

Eyeopener

New industrial orders still falling

Today no major data releases in Poland and CEE region
 Registered unemployment rate fell from 5.1% to 5.0%, as expected
 New industrial orders fell, close to local low from 2023
 EURPLN below 4.30, market rates lower

Today, the economic calendar is almost empty and only includes May data on sales of new houses in the US, which, according to the market consensus, should show an increase of 0.6% m/m. We are still waiting for information on the revision of gas and electricity tariffs provided for in the Energy Voucher Act, which were to take effect from July.

The overall synthetic business climate index by GUS registered its second consecutive decline in June, by 0.9 pts to 95.3, which brought it to its lowest level since November last year. The drop in the index resulted from the third consecutive deterioration in its leading component, which fell by 2.0 pts to 93.4 pts, its lowest level since September last year. The current situation component registered a slight improvement, by 0.5 pts to 97.6 pts. Most sectoral indicators also weakened, including the services sector's index by 2.2 pts, the retail sector's index by 0.9 pts and the construction sector's index by 0.4 pts. In the case of the construction sector, this represents the third month of weakening, although its index is still the highest of all the sectors surveyed. The only sector that registered a minimal improvement, by 0.1 pts, was the manufacturing sector (whose index is the lowest of all the sectors surveyed).

New orders in industry fell by 9.9% y/y in May, and new orders for exports by 7.0% y/y, which was the result of a monthly decline of 8.1% m/m and 6.3% m/m, respectively, and thus a decrease in the value of total orders close to the local lows of 2023. The weakening of industrial orders is a continuation of negative surprises in the May data, seen also in the data on industrial and construction output, and is probably also related to calendar effects, i.e. a relatively low number of working days.

The registered unemployment rate fell to 5.0% in May from 5.1% in April, as expected. In the coming months, we expect a further, slight decrease in the unemployment rate to an average of 4.8% in the second half of the year.

A decision on the reference index that will replace WIBOR can be expected in the second half of July or early August according to Polish Bank Association President Tadeusz Biątek.

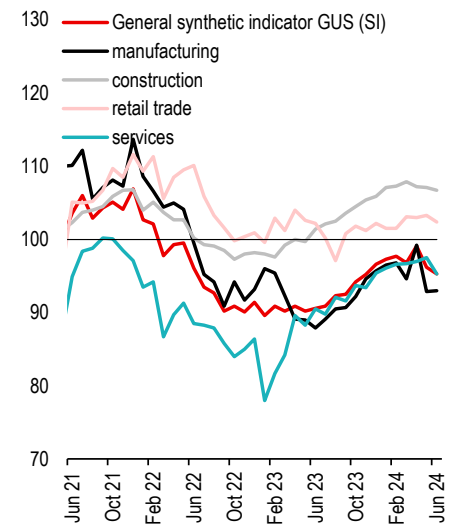
In April, domestic tourists spent 4.87 mn nights in Polish tourist facilities (-1.7% y/y) and foreign tourists spent 1.24 mn nights (-7.3% y/y). While in previous months the weakening of domestic tourist demand went hand in hand with an increase in foreign tourist demand, in April the weakening was across the board, with a 2.9% y/y decline in the total number of nights provided, the strongest in more than a year.

The volume of world trade calculated by the World Trade Monitor survey rose 1.5% in April, following an earlier decline of 1.1%. Its 3M average growth rate rose to 1.2%, its best performance since August 2022, and the annual growth rate was 1.8%. On an annual basis, the strongest growth was in trade of developing Asian economies excluding China (7.0% y/y), China (5.3% y/y) and the US (4.0% y/y).

Stabilization on the foreign exchange market. The EURPLN remained below 4.30 yesterday, with a slight weakening of the forint and strengthening of the Czech koruna. The dollar gained slightly against the euro towards 1.07, supported by not dovish comments from Fed representatives (L. Cook, M. Bowman). The mood on stock markets in Europe was mixed and slightly better in the US. Markets are looking forward to Friday's inflation data from the US.

