

Eyeopener

Will PMI confirm improved sentiment in industry?

Today final readings of manufacturing PMI and ISM indices, flash HICP inflation in Eurozone

Polish CPI inflation rose to 4.1% y/y in June

Credit sales hold at a solid level in Poland

Złoty stable, domestic bond market slightly stronger

Today we will see the June print of the Polish manufacturing PMI. Both in our view and according to the consensus, its value should rise to 48.0 pts, partially correcting the May decline from 50.2 pts to 47.1 pts. Alternative measures of sentiment among Polish manufacturers, the GUS and European Commission indicators, showed a slight improvement compared to May. Final June manufacturing PMIs will also be released in Germany and the euro area, among others, whereas from the US, we will get the June reading of the industrial ISM index. China's Caixin PMI rebounded by 2.1 pts to 50.4, while a 1-pt rise had been expected. Also today, in the euro area, there will be preliminary HICP inflation data for June. At 14:30 CEST, a panel discussion with the heads of ECB and Fed presidents, among others, begins in Sintra.

CPI inflation increased to 4.1% y/y in June from 4.0% y/y in May, while we and the market expected it to remain flat. While food and energy prices were fairly in line with our expectations and printed +0.1% m/m and -0.3% m/m, respectively, fuel prices declined more than we had assumed, by 1.3% m/m. It thus seems that core inflation was higher than expected and inched up to 3.4% y/y in June from 3.3% y/y in May. We are expecting CPI to drop markedly in July due to high statistical base and a cut in natural gas prices. Until the end of the year CPI is likely to remain in 2.5-3.0% range. We think that higher CPI print will encourage the MPC not to cut rates in July. We are expecting the MPC to cut rates by 50bp this year, in September and November.

Sales of housing loans amounted to PLN7.4bn in May, thus exceeding PLN7bn for the third consecutive month, according to data from the NBP. Given that in earlier months, starting from April last year, sales usually amounted to a little over PLN6bn, the latest data indicate that the housing market is seeing a slight increase in demand. Sales of consumer loans amounted to PLN11.2bn, close to the April and March figures and quite a bit higher than in earlier months (in January and February they averaged PLN10.2bn, similarly as in 4Q24), which in our view signals that consumer demand remains solid. Sales of corporate loans amounted to PLN12.9bn, slightly below April's PLN14.8bn and March's PLN13.2bn.

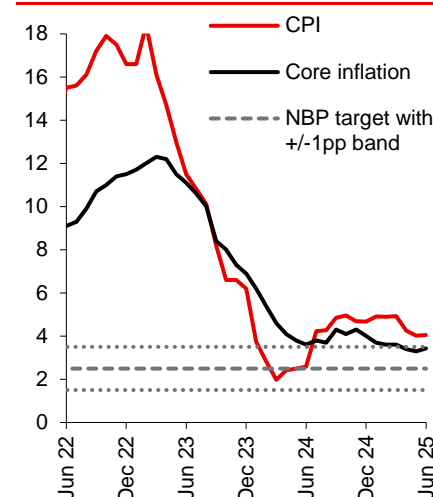
The May cut of the NBP's interest rates by 50 bp was supported by all MPC members except Joanna Tyrowicz, according to information published by the NBP. Joanna Tyrowicz continued in May to be the only one to vote in favour of a 200 bp interest rate hike.

The NBP has published the quarterly balance of payments data together with revised monthly data. The figures for 2024 show a downward revision in estimates of services turnover, both for exports and imports, and a higher estimate of outflows from the primary income account, which in total reduced the current account balance by EUR3.4bn or 0.4% of GDP. Current data indicate that in 2024 the current account balance as % of GDP was more or less zero. Revision of data for the first three months of this year showed higher exports (by approx. EUR0.5bn each month) and imports (by approx. EUR0.3bn each month), with a decrease in services turnover and the primary income balance. In total, the current account balance for 1Q25 decreased due to the revision by EUR0.6bn to -EUR1.2bn.

EURPLN moved little on Monday and ended the day near 4.24, not far from Friday's close. EURCZK was similarly stable, while EURHUF rose slightly, by around 0.2%. EURUSD remained relatively stable during the day and ended slightly above 1.17.

Domestic IRS and FRA rates fell by around 1-2bp on Monday, while domestic bond yields fell by 2-4bp with their curve steepening by around 2bp. Changes in bond yields on core markets were negligible. Deputy Finance Minister Jurand Drop reported that at the end of June, this year's borrowing needs were covered in 75% and funds in budget accounts increased in June from PLN176bn to PLN183bn. The Ministry of Finance reported that in May foreign investors net reduced their positions in PLN-denominated Polish bonds by PLN1.4bn and their market share fell to 11.9% (at the end of last year it was 12.7%).

