

13 June 2025

# (Bi)Weekly Economic Update

## Rising oil price could delay rate cuts

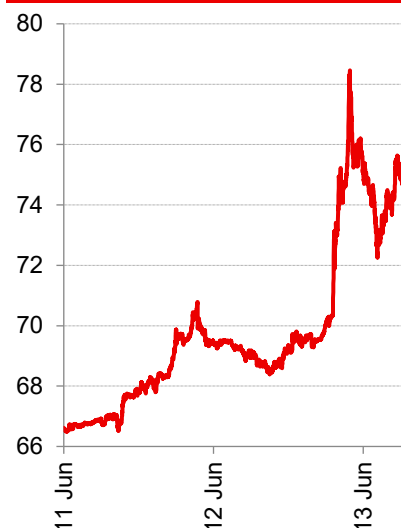
### Economy next week

- The nearest week will be shorter than usual – we have market holiday on Thursday in Poland, USA and a couple of other countries – but packed with important events.
- Locally, we will see **data on core inflation (Monday), consumer confidence (Wednesday) and business climate (Friday)** – all of secondary importance for the markets, in our view. Abroad, economic publications will include inflation data in European states, retail sales, manufacturing, and housing market data in the US.
- Many central bank decisions are scheduled during the week: on Monday the Bank of Japan, on Wednesday Chile, Brazil, Sweden and the US Fed, on Thursday the Swiss National Bank, the Bank of England, the Bank of Norway and the Bank of Turkey, on Friday the central bank of China. Of this list, only Sweden is expected to cut rates. **The FOMC will be key for the markets, and is expected to leave rates unchanged.** The bank will also publish its new economic forecasts, and the tone of J.Powell's conference may influence expectations for future rate cuts.
- The following week will bring a larger set of domestic data for May: **on Monday, we will see industrial and construction production, wages and employment, PPI, and on Tuesday, retail sales and money supply.** After better-than-forecast April data, we are counting on solid readings this time too, confirming that the Polish economy is on the path of recovery. Abroad, there will be a number of business climate indices, including the flash PMIs, German Ifo, European ESI. Central banks in Czechia and Hungary will decide on interest rates.
- Investors' attention will certainly be focused on the development of **the conflict in the Middle East**, so political events will be closely watched: In the coming week, the **G7 summit** will take place in Canada, attended by the leaders of the USA, Canada, France, Italy, Japan, Germany, the UK, EU representatives and the President of Ukraine. The following week, a **NATO summit** will be held in the Netherlands. Both of these are expected to be attended in person by Donald Trump. The talks are likely to cover the Middle East conflict, but also the Russia-Ukraine war. With the start of July approaching, when the 90-day suspension of "reciprocal" tariffs expires, markets will also be alert to signs of possible changes in tariff levels, especially after D.Trump this week again threatened to raise them.

### Markets next week

- Financial markets' behaviour in the coming days will depend heavily on geopolitical events, which we do not dare to predict. For the time being, the market reaction has been moderate, but the risk of an escalation of the war in the Middle East is real and, in that case, a further increase in risk aversion would be expected. Usually in such periods, the currencies with safe haven status are gaining, together with gold and core market bonds, while stock markets and currencies of developing countries tend to weaken. Interestingly, the US dollar, whose safe haven status has been undermined severely by the US administration since early April, strengthened more than other major currencies today after the attack on Iran. Perhaps this is because it had a room to breathe back – as recently as yesterday, it was at its weakest in around three years.
- Despite the strengthening of debt in the core markets and lower-than-forecast April inflation, domestic curves moved upwards today, firstly due to greater risk aversion, and secondly probably anticipating (rightly, in our view) that the surge in oil prices and the weakening of the zloty could delay NBP rate cuts. The risks to domestic yields appear to us to be asymmetric upwards – in the event of an escalation of the conflict, they will be supported by widening credit spreads and more distant rate cuts, in the event that the situation calms down, bond yields in the core markets are likely to return to upward trend.

