

16 May 2025

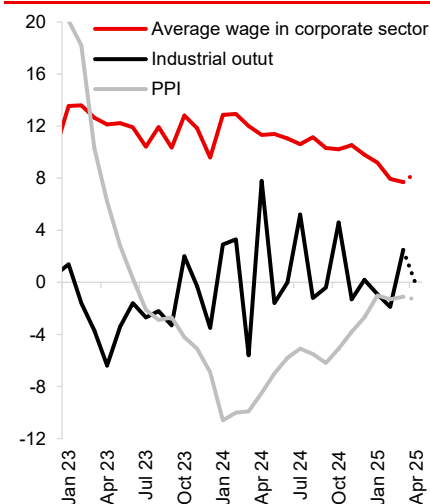
Weekly Economic Update

Data vs. election

Economy next week

- The number one local topic at the start of next week is likely to be **the results of the first round of the presidential election**. Polls invariably show that Rafał Trzaskowski and Karol Nawrocki have the best chances of advancing to the next stage. The conclusive second round will take place on June 1st.
- The weekend will also see the presidential runoff vote in Romania, where George Simion, leader of the opposition far-right Alliance for the Union of Romanians (AUR), has been leading the polls until recently, but the latest results showed the centrist Bucharest mayor Nicușor Dan catching up.
- Later in the week, **attention will shift to economic data**: In Poland, almost all key monthly indicators apart from retail sales will be published (on Wednesday: April wages and employment, industrial production, PPI inflation and May consumer confidence; on Thursday: construction output and business sentiment; on Friday: M3 money supply). Abroad, there will be, among other things, inflation data and business sentiment indices: preliminary PMIs for industry and services, the German Ifo index. There are also many public speeches by representatives of major central banks in the agenda.
- The forecasts point to annual industrial and construction output growth in April just below zero (the effect of, among other things, a later Easter date than a year ago), continued moderate declines in employment and a slight acceleration in wage growth in the corporate sector (median forecast is 8.1% y/y; our forecast of 8.4% y/y is one of the highest ones on the market). This set of data should not, in our view, materially alter the outlook for monetary policy.

Industrial output, PPI inflation and corporate wages, %y/y



Values in April 2025 are Santander forecasts
Source: GUS, Santander

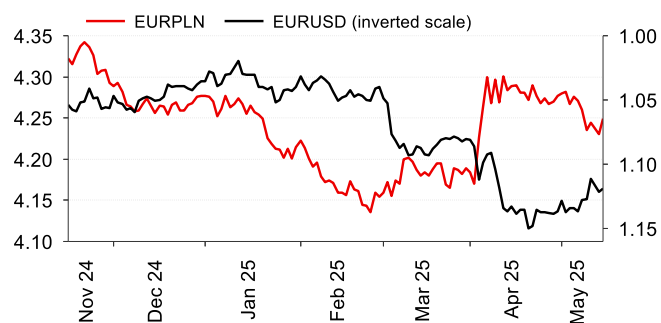
Markets next week

- The behaviour of the zloty's exchange rates in the first few days after the weekend will be influenced by the market's interpretation of the presidential election result, and possibly by the outcome of the Russia-Ukraine talks currently underway in Istanbul. After that, attention should shift to economic indicators. The EURPLN ends this week with a clear correction towards 4.26, breaking out from the range 4.22-4.25 in which it has been moving for the past week. Increased volatility may be observed after the weekend, yet **in the absence of any major surprise from the first round of presidential election, we think the EURPLN may return to the range observed in recent days.**
- After May's "hawkish rate cut", which was further reinforced by MPC members' statements about their lack of conviction to continue the policy easing cycle, interest rate curves moved upwards. **We expect that in the coming week interest rates will stabilise**, as the rather weak tone of April's manufacturing data should be neutralised by a slight acceleration in wages.

Economic Analysis Department:

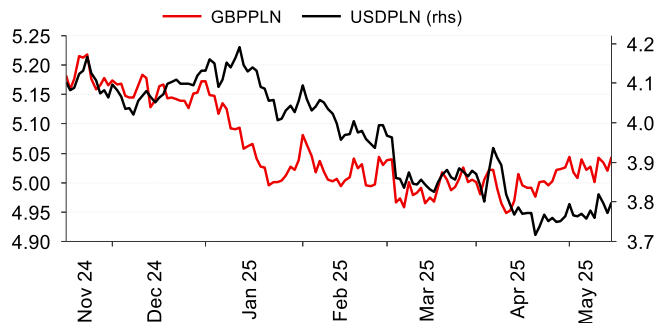
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EURPLN and EURUSD



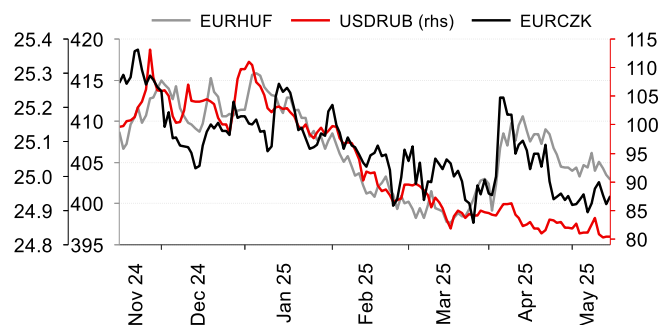
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



