

Eyeopener

Conference of NBP governor: another turn of MPC

Today US labour market report for May, EU retail sales, output and export in Germany
Exceptionally short conference of NBP governor with clear signal of MPC's hawkish turn
ECB cut rates by 25bp, in line with expectations
Zloty supported with hawkish message of Adam Glapiński, domestic rates up

Today, the most important release will be the US labour market report for May, with information on the change in non-farm employment, as well as on the unemployment rate and wage growth. In the market's view, the data should show that non-farm employment increased by 126k full-time equivalents and that the unemployment rate remained at 4.2%. In addition, in the euro area, there will be April retail sales data and the third estimate of 1Q25 GDP growth, and in Czechia, there will be April industrial production data. German industrial production and export data, released in the morning, were weaker than expected.

The conference of the NBP president Adam Glapiński was exceptionally short and to the point, and in our view flagged another shift in the central bank's narrative, again towards more hawkish one. Just like in months preceding his dovish pivot in April, Glapiński was downplaying news which were positive for the inflation outlook, while emphasizing all possible risks on the horizon. He acknowledged slight decrease of CPI inflation to 4.1% y/y in April, yet underscoring that it remains "well above" the inflation target. He also noticed a reduction of gas tariffs from July, admitting that inflation may near 3% in 3Q25, but at the same time pointed that such scenario is still subject to large uncertainty and listed risks that could worsen inflation outlook in the medium term. Glapiński pointed out several times that in July the MPC will not know the 2026 draft budget or the decision on electricity prices – and those two will be key elements determining next monetary policy decisions. In our view it was a clear suggestion that the MPC is likely to wait with the next rate cuts at least until September. We still expect that the main interest rates may go down by 50bp until the end of this year, but we move the next cut until September and the second one until November. We also see a risk that in 2026 the scale of easing will be lower than 100bp that we currently have in our base case scenario. Read more in our [Economic Comment](#). **MPC Member Ludwik Kotecki** said he supported lowering interest rates by further 50 bp this year, starting in July or September. At the same time, he said he doubted there would be a majority in favour of rate cuts in those two months.

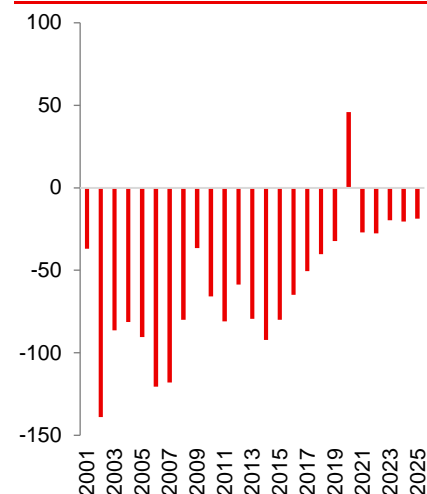
The registered unemployment rate fell to 5.0% in May from 5.2% in April, according to estimates from the Ministry of Family, Labour and Social Policy. The number of unemployed fell m/m at a similar rate as in May 2024 and May 2023. We expect that the decline in the unemployment rate may deepen to 4.9% in the following months.

The ECB Governing Council cut rates by 25 bps, including the deposit rate to 2.00%, as expected. As stated in the communiqué following the decision, the cut was due, among other things, to an updated inflation projection. According to the ECB's latest projections, inflation in the euro area is expected to be 2.0% in 2025, 1.6% in 2026 and 2.0% in 2027. As for GDP, the ECB's latest projection assumes 0.9% growth in 2025, followed by an acceleration to 1.1% in 2026 and 1.3% in 2027, supported among other things by public investment in defence and infrastructure. The statement noted that escalating trade tensions could result in lower GDP growth and higher inflation than projected. During the press conference following the decision, President Christine Lagarde assessed that the ECB was well positioned given the current environment of extraordinary uncertainty.

On Thursday, the Polish zloty depreciated slightly against the euro, by around 0.1%, which translated into an increase in the EURPLN exchange rate to around 4.28. The scale of the Polish currency's depreciation was temporarily greater, in the order of around 0.2%, but the hawkish tone of the NBP president's conference did cap the move. The Czech koruna also depreciated by around 0.1% against the euro. The best performing currency of the region was the Hungarian forint, which barely changed against the euro.

Domestic IRS and FRA rates went up by 0-5 bp and 5-9 bp respectively on Thursday, more at the short ends of the curves. The rise in money market rates was most likely a reaction to President Glapiński's conference, which reduced expectations of future interest rate cuts. Domestic bond yields also rose, by 0-5 bps with the curve flattening by 5 bps. In addition, German bond yields increased by 2-6 bp with a 4 bp flattening of the curve, and US bond yields registered only negligible changes.