Brent oil price, \$/barrel

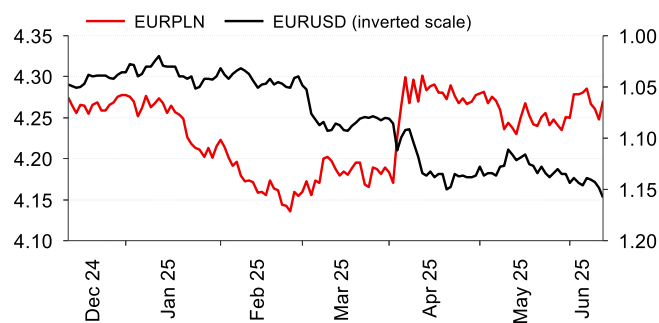


Source: Bloomberg, Santander

### Economic Analysis Department:

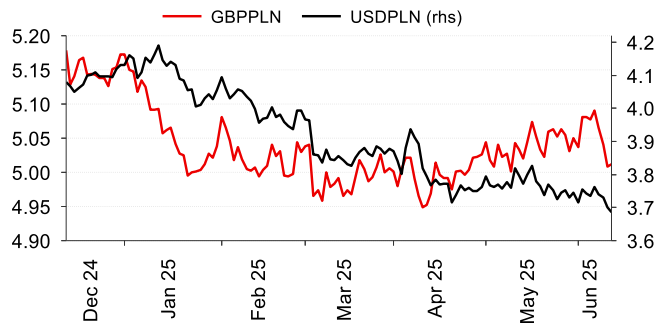
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### EURPLN and EURUSD



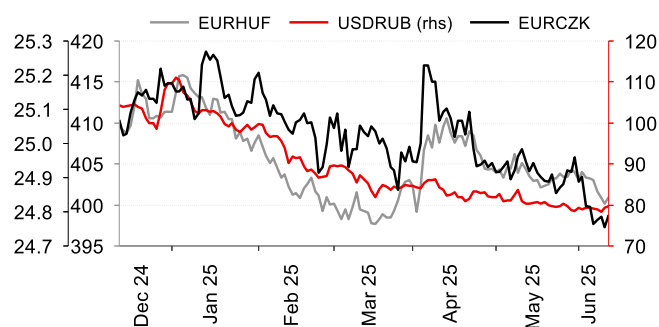
Source: LSEG Datastream, Santander

### GBPPLN and USDPLN



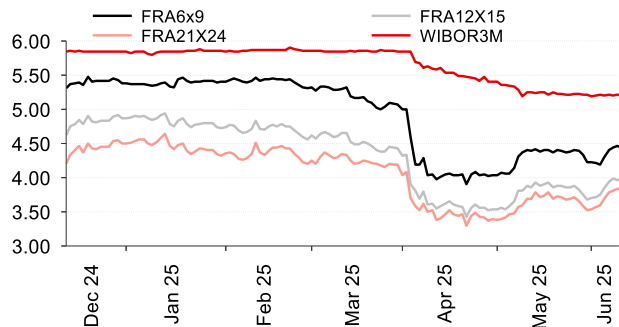
Source: LSEG Datastream, Santander Bank Polska

### EURCZK, EURHUF and USDRUB



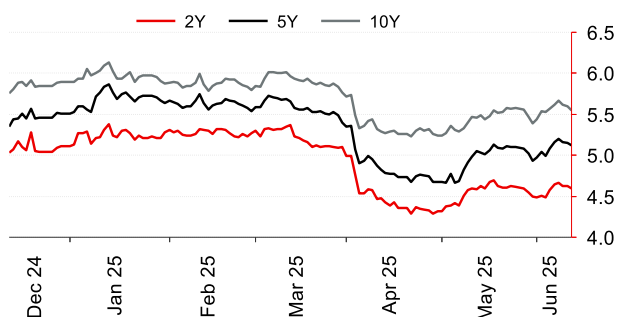
Source: LSEG Datastream, Santander Bank Polska

### PLN FRA and WIBOR3M



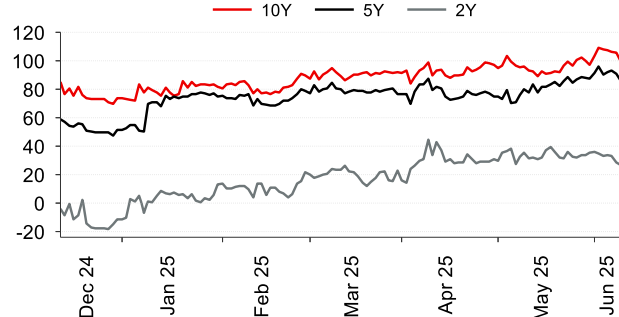
Source: LSEG Datastream, Santander Bank Polska

