

# Eyeopener

## Focus on MPC meeting

MPC and Bank of England meetings today, no change in rates expected  
 Registered unemployment rate down to 5.1% in April  
 Occupancy at tourist facilities in February lower than a year earlier  
 EURPLN below 4.30, little change in interest rate market

**The Polish MPC meets today.** We expect interest rates to remain unchanged. Probably more important than the announcement will be tomorrow's conference by NBP President Adam Glapiński. The Bank of England also decides on rates today, the market expects no change in rates.

**According to preliminary data from the Ministry of Labour,** the registered unemployment rate fell to 5.1% in April from 5.3% in March. This result was in line with our expectations. The unemployment rate is expected to fall further in the coming months. By the end of the year, it could be just below 5%. The good labour market situation will support this year's consumption, which we believe will grow by around 4% after a decline of around 1% in 2023.

**Slightly lower hotel occupancy rates.** In February, domestic tourists spent 4.92 million nights in Polish hotels (1.4% less than a year earlier) and foreign tourists spent 1.09 million nights (4.5% more y/y). The month was quite warm, which apparently did not favour winter tourism and the higher-than-usual number of days in February did not offset this. However, the warmer weather did not bother foreign tourists. Although February was slightly weaker than a year ago, the total number of overnight stays after two months of the year was 11.64 million compared to 11.54 million a year earlier. The tourism industry therefore has nothing to complain about.

Monika Sikora, Deputy Minister of Funds and Regional Policy, announced that orders for **payments from the subsidy part of the RRP** of PLN5.16bn are planned to be submitted by the end of July. Payments to date have amounted to EUR11bn. In total, Poland is entitled to around EUR60bn under the RRP.

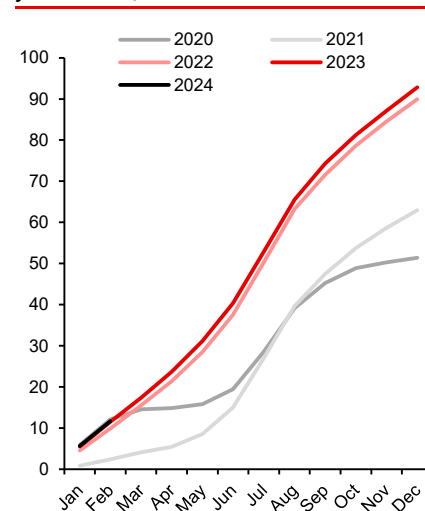
**Pierre Wunsch of the ECB** Governing Council (Belgium) said that the ECB could start cuts this year and, in his view, a downward move of 50pts is justified. Against this backdrop, a rather hawkish statement was made by **Robert Holzmann** (Austria), who in turn said that there was no reason to rush into rate cuts. These statements did not have a significant impact on the market.

The **Bank of Sweden cut interest rates to 3.75% from 4.00%**, as expected, and suggested the possibility of two further cuts in the second half of the year. However, it noted the uncertain inflation outlook.

**Strengthening of the zloty.** Yesterday was marked by fairly good sentiment on European stock exchanges, which was accompanied by a slight strengthening of the CEE currencies. The zloty gained around 0.3% against the euro, and the EURPLN exchange rate finally fell below 4.30. Movements in the EURUSD exchange rate were marginal despite slightly better-than-expected production data from Germany, as investors are already awaiting US inflation data to be published next week.

**Little change in the interest rate market.** Yesterday's session saw a marginal fall in short-term FRAs and an increase for longer maturities, a slight rise in IRS rates and bond yields of around 2-4 bp. In the core markets, there were small increases in yields in the face of, among other things, a US auction with high supply or comments by Boston Fed President S. Collins on the risk of too early rate cuts.

