

# (Bi-)Weekly Economic Update

## Geopolitics, election and EU payment

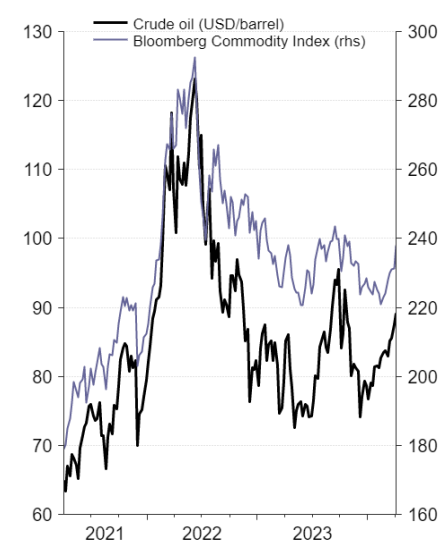
### Economy next week

- We are sending the preview of the next week (actually two weeks, as we will not be able to prepare our report next Friday for organisational reasons) ahead of two key events on today's calendar: the release of US non-farm payrolls data and the press conference of the NBP president, which means that forecasting the behaviour of the financial market after the weekend is doubly difficult. We can still discuss the upcoming set of data and events.
- Key political topic in Poland after the weekend will be the **municipal election results**. In the domestic economy, the coming week should be fairly quiet: the only publication on the calendar is Friday's **balance of payments data for February**, which will probably show another current account surplus, albeit smaller than in January. As usual, in the week following the MPC meeting, **new interviews with Council members** can be expected, most of whom are likely to confirm the stance to be presented by NBP President Adam Glapinski at the conference this afternoon (which is expected to be similar to that of a month ago).
- Abroad, the list of publications is also not very long. **Inflation data from the US, the Czech Republic and Hungary** and industrial production from Germany are worth mentioning. **The ECB will decide on interest rates** (Thursday), a day after decisions in New Zealand and Canada.
- The week starting on 15 April should be more interesting. We will get the **final Polish CPI (Monday) and core inflation data (Tuesday), the revised quarterly GDP data for the years 2022-23 and the results of April consumer confidence survey (Thursday)**. We will be looking particularly closely at the GDP data, which, as we have seen before, could bring significant revisions not only to the GDP growth rate itself but also to its structure. We would not be surprised to see an upward revision of private consumption data for 4Q23.
- What is not on the calendar, but could be important for the financial markets in the coming days and weeks, are **developments in the Middle East** - since last evening, tensions between Iran and Israel have increased, which has affected oil prices, stock indices and bond prices. Any further escalation could translate into increased risk aversion.
- Apart from that, **on 15 April, Poland is expected to receive EUR6.3bn from the Recovery and Resilience Program** (the Minister of Funds and Regional Policy, Katarzyna Pełczyńska Natęcz, is "99% sure" about the inflow of funds). We are also awaiting the announcement of the government's **decision on energy prices to be effective in the second half of the year**, the shape of the government's choices in this respect will be crucial for the path of the CPI.

### Markets next week

- **We see room for further gradual appreciation of the zloty** in the coming weeks, which will be supported by the inflow of EU funds, the current account surplus for February, and the MPC maintaining a not-so dovish tone. The pace of appreciation should be rather slow in view of the fact that a large part of market participants are already firmly positioned for a stronger zloty. Temporary corrections are not excluded, but in principle we assume that the zloty can strengthen to around 4.20 in the first half of the year. After a sizable strengthening last week, we see room for the forint to weaken.
- In the interest rate market, after the considerable steepening of the swap curve that has taken place in recent weeks and especially in recent days, **we see the potential for a renewed flattening of the curves** and an increase in short-term rates should the MPC maintain a not-so dovish tone. A sizable impact on the curve could come from the future path of inflation, which will be influenced by the administration's decision on energy and gas prices. If these decisions result in a lower CPI path, this could create a temptation for market participants to gamble on faster rate cuts. However, we think that any household subsidies will slow the decline in core inflation, and the overall macroeconomic scenario is not conducive to a quick reduction in interest rates. In view of this, we maintain our view that periods of curve steepening will be interspersed with curve flattening at least until the end of the year, and that a longer trend of swap curve steepening will begin next year as the actual timing of the rate cut approaches. **Although asset swap credit spreads have already fallen sharply, with negative net issuance of Treasury bonds in 2Q, we do not rule out further narrowing.**