### Polish bond yields



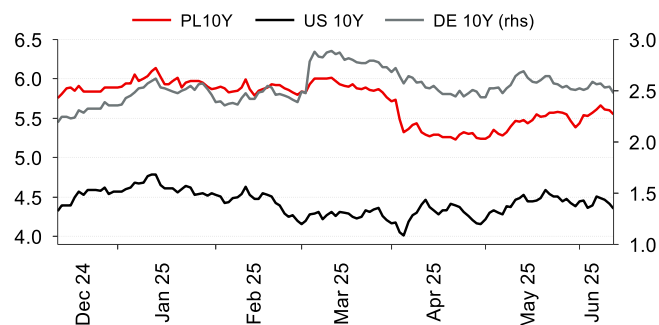
Source: LSEG Datastream, Santander Bank Polska

### Asset swap spreads



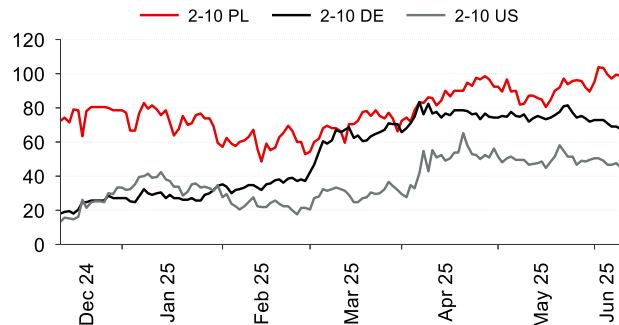
Source: LSEG Datastream, Santander Bank Polska

### 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		
MONDAY (16 June)							
14:00	PL	CPI Core	May	% y/y	3.3	3.3	3.4
TUESDAY (17 June)							
11:00	DE	ZEW Survey Current Situation	Jun	pts	30.5	-	25.2
14:30	US	Retail Sales Advance	May	% m/m	-0.7	-	0.1
15:15	US	Industrial Production	May	% m/m	0.0	-	0.0
WEDNESDAY (18 June)							
11:00	EZ	HICP	May	% y/y	1.9	-	2.2
14:30	US	Initial Jobless Claims	Jun.25	k	245	-	248
14:30	US	Housing Starts	May	% m/m	-0.1	-	1.6
20:00	US	FOMC decision	Jun.25	%	4.50	-	4.50
THURSDAY (19 June)							
	PL	Holiday					
FRIDAY (20 June)							
No key events or data releases							
MONDAY (23 June)							
09:30	DE	Germany Manufacturing PMI	Jun	pts	-	-	48.3
09:30	DE	Markit Germany Services PMI	Jun	pts	-	-	47.1
10:00	EZ	Eurozone Manufacturing PMI	Jun	pts	-	-	49.1
10:00	EZ	Eurozone Services PMI	Jun	pts	-	-	49.7
10:00	PL	Average Gross Wages	May	% y/y	8.8	8.8	9.3
10:00	PL	Employment in corporate sector	May	% y/y	-0.7	-0.7	-0.8
10:00	PL	Sold Industrial Output	May	% y/y	4.4	5.6	1.2
10:00	PL	Construction Output	May	% y/y	-2.5	-2.8	-4.2
10:00	PL	PPI	May	% y/y	-1.4	-1.4	-1.4
16:00	US	Existing Home Sales	May	% m/m	-	-	-0.5
TUESDAY (24 June)							
10:00	DE	IFO Business Climate	Jun	pts	-	-	87.5
10:00	PL	Retail Sales Real	May	% y/y	4.3	3.3	7.6
14:00	HU	Central Bank Rate Decision	Jun.25	%	-	-	6.50
14:00	PL	Money Supply M3	May	% y/y	10.2	9.9	10.4
16:00	US	Consumer Conference Board	Jun	pts	-	-	98.0
WEDNESDAY (25 June)							
10:00	PL	Unemployment Rate	May	%	5.0	5.0	5.2
14:30	CZ	Central Bank Rate Decision	Jun.25		-	-	3.50
16:00	US	New Home Sales	May	% m/m	-	-	10.9
THURSDAY (26 June)							
14:30	US	Durable Goods Orders	May	% m/m	-	-	-6.3
14:30	US	GDP Annualized	1Q	% q/q	-	-	-0.2
16:00	US	Pending Home Sales	May	% m/m	-	-	-6.3
FRIDAY (27 June)							
09:00	CZ	GDP SA	1Q	% y/y	-	-	2.2
11:00	EZ	ESI	Jun	pct.	-	-	94.8
14:30	US	Personal Spending	May	% m/m	-	-	0.2
14:30	US	Personal Income	May	% m/m	-	-	0.8
14:30	US	PCE Deflator SA	May	% m/m	0.1	-	0.1

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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