

29 April 2025

Eyeopener

What about the plan to get rid of excessive deficit?

Today, ESI indicators for April, central bank decision in Hungary, government meeting
Inflow of EU transfers to Poland in March reached almost EUR2bn
Weaker dollar and stronger zloty at the end of the session, small moves in rates market

Today, we will see the April prints of the Economic Sentiment Indicators (ESI) for EU countries, including Poland. According to market expectations, the euro area's ESI should show a slight worsening of economic situation. Apart from that, Hungary's central bank will decide today on the level of interest rates and, according to the consensus, will likely keep them unchanged, leaving the main rate at 6.50%. In the US, there will be the April print of the Conference Board index of consumer sentiment.

Also today, **the government will hold a meeting** to discuss the draft 'Multiannual Macroeconomic Assumptions for 2025-2029' (we will see, among other things, how the Ministry of Finance assessed the impact of aggressive US trade policy on economic outlook) and the first report on the implementation of the 'Medium-term Fiscal-Structural Plan for 2025-2028', the EC's tool for fiscal discipline launched last year, under which Poland presented a plan for reducing its GG deficit below 3% of GDP until 2028. Information on Poland's fiscal condition from recent weeks were significantly worse than it had been put down in the fiscal-structural plan: last year's GG deficit amounted to 6.6% of GDP and, according to a fiscal notification published by Eurostat, the execution of the deficit this year may be around 6.3% of GDP instead of the 5.5% envisaged in the plan. It remains to be seen, therefore, how the government will address this deviation from the plan - whether it will stick to the ambitious path agreed with the EC for getting rid of the excessive deficit over the next years or propose a new one.

In March, EUR1958.4m of EU funds were transferred to Poland, including EUR751.1m under the cohesion policy and EUR1188.0m under the common agricultural policy. Poland's payment to the EU budget amounted to EUR882.3m. A 12 month moving sum of transfers from the EU to Poland amounted to 1.28% of GDP in March, which was still historically low despite a gradual rebound (the local minimum was registered last December at 1.16% of GDP). Cumulative 12-month transfers from Poland to the EU were equivalent to 0.90% of GDP. The data does not include RRF-related flows.

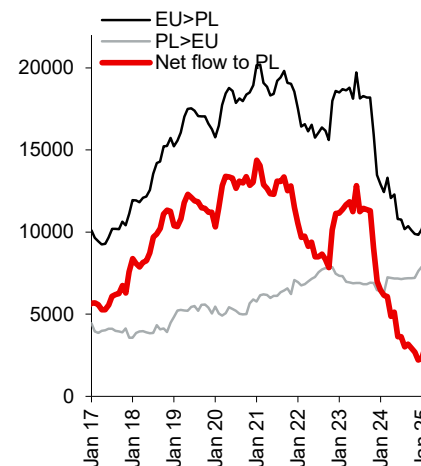
The number of nights spent in domestic tourist establishments amounted to around 6.77 million in February, and thus rose c. 12.8% y/y, following an increase of c. 7.1% y/y in January. The increase in the total number of nights spent was the result of a 14.4% y/y increase in the number of nights spent by domestic tourists (following a 5.8% y/y increase in January) and a 5.3% y/y increase in the number of nights spent by foreign tourists. The domestic tourism industry's performance to date is better than its performance in recent years as well as in 2019 and the pre-pandemic months of 2020.

Minister of Family, Labour, and Social Policy Agnieszka Dziemianowicz-Bąk said in an interview with 'Onet Rano' that PLN10m from the Labour Fund will be allocated to pilot programmes related to the reduction of working time. The minister expressed the hope that recruitment for the programmes would start after the summer holidays, and said that legislative changes would depend on the results of the pilot programmes, which would run for about a year. The minister also added that if the programmes become popular, their funding could be increased the following year.

The EURPLN started the week with a slight increase from its Friday closing level, by a little over 0.1% to nearly 4.28. The EURCZK also increased on a similar scale. Better performance than the Polish zloty and the Czech koruna was registered by the Hungarian forint, which firmed slightly against the euro, by a little over 0.2%. During the day, the EURUSD was only negligibly affected. The end of the European session saw EURUSD rebound above 1.14 and CEE currencies strengthen, including the zloty below 4.27 to the euro.

