

# Weekly Economic Update

## New data plus ECB meeting

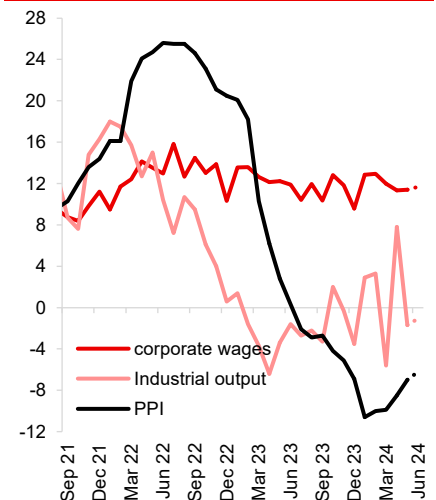
### Economy next week

- We are approaching the next round of monthly data releases. **On Monday, we will get the full data on June CPI inflation and the May balance of payments, on Tuesday core inflation, on Wednesday the July consumer confidence survey results, on Thursday wage and employment data, as well as industrial production and PPI inflation.**
- In June this year, the calendar effect still had a negative impact on activity indicators calculated on year-over-year basis, but not as strongly as in May - the number of working days was only 1 less than a year earlier. Our forecasts are not very far from the consensus – in industrial production we are slightly below the median (forecasting a decrease by 4.1% y/y), in wages slightly above (with a forecast of 11.7% y/y), our current account balance estimate is also slightly higher than the consensus (+EUR289mn). All in all, it seems that the publications from the coming week should not significantly change the expected economic scenario or expectations regarding the monetary policy outlook.
- Abroad, the market may pay attention to 2Q GDP data in China, retail sales in Germany and the US, industrial production in the euro area and the US, as well as European HICP inflation.
- However, the week's main event will be the **ECB meeting on Thursday**. Analysts and investors unanimously expect a pause after the bank decreased main interest rates by 25 bps in June, marking the first cut in 5 years. The market is pricing in about 3 more rate cuts over the next 12 months.

### Markets next week

- After a considerable strengthening of the zloty over the past month and reaching important resistance levels near 4.25 against the euro, **we see the potential for a correction towards a slightly weaker zloty in the coming days**. This will not necessarily be supported by the current account balance data due on Monday, which may show a small surplus, slightly above market consensus, and an improvement over April. However, the following days may give fewer reasons supporting the zloty such as the lack of a rate cut by the ECB and a cautious message regarding the further policy easing. The euro could be negatively affected by a weak ZEW. Following the weaker behaviour of the CEE region's currencies, we see a potential for some rebound against the euro and the zloty for the koruna and forint, which could be supported by still good trade balance results from Czechia.
- Still lackluster manufacturing data from the Eurozone, low HICP inflation and a weak ZEW from Germany could mean that **a decline in rates in the core markets could also pass into the Polish market in the first part of the week**. Weak local manufacturing results and the still-low PPI will not be conducive to an upward rebound in market rates after their sizable drop in rates last week. A widening of spreads to core markets and asset swap spreads is possible. With the prospect of rate cuts by the MPC still distant, we assume that the downward trend will not last long and **the possible impulse for an upward adjustment in rates could come from still high wage dynamics and possibly a not-so dovish ECB rhetoric**.

### Wages, industrial production and PPI, % y/y

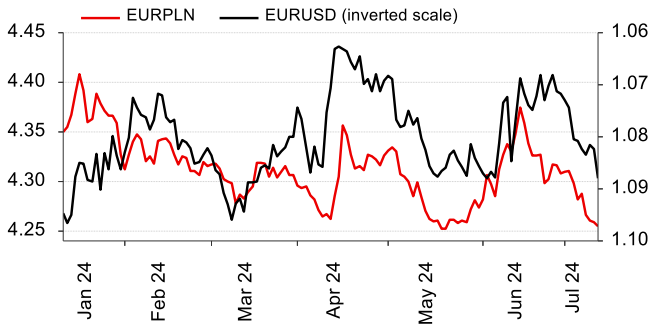


Santander forecasts for June 2024  
Source: GUS, Santander

### Economic Analysis Department:

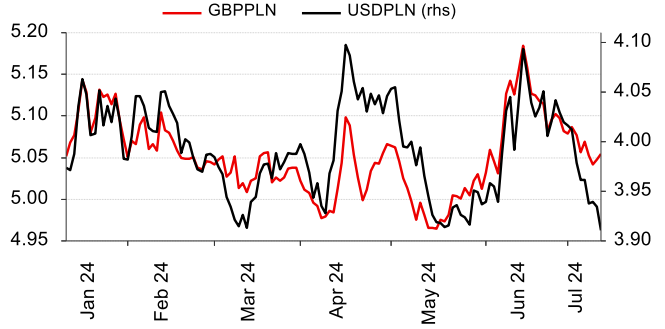
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**EURPLN and EURUSD**



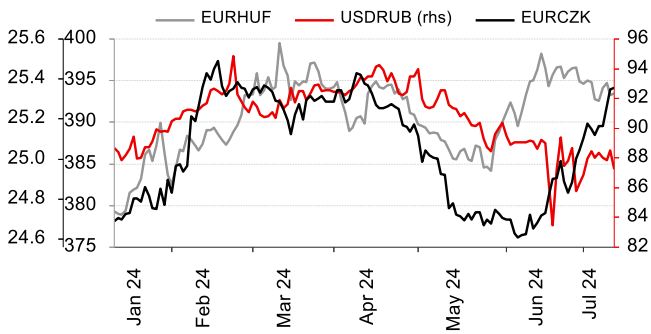
Source: LSEG Datastream, Santander

**GBPPLN and USDPLN**



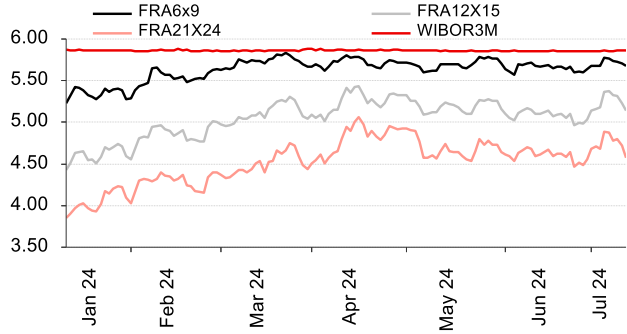
Source: LSEG Datastream, Santander Bank Polska