### Brent oil price and commodity price index

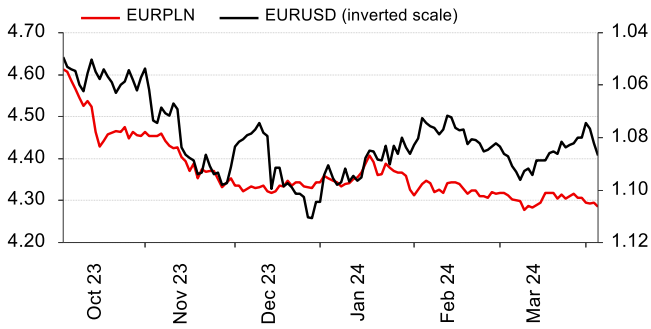


Source: LSEG Datastream, Santander

### Economic Analysis Department:

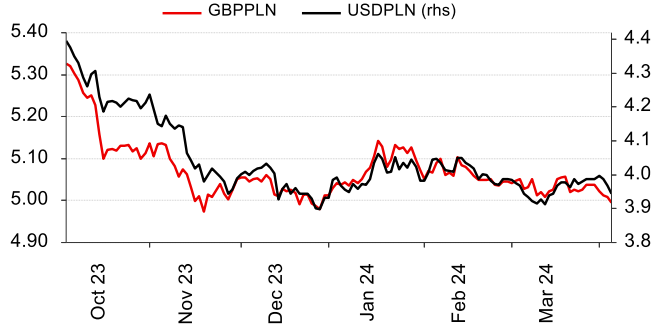
al. Jana Pawła II 17, 00-854 Warszawa  
 email: ekonomia@santander.pl  
 website: [santander.pl/en/economic-analysis](https://santander.pl/en/economic-analysis)  
 Piotr Bielski +48 691 393 119  
 Bartosz Białas +48 517 881 807  
 Cezary Chrapek, CFA +48 887 842 480  
 Marcin Luźniński +48 510 027 662  
 Grzegorz Ogonek +48 609 224 857

**EURPLN and EURUSD**



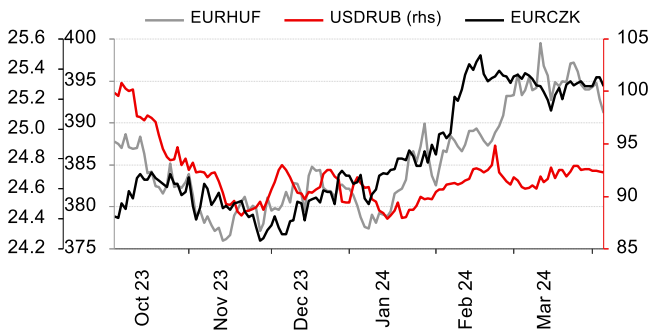
Source: LSEG Datastream, Santander

**GBPPLN and USDPLN**



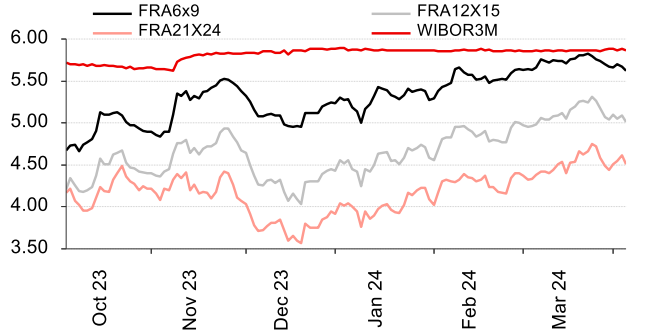
Source: LSEG Datastream, Santander Bank Polska

**EURCZK, EURHUF and USDRUB**



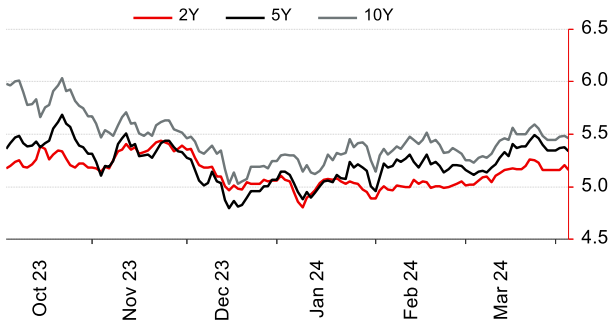
Source: LSEG Datastream, Santander Bank Polska

**PLN FRA and WIBOR3M**



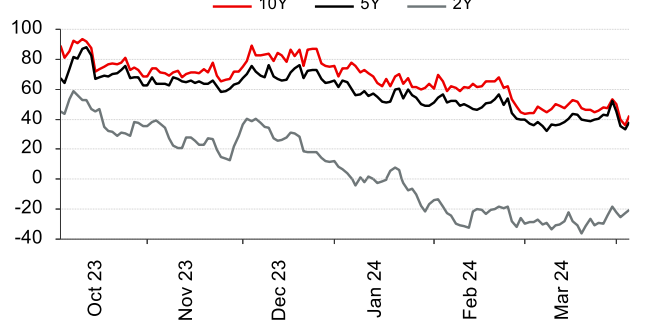
Source: LSEG Datastream, Santander Bank Polska