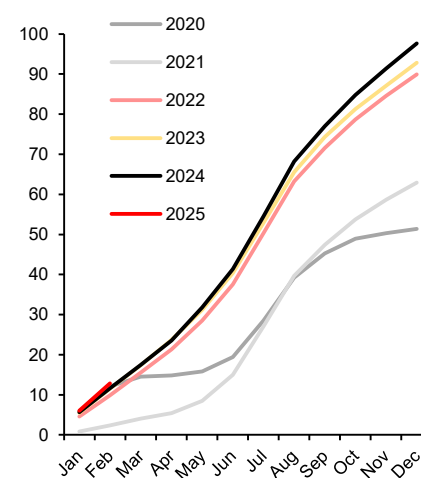
Domestic bond yields were only marginally changed on Monday, by ± 1 bp, and their curve steepened by around 2 bp. There were slight increases in yields in the core markets, by 1-4 bp in Germany and by 0-3 bp in the US, in both cases stronger at the long end of the curve. In addition, domestic IRS rates fell by 1-2 bp with a flattening of the curve by around 1 bp. FRA rates with transaction dates of 3 to 12 months fluctuated minimally and longer rates declined by 2-4 bp.

EU-Poland financial transfers, 12M moving sum, EURm



Source: MoF, Santander

Nights spent in domestic tourist accommodation establishments, millions, cumulatively



Source: GUS, Santander

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FX market

Today's opening

EURPLN	4.2657	CZKPLN	0.1707
USDPLN	3.7458	HUFPLN*	1.0544
EURUSD	1.1387	RONPLN	0.8573
CHFPLN	4.5465	NOKPLN	0.3609
GBPPLN	5.0219	DKKPLN	0.5713
USDCNY	7.2735	SEKPLN	0.3890

*for 100HUF

Last session in the FX market

28/04/2025

	min	max	open	close	fixing
EURPLN	4.2619	4.2818	4.2742	4.2648	4.2766
USDPLN	3.7417	3.7751	3.7581	3.7458	3.7701
EURUSD	1.1327	1.1413	1.1372	1.1383	

Interest rate market

28/04/2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.33	0
PS0130 (5L)	4.74	-1
DS1034 (10L)	5.32	2

IRS on the interbank market**

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	4.52	4.08	1.97
2L	4.04	3.73	1.91
3L	3.92	3.66	1.99
4L	3.92	3.68	2.07
5L	3.96	3.70	2.16
8L	4.17	3.87	2.37
10L	4.33	3.96	2.48

WIBOR rates

Term	%	Change (bps)
O/N	5.64	-10
T/N	5.81	0
SW	5.83	0
1M	5.64	-2
3M	5.48	6
6M	5.13	-1
1Y	4.92	-1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.06	1
3x6	4.43	-2
6x9	4.05	0
9x12	3.77	1
3x9	4.24	-2
6x12	3.91	1

CDS rates and 10Y yield spread vs. German Bund

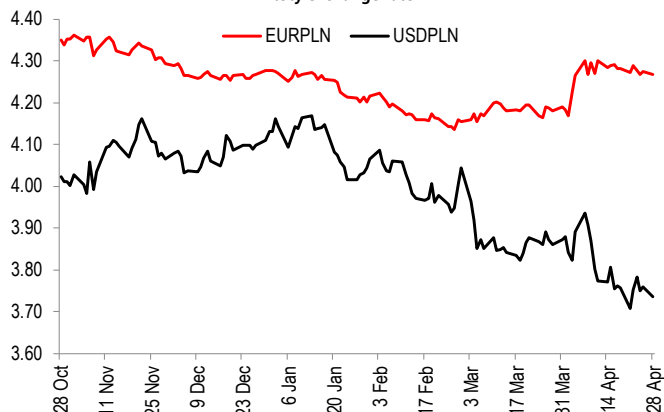
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	72	281
France	20	72
Hungary	128	438
Spain	37	66
Italy	25	111
Portugal	19	54
Ireland	15	37
Germany	8	-

* 10Y treasury bonds over 10Y Bunds

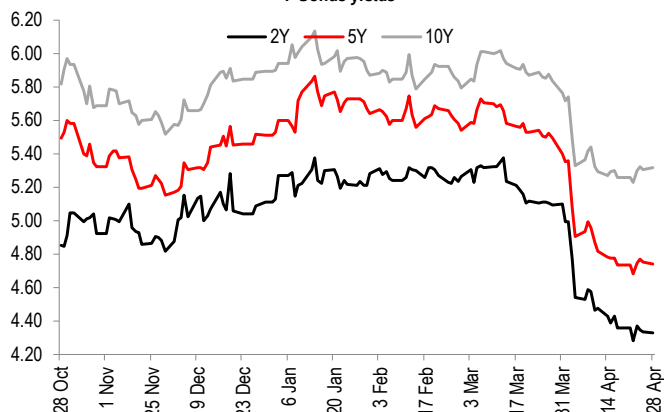
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

