	4.29	4.40	4.28
CHF/PLN	PLN	4.13	4.11	4.21	4.25	4.21	4.29	4.42	4.44	4.38	4.35	4.64	4.55	4.49	4.42
Reference rate *	%	0.10	0.10	0.10	0.10	0.10	0.50	1.25	1.75	2.25	2.75	3.50	4.50	5.25	6.00
3M WIBOR	%	0.21	0.21	0.21	0.21	0.23	0.61	1.56	2.35	2.78	3.33	4.27	5.48	6.41	6.69
Yield on 2-year T-bonds	%	0.17	0.35	0.36	0.40	0.54	1.55	2.80	3.04	3.31	3.72	5.19	6.36	6.52	6.82
Yield on 5-year T-bonds	%	1.17	1.30	1.15	0.11	1.40	2.14	3.07	3.53	3.98	4.03	5.21	6.51	6.98	7.04
Yield on 10-year T-bonds	%	1.82	1.79	1.63	1.76	2.02	2.61	3.07	3.34	4.00	3.98	4.90	6.01	6.67	6.67

Note: * at the end of the period.

Source: GUS, NBP, Finance Ministry, Santander Bank Polska estimates.

Quarterly and annual economic indicators

		2019	2020	2021	2022	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
GDP	PLN bn	2 293.2	2 339.0	2 622.2	3 062.9	590.8	621.0	655.5	754.9	687.0	733.9	769.2	872.8
GDP	% y/y	4.7	-2.2	5.9	4.7	-0.6	11.3	5.5	7.6	8.5	7.0	3.4	1.0
Domestic demand	% y/y	3.6	-2.9	7.6	6.1	-0.5	11.8	8.2	10.9	13.2	8.4	3.6	1.0
Private consumption	% y/y	4.0	-3.0	6.1	4.6	-0.2	13.0	4.7	8.0	6.6	5.0	3.0	4.0
Fixed investments	% y/y	6.1	-4.9	3.8	4.1	-1.3	3.0	6.6	5.2	4.3	6.0	4.0	3.0
Industrial production	% y/y	4.2	-1.1	14.5	9.0	7.8	30.2	10.5	12.8	16.8	14.0	8.0	-1.7
Construction production	% y/y	3.6	-3.5	1.6	6.5	-12.5	1.8	5.8	6.3	23.7	8.0	4.1	-1.1
Retail sales (constant prices)	% y/y	5.1	-3.0	7.4	4.8	1.2	14.4	6.1	8.7	9.7	10.6	2.7	-2.5
Unemployment rate *	%	5.2	6.2	5.4	5.1	6.4	5.9	5.6	5.4	5.4	5.0	4.9	5.1
Gross wages in the national economy	% y/y	7.2	5.3	8.9	12.2	6.6	9.6	9.4	9.8	9.7	13.7	13.1	12.5
Employment in the national economy	% y/y	2.2	-1.0	0.4	1.9	-1.4	1.1	0.9	0.9	1.7	1.9	1.8	2.0
Exports (€)	% y/y	7.3	1.3	18.7	8.9	11.0	41.2	13.7	13.7	15.2	18.4	10.3	-6.4
Imports (€)	% y/y	3.6	-3.4	25.6	16.9	8.4	47.2	23.7	27.7	30.4	30.7	16.4	-5.1
Trade balance	EUR mn	1 527	12 472	-599	-22 939	2 702	2 190	-2 170	-3 321	-6 481	-5 636	-6 709	-4 112
Current account balance	EUR mn	2 523	15 287	-3 537	-26 043	3 233	1 320	-3 360	-4 730	-6 273	-6 189	-7 909	-5 672
Current account balance	% GDP	0.5	2.9	-0.6	-3.9	2.8	1.9	0.9	-0.6	-2.2	-3.3	-3.9	-3.9
General government balance	% GDP	-0.7	-6.9	-1.9	-4.7	-	-	-	-	-	-	-	-
CPI	% y/y	2.3	3.4	5.1	13.5	2.7	4.4	5.4	7.9	9.6	13.9	15.6	14.7
CPI *	% y/y	3.4	2.4	8.8	14.3	3.2	4.3	5.8	8.8	11.0	15.4	15.5	14.3
CPI excluding food and energy	% y/y	2.0	3.9	4.1	8.5	3.8	3.8	3.9	4.8	6.6	8.4	9.4	9.7
PPI	% y/y	1.2	-0.6	7.9	21.0	2.5	6.4	9.4	13.3	18.0	24.1	22.6	19.0
Broad money (M3) *	% y/y	8.3	16.4	9.3	4.6	14.4	7.4	8.6	8.9	7.9	7.9	6.7	4.6
Deposits *	% y/y	8.5	12.3	8.8	3.7	11.8	5.7	7.0	8.8	5.9	7.3	6.8	3.7
Loans *	% y/y	5.2	0.2	5.1	6.6	-2.1	0.2	2.7	5.1	6.4	8.7	8.1	6.6
EUR/PLN	PLN	4.30	4.44	4.57	4.59	4.55	4.53	4.57	4.62	4.62	4.63	4.58	4.55
USD/PLN	PLN	3.84	3.89	3.86	4.17	3.77	3.76	3.87	4.04	4.11	4.32	4.22	4.03
CHF/PLN	PLN	3.86	4.15	4.22	4.38	4.17	4.13	4.22	4.38	4.46	4.49	4.34	4.23
Reference rate *	%	1.50	0.10	1.75	7.00	0.10	0.10	0.10	1.75	3.50	6.00	7.00	7.00
3M WIBOR	%	1.72	0.67	0.54	5.96	0.21	0.21	0.22	1.50	3.46	6.19	6.98	7.20
Yield on 2-year T-bonds	%	1.56	0.50	0.79	6.12	0.08	0.20	0.43	2.47	4.07	6.57	7.00	6.85
Yield on 5-year T-bonds	%	1.99	0.96	1.39	6.34	0.65	1.10	0.89	2.91	4.41	6.84	7.10	7.00
Yield on 10-year T-bonds	%	2.41	1.52	1.97	6.16	1.35	1.73	1.80	3.01	4.29	6.45	7.03	6.88

