

# Eyeopener

## Improving retail sales and credit

### Today May Statistical Bulletin

Retail sales rose by 5.0% y/y in May, above our expectations  
Higher loan growth in Poland, M3 money supply accelerated to 8% y/y  
Zloty stronger, decline of domestic interest rates

**Today**, the stats office will release the May issue of the Statistical Bulletin and with it the unemployment rate, which in our view returned to 5.0%. We will also see June readings of sentiment indices from Poland and from abroad, which will include new prints of the GUS synthetic business climate indicators, as well as a new estimate of the Conference Board Consumer Sentiment index from the US. Also today, Poland plays its last group match and bids farewell to Euro 2024. In our [new MACROscope report](#) we highlight in what areas Poland can become the European champion, since it is not in football.

**Retail sales rose by 5.0% y/y (3.3% m/m in seasonally-adjusted terms)** in May, stronger than we expected but weaker than the consensus indicated. The improvement was particularly evident in non-durable goods, including food sales and non-specialised shops. Thanks to the favourable labour market situation and consumer optimism, we remain fairly optimistic about the outlook for retail sales and private consumption. Construction output growth dropped in May to -6.5% y/y, below market expectations of -4.8% y/y and our estimate of -5.0% y/y. Civil engineering works, at -6.6% y/y, were responsible for the deterioration. Nevertheless, we consider the construction outlook to be positive given the inflow of EU funds. The number of dwellings completed in May stood at 14.5k, down 18.1% y/y, but a further upturn in activity is evident in the data on the number of building permits issued and the estimated number of dwellings under construction. Read more in our [Economic Comment](#).

**M3 money supply accelerated in May to 8.0% y/y from 7.4% y/y in April.** Both cash in circulation (6.0% y/y after 5.1% y/y) and deposits (8.7% y/y after 7.9% y/y) grew faster. A further acceleration, to 4.0% y/y from 3.4% y/y, was also evident on the credit side, after clearing the data from the exchange rate effect. Household loan growth accelerated to 2.8% y/y from 2.4% y/y, after the adjustment for the exchange rate effect. Consumer loans accelerated to 4.7% y/y from 4.6% y/y, and PLN-denominated mortgages to 7.8% y/y from 7.2% y/y. We assume that the improvement in consumer sentiment will support consumer credit growth in the coming quarters, while the exhaustion of the budget of the 2% Safe Credit programme may have a stabilising effect on the mortgage market. Business lending also accelerated, to 2.1% y/y from 1.2% y/y, after adjusting for FX effects. The improvement was mainly seen in current loans.

**The second revision of the National Recovery Plan is planned for 1H25**, said yesterday the Minister of Development Funds and Regional Policy, Katarzyna Pełczyńska-Natęcz. According to the minister, the purpose of the revision is to "rearrange and separate those things that can be done from those that cannot be done, and to facilitate implementation". The current revision of the NRP should be finalized at the end of July, and the second and third payment applications are to be submitted at the end of the summer holidays. The minister added that she did not rule out that the fourth and fifth applications would be submitted at the beginning of next year.

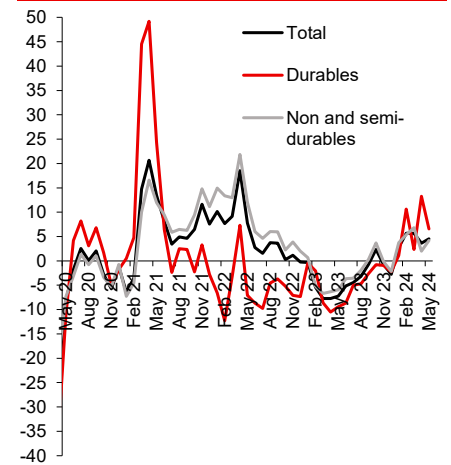
Yesterday, during a meeting of the Social Dialogue Council, Deputy Minister of Finance Jurand Drop assessed that **the latest data on the implementation of the central budget are much worse** than those that came in at the beginning of the year, and VAT revenues require special attention. Nevertheless, Drop added that there are still no reasons to amend the budget act.

**Germany's Ifo business climate index**, after a surprising rebound in March and April, failed to rise again in May and fell in June, contrary to expectations for a resumption of upward movement. The reason for the disappointment was a drop in the expectations index from 90.3 pts to 89.0 pts with the current assessment index holding at 88.3 pts. In June, sentiment worsened in industry and trade and improved in services and construction. The higher average level of the Ifo in 2Q (89.1 pts) than in 1Q (86.2 pts) suggests that 2Q GDP growth of +0.3% is possible. However, like the earlier preliminary PMI index readings for Germany, the Ifo index for the final month of 2Q hints at the risk of further low economic growth in the country.

**Strengthening of the zloty.** Positive sentiment prevailed in the markets yesterday with slight gains in European stock markets and mixed market behaviour in the US. The EURUSD exchange rate rose slightly to 1.073. In such an environment, the zloty gained quite noticeably against the major currencies below 4.30 to the euro. The koruna gained slightly less and the forint lost.

