

09 May 2025

Weekly Economic Update

CPI, GDP and the final lap in the election race

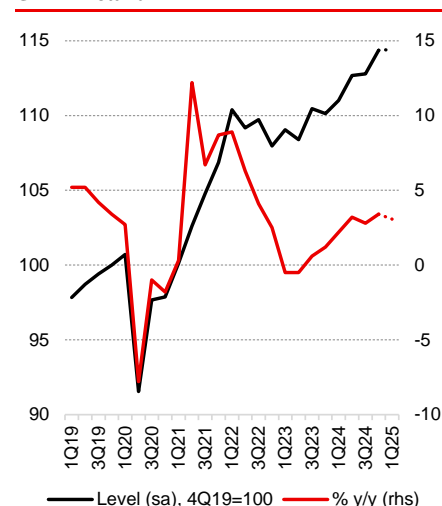
Economy next week

- In the coming week, the local market will see **data on the March balance of payments (Wednesday), final CPI inflation for April and preliminary GDP reading for Q1 (Thursday) and core inflation (Friday)**. New interviews with MPC members can also be expected, clarifying their views on the outlook for monetary policy.
- Abroad, there will be, among other things, inflation data in European countries and the US, GDP data in Europe and US consumer sentiment. During the weekend, US and Chinese representatives are due to hold trade talks in Switzerland.
- It will also be **the last week of campaigning before the first round of presidential elections on 18 May**, so the latest polls will be followed closely.
- And later this evening, **S&P Ratings may present an update of the Polish rating**. We do not expect any significant change in this regard.
- **The current account balance will probably record a slight surplus in March** - the median of market forecasts points to around €100m, our forecast to just over €600m, with a moderate recovery in merchandise trade. Either way, this will be a markedly lower balance than a year ago, resulting in the rolling 12-month current account balance deteriorating to at least -0.2% of GDP.
- **The final inflation reading is likely to confirm the preliminary data of 4.2% y/y**, revealing details and showing that core inflation (excluding food, fuel and energy prices) probably fell to 3.5% y/y in April.
- **The most important publication of the week from a market perspective will be flash GDP. We expect to see growth rate of 3.1% y/y in Q1**, which is in line with the median of market forecasts. Such a result would correspond to a quarter-on-quarter change close to zero according to our estimates, indicating a weakening of the economic recovery at the beginning of the year. We are still counting on subsequent quarters to bring a moderate acceleration, mainly due to rising investment. At this stage, we will not yet know the structure of economic growth in Q1 - these data will not appear until the end of May.

Markets next week

- The MPC decision on Wednesday was in line with expectations, but was accompanied by a communiqué and then a message at President Glapinski's conference, clearly suggesting that this was not the start of the aggressive monetary easing cycle priced in by the market. This caused a clear correction in market expectations, while offering support to the domestic currency.
- EURPLN has, in effect, slipped below 4.24, its lowest level in a month, and we expect it to move towards 4.20 in the coming week rather than bounce upwards, supported by, among others, possible further comments from MPC members, new presidential polls, or signals on possible US concessions on tariff policy.
- In the FRA, swap and bond markets, we assume stabilisation as the most likely scenario. The impulse to change the trend could appear in case of a large surprise in the GDP data - a significant positive surprise would give reason for a continuation of the upward adjustment of the curves, and a negative one would give reason for declines, influencing expectations for further rate cuts by the MPC.

GDP in Poland

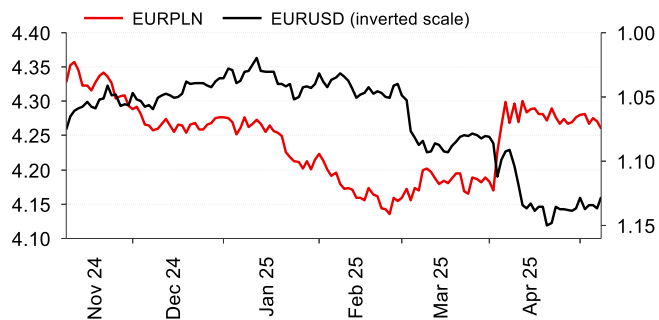


Source: GUS, Santander

Economic Analysis Department:

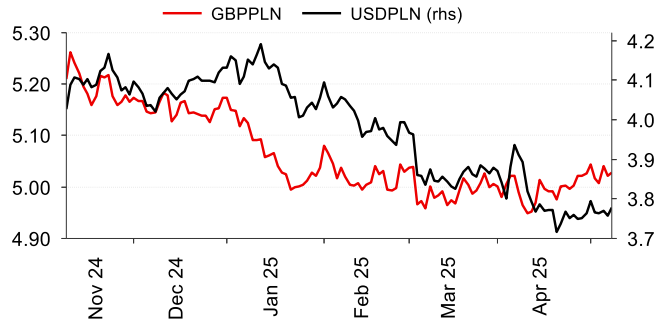
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EURPLN and EURUSD



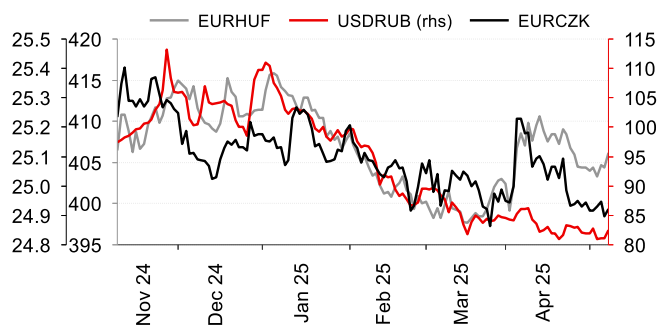
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