Note: * at the end of period. Source: GUS, NBP, Finance Ministry, Santander Bank Polska estimates.

This analysis is based on information available until 10.06.2022 has been prepared by:

ECONOMIC ANALYSIS DEPARTMENT

al. Jana Pawła II 17, 00-854 Warszawa (+48) 22 586 8340

Email: ekonomia@santander.pl Web site: <https://www.santander.pl/en/economic-analysis>

Maciej Reluga* – Chief Economist

tel. (+48) 22 534 1888. Email: maciej.reluga@santander.pl

Piotr Bielski*	– Director	+48 691 393 119
Jarosław Kosaty *	– Economist	+48 887 842 480
Marcin Luziński*	– Economist	+48 510 027 662
Grzegorz Ogonek*	– Economist	+48 609 224 857



TREASURY SERVICES DEPARTMENT

Poznań

pl. Gen. W. Andersa 5
61-894 Poznań
tel. (+48) 61 856 58 14/30
fax (+48) 61 856 4456

Warszawa

al. Jana Pawła II 17
00-854 Warszawa
tel. (+48) 22 586 83 20/38
fax (+48) 22 586 8340

Wrocław

ul. Robotnicza 11
53-607 Wrocław
tel. (+48) 71 369 9400
fax (+48) 71 370 2622

IMPORTANT DISCLOSURES

This report has been prepared by **Santander Bank Polska S.A.** and is provided for information purposes only. **Santander Bank Polska S.A.** is registered in Poland and is authorised and regulated by The Polish Financial Supervision Authority.