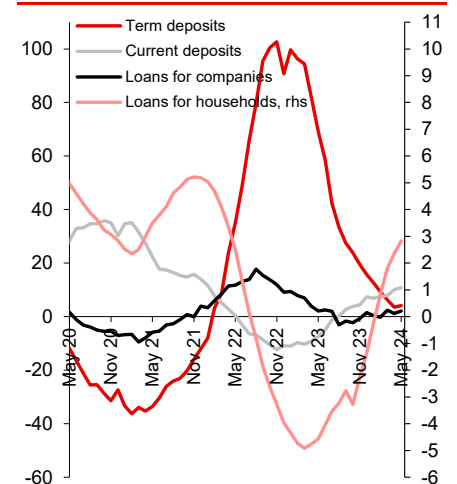
**The debt market is consolidating.** Yesterday's session was dominated by the downward movement in market rates, FRA rates changed little, but the 2-year swap touched the support line near 5.35%, and the 5-year swap pierced 5%, which is what we assumed for the week. Changes in yields were smaller, supporting further widening of credit spreads. In contrast, the core markets were dominated by slight increases in German yields despite a weaker Ifo and a decline in the US. The Ministry of Finance said it will offer six series of bonds for a total of PLN3-5bn at a sale tender on June 26.

### Retail sales, % y/y



Source: GUS, Santander

### Loans and deposits, % y/y



Source: NBP, Santander

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**FX market**

Today's opening			
EURPLN	4.2929	CZKPLN	0.1725
USDPLN	3.9985	HUFPLN*	1.0781
EURUSD	1.0736	RUBPLN	0.0464
CHFPLN	4.4793	NOKPLN	0.3793
GBPPLN	5.0737	DKKPLN	0.5755
USDCNY	7.2614	SEKPLN	0.3817

\*for 100HUF

Last session in the FX market					24/06/2024
	min	max	open	close	fixing
EURPLN	4.2895	4.3299	4.3247	4.2949	4.3198
USDPLN	3.9906	4.0478	4.0446	4.0036	4.0319
EURUSD	1.0693	1.0746	1.0693	1.0725	

**Interest rate market** 24/06/2024

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
OK0426 (2Y)	5.17	-3
WS0429 (5Y)	5.59	-4
DS1033 (10Y)	5.78	-3

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.82	4	5.31	-1	3.46	0
2L	5.35	-5	4.82	-1	3.18	0
3L	5.11	-6	4.53	-2	2.99	1
4L	5.00	-7	4.36	-2	2.88	1
5L	4.97	-7	4.25	-3	2.82	1
8L	5.03	-7	4.12	-2	2.75	1
10L	5.11	-6	4.10	-4	2.76	2

**WIRON rate**

Term	%	Change (bps)
WIRON	5.25	0

**WIBOR rates**

Term	%	Change (bps)
O/N	5.60	5
T/N	5.75	-1
SW	5.83	0
1M	5.84	0
3M	5.85	0
6M	5.86	0
1Y	5.86	0

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

Term	%	Change (bps)
1x4	5.84	0
3x6	5.79	0
6x9	5.67	3
9x12	5.40	6
3x9	5.79	0
6x12	5.64	2

