

30 May 2025

Eyeopener

Flash inflation data for May today

Today, flash CPI inflation data for May
Energy market regulator lowered gas prices by 15%, which will trim CPI by 0.2pp
Zloty stable, bond yields lower

Today, we will see the flash estimate of CPI inflation in May. In our view, it should indicate that inflation fell to 4.2% y/y, 0.1 pp below the market consensus which points to a stabilisation of the inflation rate at its April level. Data on inflation in May, based on harmonised CPI, will also be released in Germany. In addition, in Czechia, there will be a new estimate of 1Q GDP growth, and in the US, there will be April personal income and expenditure data, April PCE index, as well as the final May reading of the Michigan index measuring consumer sentiment. German retail sales data published this morning disappointed, showing a decline of 1.1% m/m, against expectations for 0.2% m/m growth.

URE, the energy market regulator, has approved the new tariff for natural gas to be implemented since 1 July, trimming gas price by 14.8% versus the current level. The average bill for households will go down by around 10.5%, as a result. Given the share of natural gas in CPI we estimate that the impact on CPI will be slightly more than -0.2pp, visible already in July. We did not have this change in our scenario, so - other things being equal - it lowers our inflation forecast for July to 3.0% y/y and in August (possibly the lowest point this year) to 2.8% y/y. What we did anticipate was a reduction of electricity tariffs and we still expect to see decision on electricity in the nearest days or weeks, lowering prices (currently near PLN630/MWh) to levels comparable with the current cap enforced by the government's "shield" (around PLN500/MWh). After CPI drop below 3% y/y in August, next months may see inflation ticking a bit higher, ending 2025 at 3.2% y/y. We still think the central bank is very unlikely to discuss another interest rate cut in June, but such a discussion is very probable in July, when new NBP's inflation projection will be presented.

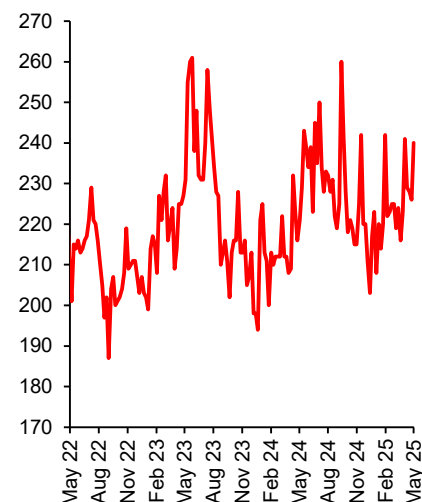
US 1Q GDP growth was revised down to -0.2% q/q in annualised terms, 0.1 pp above the advance estimate. The revision reflected mainly higher inventory growth and a slight increase in the growth rate of public consumption, as well as a marked reduction in the growth rate of private consumption, from 1.8% q/q to 1.2% q/q. The number of initial jobless claims in the US came in at 240k. This series has exhibited an upward trend for several months (the minimum of 203k was registered at the beginning of January), suggesting some weakening in the US labour market. However, increases in the number of unemployed do not exceed the levels seen in the last two years.

The US Federal Appeals Court on Thursday temporarily upheld US President Donald Trump's tariffs, which had been blocked the day before by the Federal Court of International Trade. The court gave both sides time to submit written arguments on the case.

On Thursday, the EURPLN changed only marginally and ended the day slightly below 4.24. There was also relatively little change in the EURCZK exchange rate, while the EURHUF rose slightly, by around 0.2%. In parallel, the dollar depreciated against the euro by around 0.5%, most likely in response to the dovish tone of the US GDP revision, especially with regard to private consumption.

Domestic bond yields fell by 5-9 bp on Thursday, with the curve flattening by around 4 bp. Declines also took place in the core markets, including in Germany by 2-3 bp and the US by 4-5 bp. Domestic IRS rates slid by 5-7 bp and FRA rates by 4-6 bp. In both cases, the declines were stronger at the long end of the curves.

