

21 February 2025

## Eyeopener

### Solid rebound in construction output

Today, GUS business climate indicators, flash PMIs in Europe and USA  
Output in industry and construction above consensus, wage growth slowed  
Zloty again below 4.17, bond yields higher

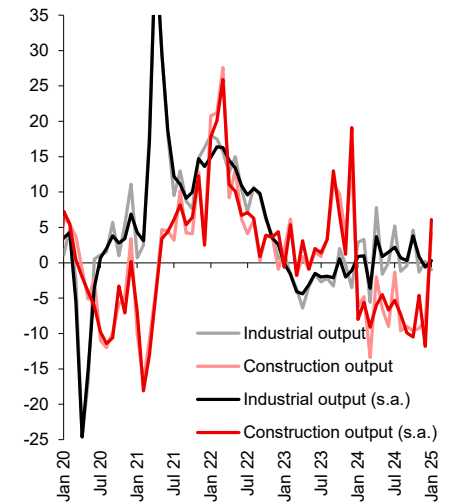
**Today**, GUS releases sectoral business climate indicators for February. Abroad, there will be flash February PMIs for Germany and the euro area. The market expects that the manufacturing PMIs should increase slightly, by 0.4-0.5 pts, while the services PMIs should remain flat. In addition, the final February reading of the Michigan index of consumer sentiment, as well as January home sales data will be released in the US.

**In January, industrial production fell by 1.0% y/y**, in line with our forecast and by less than the market had expected (-1.5% y/y). There was no significant pressure on industrial prices: PPI inflation rebounded to -0.9% y/y, but the market had expected a rise to -0.4%. Construction output beat market expectations by far for the second month in a row with a result of 4.3% y/y, while the median forecast was negative. Such a result suggests that the investment cycle based on EU funds has started to gain momentum. Wages and employment data in the corporate sector for January are subject to distortions due to the annual sample change, so should be interpreted with caution. They showed a further deceleration in wage growth, to 9.2% y/y from December's 9.8% y/y, and a 0.9% y/y decline in employment. Of this set, from the point of view of inflationary pressures, the most significant is the further deceleration in wages, including in services, which – if continued – should open the way for interest rate cuts over time. Read more in our [Economic Comment](#).

**Polish zloty has been clearly appreciating in the first half of the yesterday's session**, correcting its large weakening from Wednesday. Although the strengthening of the zloty was partially reversed in the second half of the day, it brought the EURPLN exchange rate back below 4.17, some 0.2% below Wednesday's close. The EURHUF and EURCZK exchange rates behaved similarly. The movements in the region's exchange rates occurred in parallel with a measured weakening of the dollar against the euro.

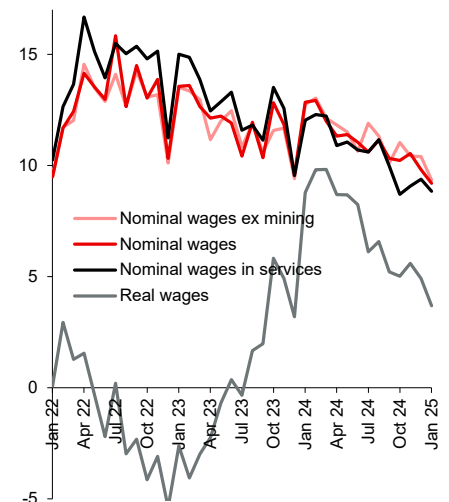
**Domestic yields and money market rates rose slightly**. Polish bond yields went up by 1-2 bps, a little more strongly at the short end of the curve, while German and US bond yields fell by 2-3 bps and 2-4 bps respectively. Domestic IRS rates also rose slightly, by 1-3 bps, as did FRA rates with transaction dates at least twelve months away, by 1-2 bps. Today, there will be a tender of 52-week treasury bills with a planned supply of PLN2-4bn.