CPI inflation in Poland, % y/y



June 2025 value of core inflation is Santander estimate based on preliminary GUS data
Source: GUS, Santander

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FX market

Today's opening

EURPLN	4.2408	CZKPLN	0.1712
USDPLN	3.5997	HUFPLN*	1.0606
EURUSD	1.1780	RONPLN	0.8357
CHFPLN	4.5411	NOKPLN	0.3568
GBPPLN	4.9465	DKKPLN	0.5683
USDCNY	7.1635	SEKPLN	0.3801

*for 100HUF

Last session in the FX market 30.06.2025

	min	max	open	close	fixing
EURPLN	4.2351	4.2437	4.2376	4.2424	4.2419
USDPLN	3.6020	3.6227	3.6123	3.6045	3.6164
EURUSD	1.1707	1.1771	1.1728		1.1769

Interest rate market

30.06.2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.56	-1
PS0730 (5L)	5.03	2
DS1034 (10L)	5.48	-2

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.71	0	4.16	0	2.00	0
2L	4.30	-2	3.76	-3	2.00	1
3L	4.19	-2	3.67	-3	2.09	1
4L	4.18	-2	3.67	-3	2.19	1
5L	4.22	-1	3.69	-4	2.26	0
8L	4.40	-1	3.85	-5	2.48	1
10L	4.55	-1	3.95	-5	2.59	0

WIBOR rates

Term	%	Change (bps)
O/N	5.17	-7
T/N	5.31	1
SW	5.32	1
1M	5.35	-3
3M	5.23	-1
6M	5.04	-1
1Y	4.84	-1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.09	-1
3x6	4.81	-2
6x9	4.40	-1
9x12	4.08	-1
3x9	4.66	-3
6x12	4.28	-2

CDS rates and 10Y yield spread vs. German Bund

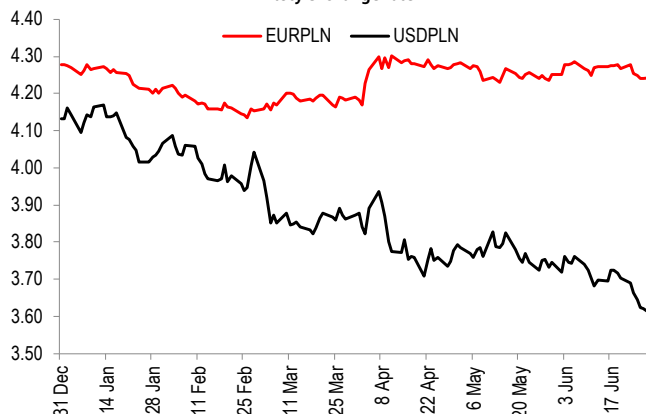
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	70	0	292	2
France	17	0	69	1
Hungary	126	0	454	2
Spain	30	0	65	2
Italy	20	0	93	1
Portugal	16	0	48	2
Ireland	12	0	32	1
Germany	6	0	-	-

* 10Y treasury bonds over 10Y Bunds

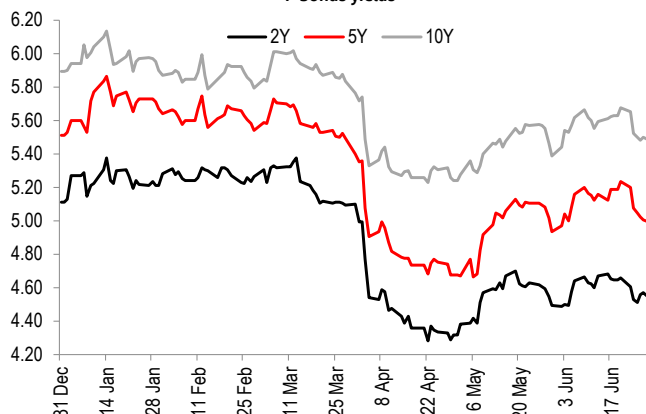
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

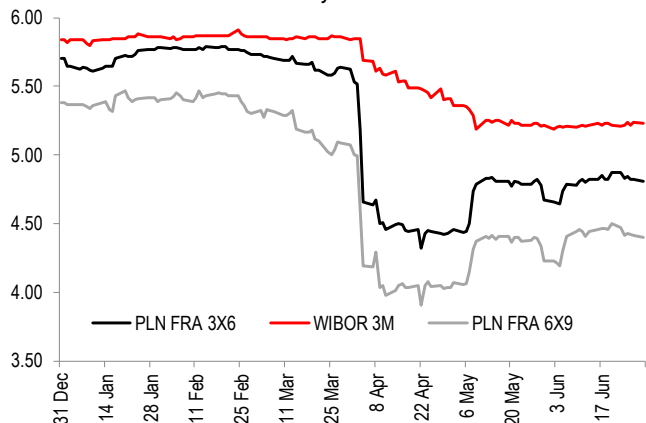
Zloty exchange rate



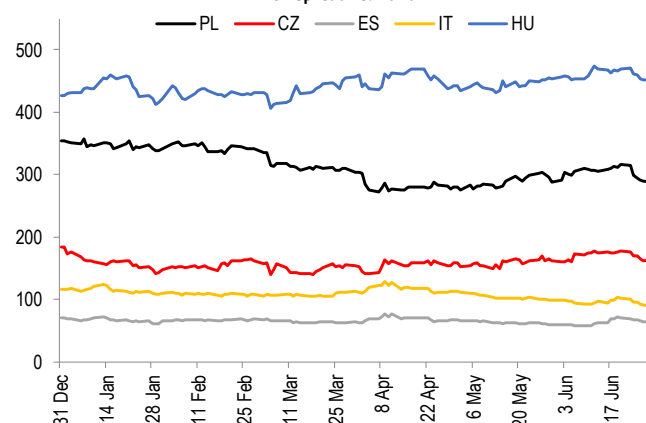
T-bonds yields



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 (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	4.1	4.0
14:00	DE	HICP	Jun	% m/m	0.3	-	0.1	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	-	-	48.3
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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