

# Eyeopener

## Flash CPI for April due today

Today, flash CPI for April, NBP Quick Monitoring, flash GDP data abroad  
Government assumes 3.7% GDP and 4.5% inflation this year, above our forecasts  
ESI for Poland unchanged in April, lower in euro zone  
Hungary did not change interest rates, small moves in CEE currencies

**Today**, we will see the flash estimate of CPI inflation in April. In our view, it should indicate that inflation fell from 4.9% y/y in March to 4.2% y/y. The median forecast in Bloomberg stands at 4.3% y/y. The decline in inflation, which we expect, will stem mainly from the high statistical base in April last year, when VAT on food was reinstated, but should also be supported by falling crude oil and fuel prices. At 10:00 am, we will also get the NBP's Quick Monitoring report, describing the situation in the business sector. Abroad, preliminary estimates of 1Q25 GDP growth will be released, including in the US, the euro area, Germany, Czechia, and Hungary. In addition, in the US, there will be March data on PCE inflation, personal income and spending, as well as the April ADP report on private sector employment.

**The government has approved macroeconomic assumptions for 2025-2029.** GDP growth is expected to reach 3.7% this year (vs 3.9% in the budget assumptions and our forecast of 3.4%), 3.5% in 2026, and then to slow down to and below 3% in 2027 and subsequent years. High GDP growth this year and next year are expected to result from, among other things, investment growth (almost 9% in 2025), supported by RRF spending, but also private consumption (growing faster this year than last year). Average inflation this year is forecast at 4.5% (our forecast at 3.4%, the budget assumed 3.9%), next year at 3.8%, and after that is expected to gradually slow and to reach the NBP's target of 2.5% only as late as in 2029. The forecasts have been lowered compared to those presented in the autumn, but they are still, in our view, quite optimistic, which carries risks for the implementation of the budget. On the other hand, if such forecasts were to materialise, they would not, in our view, create the conditions for the significant interest rate cuts that the market is currently pricing in.

**The government has also adopted a report on the implementation of the medium-term fiscal-structural plan for 2025-2028**, in which, among other things, it confirmed the information from the fiscal notification of 22 April, according to which the deficit of the public finance sector in the current year is expected to reach 6.3% of GDP (the budget act assumed 5.5%) due to the weak implementation of revenues, especially taxes, and public debt is expected to reach 57.8% of GDP. According to the government, the first report on the implementation of the fiscal-structural plan should be favourably received by the EC. The key indicator for following the established fiscal path - net expenditure growth - is projected at 5.8% this year against a reference value of 6.3% (in cumulative terms, respectively 19.2% and 19.6%). The document does not specify the projections of the GG balance for subsequent years, but in our view, a slower reduction of the excessive deficit is to be expected, especially as the nominal GDP projections still look overly ambitious.

**The main ESI indicator, which measures economic sentiment in Poland, stood at 101.0 pts in April**, the same level as in March. The stabilisation of the index was a result of a weaker reading for construction (down 0.2 pts to -17.4 pts), industry (down 1.0 pts to -15.7 pts) and services (-0.3 pts to -3.5 pts), as well as a stronger print for retail trade (up 0.3 pts to -3.0 pts) and consumer sentiment (up 2.0 pts to 1.1 pts). The increase in the consumer sentiment index reflected improved assessment of the current and future financial and economic situation, as well as an increased propensity to make substantial purchases over the next twelve months. For the euro area, the overall ESI weakened from 95.0 pts to 93.6 pts because of a decline in all its component indices.

**MPC's Joanna Tyrowicz** wrote in a post on LinkedIn that it was not yet a good time to cut interest rates. Tyrowicz said that while there are no major sources of concern from a monetary policy perspective, m/m inflation remains high. She added that if the recent trends in economic data continue, it may be justified to keep the main policy rate at 5.75% (meaning she would stop filing rate hike motions at MPC meetings).

**On Tuesday, the exchange rates of CEE currencies against the euro registered only slight changes.** The Polish zloty and the Hungarian forint depreciated against the euro by around 0.1%, while the Czech koruna appreciated negligibly. There was also little change in the EURUSD exchange rate, which slid by around 0.1% from Monday's close. The Hungarian central bank did not change interest rates (the main one stands at 6.50%). In the press release, the bank deemed it necessary to continue to maintain a restrictive monetary policy and stated that the key issue was to properly anchor inflation expectations and keep an eye on the stability of financial markets.