#### Industrial and construction output, % y/y



Source: GUS, Santander

#### Wage growth in the corporate sector, % y/y



Source: GUS, Santander

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**FX market**

Today's opening			
EURPLN	4.1615	CZKPLN	0.1659
USDPLN	3.9646	HUFPLN*	1.0252
EURUSD	1.0497	RONPLN	0.8367
CHFPLN	4.4109	NOKPLN	0.3569
GBPPLN	5.0256	DKKPLN	0.5579
USDCNY	7.2476	SEKPLN	0.3725

\*for 100HUF

Last session in the FX market					20/02/2025
	min	max	open	close	fixing
EURPLN	4.1550	4.1780	4.1756	4.1662	4.1723
USDPLN	3.9727	4.0084	4.0045	3.9771	3.9974
EURUSD	1.0422	1.0478	1.0427	1.0474	

**Interest rate market** 20/02/2025

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
PS1026 (2L)	5.31	-1
DS1029 (5L)	5.69	6
DS1034 (10L)	5.94	5

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.65	0	4.50	-1	2.25	-1
2L	5.23	2	4.39	-1	2.28	-2
3L	5.03	2	4.35	-1	2.29	-2
4L	4.98	4	4.36	-2	2.32	-2
5L	4.99	4	4.35	-2	2.35	-1
8L	5.08	5	4.35	-3	2.42	-1
10L	5.16	5	4.39	-3	2.46	-1

**WIBOR rates**

Term	%	Change (bps)
O/N	5.76	7
T/N	5.81	-5
SW	5.83	1
1M	5.82	0
3M	5.87	0
6M	5.82	0
1Y	5.62	0

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

Term	%	Change (bps)
1x4	5.86	0
3x6	5.79	0
6x9	5.45	0
9x12	5.05	1
3x9	5.74	0
6x12	5.40	2

