

14 February 2025

# Eyeopener

## Today January CPI inflation

Today domestic inflation in January, start of the Munich Security Conference  
 GDP growth accelerated in 4Q24 to 3.2% y/y, slightly below forecasts  
 December current account balance at -€0.8bn, better than expected  
 Zloty weaker, bonds stronger

**Today**, the stats office releases CPI inflation data for January. We expect inflation to increase to 5.1% y/y from 4.7% y/y in December, partly due to increases in food and fuel prices. In addition, we will see the second estimate of GDP growth in the euro area in 4Q24, and data from the US on retail sales and industrial production in January. Today also marks the start of the Munich Security Conference, where proposals for a peace plan for Ukraine may emerge.

**GDP growth accelerated to 3.2% y/y in 4Q24**, according to the flash estimate, up from 2.7% y/y in 3Q. It was a notch below Bloomberg consensus forecast (3.3% y/y) and clearly below our estimate of 3.5% y/y. Seasonally adjusted GDP jumped 1.3% q/q, after 0.1% in 3Q (revised up from -0.1% q/q). The flash estimate does not provide any details about the GDP breakdown (it will be revealed on Feb 27), but the earlier release of GDP for the entire 2024 suggested that reacceleration of consumption and investments were behind a pickup in GDP growth. Overall, the data confirm that the slowdown recorded in 3Q was a one-off, however we feel a bit disappointed as we anticipated higher result. The next quarters should see continuation of economic growth above 3%, fuelled mainly by reviving investments and steady consumption growth.

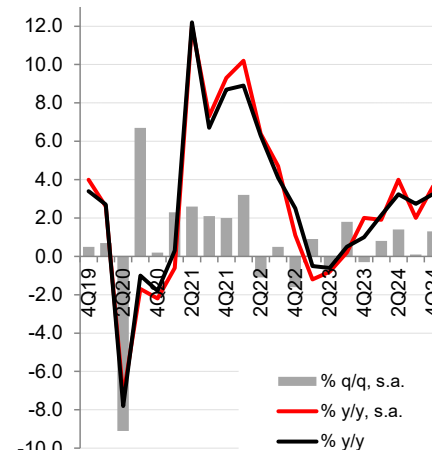
**In December, Polish C/A balance was -€803m** vs. -€1475m market consensus and our -€1774m forecast. The previous print was revised up from -€521m to -€33m. December trade balance in goods was -€2236m, the second lowest in the last two years and came a bit below market expectations and just €25m above our call. We were right to expect export growth to improve to -0.3% y/y (-3.1% y/y previously) and import growth to reach +3.9% y/y (up from -0.4% y/y in November). Services balance at €3626 was only marginally above our expectations. The upside surprise with the C/A balance was based on improvement in secondary income balance from -€488m to €131m. Primary income balance was -€2324m. Goods export growth was mostly driven by continued weakness in cars, car parts and delivery vans. At the same time, passenger cars, new and used, remained the driver of import growth, accompanied by consumer goods and agricultural products. The 12M rolling sum of C/A balances shrank to +0.1% in December from +0.2% in November and we expect it to soon turn negative and head for c. -1% at the end of this year. Domestic demand recovery should keep putting upside pressure on imports, while the weakness of the European economy can keep export growth low.

**The Minister for Development and Technology, Krzysztof Paszyk, presented the new housing market support programme.** The programme envisages allocating at least PLN2.5bn for social and communal housing, offering flats for cheap rent, as well as offering support in the purchase of one's own flat. However, purchase support will only apply to dwellings from the secondary market, which have been in the possession of the seller for at least three years and whose price does not exceed PLN10-11k per square metre (the limit can be raised by municipalities). An exception to the principle of supporting only purchases from the secondary market is to be made for flats built by so-called 'social investors'. The minister added that only Polish citizens will qualify for support.

**On Thursday, the EURPLN exchange rate completely corrected its decline from Wednesday evening.** The weakening of the Polish currency occurred in parallel to a strengthening of the dollar against the euro and may have been further supported by weaker-than-expected Polish GDP data. EURPLN ended the session c. 0.3% above the opening level, i.e. at around 4.172. The Hungarian forint and the Czech koruna also depreciated against the euro, but on a much smaller scale than the Polish zloty.