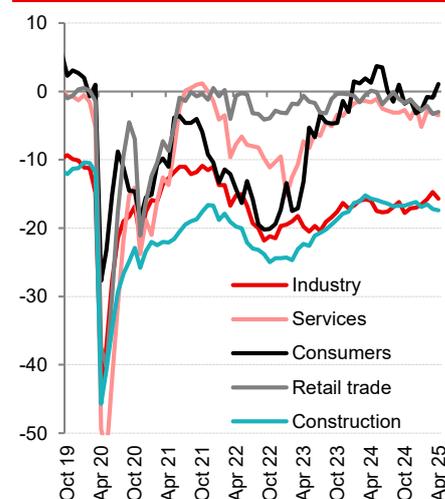
**Domestic bond yields rose by around 2 bp at the short end of the curve** and fell by around 5 bp over the rest of its length, resulting in a flattening of around 7 bp. In parallel, German and US bond yields slid by 2-3 bp. Declines also occurred in domestic money market rates. IRS rates fell by 3-5 bp and FRA rates by 1-6 bp. The government's announcement of a higher deficit path came late enough yesterday that the market did not have a chance to react to it, so today it may, in our view, have a negative impact on domestic bond valuations and ASW spreads.

### Multi-year macroeconomic assumptions approved by the government

	2025	2026	2027	2028	2029
PKB	3.7%	3.5%	3.0%	2.7%	2.6%
CPI	4.5%	3.8%	3.0%	2.8%	2.5%

Source: MoF

### ESI, sectoral sentiment indicators for Poland, pts



Source: Eurostat, Santander

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**FX market**

Today's opening			
EURPLN	4.2665	CZKPLN	0.1711
USDPLN	3.7456	HUFPLN*	1.0460
EURUSD	1.1394	RONPLN	0.8576
CHFPLN	4.5454	NOKPLN	0.3612
GBPPLN	5.0172	DKKPLN	0.5716
USDCNY	7.2648	SEKPLN	0.3888

\*for 100HUF

Last session in the FX market					29/04/2025
	min	max	open	close	fixing
EURPLN	4.2559	4.2745	4.2658	4.2710	4.2646
USDPLN	3.7352	3.7564	3.7498	3.7481	3.7458
EURUSD	1.1369	1.1417	1.1378	1.1396	

**Interest rate market**

29/04/2025

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

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.29	-4
PS0130 (5L)	4.68	-7
DS1034 (10L)	5.26	-6

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

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.47	-5	4.05	-3	1.98	1
2L	4.00	-4	3.67	-6	1.93	1
3L	3.87	-5	3.61	-5	2.00	1
4L	3.87	-5	3.63	-5	2.09	2
5L	3.91	-6	3.67	-4	2.17	1
8L	4.12	-5	3.84	-3	2.37	0
10L	4.28	-5	3.93	-3	2.46	-1

**WIBOR rates**

Term	%	Change (bps)
O/N	5.74	10
T/N	5.80	-1
SW	5.82	-1
1M	5.64	0
3M	5.40	-8
6M	5.12	-1
1Y	4.91	-1

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

Term	%	Change (bps)
1x4	4.97	-9
3x6	4.42	0
6x9	4.03	-2
9x12	3.71	-6
3x9	4.24	0
6x12	3.88	-2