Change in the number of unemployed in May, thousand persons



Source: GUS, Ministry of Family, Labour and Social Policy, 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 Łuziński +48 510 027 662
Grzegorz Ogonek +48 609 224 857

FX market

Today's opening

EURPLN	4.2809	CZKPLN	0.1723
USDPLN	3.7448	HUFPLN*	1.0502
EURUSD	1.1431	RONPLN	0.8478
CHFPLN	4.5576	NOKPLN	0.3710
GBPPLN	5.0732	DKKPLN	0.5737
USDCNY	7.1838	SEKPLN	0.3903

*for 100HUF

Last session in the FX market

05/06/2025

	min	max	open	close	fixing
EURPLN	4.2730	4.2865	4.2782	4.2812	4.2791
USDPLN	3.7221	3.7546	3.7499	3.7444	3.7495
EURUSD	1.1403	1.1494	1.1408	1.1438	

Interest rate market

05/06/2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.58	9
PS0130 (5L)	5.08	8
DS1034 (10L)	5.57	4

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.65	8	4.29	3	2.01	3
2L	4.24	8	3.96	2	2.01	7
3L	4.13	8	3.89	5	2.09	6
4L	4.12	6	3.89	6	2.19	6
5L	4.16	7	3.92	6	2.27	8
8L	4.35	4	4.06	5	2.47	7
10L	4.50	5	4.14	4	2.58	6

WIBOR rates

Term	%	Change (bps)
O/N	5.22	4
T/N	5.37	6
SW	5.33	0
1M	5.33	0
3M	5.20	-1
6M	5.00	0
1Y	4.83	1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.04	8
3x6	4.74	9
6x9	4.30	11
9x12	4.05	11
3x9	4.58	9
6x12	4.20	13

CDS rates and 10Y yield spread vs. German Bund

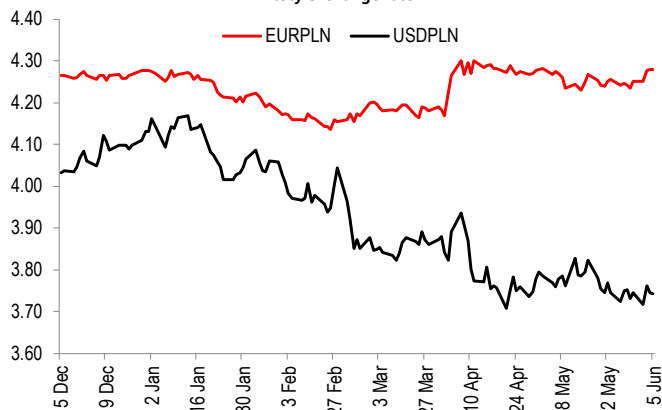
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	70	0	300	-3
France	17	0	68	1
Hungary	129	-1	457	-1
Spain	32	-1	59	0
Italy	22	0	98	-1
Portugal	16	0	48	0
Ireland	13	-2	31	-1
Germany	6	0	-	-

* 10Y treasury bonds over 10Y Bunds

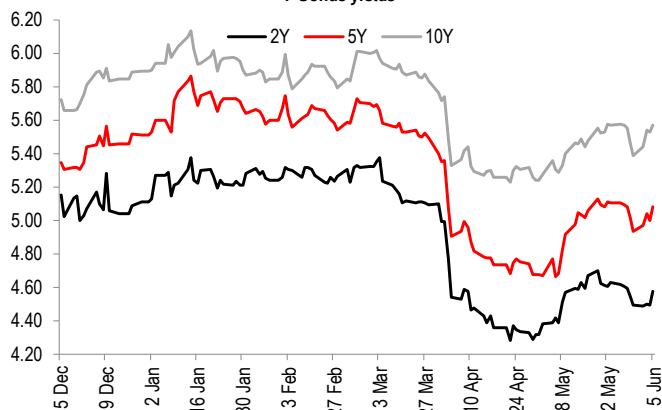
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