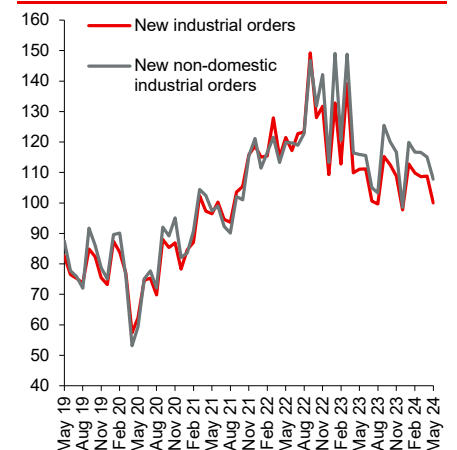
Further declines in market rates. In yesterday's session, FRA rates fell more sharply at the long end of the curve, IRS rates fell 3-5bp and bond yields fell 1-2bp. Changes in the core markets were limited, and the drop in domestic rates was partly an aftermath of earlier release of weak industrial production and European PMI data reinforced yesterday by a deterioration in industrial orders data published by the statistical office. We assume that Friday's Polish inflation data may be slightly below consensus, which could sustain the downward movement, but also given the upward trend in CPI and in economic activity, we assume there will soon be potential for an upward rebound in rates.

Synthetic business climate indicators



Source: GUS, Santander

Industrial new orders, 2021 = 100



Source: GUS, Santander

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FX market

Today's opening

EURPLN	Paused at 0€	CZKPLN	Paused at 08:58:02
USDPLN	Paused at 0€	HUFPLN*	Paused at 08:58:02
EURUSD	Paused at 0€	RUBPLN	▲ #ARG!
CHFPLN	Paused at 0€	NOKPLN	Paused at 08:58:01
GBPPLN	Paused at 0€	DKKPLN	Paused at 08:58:01
USDCNY	Paused at 0€	SEKPLN	Paused at 08:58:01

*for 100HUF

Last session in the FX market 25/06/2024

	min	max	open	close	fixing
EURPLN	4.2862	4.3036	4.2889	4.2997	Paused at 08:58:01
USDPLN	3.9915	4.0257	3.9929	4.0170	Paused at 08:58:01
EURUSD	1.0689	1.0743	1.0738	1.0702	

Interest rate market

25/06/2024

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0426 (2Y)	5.11	-6
WS0429 (5Y)	5.55	-4
DS1033 (10Y)	5.75	-3

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.74	-8	5.31	1	3.46	0
2L	5.33	-2	4.84	2	3.18	1
3L	5.08	-3	4.55	2	2.99	0
4L	4.98	-3	4.38	2	2.89	0
5L	4.94	-3	4.27	2	2.82	0
8L	4.99	-4	4.13	1	2.75	0
10L	5.07	-4	4.11	1	2.76	0

WIRON rate

Term	%	Change (bps)
WIRON	Paused at 08:58:01	▲ #ARG!

WIBOR rates

Term	%	Change (bps)
O/N	Paused at 08:58:01	▲ #ARG!
T/N	Paused at 08:58:02	▲ #ARG!
SW	Paused at 08:58:01	▲ #ARG!
1M	Paused at 08:58:01	▲ #ARG!
3M	Paused at 08:58:01	▲ #ARG!
6M	Paused at 08:58:01	▲ #ARG!
1Y	Paused at 08:58:01	▲ #ARG!

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.84	0
3x6	5.77	-2
6x9	5.60	-7
9x12	5.28	-12
3x9	5.76	-3
6x12	5.57	-6

CDS rates and 10Y yield spread vs. German Bund

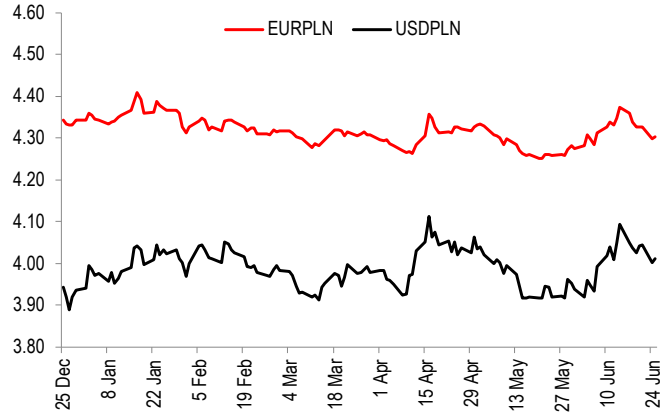
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	68	0	334	-2
France	19	0	72	-1
Hungary	120	0	441	-6
Spain	38	-1	91	0
Italy	32	-1	153	2
Portugal	27	2	73	1
Ireland	13	0	45	-1
Germany	7	0	-	-