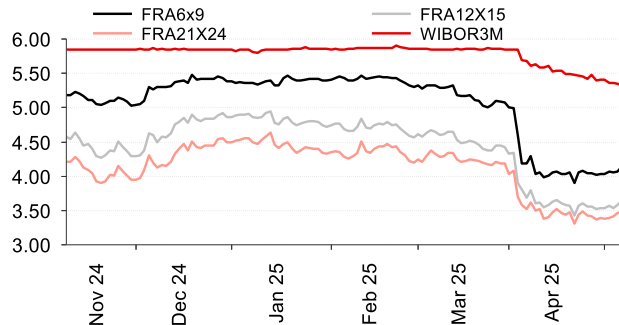
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



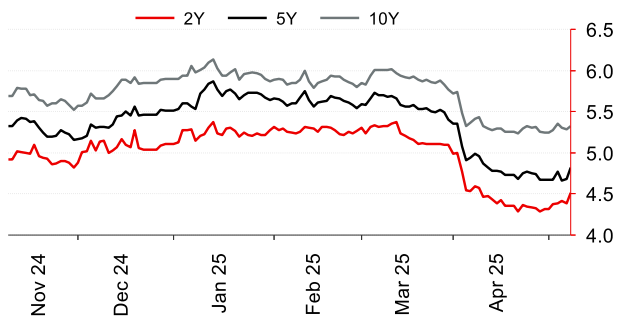
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



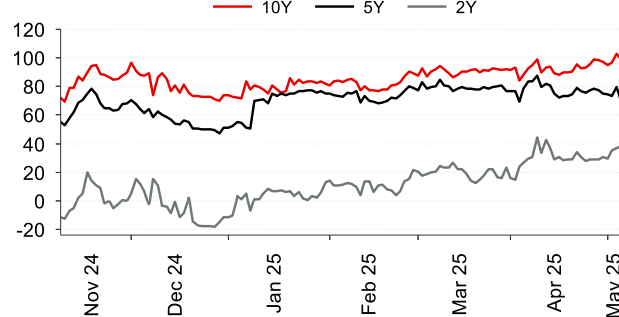
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



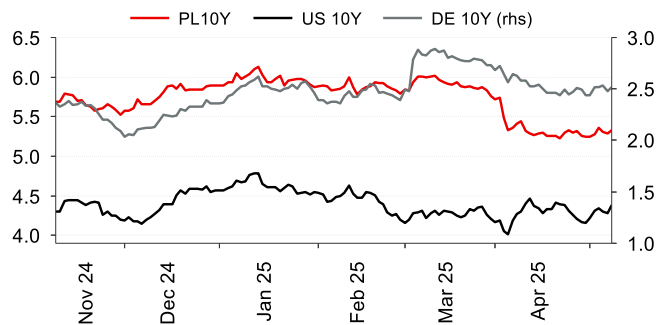
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



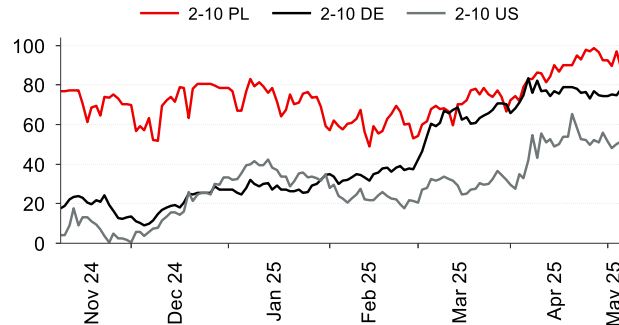
Source: LSEG Datastream, Santander Bank Polska

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		
TUESDAY (13 May)							
09:00	CZ	CPI	Apr	% y/y	1.8	-	2.7
11:00	DE	ZEW Survey Current Situation	May	pts	-77.0	-	-81.2
14:30	US	CPI	Apr	% m/m	0.3	-	-0.1
WEDNESDAY (14 May)							
08:00	DE	HICP	Apr	% m/m	0.5	-	0.4
14:00	PL	Current Account Balance	Mar	€mn	64	613	-220
14:00	PL	Trade Balance	Mar	€mn	-622	-622	-919
14:00	PL	Exports	Mar	€mn	29 615	29 956	27 240
14:00	PL	Imports	Mar	€mn	30 259	30 578	28 159
THURSDAY (15 May)							
10:00	PL	CPI	Apr	% y/y	4.2	4.2	4.9
10:00	PL	GDP	1Q	% y/y	3.1	3.1	3.4
11:00	EZ	GDP SA	1Q	% y/y	1.2	-	1.2
11:00	EZ	Industrial Production SA	Mar	% m/m	1.6	-	1.1
14:30	US	Initial Jobless Claims	weekly	k	230	-	228
14:30	US	Retail Sales Advance	Apr	% m/m	0.0	-	1.5
15:15	US	Industrial Production	Apr	% m/m	0.3	-	-0.3
FRIDAY (16 May)							
14:00	PL	CPI Core	Apr	% y/y	3.5	3.5	3.6
14:30	US	Housing Starts	Apr	% m/m	3.3	-	-11.4
16:00	US	Michigan index	May	pts	53.0	-	52.2

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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