

24 June 2025

Eyeopener

May's figures below expectations again

Today data on retail sales and money supply, Hungary makes decision on rates

Trump: Israel and Iran agreed a ceasefire

Weaker-than-expected May's numbers on output, wages and employment

MPC's Kotecki: no cut in July

Zloty stronger, bond yields lower under impact of weaker data

Today, we will see May retail sales and M3 money supply data. We expect that after the unexpectedly strong increase in sales in April, by 7.6% y/y, their growth rate normalised and settled to 3.3% y/y, 1 pp below the median of market forecasts. For M3 supply growth, we expect a slowdown from 10.4% y/y to 9.9 y/y, 0.3 pp below the consensus. Apart from the domestic data, we will also learn the MNB's decision on interest rates in Hungary, which the market expects to be left unchanged. In addition, in Germany, there will be the June reading of the Ifo economic sentiment index, and in the US, there will be the June print of the Conference Board consumer sentiment index.

US President Donald Trump announced that **a ceasefire between Israel and Iran** had been established. The market reacted to this news with a strong decline in oil prices and a rally in stock market contracts.

May's data on output in industry and construction, as well as wage and employment figures, brought a slight disappointment. However, the scale of deviation from the market expectations was not large enough to tempt us to change our view on the positive prospects for the Polish economy. We still assume that 2Q25 GDP growth will be no lower than 3.2% y/y recorded in 1Q25. The output growth in industry improved to nearly 4% y/y, in construction the decline was limited to less than 3% y/y. Wages decelerated more than the market and us had expected, but the 8.4% y/y result for May is still markedly higher than the current inflation. Employment was stuck at -0.8% y/y growth rate, and while the monthly decline in FTEs looks worrying, this is only a slice of the Polish labour market. Read more in our [Economic Comment](#).

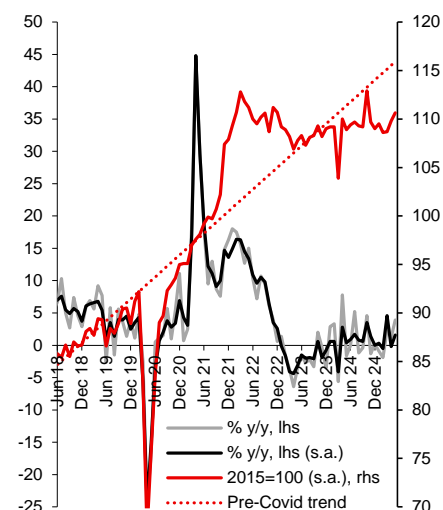
MPC's Ludwik Kotecki assessed during the Forum Funduszy event in Nałęczów that, due to the global situation, the Council will not decide to cut interest rates in July. He added that if nothing 'inconceivable' happens by September, there will definitely be an interest rate cut at the September MPC meeting.

German manufacturing PMI rose to 49.4 points in June from 48.3 points in May, in line with market expectations. The improvement in the index was due in part to the strongest increase in new orders in more than three years, as well as the fourth consecutive and at the same time the largest increase in output level since March 2022, reflected in a rise in its index by 1.2 points to 52.6 points. The German services sector PMI also rose, from 47.1 points to 49.4 points, driven in part by a smaller decline in new orders. The Eurozone manufacturing PMI remained unchanged at 49.4 points and the services PMI rose from 49.7 points to a neutral level of 50.0 points.

The EURPLN exchange rate rose on Monday by nearly 0.3% against Friday's close. The depreciation of the zloty followed the publication of weaker-than-expected data from the domestic economy, in parallel with a temporary appreciation of the dollar against the euro. This morning, the zloty is strengthening following news of a ceasefire between Israel and Iran. The EURUSD exchange rate ended Monday's session close to Friday's close, above 1.15, and this morning it is already above 1.16.

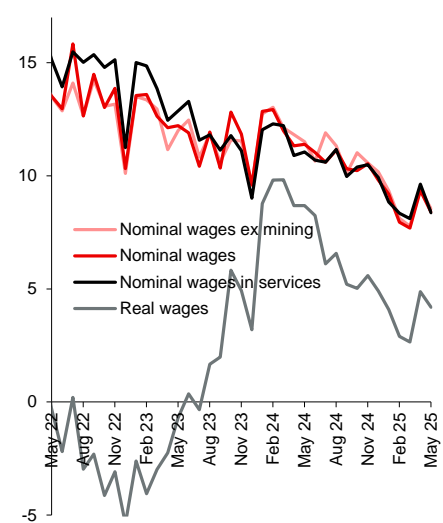
Domestic IRS rates fell by 5-6 bps across the curve on Monday, and FRA rates fell by 0-9 bps, more strongly at the long end of the curve. In parallel, domestic yields fell by around 2-4 bp with their curve steepening by around 3 bp. The falls in money market rates and yields may have been a reaction to weaker-than-expected May data, increasing the chances of interest rate cuts later in the year. Yields also fell in the US, where they amounted to 6-7 bp. Yield movements in Germany were negligible.

