

30 June 2025

Eyeopener

The last CPI print around 4%

Today Polish inflation for June, retail sales and HICP inflation in Germany
Improvement in ESI indicators for Poland
Mixed data in the USA
Zloty stable, bond yields slightly higher

Today we will see the flash estimate of June CPI inflation. In our view, it will show that inflation remained at 4.0% y/y, which will be the last reading around this level – already from July and until the end of the year, inflation should be below 3% y/y. Preliminary HICP and CPI inflation data will also be published in Germany today – according to the market, both measures will remain slightly above 2% y/y. German retail sales for May were already released today and for the second time in a row came in clearly below expectations. The PMI indicators from the Chinese federation of logistics turned out to be marginally above forecasts and the previous readings, with the manufacturing PMI slightly below 50 pts and the services PMI slightly above. This evening the ECB central banking forum starts in Sintra. Christine Lagarde will have the opening speech.

The Economic Sentiment Indicator Poland improved in June to 101.4 pts from 100.4 pts in May, thus reaching its highest level since September 2024. Improvements were recorded in industry, services, retail trade, and consumer confidence, while some deterioration was seen in construction. The improvement in the ESI supports our forecast of a slight acceleration in GDP growth this year.

China's Ministry of Commerce confirmed US Commerce Secretary Lutnick's earlier words on a trade agreement between the two countries. China is expected to approve export applications for commodities subject to export control regulations and the US will cancel some of the existing restrictive measures. We also learned that Donald Trump broke trade talks with Canada. In a speech by US Treasury Secretary Scott Bessent there was a suggestion that the so-called reciprocal tariffs might be postponed further until the start of September.

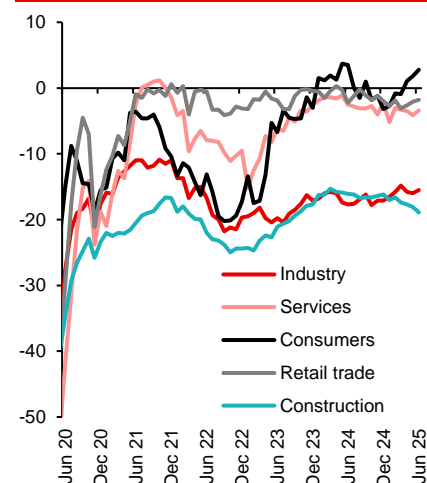
The IGC (International Grains Council) raised its 2025/2026 cereal production forecast by 2 million tonnes to 2377 million tonnes due to higher expectations for maize yields. The forecast for 2024/2025 is 2313m tonnes. Consumption is expected at 2373m tonnes in 2025/26, compared to the 2024/2025 season forecast of 2336m tonnes. Production is therefore expected to exceed consumption in the 2025/2026 season, contrary to the situation in the 2024/2025 season. This could mean pressure for lower cereal prices.

Friday's data from the US economy were mixed. The University of Michigan's index of consumer optimism surprised upwards, but in contrast, data on spending and income were weaker. US consumer spending fell by 0.1% m/m in May against expectations for a 0.1% m/m increase. Incomes, on the other hand, fell by 0.4% m/m against expectations for a 0.3% m/m increase (according to Bloomberg, such a large downward deviation from market forecasts has not been seen since 2012). The PCE deflator, on the other hand, came in at 2.3% y/y, in line with expectations, while the core rate came in at 2.7% y/y and was above expectations.

The zloty and other currencies of the region benefited on Friday from good market sentiment related to news of the China-US trade deal. The EURPLN exchange rate neared 4.235, but around midday there was a correction and the exchange rate ended the day near the opening level, i.e. slightly above 4.24. The Czech koruna behaved similarly, but in the end it gained slightly against the euro, while the forint gained all day and the EURHUF ended the day below 399 – the strongest since March. The dollar weakened against the euro, with EURUSD ending the session above 1.17. The US currency was the weakest against the euro since 2021.

US Inflation data favoured a slight rise in rates in the interest rate market. The yield curve moved up by 2 bp in parallel, as did the IRS and FRA curves. A similar movement was observed in the core markets. The debt market should be alert to statements coming out of Sintra, with the main event of the forum (with the highest market-moving potential) – a panel including the heads of the central banks of the euro area, the US, the UK, Japan and South Korea – taking place tomorrow afternoon. Later in the week, attention will likely redirect to the US labour market data.