US initial jobless claims, thousands



Source: LSEG Datastream, Santander

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
email: ekonomia@santander.pl
website: santander.pl/en/economic-analysis
Piotr Bielski +48 691 393 119
Bartosz Białas +48 517 881 807
Marcin Luziński +48 510 027 662
Grzegorz Ogonek +48 609 224 857

FX market

Today's opening

EURPLN	4.2411	CZKPLN	0.1700
USDPLN	3.7401	HUFPLN*	1.0374
EURUSD	1.1342	RONPLN	0.8397
CHFPLN	4.5399	NOKPLN	0.3685
GBPPLN	5.0383	DKKPLN	0.5685
USDCNY	7.1908	SEKPLN	0.3901

*for 100HUF

Last session in the FX market 29/05/2025

	min	max	open	close	fixing
EURPLN	4.2327	4.2412	4.2350	4.2404	4.2369
USDPLN	3.7253	3.7728	3.7654	3.7301	3.7588
EURUSD	1.1230	1.1370	1.1247	1.1369	

Interest rate market

29/05/2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.55	-5
PS0130 (5L)	5.02	-6
DS1034 (10L)	5.47	-9

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.66	-4	4.33	-4	1.97	0
2L	4.21	-4	3.99	-5	1.94	-1
3L	4.10	-5	3.88	-6	2.02	-2
4L	4.10	-5	3.88	-5	2.10	-2
5L	4.14	-6	3.92	-5	2.18	-1
8L	4.32	-6	4.06	-5	2.40	-2
10L	4.47	-7	4.15	-4	2.50	-2

WIBOR rates

Term	%	Change (bps)
O/N	5.30	9
T/N	5.31	-1
SW	5.33	1
1M	5.35	-1
3M	5.21	-2
6M	5.03	0
1Y	4.85	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.08	-3
3x6	4.78	-4
6x9	4.34	-6
9x12	4.00	-5
3x9	4.65	-5
6x12	4.23	-6

CDS rates and 10Y yield spread vs. German Bund

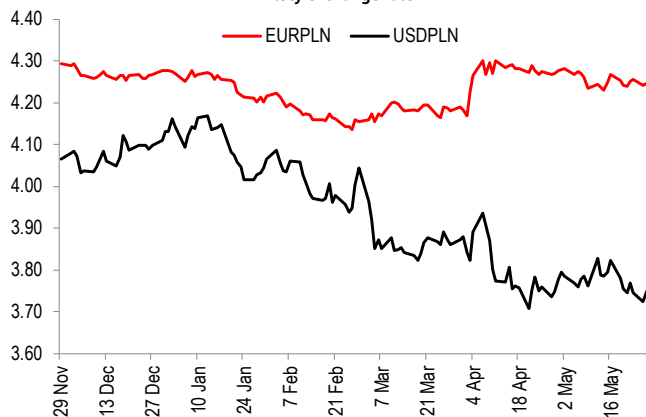
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	71	0	295	-5
France	19	0	67	0
Hungary	130	-1	456	4
Spain	34	0	60	-1
Italy	23	0	99	-1
Portugal	17	0	50	0
Ireland	15	0	28	-2
Germany	8	0	-	-

* 10Y treasury bonds over 10Y Bunds

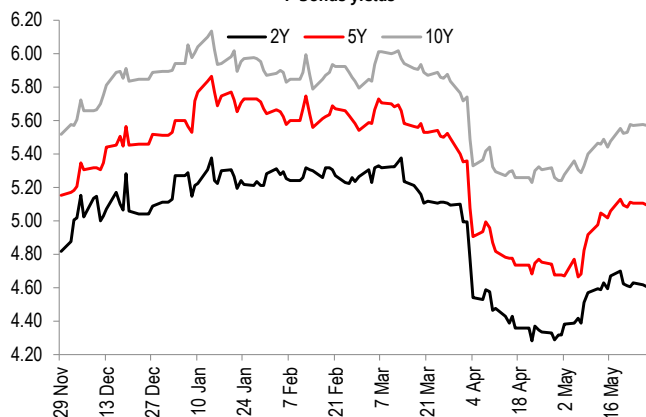
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