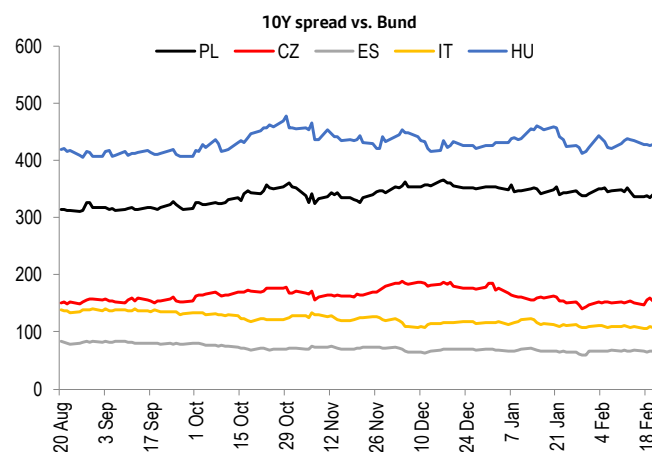
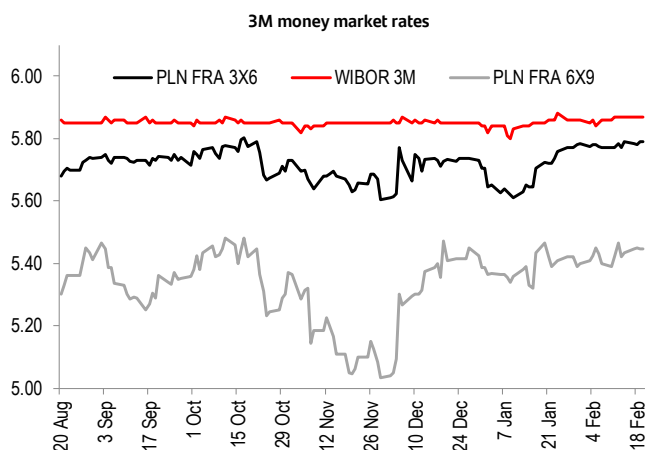
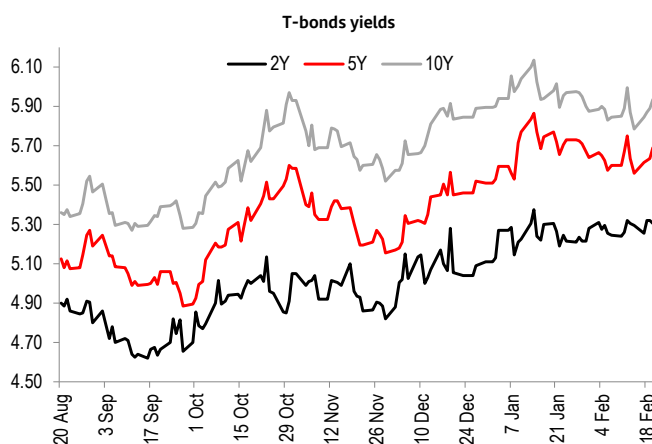
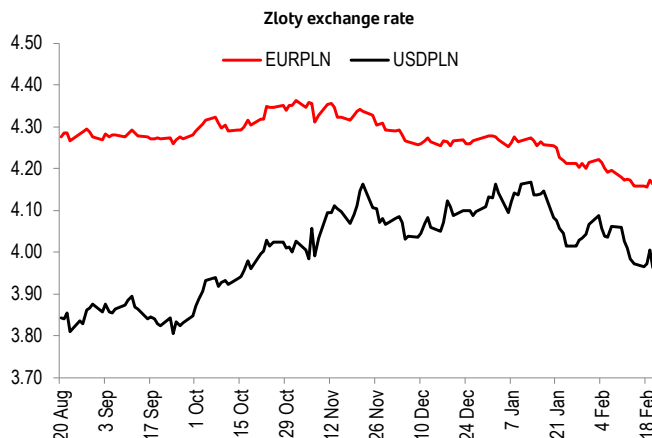
**CDS rates and 10Y yield spread vs. German Bund**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	66	0	340	6
France	16	0	74	5
Hungary	117	0	428	3
Spain	32	0	67	0
Italy	22	0	108	0
Portugal	17	0	52	0
Ireland	10	0	30	-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		
<b>FRIDAY (14 February)</b>								
10:00	PL	CPI	Jan	% y/y	5.0	5.1	5.3	4.7
11:00	EZ	GDP SA	4Q	% y/y	0.9	-	0.9	0.9
14:30	US	Retail Sales Advance	Jan	% m/m	-0.2	-	-0.9	0.7
15:15	US	Industrial Production	Jan	% m/m	0.3	-	0.5	1.0
<b>MONDAY (17 February)</b>								
No key data releases or economic events								
<b>TUESDAY (18 February)</b>								
11:00	DE	ZEW Survey Current Situation	Feb	pts	-89.4	-	-88.5	-90.4
<b>WEDNESDAY (19 February)</b>								
14:30	US	Housing Starts	Jan	% m/m	-7.0	-	-9.8	16.1
20:00	US	FOMC Meeting Minutes	Jan					
<b>THURSDAY (20 February)</b>								
10:00	PL	Employment in corporate sector	Jan	% y/y	-0.6	-0.6	-0.9	-0.6
10:00	PL	Average Gross Wages	Jan	% y/y	9.2	9.4	9.2	9.8
10:00	PL	Sold Industrial Output	Jan	% y/y	-1.0	-1.0	-1.0	0.2
10:00	PL	Construction Output	Jan	% y/y	0.3	-2.7	4.3	-8.0
10:00	PL	PPI	Jan	% y/y	-0.4	-0.4	-0.9	-2.7
14:30	US	Initial Jobless Claims	weekly	k	216	-	219	214
<b>FRIDAY (21 February)</b>								
09:30	DE	Germany Manufacturing PMI	Feb	pts	45.5	-	-	45.0
09:30	DE	Markit Germany Services PMI	Feb	pts	52.5	-	-	52.5
10:00	EZ	Eurozone Manufacturing PMI	Feb	pts	47.0	-	-	46.6
10:00	EZ	Eurozone Services PMI	Feb	pts	51.5	-	-	51.3
16:00	US	Michigan index	Feb	pts	-	-	-	67.8
16:00	US	Existing Home Sales	Jan	% m/m	-2.1	-	-	2.2

Source: Santander Bank Polska. Bloomberg. Parkiet

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

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