Industrial production in Poland



Source: GUS, Santander

Wage growth in the corporate sector, % y/



Source: GUS, Santander

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FX market

Today's opening

EURPLN	4.2646	CZKPLN	0.1719
USDPLN	3.6702	HUFPLN*	1.0475
EURUSD	1.1618	RONPLN	0.8452
CHFPLN	4.5579	NOKPLN	0.3670
GBPPLN	5.0001	DKKPLN	0.5731
USDCNY	7.1764	SEKPLN	0.3843

*for 100HUF

Last session in the FX market

23/06/2025

	min	max	open	close	fixing
EURPLN	4.2637	4.2801	4.2722	4.2789	4.2727
USDPLN	3.7006	3.7365	3.7179	3.7094	3.7212
EURUSD	1.1451	1.1552	1.1490	1.1538	

Interest rate market

23/06/2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.61	-5
PS0130 (5L)	5.20	-4
DS1034 (10L)	5.65	-3

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.77	-2	4.26	-3	2.00	-1
2L	4.39	-6	3.90	-6	1.98	-1
3L	4.30	-6	3.81	-5	2.07	-1
4L	4.31	-6	3.80	-5	2.14	-2
5L	4.35	-6	3.83	-4	2.23	-1
8L	4.53	-6	3.98	-3	2.43	-1
10L	4.67	-5	4.08	-3	2.55	1

WIBOR rates

Term	%	Change (bps)
O/N	5.24	-3
T/N	5.30	0
SW	5.34	0
1M	5.34	1
3M	5.21	-1
6M	5.05	0
1Y	4.85	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.13	0
3x6	4.88	0
6x9	4.47	-3
9x12	4.18	-7
3x9	4.74	0
6x12	4.36	-5

CDS rates and 10Y yield spread vs. German Bund

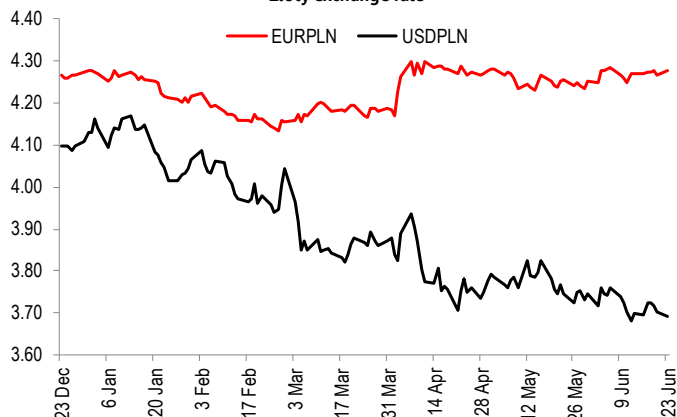
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	70	0	314	-2
France	18	0	72	-1
Hungary	127	0	470	1
Spain	32	0	69	-1
Italy	21	0	100	-1
Portugal	16	0	51	-1
Ireland	12	0	34	0
Germany	6	0	-	-

* 10Y treasury bonds over 10Y Bunds

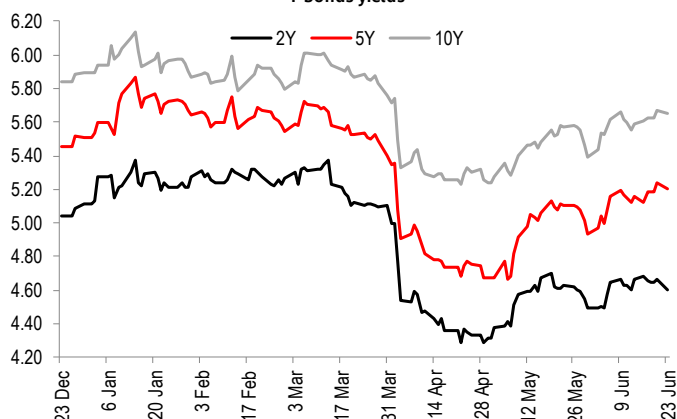
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