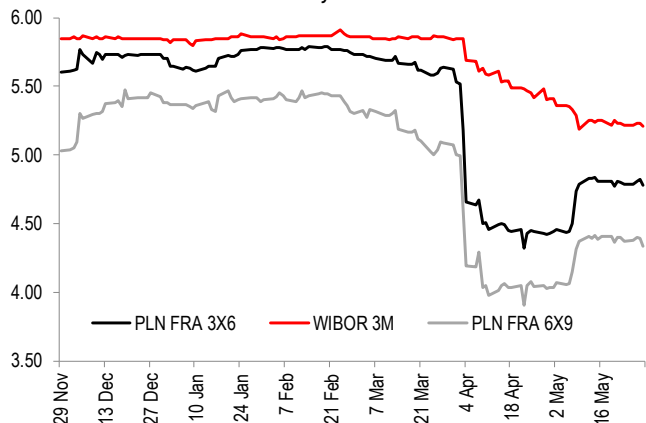
Zloty exchange rate



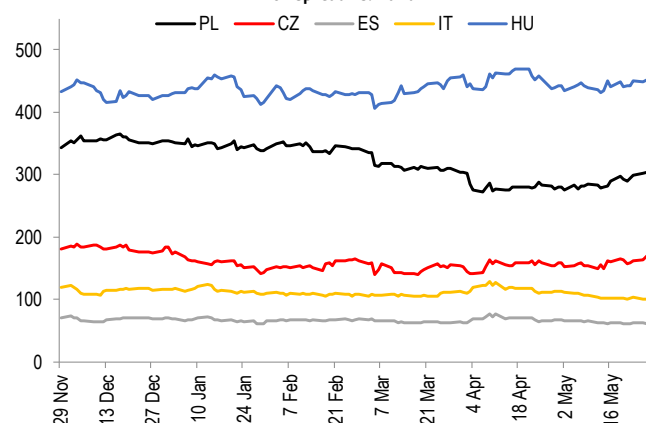
T-bonds yields



3M money market rates



10Y spread vs. Bund



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL	LAST	
				MARKET	SANTANDER	VALUE	VALUE*	
FRIDAY (23 May)								
08:00	DE	GDP WDA	1Q	% y/y	-0.2	-	0.0	-0.2
14:00	PL	Money Supply M3	Apr	% y/y	9.8	10.1	10.4	10.3
16:00	US	New Home Sales	Apr	% m/m	-4.0	-	10.9	2.6
MONDAY (26 May)								
10:00	PL	Retail Sales Real	Apr	% y/y	3.4	2.8	7.6	-0.3
10:00	PL	Unemployment Rate	Apr	%	5.2	5.2	5.2	5.3
TUESDAY (27 May)								
11:00	EZ	ESI	May	pct.	94.0	-	94.8	93.8
14:00	HU	Central Bank Rate Decision	May	%	6.50	-	6.50	6.50
14:30	US	Durable Goods Orders	Apr	% m/m	-7.6	-	-6.3	7.6
16:00	US	Consumer Conference Board	May	pts	87.1	-	98.0	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	-	-0.2	2.4
14:30	US	Initial Jobless Claims	weekly	k	230	-	240	226
16:00	US	Pending Home Sales	Apr	% m/m	-1.0	-	-6.3	5.5
FRIDAY (30 May)								
08:00	DE	Retail Sales	Apr	% m/m	0.2	-	-1.1	0.4
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

* in the case of a revision the data is updated

This publication has been prepared by Santander Bank Polska S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. Information presented in the publication is not an investment advice. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. Santander Bank Polska S.A. its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Santander Bank Polska S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Santander Bank Polska S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.

Additional information is available on request. Please contact Santander Bank Polska S.A., Financial Management Division, Economic Analysis Department. al. Jana Pawła II 17, 00-854 Warsaw, Poland. phone +48 22 534 18 87, email ekonomia@santander.pl, <http://www.santander.pl>.