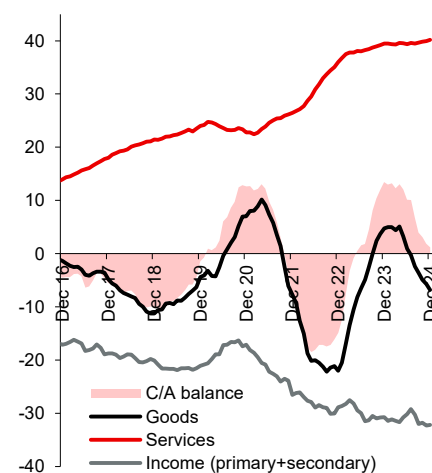
**After the significant rise in Polish yields and money market rates on Wednesday, there were marked declines on Thursday.** Polish bond yields fell by 3-12 bp, mostly in the middle and at the long end of the curve. Declines in yields were also observed on core markets, where they amounted to 4-5 bp for Germany and 4-7 bp for the USA. At the same time, domestic IRS rates fell by 8-12 bp and FRA rates by 1-13 bp.

### GDP growth



Source: GUS, Santander

### Balance of payments, 12M rolling sum, €bn



Source: NBP, Santander

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**FX market**

Today's opening			
EURPLN	4.1670	CZKPLN	0.1671
USDPLN	3.9802	HUFPLN*	1.0385
EURUSD	1.0470	RONPLN	0.8376
CHFPLN	4.4043	NOKPLN	0.3573
GBPPLN	5.0040	DKKPLN	0.5646
USDCNY	7.2746	SEKPLN	0.3712

\*for 100HUF

Last session in the FX market						13/02/2025
	min	max	open	close	fixing	
EURPLN	4.1560	4.1766	4.1567	4.1744	4.1652	
USDPLN	3.9796	4.0210	3.9840	4.0028	3.996	
EURUSD	1.0374	1.0445	1.0433	1.0426		

**Interest rate market**

13/02/2025

**T-bonds on the interbank market\*\***

Benchmark (term)	%	Change (bps)
PS1026 (2L)	5.31	-1
DS1029 (5L)	5.64	-11
DS1034 (10L)	5.87	-12

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.63	-4	4.54	-3	2.21	-2
2L	5.17	-11	4.43	-6	2.23	-3
3L	4.96	-14	4.40	-7	2.24	-4
4L	4.90	-15	4.41	-8	2.26	-4
5L	4.91	-15	4.39	-9	2.27	-5
8L	4.99	-16	4.40	-7	2.33	-4
10L	5.07	-15	4.43	-9	2.37	-4

**WIBOR rates**

Term	%	Change (bps)
O/N	5.69	-3
T/N	5.79	0
SW	5.83	0
1M	5.81	-3
3M	5.87	0
6M	5.83	1
1Y	5.62	0

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

Term	%	Change (bps)
1x4	5.85	-1
3x6	5.77	-2
6x9	5.42	-4
9x12	5.01	-8
3x9	5.72	-2
6x12	5.37	-4