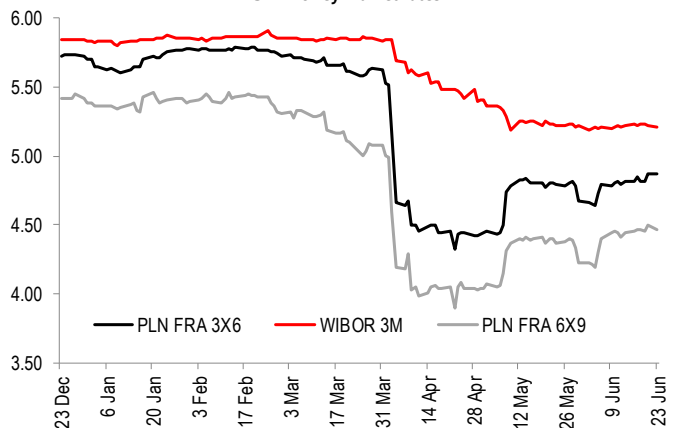
Zloty exchange rate



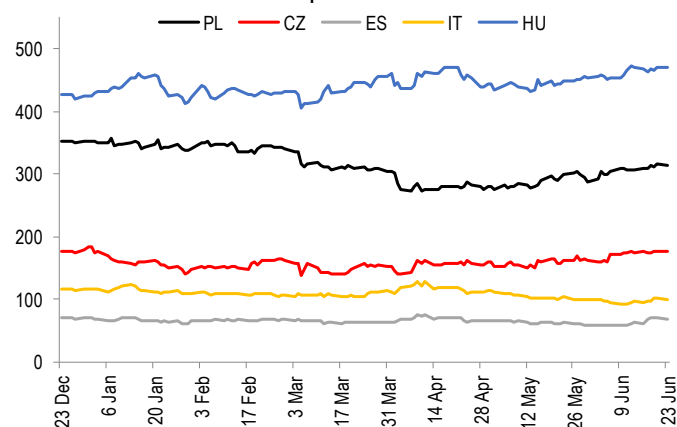
T-bonds yields



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 (20 June)								
No key data releases or events								
MONDAY (23 June)								
09:30	DE	Germany Manufacturing PMI	Jun	pts	49.0	-	49.0	48.3
09:30	DE	Markit Germany Services PMI	Jun	pts	47.8	-	49.4	47.1
10:00	EZ	Eurozone Manufacturing PMI	Jun	pts	49.7	-	49.4	49.4
10:00	EZ	Eurozone Services PMI	Jun	pts	50.0	-	50.0	49.7
10:00	PL	Employment in corporate sector	May	% y/y	-0.7	-0.7	-0.8	-0.8
10:00	PL	Average Gross Wages	May	% y/y	8.9	8.8	8.4	9.3
10:00	PL	Sold Industrial Output	May	% y/y	4.6	5.6	3.9	1.2
10:00	PL	Construction Output	May	% y/y	-1.1	-2.8	-2.9	-4.2
10:00	PL	PPI	May	% y/y	-1.2	-1.4	-1.5	-1.6
16:00	US	Existing Home Sales	May	% m/m	-1.3	-	0.8	-0.5
TUESDAY (24 June)								
10:00	DE	IFO Business Climate	Jun	pts	88.1	-	-	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	%	6.50	-	-	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	99.0	-	-	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	%	3.50	-	-	3.50
16:00	US	New Home Sales	May	% m/m	-6.7	-	-	10.9
THURSDAY (26 June)								
14:30	US	Durable Goods Orders	May	% m/m	6.9	-	-	-6.3
14:30	US	GDP Annualized	1Q	% Q/Q	-0.2	-	-	2.4
14:30	US	Initial Jobless Claims	weekly	k	248	-	-	245
16:00	US	Pending Home Sales	May	% m/m	0.0	-	-	-6.3
FRIDAY (27 June)								
09:00	CZ	GDP SA	1Q	% y/y	2.2	-	-	1.8
11:00	EZ	ESI	Jun	pct.	95.0	-	-	94.8
14:30	US	Personal Spending	May	% m/m	0.2	-	-	0.2
14:30	US	Personal Income	May	% m/m	0.2	-	-	0.8
14:30	US	PCE Deflator SA	May	% m/m	0.1	-	-	0.1
16:00	US	Michigan index	Jun	pts	60.5	-	-	52.2

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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