**EURCZK, EURHUF and USDRUB**



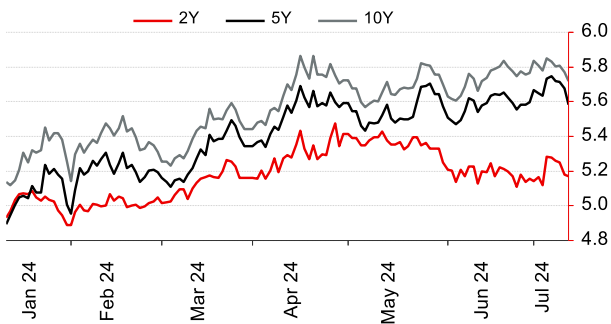
Source: LSEG Datastream, Santander Bank Polska

**PLN FRA and WIBOR3M**



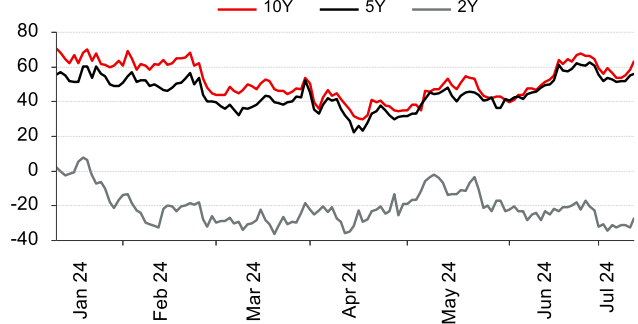
Source: LSEG Datastream, Santander Bank Polska

**Polish bond yields**



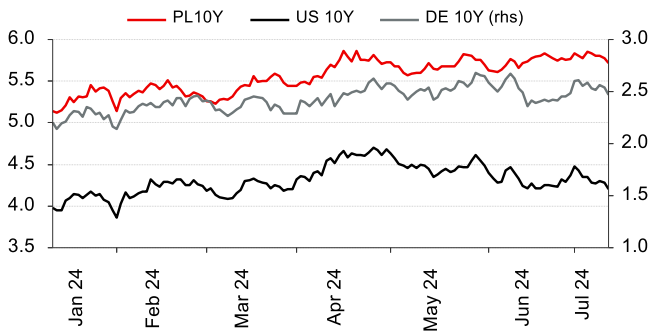
Source: LSEG Datastream, Santander Bank Polska

**Asset swap spreads**



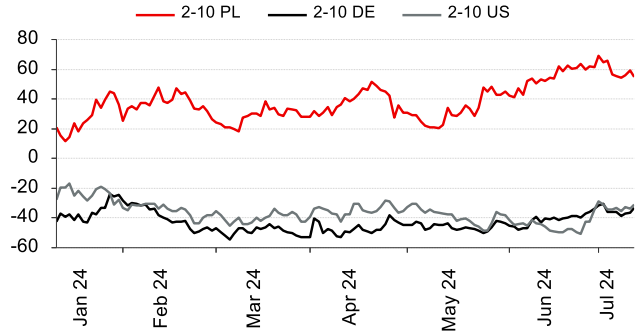
Source: LSEG Datastream, Santander Bank Polska

**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	
				MARKET	SANTANDER	VALUE	
<b>MONDAY (15 July)</b>							
10:00	PL	CPI	Jun	% y/y	2.6	2.6	2.5
11:00	EZ	Industrial Production SA	May	% m/m	-1.0		-0.1
14:00	PL	Current Account Balance	May	€mn	186.5	289	-241
14:00	PL	Trade Balance	May	€mn	314.0	338	202
14:00	PL	Exports	May	€mn	27183.0	26498	27979
14:00	PL	Imports	May	€mn	26860.0	26160	27777
<b>TUESDAY (16 July)</b>							
11:00	DE	ZEW Survey Current Situation	Jul	pts	-75.5		-73.8
14:00	PL	CPI Core	Jun	% y/y	3.7	3.7	3.8
14:30	US	Retail Sales Advance	Jun	% m/m	-0.15		0.1
<b>WEDNESDAY (17 July)</b>							
11:00	EZ	HICP	Jun	% y/y	2.5		2.5
14:30	US	Housing Starts	Jun	% m/m	1.8		-5.5
15:15	US	Industrial Production	Jun	% m/m	0.25		0.67
<b>THURSDAY (18 July)</b>							
10:00	PL	Employment in corporate sector	Jun	% y/y	-0.4	-0.5	-0.5
10:00	PL	Average Gross Wages	Jun	% y/y	11.5	11.7	11.4
10:00	PL	Sold Industrial Output	Jun	% y/y	-1.5	-1.1	-1.7
10:00	PL	PPI	Jun	% y/y	-6.25	-6.2	-7.0
14:15	EZ	ECB Main Refinancing Rate	Jul/24	%	4.25		4.25
14:30	US	Initial Jobless Claims	Jul/24	k	235.0		222.0
<b>FRIDAY (19 July)</b>							
No data releases							

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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