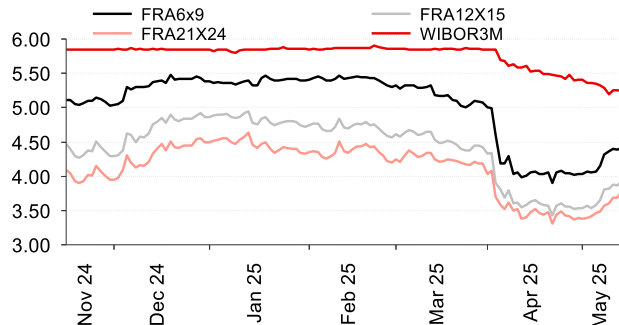
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



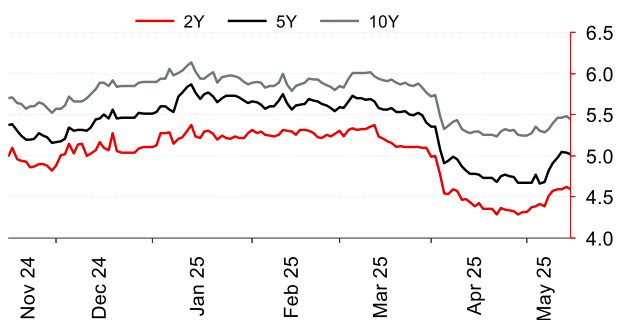
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



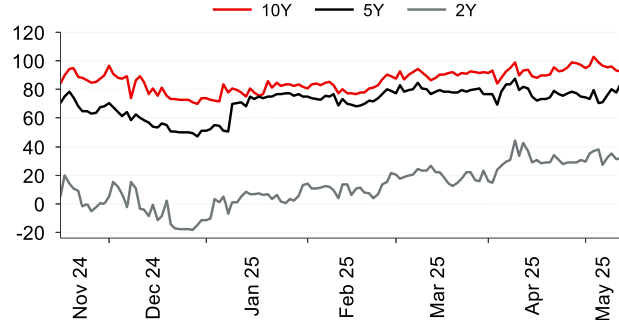
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



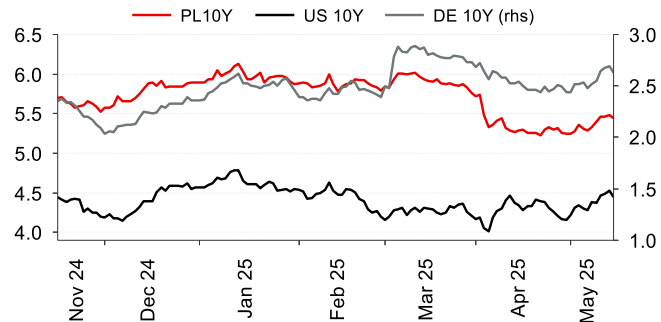
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



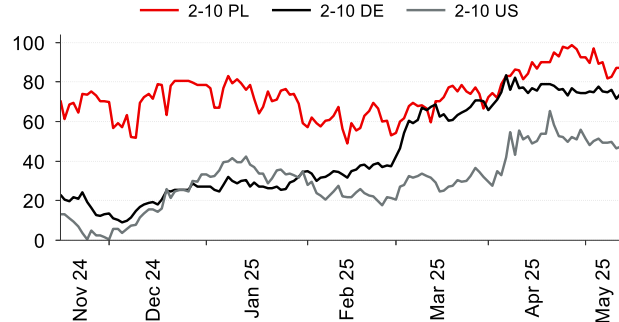
Source: LSEG Datastream, Santander Bank Polska

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 (19 May)							
11:00	EZ	HICP	Apr	% y/y	2.2	-	2.2
TUESDAY (20 May)							
No data releases							
WEDNESDAY (21 May)							
10:00	PL	Employment in corporate sector	Apr	% y/y	-0.9	-0.9	-0.9
10:00	PL	Average Gross Wages	Apr	% y/y	8.1	8.4	7.7
10:00	PL	Sold Industrial Output	Apr	% y/y	-0.1	-0.2	2.5
10:00	PL	PPI	Apr	% y/y	-1.5	-1.3	-1.1
THURSDAY (22 May)							
09:30	DE	Germany Manufacturing PMI	May	pts	48.8	-	48.4
09:30	DE	Markit Germany Services PMI	May	pts	49.7	-	49.0
10:00	DE	IFO Business Climate	May	pts	87.5	-	86.9
10:00	EZ	Eurozone Manufacturing PMI	May	pts	49.3	-	49.0
10:00	EZ	Eurozone Services PMI	May	pts	50.5	-	50.1
10:00	PL	Construction Output	Apr	% y/y	-0.6	-0.2	-1.1
14:30	US	Initial Jobless Claims		k	228	-	229
16:00	US	Existing Home Sales	Apr	% m/m	3.2	-	-5.9
FRIDAY (23 May)							
08:00	DE	GDP WDA	1Q	% y/y	-0.2	-	-0.2
14:00	PL	Money Supply M3	Apr	% y/y	9.9	10.1	10.3
16:00	US	New Home Sales	Apr	% m/m	-3.3	-	7.4

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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