

15 January 2025

Eyeopener

Details of December inflation are out today

Today detailed data on December CPI inflation in Poland and the USA

US PPI inflation below forecasts

Złoty stable, the rise in Polish bond yields continues

Today, the stats office releases the final estimate of CPI inflation in December, including details of price dynamics in all its components. The data will likely confirm the quick estimate that CPI inflation rose by 0.1 percentage points to 4.8% y/y, which was slightly less than had been expected, in part due to a relatively modest increase in food prices. December's inflation data will also be released in the US and, according to the market consensus, should indicate a 0.3% m/m rise in price levels, as in November. Also today, the final readings of December CPI inflation will be shown for France (according to the preliminary estimate, it remained at 1.3% y/y) and Spain (tentatively estimated at 2.8% y/y against 2.4% in November and 1.8% in October). In addition, November industrial production data will be published in the euro area.

According to the GUS data on Poland's trade in goods, exports expressed in euro fell by 6.4% y/y in November, including exports to Germany by 10.1% y/y, to France by 11.3% y/y and to the EU as a whole by 8.4% y/y. Of the major partners, y/y growth was recorded in Ukraine (up 25.2%), the UK (1.7%) and the US (0.7%). Imports fell by 1.5% y/y, although the value of supplies from both South Korea and Saudi Arabia increased by around 45% y/y and the growth rate of imports from the USA remained above 20% y/y. However, the momentum of deliveries from the main partners was noticeably weaker than in the previous months (imports from Germany fell by 9.1% y/y against an average for the previous three months of -0.3% y/y, imports from China increased by 0.6% y/y with the average for August-October close to +20% y/y).

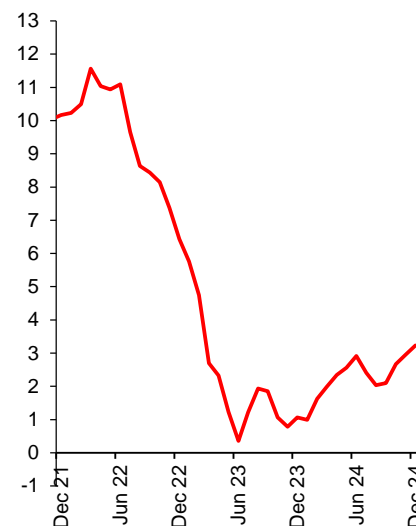
US PPI inflation stood at 3.3% y/y in December against forecasts of 3.5% y/y. The increase in PPI from November's 3.0% y/y reading was mainly due to more expensive fuels. The data may, in the market's view, increase the chances for a downward surprise in today's consumer inflation data.

Robert Holzmann, representing Austria on the ECB Governing Council, assessed that it is uncertain whether the Council will cut interest rates at its decision-making meeting on 30 January. He is regarded as one of the most hawkish among ECB policymakers. Markets have been convinced since the 25bp rate cut in December that the move will be repeated in January. Holzmann pointed out that core inflation in the euro zone is still closer to 3% y/y than 2% y/y (i.e. the ECB's inflation target) and that there is a lot of turbulence around energy. Holzmann added, however, that he hoped to achieve the inflation target by the end of the year.

The Polish zloty strengthened slightly on Tuesday, which brought EURPLN to the level from the end of last week, below 4.27. When it comes to other currencies of the region, the Czech koruna depreciated against the euro by around 0.2% and the Hungarian forint registered only negligible changes. The Hungarian currency was supported by higher-than-expected CPI inflation, which in the market's view reduced the chances for further monetary easing. The Hungarian central bank made its last cut, by 25 bps, in September, after which it kept rates unchanged at three consecutive meetings, also in order not to trigger further depreciation of the forint.

Polish bond yields continued to rise, increasing by around 4-6bp, most strongly in the middle of the curve. Similar changes took place in the case of German bonds, whose yields rose by 2-6bp, also strongest in the middle of the curve. Changes in US bond yields were mostly negligible. Apart from this, domestic IRS rates increased by 3-5bp, most strongly at the long end of the curve, and FRA rates by 1-5bp.