ESI indicators, pts



Source: European Commission, Santander

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FX market

Today's opening

EURPLN	4.2368	CZKPLN	0.1706
USDPLN	3.6118	HUFPLN*	1.0525
EURUSD	1.1730	RONPLN	0.8343
CHFPLN	4.5136	NOKPLN	0.3576
GBPPLN	4.9606	DKKPLN	0.5666
USDCNY	7.1637	SEKPLN	0.3801

*for 100HUF

Last session in the FX market 27.06.2025

	min	max	open	close	fixing
EURPLN	4.2344	4.2441	4.2394	4.2385	4.2362
USDPLN	3.6071	3.6323	3.6285	3.6155	3.6177
EURUSD	1.1682	1.1754	1.1685	1.1723	

Interest rate market

27.06.2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.57	1
PS0730 (5L)	5.01	-2
DS1034 (10L)	5.50	2

IRS on the interbank market**

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	4.71	4.16	2.00
2L	4.32	3.79	2.00
3L	4.20	3.70	2.09
4L	4.20	3.70	2.17
5L	4.23	3.73	2.26
8L	4.41	3.89	2.47
10L	4.56	4.00	2.59

WIBOR rates

Term	%	Change (bps)
O/N	5.24	-1
T/N	5.30	0
SW	5.31	-2
1M	5.38	3
3M	5.24	2
6M	5.05	0
1Y	4.85	1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.10	-1
3x6	4.82	0
6x9	4.42	0
9x12	4.09	-1
3x9	4.69	2
6x12	4.30	-1

CDS rates and 10Y yield spread vs. German Bund

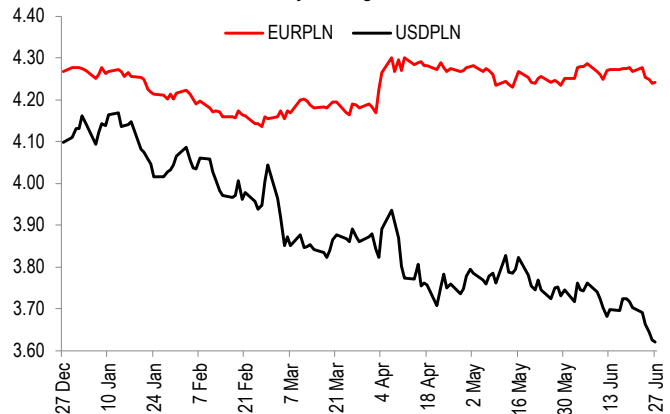
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	70	290
France	17	68
Hungary	126	451
Spain	30	64
Italy	20	91
Portugal	16	46
Ireland	12	31
Germany	6	-

* 10Y treasury bonds over 10Y Bunds

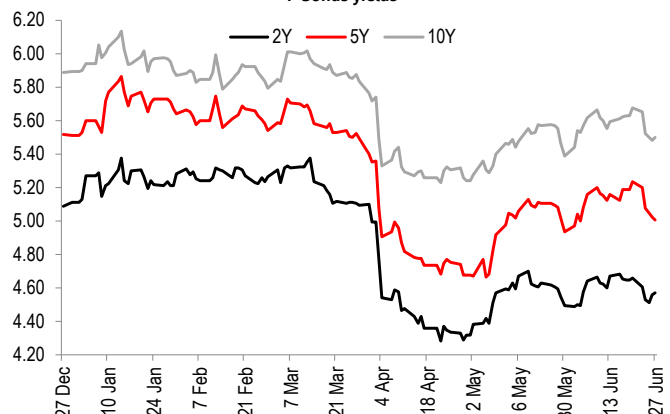
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

