

23 May 2025

Weekly Economic Update

Final straight

Economy next week

- The agenda for the last week of May includes **the last publications of monthly data in this series** (on Monday, April retail sales and unemployment, on Friday, flash CPI inflation for May) and **the final straight of campaigning before the second round of the presidential election** (including today's televised debate of the two candidates and a march of their supporters in Warsaw on Sunday). Abroad, the week will start with a market holiday in the UK and the US, then the calendar will include the publication of sentiment surveys (European ESI, German GfK, US Conference Board), revised US GDP, PCE deflator, among others. Interest rates will be decided by central banks in Hungary and New Zealand.
- **Retail sales growth arguably accelerated in April to around 3% y/y** (our forecast slightly below, market consensus slightly above 3% mark), largely driven by the effect of the later Easter holiday than in the previous year. For the unemployment rate, a slight seasonal decline to 5.2% is widely expected. **The CPI inflation rate, according to our latest estimate, may decline to 4.2% y/y in May**, influenced in part by a sharp decline in fuel prices; the median forecast in Bloomberg poll is for inflation to stabilise at 4.3% y/y.

Markets next week

- The new week should start with lower volatility in the markets, amid absence of investors from London and New York; at the end of the week, activity may be dimmed again by the anticipation of the presidential election result.
- EURPLN has returned to the 4.22-4.25 range in recent days, in line with our prediction from a week ago, even though the result of the first round of the presidential election showed a surprisingly small spread between the two leading candidates. We assume that **the EURPLN may stabilise close to the current level of 4.25 until the end of the week**, pending the outcome of the runoff election, unless news emerges significantly moving the expected result to one side or another (for the time being, most of surveys suggest that it will be neck-and-neck race).
- In the rates market, there was a slight upward shift in the curves, firstly influenced by strong domestic data and secondly following the rise in yields in the core markets. It appears that **the upside potential may not yet have been exhausted**, supported by, among other things, a solid retail sales data, pressure from core markets and growing caution among foreign investors in the face of the uncertain outcome of the presidential election.

EURPLN and market pricing of interest rates

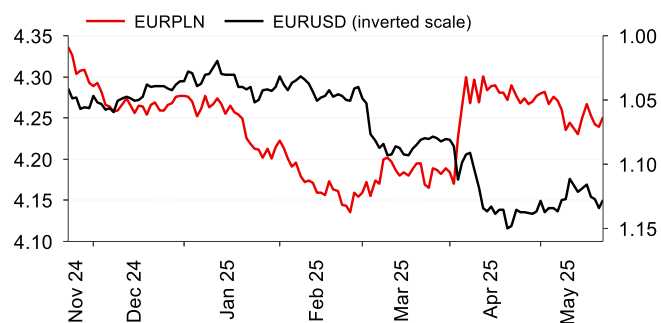


Source: LSEG Datastream, Santander

Economic Analysis Department:

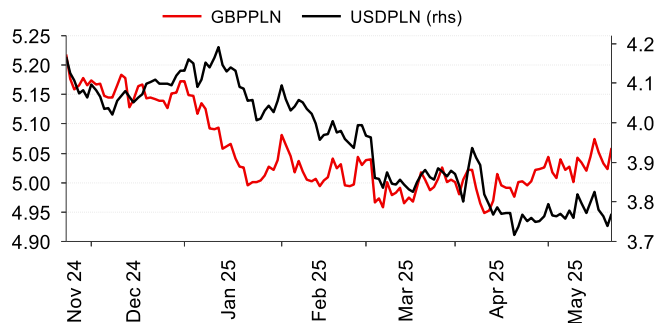
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EURPLN and EURUSD



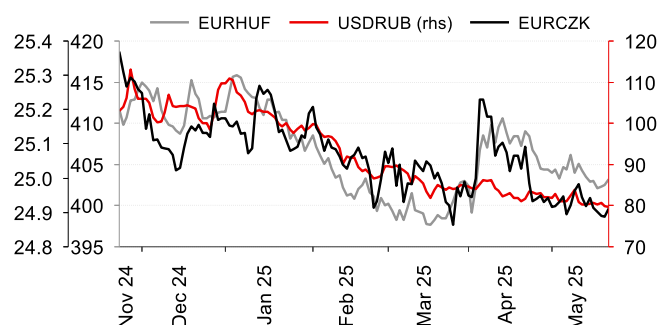
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



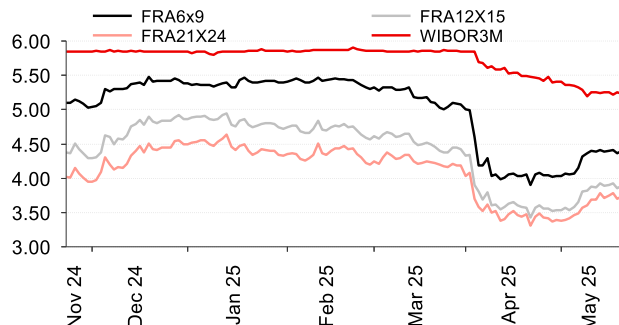
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