US PPI inflation, % y/y



Source: LSEG, Santander

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FX market

Today's opening			
EURPLN	4.2640	CZKPLN	0.1686
USDPLN	4.1430	HUFPLN*	1.0359
EURUSD	1.0293	RONPLN	0.8577
CHFPLN	4.5414	NOKPLN	0.3639
GBPPLN	5.0483	DKKPLN	0.5715
USDCNY	7.3318	SEKPLN	0.3703

*for 100HUF

Last session in the FX market					14.01.2025
	min	max	open	close	fixing
EURPLN	4.2621	4.2771	4.2716	4.2658	4.2737
USDPLN	4.1386	4.1746	4.1688	4.1451	4.1658
EURUSD	1.0238	1.0304	1.0244	1.0289	

Interest rate market 14.01.2025

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
PS1026 (2L)	5.38	7
DS1029 (5L)	5.87	3
DS1034 (10L)	6.14	4

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.62	1	4.53	-2	2.46	1
2L	5.29	4	4.49	-2	2.45	4
3L	5.18	5	4.52	-2	2.47	4
4L	5.15	6	4.56	-1	2.50	4
5L	5.19	6	4.56	-1	2.52	4
8L	5.30	7	4.55	0	2.58	4
10L	5.38	7	4.59	0	2.62	4

WIBOR rates

Term	%	Change (bps)
O/N	5.76	10
T/N	5.79	1
SW	5.80	0
1M	5.82	-2
3M	5.84	0
6M	5.79	0
1Y	5.62	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.82	1
3x6	5.65	2
6x9	5.39	1
9x12	5.14	1
3x9	5.61	3
6x12	5.34	2

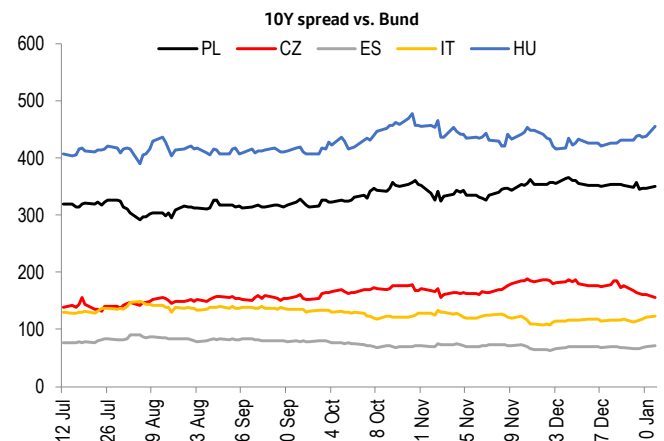
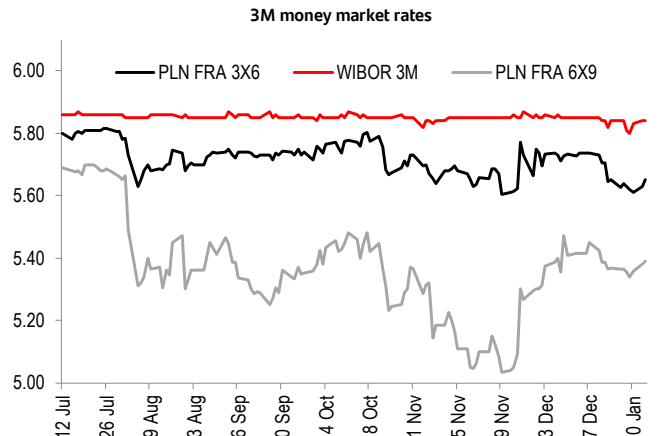
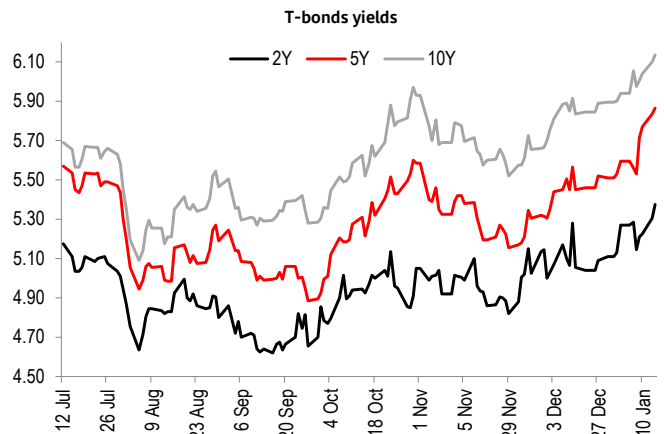
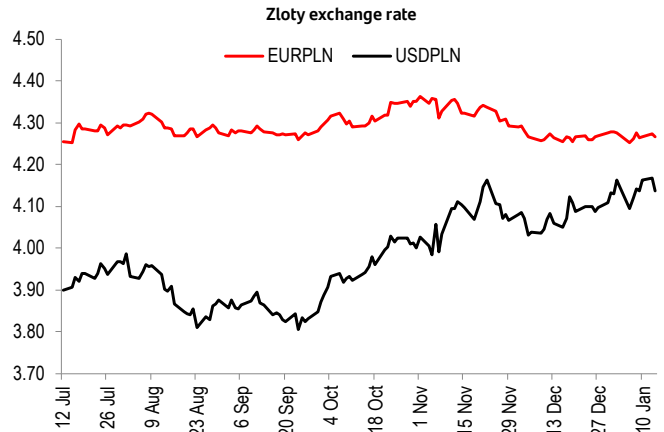
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	70	0	351	4
France	22	1	86	1
Hungary	126	0	455	17
Spain	35	-1	71	2
Italy	26	-1	124	3
Portugal	19	0	49	2
Ireland	11	0	29	1
Germany	8	0	-	-