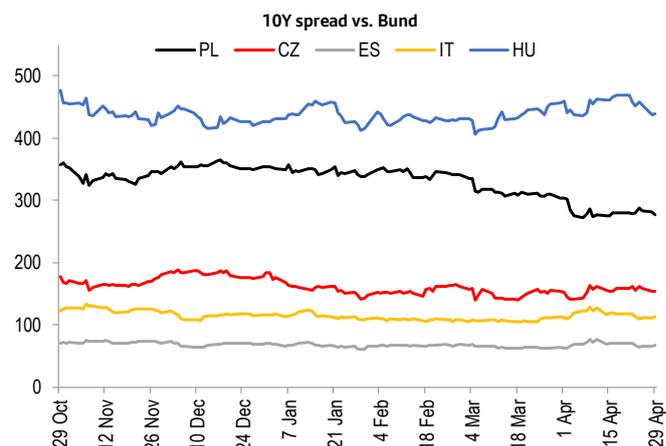
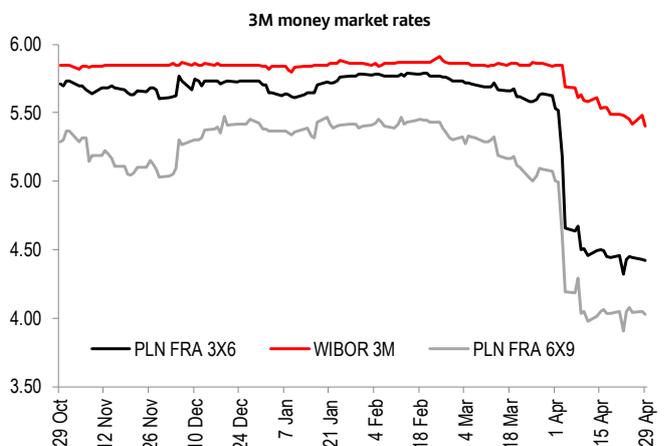
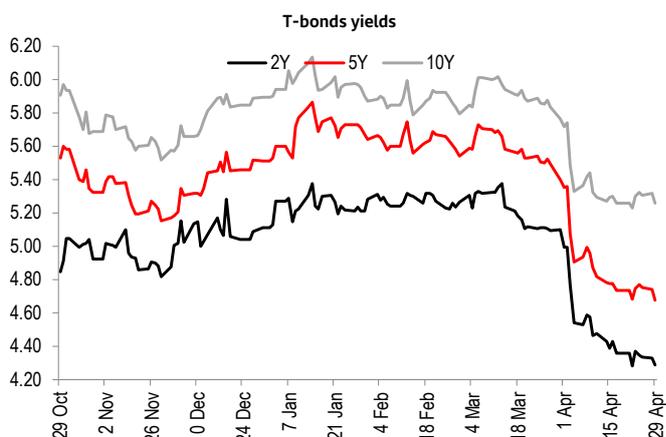
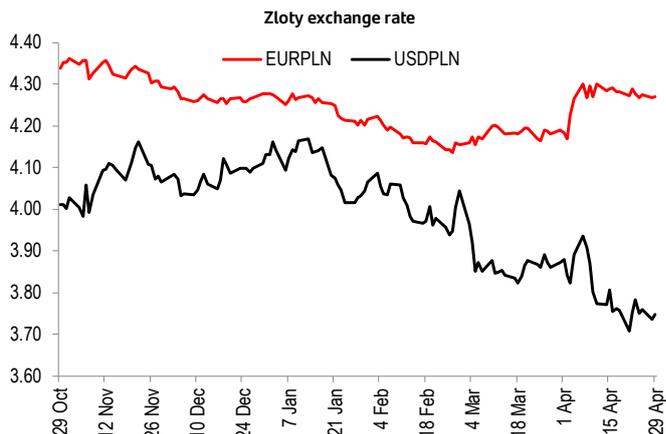
**CDS rates and 10Y yield spread vs. German Bund**

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	72	0	276	-5
France	20	-1	72	1
Hungary	128	0	439	1
Spain	36	-1	67	1
Italy	25	-1	112	1
Portugal	18	-1	56	2
Ireland	15	0	36	-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 (25 April)</b>								
16:00	US	Michigan index	Apr	pts	50.6	-	52.2	57.0
<b>MONDAY (28 April)</b>								
No key data releases or events								
<b>TUESDAY (29 April)</b>								
11:00	EZ	ESI	Apr	pct.	94.5	-	93.6	95.0
14:00	HU	Central Bank Rate Decision	Apr	%	6.50	-	6.50	6.50
16:00	US	Consumer Conference Board	Apr	pts	88.0	-	86.0	93.9
<b>WEDNESDAY (30 April)</b>								
08:00	DE	Retail Sales	Apr	% m/m	-0.4	-	-0.2	0.2
08:30	HU	GDP	1Q	% y/y	0.4	-	0.0	0.4
09:00	CZ	GDP SA	1Q	% y/y	2.0	-	-	1.8
<b>10:00</b>	<b>PL</b>	<b>CPI</b>	<b>Apr</b>	<b>% y/y</b>	<b>4.3</b>	<b>4.2</b>	-	<b>4.9</b>
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
<b>THURSDAY (1 May)</b>								
	<b>PL</b>	<b>Holiday</b>						
14:30	US	Initial Jobless Claims	week	k	220	-	-	222
16:00	US	ISM manufacturing	Apr	pts	48.0	-	-	49.0
<b>FRIDAY (2 May)</b>								
<b>09:00</b>	<b>PL</b>	<b>Poland Manufacturing PMI</b>	<b>Apr</b>	<b>pts</b>	<b>50.4</b>	<b>50.1</b>	-	<b>50.7</b>
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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