

28 February 2025

Weekly Economic Update

End of carnival

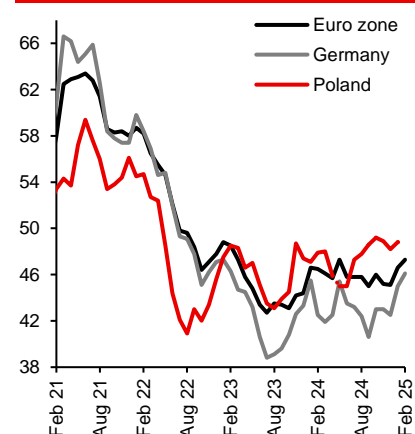
Economy next week

- The beginning of March, and the end of the carnival, should be fairly quiet in terms of economic data releases. The domestic calendar is almost empty, with the exception of the **manufacturing PMI** for February on Monday morning. We anticipate a reading marginally below January's 48.8 points, signalling a stagnation in domestic industry in the absence of a significant recovery in export orders. The strengthening of the zloty in recent weeks could have a negative impact on exporters' sentiment.
- Abroad, PMI indices in manufacturing and services will be released across Europe and overseas, we will see inflation data in the Eurozone and the Czech Republic, and the end of the week will be dominated by the monthly report from the US labour market.
- The ECB and the Bank of Turkey will decide on interest rates on Thursday. We expect another 25bp rate cut in the euro area and that it will leave the door open for further cuts.
- Financial markets will continue to keep a close eye on news regarding talks on the situation in Ukraine and watch US policy actions on tariffs. Donald Trump's recent statements, according to which 25% tariffs on Canada and Mexico and additional 10pp tariffs on China are to be introduced as early as Tuesday 4 March, triggered a temporary correction in equity markets and currencies.

Markets next week

- In our opinion, the issue of a possible ceasefire in Ukraine is still of primary importance for the zloty's exchange rate. We reiterate our opinion from a week ago: if the incoming information makes the scenario of an agreement between Ukraine and Russia more likely, our currency may strengthen even further. **In an optimistic scenario, we do not rule out EURPLN breaking through 4.10 in March. However, any disappointment on this topic and/or a shift of attention to the trade wars will be an argument for a correction.** In the past week we had a very good example of such a situation: EURPLN had already gone below 4.13, but the redirection of investors' focus to the issue of tariff policy after D. Trump's statements triggered a temporary rebound above 4.16.
- In the interest rate market, the decline in the swap and bond curves continues, supported by trends in the core markets and the (justified) assessment that the marked strengthening of the zloty and declines in global oil and natural gas prices will accelerate the disinflation process, which will eventually have to result in NBP interest rate cuts. In the coming week, we do not see significant reason to change the trend, at least until the publication of Friday's US non-farm payrolls report.

Manufacturing PMI, pts.

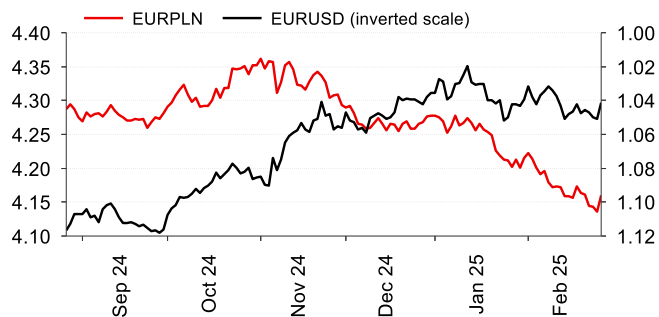


Source: S&P Global, Santander

Economic Analysis Department:

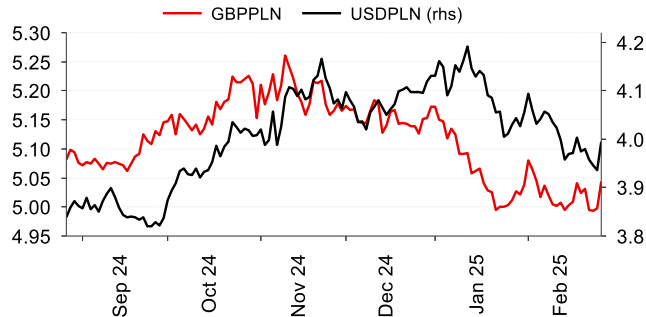
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EURPLN and EURUSD



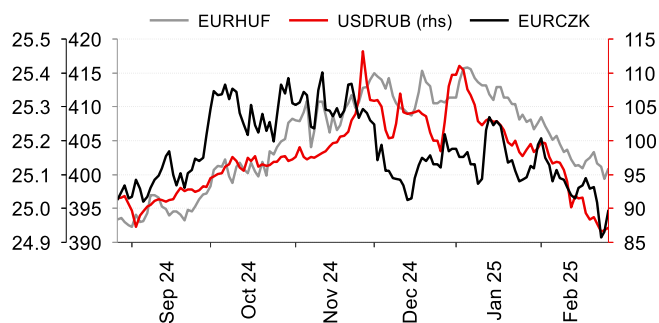
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