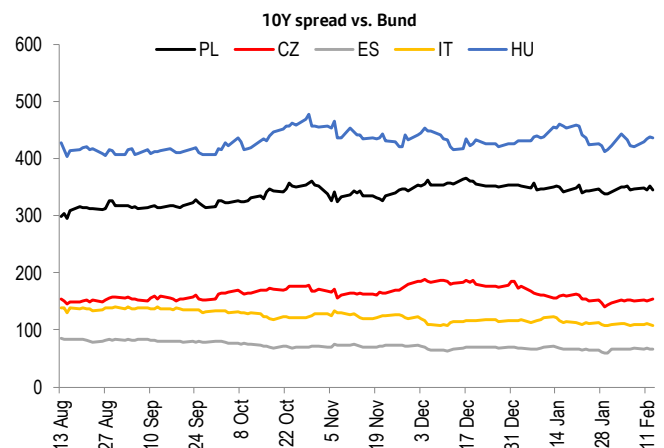
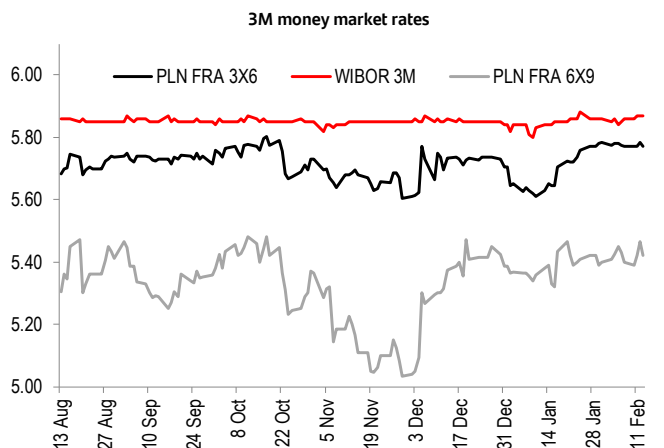
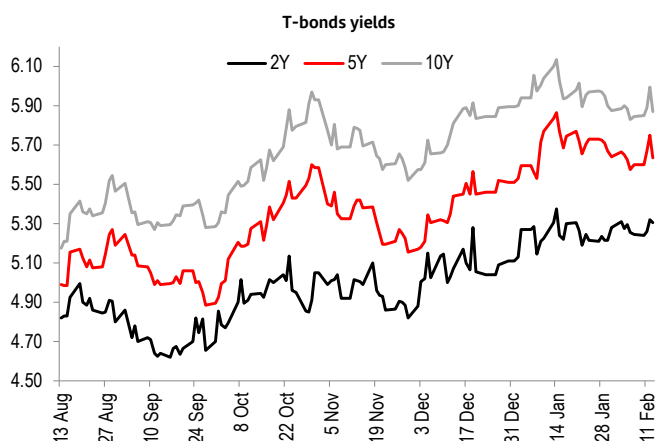
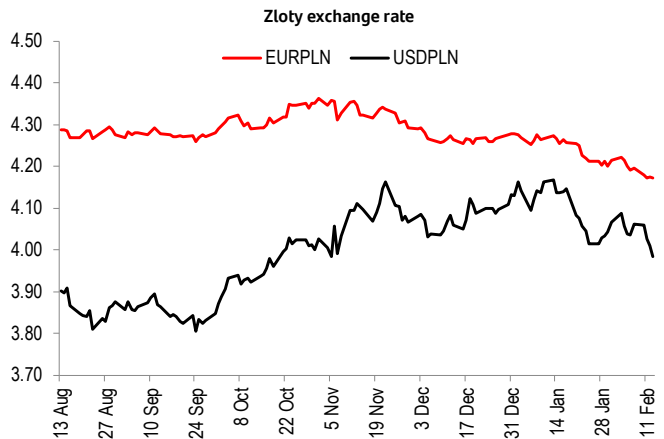
**CDS rates and 10Y yield spread vs. German Bund**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	68	0	345	-6
France	17	-1	69	-3
Hungary	120	-1	437	0
Spain	32	-1	66	-1
Italy	23	0	108	0
Portugal	17	0	52	0
Ireland	10	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		
<b>FRIDAY (7 February)</b>								
08:00	DE	Exports SA	Dec	% m/m	-0.5	-	2.9	2.1
08:00	DE	Industrial Production SA	Dec	% m/m	-0.7	-	-2.4	1.5
14:30	US	Change in Nonfarm Payrolls	Jan	k	175	-	143	256
14:30	US	Unemployment Rate	Jan	%	4.1	-	4.0	4.1
16:00	US	Michigan index	Feb	pts	71.8	-	67.8	71.1
<b>MONDAY (10 February)</b>								
No data releases								
<b>TUESDAY (11 February)</b>								
08:30	HU	CPI	Jan	% y/y	4.8	-	5.5	4.6
<b>WEDNESDAY (12 February)</b>								
09:00	CZ	CPI	Jan	% y/y	2.8	-	2.8	3.0
14:30	US	CPI	Jan	% m/m	0.3	-	0.5	0.4
<b>THURSDAY (13 February)</b>								
08:00	DE	HICP	Jan	% m/m	-0.2	-	-0.2	-0.2
10:00	PL	GDP	4Q	% y/y	3.3	3.5	3.2	2.7
11:00	EZ	Industrial Production SA	Dec	% m/m	-0.6	-	-1.1	0.4
14:00	PL	Current Account Balance	Dec	€mn	-1 475	-1 774	-803	-33
14:00	PL	Trade Balance	Dec	€mn	-2 120	-2 261	-2 236	-1 169
14:00	PL	Exports	Dec	€mn	25 049	24 687	24 703	28 850
14:00	PL	Imports	Dec	€mn	27 264	26 948	26 939	30 019
14:30	US	Initial Jobless Claims	weekly	k	213	-	213	220
<b>FRIDAY (14 February)</b>								
10:00	PL	CPI	Jan	% y/y	5.0	5.1	-	4.7
11:00	EZ	GDP SA	4Q	% y/y	0.9	-	-	0.9
14:30	US	Retail Sales Advance	Jan	% m/m	0.0	-	-	0.4
15:15	US	Industrial Production	Jan	% m/m	0.3	-	-	0.9

Source: Santander Bank Polska. Bloomberg. Parkiet

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

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