* 10Y treasury bonds over 10Y Bunds

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

Source: LSEG, Datastream



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*	
				MARKET	SANTANDER			
FRIDAY (10 January)								
14:30	US	Change in Nonfarm Payrolls	Dec	k	165	-	256	212
14:30	US	Unemployment Rate	Dec	%	4.2	-	4.1	4.2
16:00	US	Michigan index	Jan	pts	74.0	-	73.2	74.0
MONDAY (13 January)								
09:00	CZ	CPI	Dec	% y/y	3.3	-	3.0	2.8
14:00	PL	Current Account Balance	Nov	€mn	99	32	-521	1 220
14:00	PL	Trade Balance	Nov	€mn	-1095	-1 611	-1 646	-571
14:00	PL	Exports	Nov	€mn	29 096	29 093	28 371	30 483
14:00	PL	Imports	Nov	€mn	30 352	30 704	30 017	31 054
TUESDAY (14 January)								
08:30	HU	CPI	Dec	% y/y	4.3	-	4.6	3.7
WEDNESDAY (15 January)								
10:00	PL	CPI	Dec	% y/y	4.8	4.8	-	4.7
11:00	EZ	Industrial Production SA	Nov	% m/m	0.3	-	-	0.0
14:30	US	CPI	Dec	% m/m	0.3	-	-	0.3
THURSDAY (16 January)								
	PL	MPC decision	Jan	%	5.75	5,75	-	5.75
08:00	DE	HICP	Dec	% m/m	0.7	-	-	0.7
14:00	PL	CPI Core	Dec	% y/y	4.2	4.2	-	4.3
14:30	US	Initial Jobless Claims	weekly	k	215	-	-	201
14:30	US	Retail Sales Advance	Dec	% m/m	0.5	-	-	0.7
FRIDAY (17 January)								
11:00	EZ	HICP	Dec	% y/y	2.4	-	-	2.2
14:30	US	Housing Starts	Dec	% m/m	2.0	-	-	-1.8
15:15	US	Industrial Production	Dec	% m/m	0.3	-	-	-0.2

Source: Santander Bank Polska. Bloomberg. Parkiet

* in the case of a revision the data is updated

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