This report is issued in Poland by **Santander Bank Polska S.A.**, in Spain by Banco Santander, S.A., under the supervision of the CNMV and in the United Kingdom by Banco Santander, S.A., London Branch ("Santander London"). Santander London is registered in the UK (with FRN 136261) and subject to limited regulation by the FCA and PRA. **Santander Bank Polska S.A.**, Banco Santander, S.A. and Santander London are members of Grupo Santander. A list of authorised legal entities within Grupo Santander is available upon request.

This material constitutes "investment research" for the purposes of the Markets in Financial Instruments Directive and as such contains an objective or independent explanation of the matters contained in the material. Any recommendations contained in this document must not be relied upon as investment advice based on the recipient's personal circumstances. The information and opinions contained in this report have been obtained from, or are based on, public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate, complete or up to date and it should not be relied upon as such. Furthermore, this report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any securities or other investment. Information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient, are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein.

Any reference to past performance should not be taken as an indication of future performance. This report is for the use of intended recipients only and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of **Santander Bank Polska S.A.**

Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realised. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

The material in this research report is general information intended for recipients who understand the risks associated with investment. It does not take into account whether an investment, course of action, or associated risks are suitable for the recipient. Furthermore, this document is intended to be used by market professionals (eligible counterparties and professional clients but not retail clients). Retail clients must not rely on this document.

To the fullest extent permitted by law, no Santander Group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this report. All estimates and opinions included in this report are made as of the date of this report. Unless otherwise indicated in this report there is no intention to update this report.

Santander Bank Polska S.A. and its legal affiliates may make a market in, or may, as principal or agent, buy or sell securities of the issuers mentioned in this report or derivatives thereon. Santander Bank Polska S.A. and its legal affiliates may have a financial interest in the issuers mentioned in this report, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon, or vice versa.

Santander Bank Polska S.A. and its legal affiliates may receive or intend to seek compensation for investment banking services in the next three months from or in relation to an issuer mentioned in this report. Any issuer mentioned in this report may have been provided with sections of this report prior to its publication in order to verify its factual accuracy.

Santander Bank Polska S.A. and/or a company in the Santander Group is a market maker or a liquidity provider for EUR/PLN.

Santander Bank Polska S.A. and/or a company of the Santander Group has been lead or co-lead manager over the previous 12 months in a publicly disclosed offer of or on financial instruments issued by the Polish Ministry of Finance or Ministry of Treasury.

Santander Bank Polska S.A. and/or a company in the Santander Group expects to receive or intends to seek compensation for investment banking services from the Polish Ministry of Finance or Ministry of Treasury in the next three months.

ADDITIONAL INFORMATION

Santander Bank Polska S.A. or any of its affiliates, salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, **Santander Bank Polska S.A.** or any of its affiliates' trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

Investment research issued by **Santander Bank Polska S.A.** is prepared in accordance with the Santander Group policies for managing conflicts of interest. In relation to the production of investment research, **Santander Bank Polska S.A.** and its affiliates have internal rules of conduct that contain, among other things, procedures to prevent conflicts of interest including Chinese Walls and, where appropriate, establishing specific restrictions on research activity. Information concerning the management of conflicts of interest and the internal rules of conduct are available on request from **Santander Bank Polska S.A.**

COUNTRY & REGION SPECIFIC DISCLOSURES

Poland (PL): This publication has been prepared by **Santander Bank Polska S.A.** for information purposes only and it is not an offer or solicitation for the purchase or sale of any financial instrument. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Information presented in the publication is not an investment advice. Resulting from the purchase or sale of financial instrument, additional costs, including taxes, that are not payable to or through **Santander Bank Polska S.A.**, can arise to the purchasing or selling party. Rates used for calculation can differ from market levels or can be inconsistent with financial calculation of any market participant. Conditions presented in the publication are subject to change. Examples presented in the publication is for information purposes only and shall be treated only as a base for further discussion.

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by Banco Santander, S.A. Investment research issued by Banco Santander, S.A. has been prepared in accordance with Grupo Santander's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require that a firm establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only regarded as being provided to professional investors (or equivalent) in their home jurisdiction.

© **Santander Bank Polska S.A.** 2020. All Rights Reserved.