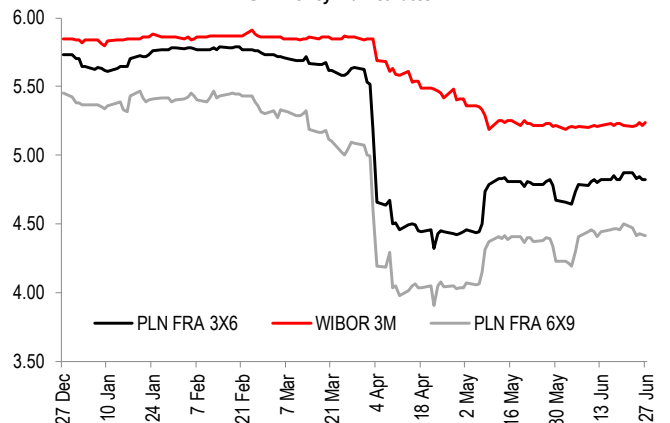
Zloty exchange rate



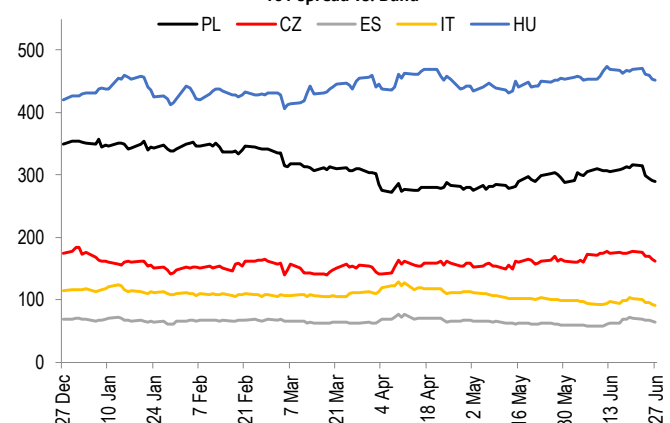
T-bonds yields



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 (27 June)								
09:00	CZ	GDP SA	1Q	% y/y	2.2	-	2.4	2.2
11:00	EZ	ESI	Jun	pct.	94.8	-	94.0	94.8
14:30	US	Personal Spending	May	% m/m	0.1	-	-0.1	0.2
14:30	US	Personal Income	May	% m/m	0.3	-	-0.4	0.8
14:30	US	PCE Deflator SA	May	% m/m	0.1	-	0.1	0.1
16:00	US	Michigan index	Jun	pts	60.5	-	60.7	60.5
MONDAY (30 June)								
08:00	DE	Retail Sales	May	% m/m	0.5	-	-1.6	-0.6
10:00	PL	CPI	Jun	% y/y	4.0	4.0	-	4.0
14:00	DE	HICP	Jun	% m/m	0.3	-	-	0.2
TUESDAY (1 July)								
09:00	PL	Poland Manufacturing PMI	Jun	pts	48.0	48.0	-	47.1
09:55	DE	Germany Manufacturing PMI	Jun	pts	49.0	-	-	49.0
10:00	EZ	Eurozone Manufacturing PMI	Jun	pts	49.4	-	-	49.4
11:00	EZ	Flash HICP	Jun	% y/y	2.0	-	-	1.9
16:00	US	ISM manufacturing	Jun	pts	48.75	-	-	48.5
WEDNESDAY (2 July)								
	PL	MPC decision		%	5.25	5.25	-	5.25
11:00	EZ	Unemployment Rate	May	%	6.2	-	-	6.2
14:15	US	ADP report	Jun	k	110.0	-	-	37.0
THURSDAY (3 July)								
03:45	CN	Caixin China PMI Services	Jun	pts	51.0	-	-	51.1
09:55	DE	Markit Germany Services PMI	Jun	pts	49.4	-	-	49.4
10:00	EZ	Eurozone Services PMI	Jun	pts	50.0	-	-	50.0
14:30	US	Initial Jobless Claims	Jun.25	k	243.19	-	-	236.0
14:30	US	Change in Nonfarm Payrolls	Jun	k	120.0	-	-	139.0
14:30	US	Unemployment Rate	Jun	%	4.3	-	-	4.2
16:00	US	Durable Goods Orders	May	% m/m	8.5	-	-	16.4
16:00	US	ISM services	Jun	pts	50.75	-	-	49.9
16:00	US	Factory Orders	May	% m/m	7.75	-	-	-3.7
FRIDAY (4 July)								
08:00	DE	Factory Orders	May	% m/m	-0.2	-	-	0.6
08:30	HU	Industrial Production SA	May	% y/y	-1.5	-	-	-2.3
09:00	CZ	CPI	Jun	% y/y	2.9	-	-	2.4

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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