**Polish bond yields**



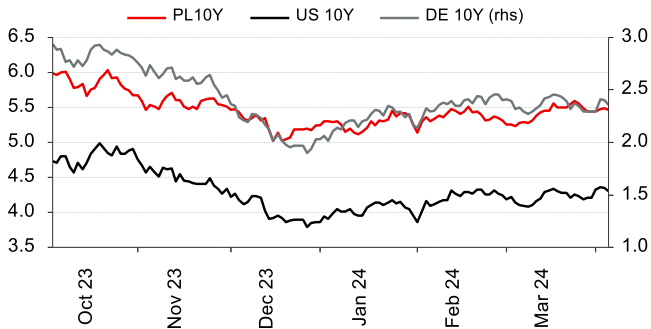
Source: LSEG Datastream, Santander Bank Polska

**Asset swap spreads**



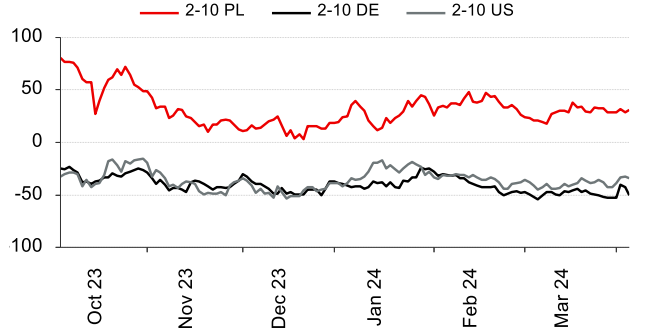
Source: LSEG Datastream, Santander Bank Polska

**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 (8 April)</b>							
08:00	DE	Exports SA	Feb	% m/m	-	-	6.3
08:00	DE	Industrial Production SA	Feb	% m/m	-	-	1.0
09:00	CZ	Industrial Production	Feb	% y/y	-	-	0.0
<b>TUESDAY (9 April)</b>							
No releases							
<b>WEDNESDAY (10 April)</b>							
09:00	CZ	CPI	Mar	% y/y	-	-	2.0
14:30	US	CPI	Mar	% m/m	0.4	-	0.4
20:00	US	FOMC Meeting Minutes			-	-	0.0
<b>THURSDAY (11 April)</b>							
08:30	HU	CPI	Mar	% y/y	-	-	3.7
14:15	EZ	ECB Main Refinancing Rate	Apr	%	-	-	4.50
14:30	US	Initial Jobless Claims		k	214	-	210
<b>FRIDAY (12 April)</b>							
08:00	DE	HICP	Mar	% m/m	0.7	-	0.6
14:00	PL	<b>Current Account Balance</b>	Feb	€mn	<b>797</b>	<b>574</b>	<b>1 179</b>
14:00	PL	<b>Trade Balance</b>	Feb	€mn	<b>629</b>	<b>475</b>	<b>1 286</b>
14:00	PL	<b>Exports</b>	Feb	€mn	<b>27 488</b>	<b>26 630</b>	<b>27 102</b>
14:00	PL	<b>Imports</b>	Feb	€mn	<b>26 832</b>	<b>26 155</b>	<b>25 816</b>
16:00	US	Michigan index	Apr	pts	80.0	-	79.4
<b>MONDAY (15 April)</b>							
10:00	PL	<b>CPI</b>	Mar	% y/y	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
11:00	EZ	Industrial Production SA	Feb	% m/m	-	-	-3.2
14:30	US	Retail Sales Advance	Mar	% m/m	-	-	0.6
<b>TUESDAY (16 April)</b>							
11:00	DE	ZEW Survey Current Situation	Apr	pts	-	-	-80.5
14:00	PL	<b>CPI Core</b>	Mar	% y/y	-	<b>4.6</b>	<b>5.4</b>
14:30	US	Housing Starts	Mar	% m/m	-	-	10.7
15:15	US	Industrial Production	Mar	% m/m	-	-	0.1
<b>WEDNESDAY (17 April)</b>							
11:00	EZ	HICP	Mar	% y/y	-	-	2.4
<b>THURSDAY (18 April)</b>							
10:00	PL	<b>Revised quarterly GDP data</b>	<b>2022-23</b>		-	-	-
14:30	US	Initial jobless claims		k	-	-	-
16:00	US	Existing Home Sales	Mar	% m/m	-	-	9.5
<b>FRIDAY (19 April)</b>							
No releases							

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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Additional information is available on request. Please contact Santander Bank Polska S.A. Financial Management Division, Economic Analysis Department, al. Jana Pawła II 17, 00-854 Warsaw, Poland, phone +48 22 534 18 87, email ekonomia@santander.pl, http://www.santander.pl.