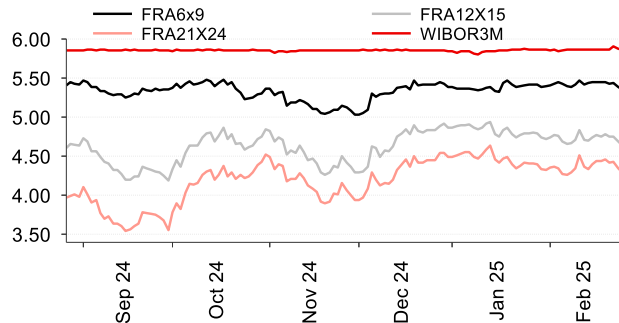
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



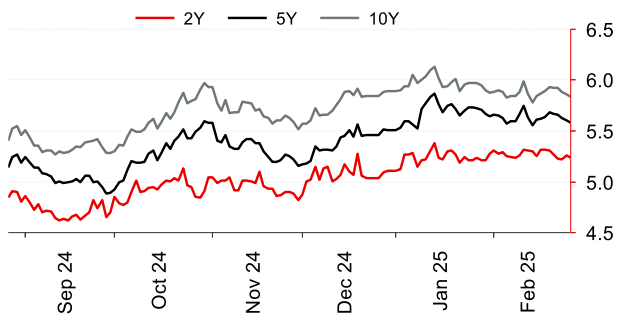
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



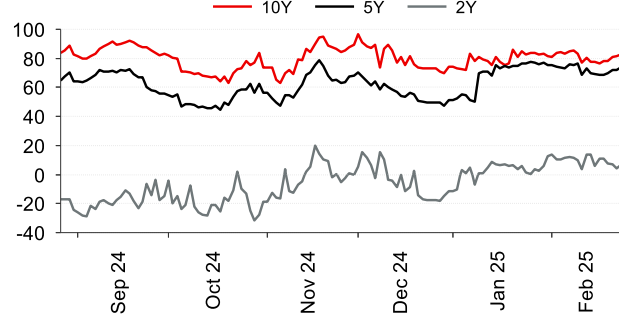
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



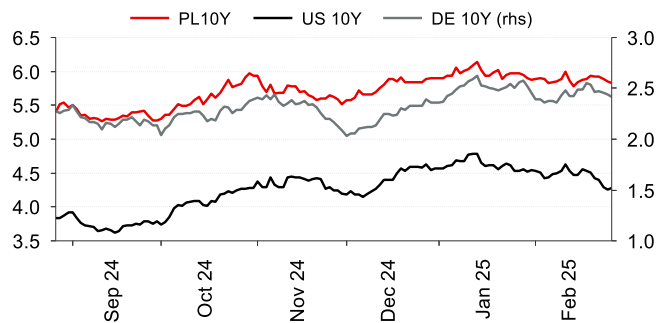
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



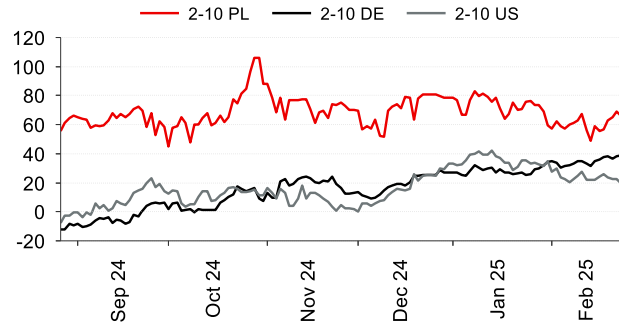
Source: LSEG Datastream, Santander Bank Polska

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 VALUE
					MARKET	SANTANDER	
MONDAY (3 March)							
09:00	PL	Poland Manufacturing PMI	Feb	pts	49.1	48.7	48.8
09:55	DE	Germany Manufacturing PMI	Feb	pts	46.1	-	45.0
10:00	EZ	Eurozone Manufacturing PMI	Feb	pts	47.3	-	46.6
11:00	EZ	Flash HICP	Feb	% y/y	2.3	-	2.5
16:00	US	ISM manufacturing	Feb	pts	50.5	-	50.9
TUESDAY (4 March)							
08:30	HU	GDP	4Q	% y/y	0.4	-	-0.8
11:00	EZ	Unemployment Rate	Jan	%	6.3	-	6.3
WEDNESDAY (5 March)							
02:45	CN	Caixin China PMI Services	Feb	pts	50.8	-	51.0
09:00	CZ	CPI	Feb	% y/y	2.7	-	2.8
09:55	DE	Markit Germany Services PMI	Feb	pts	52.2	-	52.5
10:00	EZ	Eurozone Services PMI	Feb	pts	50.7	-	51.3
14:15	US	ADP report	Feb	k	147.5	-	183.0
14:30	US	Durable Goods Orders	Feb	% m/m	2.0	-	3.1
16:00	US	ISM services	Feb	pts	53.0	-	52.8
16:00	US	Factory Orders	Jan	% m/m	1.4	-	-0.9
THURSDAY (6 March)							
08:30	HU	Industrial Production SA	Jan	% y/y	-3.6	-	-6.4
11:00	EZ	Retail Sales	Jan	% m/m	0.1	-	-0.2
14:15	EZ	ECB Main Refinancing Rate	Mar	%	2.7	-	2.9
14:30	US	Initial Jobless Claims	weekly	k	221	-	242
FRIDAY (7 March)							
08:00	DE	Factory Orders	Jan	% m/m	-2.4	-	6.9
11:00	EZ	GDP SA	4Q	% y/y	0.9	-	0.9
14:30	US	Change in Nonfarm Payrolls	Feb	k	158	-	143
14:30	US	Unemployment Rate	Feb	%	4.0	-	4.0

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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