**Number of nights spent in Poland by tourists, year-to-date, millions**



Source: GUS, Santander

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**FX market**

**Today's opening**

EURPLN	4.2978	CZKPLN	0.1717
USDPLN	4.0031	HUFPLN*	1.0956
EURUSD	1.0735	RUBPLN	0.0434
CHFPLN	4.4037	NOKPLN	0.3667
GBPPLN	4.9938	DKKPLN	0.5761
USDCNY	7.2252	SEKPLN	0.3663

\*for 100HUF

**Last session in the FX market** **08/05/2024**

	min	max	open	close	fixing
EURPLN	4.2972	4.3230	4.3109	4.2982	4.3195
USDPLN	3.9948	4.0259	4.0146	3.9967	4.0202
EURUSD	1.0733	1.0757	1.0739	1.0753	

**Interest rate market**

08/05/2024

**T-bonds on the interbank market\*\***

Benchmark (term)	%	Change (bps)
OK0426 (2Y)	5.35	0
WS0429 (5Y)	5.44	-3
DS1033 (10Y)	5.57	-3

**IRS on the interbank market\*\***

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.77	-5	5.43	0	3.54	-1
2L	5.41	-5	5.02	0	3.26	0
3L	5.18	-16	4.77	0	3.04	-1
4L	5.06	-18	4.61	-1	2.91	-2
5L	5.02	-6	4.50	-2	2.81	-4
8L	5.05	-14	4.37	-3	2.71	-5
10L	5.11	-14	4.35	-3	2.71	-5

**WIRON rate**

Term	%	Change (bps)
WIRON	5.31	6

**WIBOR rates**

Term	%	Change (bps)
O/N	5.58	1
T/N	5.75	-3
SW	5.82	1
1M	5.84	-3
3M	5.86	0
6M	5.86	0
1Y	5.85	-1

**FRA rates on the interbank market\*\***

Term	%	Change (bps)
1x4	5.86	0
3x6	5.78	-2
6x9	5.60	-7
9x12	5.36	-7
3x9	5.76	-2
6x12	5.58	-7

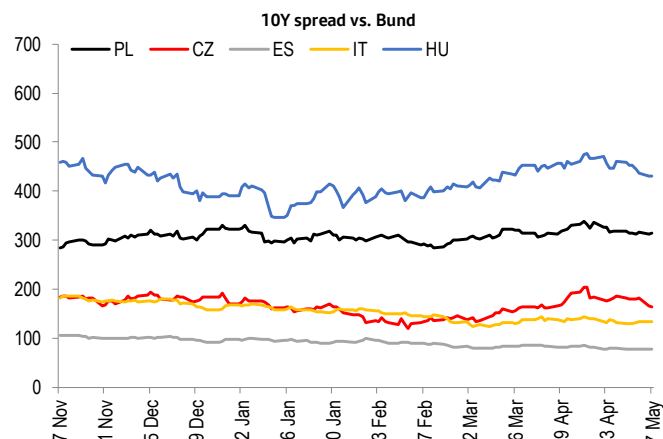
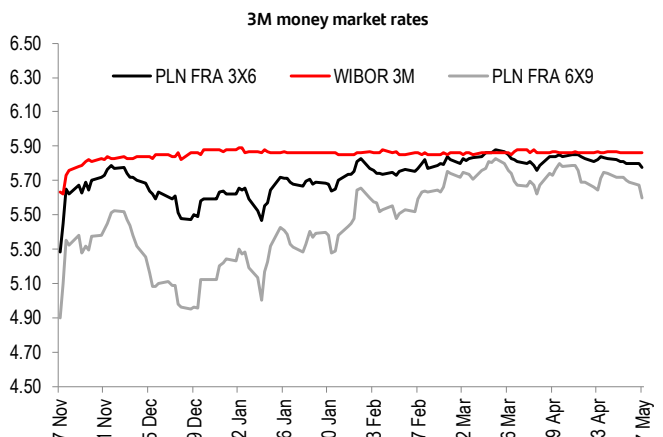
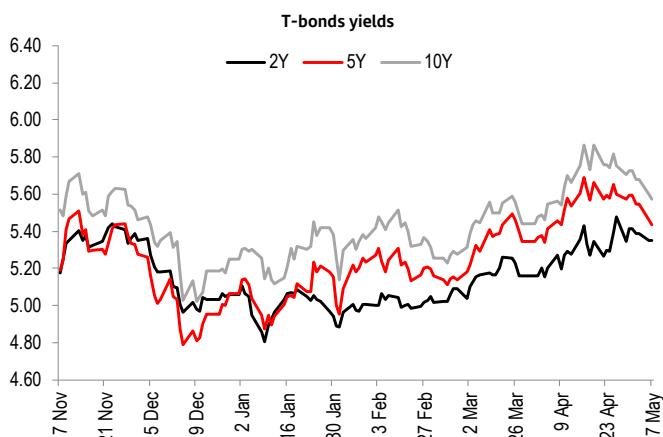
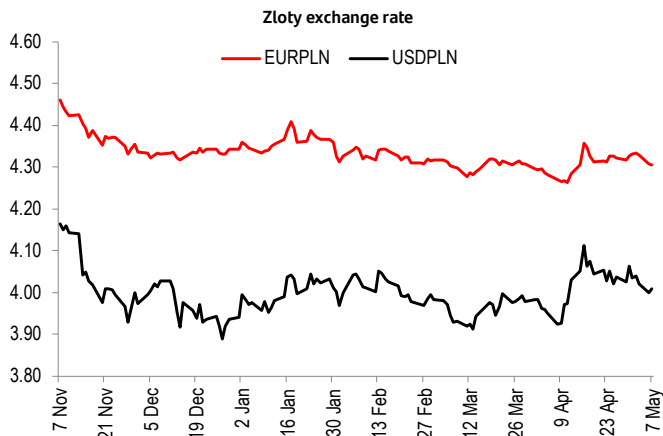
**CDS rates and 10Y yield spread vs. German Bund**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	72	0	315	3
France	12	0	50	0
Hungary	121	0	430	-1
Spain	36	0	78	0
Italy	27	0	134	1
Portugal	25	0	65	1
Ireland	15	0	39	1
Germany	6	0	-	-