* 10Y treasury bonds over 10Y Bunds

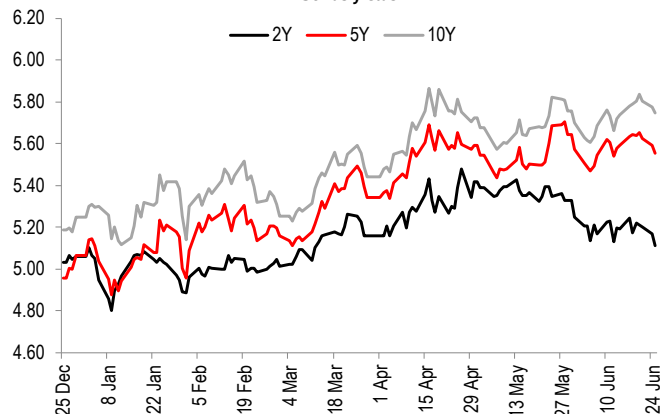
**Information shows bid levels on the interbank market at the end of the trading day

Source: Refinitiv, Datastream

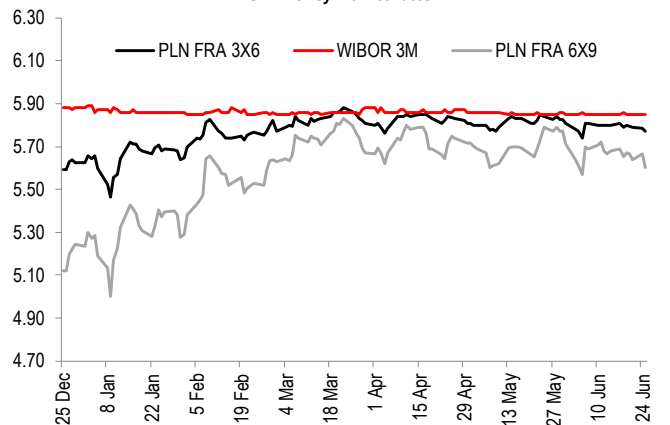
Zloty exchange rate



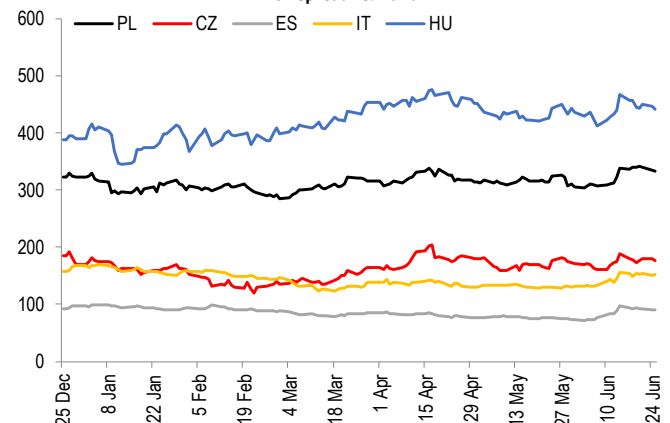
T-bonds yields



3M money market rates



10Y spread vs. Bund



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*	
				MARKET	SANTANDER			
FRIDAY (21 June)								
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
MONDAY (24 June)								
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
TUESDAY (25 June)								
10:00	PL	Unemployment Rate	May	%	5.0	5.0	5.0	5.1
16:00	US	Consumer Conference Board	Jun	pts	100.0	-	100.4	101.3
WEDNESDAY (26 June)								
16:00	US	New Home Sales	May	% m/m	0.6	-	-	-4.7
THURSDAY (27 June)								
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
FRIDAY (28 June)								
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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