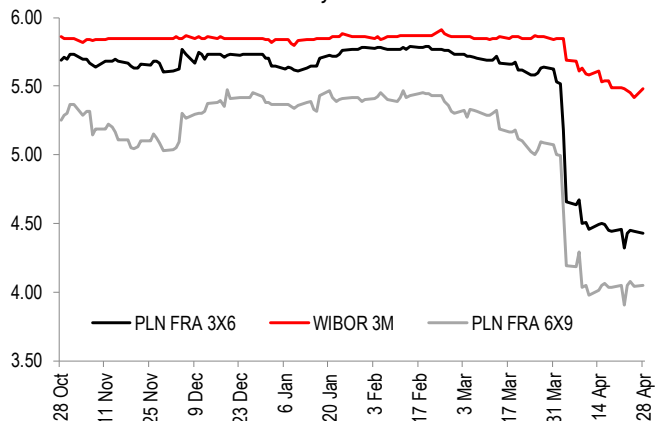
Zloty exchange rate



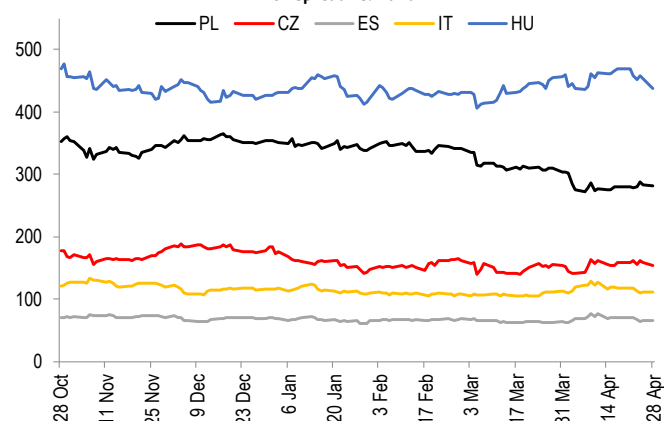
T-bonds yields



3M money market rates



10Y spread vs. Bund



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD		FORECAST		ACTUAL VALUE	LAST VALUE*
			MARKET		SANTANDER			
FRIDAY (25 April)								
16:00	US	Michigan index	Apr	pts	50.6	-	52.2	57.0
MONDAY (28 April)								
No key data releases or events								
TUESDAY (29 April)								
11:00	EZ	ESI	Apr	pct.	94.5	-		95.2
14:00	HU	Central Bank Rate Decision	Apr	%	6.50	-		6.50
16:00	US	Consumer Conference Board	Apr	pts	87.0	-		92.9
WEDNESDAY (30 April)								
08:00	DE	Retail Sales	Apr	% m/m	-0.5	-		0.3
08:30	HU	GDP	1Q	% y/y	0.4	-		0.4
09:00	CZ	GDP SA	1Q	% y/y	2.0	-		1.8
10:00	PL	CPI	Apr	% y/y	4.3	4.2		4.9
10:00	DE	GDP WDA	1Q	% y/y	-0.2	-		-0.2
11:00	EZ	GDP SA	1Q	% y/y	1.1	-		1.2
14:00	DE	HICP	Apr	% m/m	0.4	-		0.4
14:15	US	ADP report	Apr	k	125	-		155
14:30	US	GDP Annualized	1Q	% Q/Q	0.3	-		2.4
16:00	US	Personal Spending	Mar	% m/m	0.6	-		0.4
16:00	US	Personal Income	Mar	% m/m	0.4	-		0.8
16:00	US	Pending Home Sales	Mar	% m/m	-0.3	-		2.0
16:00	US	PCE Deflator SA	Mar	% m/m	0.0	-		0.3
THURSDAY (1 May)								
	PL	Holiday						
14:30	US	Initial Jobless Claims	week	k	220	-		222
16:00	US	ISM manufacturing	Apr	pts	48.0	-		49.0
FRIDAY (2 May)								
09:00	PL	Poland Manufacturing PMI	Apr	pts	50.4	50.1		50.7
09:55	DE	Germany Manufacturing PMI	Apr	pts	48.0	-		48.3
10:00	EZ	Eurozone Manufacturing PMI	Apr	pts	48.7	-		48.6
11:00	EZ	Flash HICP	Apr	% y/y	2.1	-		2.2
11:00	EZ	Unemployment Rate	Mar	%	6.1	-		6.1
14:30	US	Change in Nonfarm Payrolls		k	125	-		228
14:30	US	Unemployment Rate	Apr	%	4.2	-		4.2
16:00	US	Durable Goods Orders	Apr	% m/m	2.0	-		9.2
16:00	US	Factory Orders	Mar	% m/m	4.4	-		0.6

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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