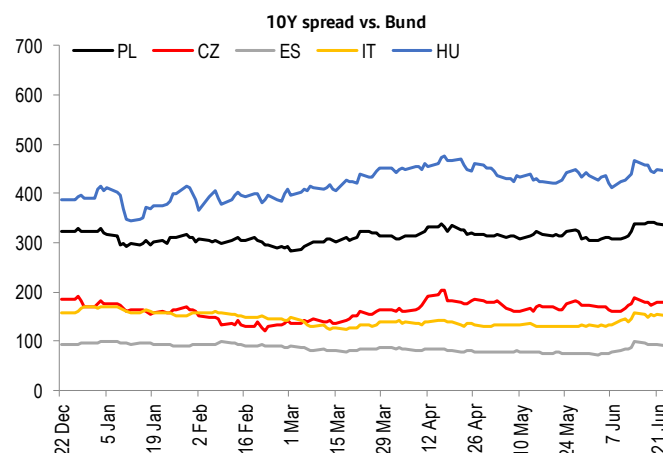
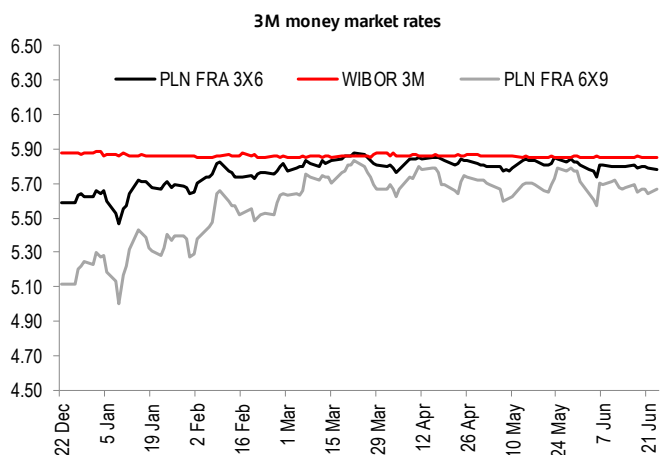
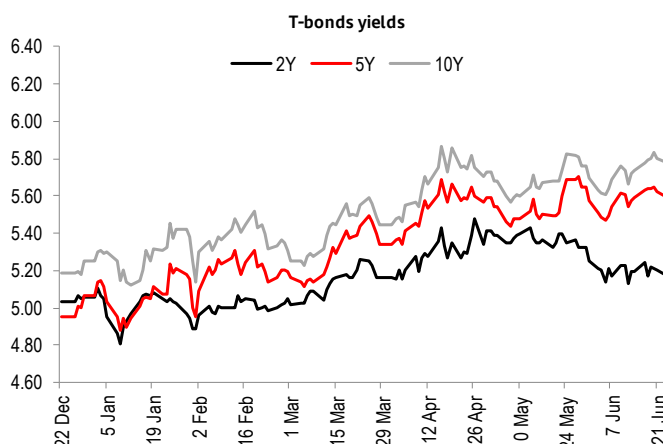
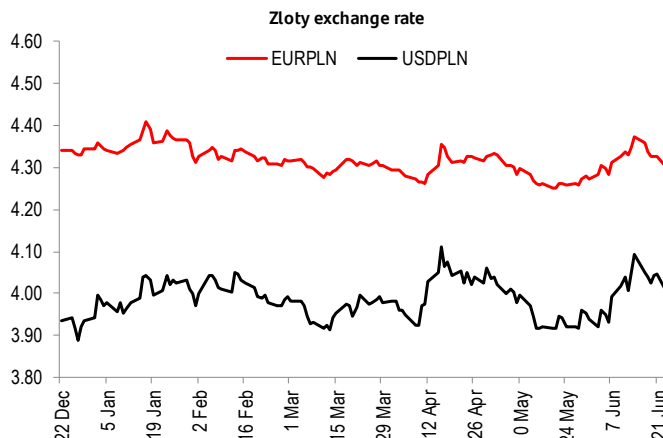
**CDS rates and 10Y yield spread vs. German Bund**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	67	0	335	-4
France	19	0	73	-3
Hungary	120	0	447	-2
Spain	39	0	90	-2
Italy	33	0	151	-3
Portugal	25	0	72	-2
Ireland	13	0	46	-3
Germany	7	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>FRIDAY (21 June)</b>								
09:30	DE	Germany Manufacturing PMI	Jun	pts	46.4	-	43.4	45.4
09:30	DE	Markit Germany Services PMI	Jun	pts	54.3	-	53.5	54.2
10:00	EZ	Eurozone Manufacturing PMI	Jun	pts	47.9	-	45.6	47.3
10:00	EZ	Eurozone Services PMI	Jun	pts	53.4	-	52.6	53.2
16:00	US	Existing Home Sales	May	% m/m	-1.0	-	-0.7	-1.9
<b>MONDAY (24 June)</b>								
10:00	DE	IFO Business Climate	Jun	pts	89.6	-	88.6	89.3
10:00	PL	Construction Output	May	% y/y	-4.8	-5.0	-6.5	-2.0
10:00	PL	Retail Sales Real	May	% y/y	5.4	4.4	5.0	4.1
14:00	PL	Money Supply M3	May	% y/y	7.4	7.4	8.0	7.4
<b>TUESDAY (25 June)</b>								
10:00	PL	Unemployment Rate	May	%	5.0	5.0	-	5.1
16:00	US	Consumer Conference Board	Jun	pts	100.0	-	-	102.0
<b>WEDNESDAY (26 June)</b>								
16:00	US	New Home Sales	May	% m/m	0.6	-	-	-4.7
<b>THURSDAY (27 June)</b>								
11:00	EZ	ESI	Jun	pct.	96.1	-	-	96.0
14:30	US	Durable Goods Orders	May	% m/m	-0.3	-	-	0.6
14:30	US	GDP Annualized	1Q	% Q/Q	1.4	-	-	1.3
14:30	US	Initial Jobless Claims		k	235	-	-	238
14:30	CZ	Central Bank Rate Decision	Jun	%	5.00	5.00	-	5.25
16:00	US	Pending Home Sales	May	% m/m	0.5	-	-	-7.7
<b>FRIDAY (28 June)</b>								
09:00	CZ	GDP SA	1Q	% y/y	0.2	-	-	0.2
10:00	PL	CPI	Jun	% y/y	2.6	2.5	-	2.5
14:30	US	Personal Spending	May	% m/m	0.3	-	-	0.2
14:30	US	Personal Income	May	% m/m	0.4	-	-	0.3
14:30	US	PCE Deflator SA	May	% m/m	0.0	-	-	0.3
16:00	US	Michigan index	Jun	pts	66.0	-	-	65.6

Source: Santander Bank Polska, Bloomberg, Parkiet

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

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