\* 10Y treasury bonds over 10Y Bunds

\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream



## Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*	
				MARKET	SANTANDER			
<b>THURSDAY (2 May)</b>								
09:00	PL	Poland Manufacturing PMI	Apr	pts	47.9	47.8	45.9	48.0
09:55	DE	Germany Manufacturing PMI	Apr	pts	42.2		42.5	42.2
10:00	EZ	Eurozone Manufacturing PMI	Apr	pts	45.6		45.7	45.6
14:30	US	Initial Jobless Claims	Apr.24	k	211	-	208	208
14:30	CZ	Central Bank Rate Decision	May.24		5.25	5.25	5.25	5.75
16:00	US	Durable Goods Orders	Mar	% m/m	2.6	-	2.6	2.6
16:00	US	Factory Orders	Mar	% m/m	1.6	-	1.6	1.2
<b>FRIDAY (3 May)</b>								
11:00	EZ	Unemployment Rate	Mar	%	6.5	-	6.5	6.5
14:30	US	Change in Nonfarm Payrolls	Apr	k	240	-	175	303
14:30	US	Unemployment Rate	Apr	%	3.8	-	3.9	3.8
16:00	US	ISM services	Apr	pts	52.0	-	49.4	51.4
<b>MONDAY (6 May)</b>								
03:45	CN	Caixin China PMI Services	Apr	pts	52.5	-	52.5	52.7
09:55	DE	Germany Services PMI	Apr	pts	53.3	-	53.2	50.1
10:00	EZ	Eurozone Services PMI	Apr	pts	52.9	-	53.3	51.5
<b>TUESDAY (7 May)</b>								
08:00	DE	Exports SA	Mar	% m/m	0.4	-	0.9	-2.0
08:00	DE	Factory Orders	Mar	% m/m	0.4	-	-0.4	0.2
09:00	CZ	Industrial Production	Mar	% y/y	-0.5	-	-2.7	1.5
11:00	EZ	Retail Sales	Mar	% m/m	0.7	-	0.8	-0.3
<b>WEDNESDAY (8 May)</b>								
08:00	DE	Industrial production sa	Mar	% m/m	-0.7	-	-0.4	1.7
08:30	HU	Industrial production sa	Mar	% y/y	-5.3	-	-10.4	1.4
<b>THURSDAY (9 May)</b>								
	PL	MPC rate decision		%	5.75	5.75		5.75
13:00	UK	Bank of England rate decision	May	%		-		5.25
<b>FRIDAY (10 May)</b>								
08:30	HU	CPI	Apr	% y/y	-	-		3.6
15:00	PL	NBP Governor's press conference						
16:00	US	Michigan index	May	pts	77.0	-		77.2
	PL	Fitch rating/outlook review				A-/stable		A-/stable
	PL	S&P rating/outlook review				A-/stable		A-/stable

Source: Santander Bank Polska. Bloomberg. Parkiet

\* in the case of a revision the data is updated

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