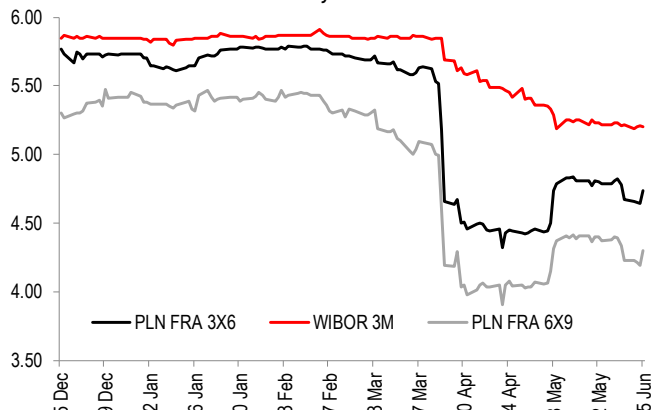
Zloty exchange rate



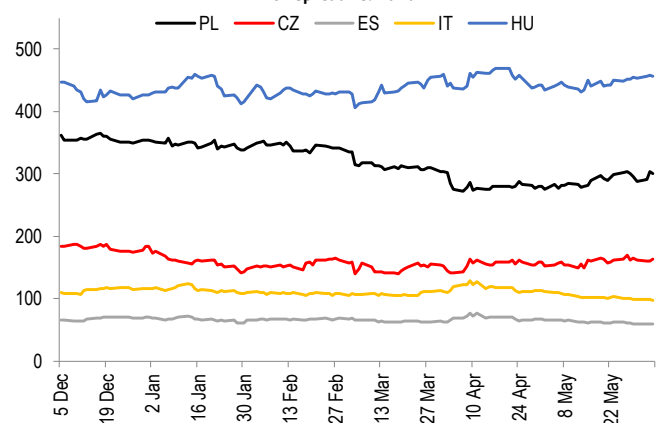
T-bonds yields



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 (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	-	2.2	1.8
10:00	PL	CPI	May	% y/y	4.3	4.2	4.1	4.3
14:00	DE	HICP	May	% m/m	0.1	-	0.2	0.5
14:30	US	Personal Spending	Apr	% m/m	0.2	-	0.2	0.7
14:30	US	Personal Income	Apr	% m/m	0.3	-	0.8	0.7
14:30	US	PCE Deflator SA	Apr	% m/m	0.1	-	0.1	0.0
16:00	US	Michigan index	May	pts	50.8	-	52.2	52.2
MONDAY (2 June)								
09:00	PL	Poland Manufacturing PMI	May	pts	50.3	50.1	47.1	50.2
09:55	DE	Germany Manufacturing PMI	May	pts	48.8	-	48.3	48.4
10:00	EZ	Eurozone Manufacturing PMI	May	pts	49.4	-	49.4	49.0
10:00	PL	GDP	1Q	% y/y	3.2	3.2	3.2	3.4
16:00	US	ISM manufacturing	May	pts	49.5	-	48.5	48.7
TUESDAY (3 June)								
08:30	HU	GDP	1Q	% y/y	0.0	-	0.0	0.4
11:00	EZ	Flash HICP	May	% y/y	2.0	-	1.9	2.2
11:00	EZ	Unemployment Rate	Apr	%	6.2	-	6.2	6.2
16:00	US	Durable Goods Orders	Apr	% m/m	-6.3	-	-6.3	7.6
16:00	US	Factory Orders	Apr	% m/m	-3.2	-	-3.7	3.4
WEDNESDAY (4 June)								
	PL	MPC decision	Jun	%	5.25	5.25	5.25	5.25
09:00	CZ	CPI	May	% y/y	2.0	-	2.4	1.8
09:55	DE	Markit Germany Services PMI	May	pts	47.2	-	47.1	49.0
10:00	EZ	Eurozone Services PMI	May	pts	48.9	-	49.7	50.1
14:15	US	ADP report	May	K	110	-	37	60
16:00	US	ISM services	May	pts	52.0	-	49.9	51.6
THURSDAY (5 June)								
03:45	CN	Caixin China PMI Services	May	pts	51.0	-	51.1	50.7
08:00	DE	Factory Orders	Apr	% m/m	-0.9	-	0.6	3.6
14:15	EZ	ECB Main Refinancing Rate	Jun	%	2.00	-	2.00	2.25
14:30	US	Initial Jobless Claims	weekly	k	235	-	247	239
15:00	PL	NBP Governor's Conference						
FRIDAY (6 June)								
08:00	DE	Exports SA	Apr	% m/m	-0.8	-	-	1.2
08:00	DE	Industrial Production SA	Apr	% m/m	-1.0	-	-	3.0
08:30	HU	Industrial Production SA	Apr	% y/y	-4.3	-	-	-5.4
09:00	CZ	Industrial Production	Apr	% y/y	-1.4	-	-	4.5
11:00	EZ	GDP SA	1Q	% y/y	1.2	-	-	1.2
11:00	EZ	Retail Sales	Apr	% m/m	0.2	-	-	-0.1
14:30	US	Change in Nonfarm Payrolls	May	k	130	-	-	177
14:30	US	Unemployment Rate	May	%	4.2	-	-	4.2

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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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>.