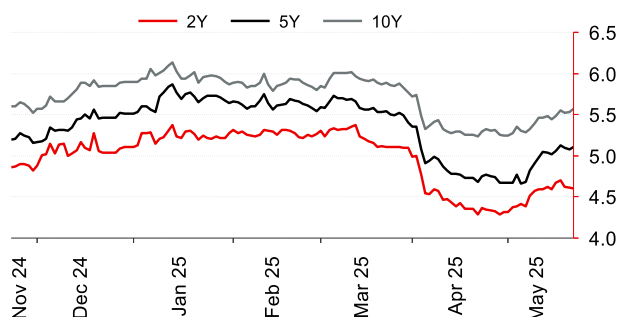
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



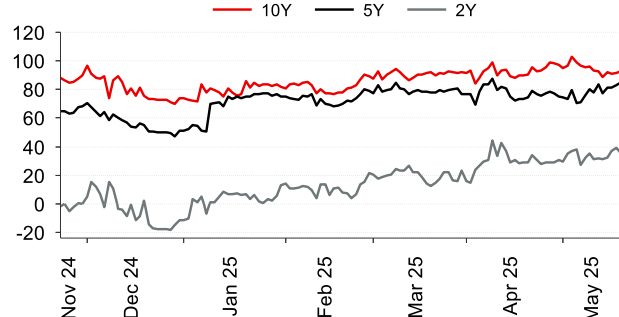
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



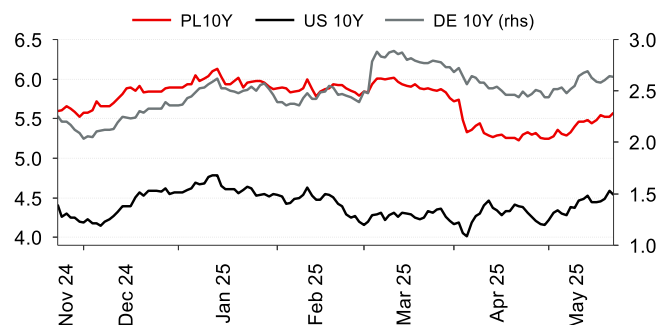
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



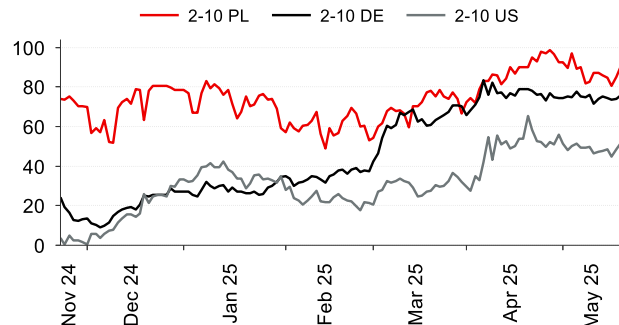
Source: LSEG Datastream, Santander Bank Polska

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 MARKET	SANTANDER	LAST VALUE
MONDAY (26 May)							
10:00	PL	Retail Sales Real	Apr	% y/y	3.4	2.8	-0.3
10:00	PL	Unemployment Rate	Apr	%	5.2	5.2	5.3
TUESDAY (27 May)							
11:00	EZ	ESI	May	pct.	94.2	-	93.6
14:00	HU	Central Bank Rate Decision	May	%	6.5	-	6.5
14:30	US	Durable Goods Orders	Apr	% m/m	-8.2	-	7.5
16:00	US	Consumer Conference Board	May	pts	87.0	-	86.0
WEDNESDAY (28 May)							
20:00	US	FOMC Meeting Minutes	May				
THURSDAY (29 May)							
14:30	US	GDP Annualized	1Q	% Q/Q	-0.3	-	-0.3
14:30	US	Initial Jobless Claims	weekly	k	230	-	227
16:00	US	Pending Home Sales	Apr	% m/m	-1.1	-	6.1
FRIDAY (30 May)							
09:00	CZ	GDP SA	1Q	% y/y	2.0	-	1.8
10:00	PL	CPI	May	% y/y	4.3	4.2	4.3
14:00	DE	HICP	May	% m/m	0.1	-	0.5
14:30	US	Personal Spending	Apr	% m/m	0.2	-	0.7
14:30	US	Personal Income	Apr	% m/m	0.3	-	0.5
14:30	US	PCE Deflator SA	Apr	% m/m	0.1	-	0.0
16:00	US	Michigan index	May	pts	50.8	-	52.2

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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