

29 July 2025

Eyeopener

EU-USA trade deal undermined CEE currencies

Today July's reading of Consumer Conference Board
Donald Trump increased pressure on Russia regarding talks with Ukraine
Structural data confirm spuriousness of the June increase in unemployment
Weakening of CEE currencies and lower yields in reaction to EU-USA trade deal

Today, we will see the July print of the Conference Board index of consumer confidence in the US. The market expects the index to rise by 3.0 pts to 96.0 pts, thus partially correcting the June decline, which brought it down from 98.4 pts to 93.0 pts. Apart from that, no other publications or economic events are scheduled for today.

Donald Trump said he was disappointed with the peace talks between Russia and Ukraine. He declared that he was shortening the ultimatum announced in mid-July for Russia to reach an agreement within 50 days to 10-12 days. It is unclear what measures the US will take after this period, but 100% secondary tariffs on goods from countries importing oil from Russia or other types of sanctions are possible.

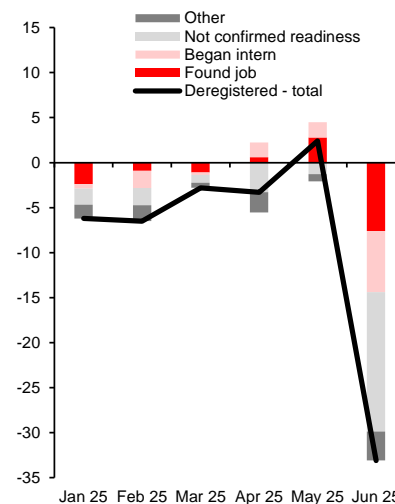
Detailed structural unemployment statistics published by the Ministry of Family, Labour and Social Policy in June confirmed our assumptions regarding the sources of the increase in the number of unemployed. **Almost half of the annual decline in the number of people deregistered from the Labour Office in June was due to the fact that the offices required less-frequent confirmations of readiness to take up employment.** In June, 4.6k unemployed were removed from the registers for failing to comply with this formality, compared to 19.1k in May and 20.1k a year earlier. In addition, only 2.7k unemployed started an internship or training in the month under review, compared to 11.4k in May and 9.5k in June 2024. We assume that the data for July will show a further increase in unemployment for the same reason, and that in August the number of deregistrations should normalise.

According to information from the Ministry of Funds and Regional Policy, **by 27 July, almost 18k contracts for co-financing under the 2021-2027 EU budget were signed, allocating PLN148.1bn**, i.e. 46.6% of the available budget. Compared to the data from 29 June, this represents an increase in allocated co-financing by c. PLN7bn.

The beginning of the week in the foreign exchange market was marked by the reaction to the USA-EU trade agreement. From 4.24 before the weekend, the zloty weakened against the euro by about 0.02PLN. However, during the day, the EURPLN exchange rate remained unchanged, fluctuating between 4.25 and 4.26. Other CEE currencies, the Hungarian forint and the Czech koruna, also weakened against the euro. Meanwhile, the dollar strengthened by about 1%, with the EURUSD rate approaching 1.16.

After the weekend, Polish government bond yields saw a 4-6 bp decline, with similar declines across the entire curve. Similarly, German bond yields fell by 3-4 bp, and US bond yields saw slight increases. Domestic IRS rates also fell by about 5 bp, and FRA rates by 3-8 bp, with a greater decline in the longer term. On the margin of market operations, the Ministry of Finance announced the issue of bonds worth PLN2.8bn intended to increase the share capital of PGG (coal mining company).

The unemployed deregistered from the job offices by reason (y/y changes, thous.)



Source: MRPiPS, Santander

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FX market

Today's opening

EURPLN	4.2633	CZKPLN	0.1731
USDPLN	3.6836	HUFPLN*	1.0599
EURUSD	1.1573	RONPLN	0.8410
CHFPLN	4.5767	NOKPLN	0.3606
GBPPLN	4.9153	DKKPLN	0.5712
USDCNY	7.1749	SEKPLN	0.3822

*for 100HUF

Last session in the FX market

28/07/2025

	min	max	open	close	fixing
EURPLN	4.2455	4.2662	4.2462	4.2645	4.2565
USDPLN	3.6137	3.6749	3.6148	3.6747	3.6446
EURUSD	1.1606	1.1747	1.1746		1.1608

Interest rate market

28/07/2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.26	-5
PS0730 (5L)	4.82	-8
DS1034 (10L)	5.42	-8

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.36	-5	4.28	0	2.06	2
2L	4.07	-7	3.94	-1	2.06	-1
3L	4.01	-7	3.85	0	2.16	-2
4L	4.05	-7	3.84	0	2.25	-2
5L	4.11	-6	3.87	1	2.34	-1
8L	4.32	-6	4.05	2	2.55	-1
10L	4.49	-5	4.15	2	2.66	-1

WIBOR rates

Term	%	Change (bps)
O/N	4.95	-18
T/N	5.09	1
SW	5.07	0
1M	5.11	4
3M	4.95	-1
6M	4.79	0
1Y	4.62	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	4.81	-4
3x6	4.43	-4
6x9	4.05	-5
9x12	3.73	-9
3x9	4.30	-5
6x12	3.95	-8

CDS rates and 10Y yield spread vs. German Bund

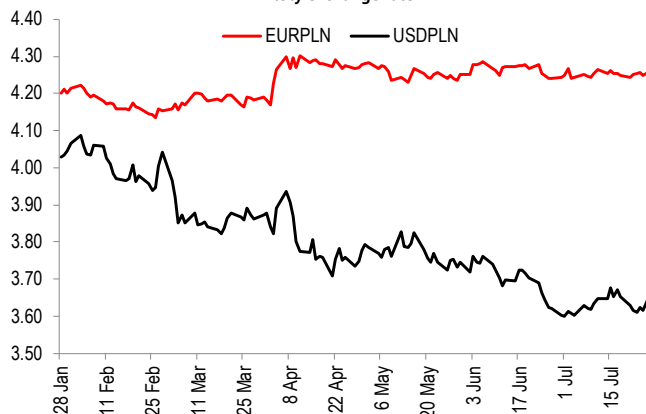
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	66	0	273	-5
France	16	0	66	-1
Hungary	124	0	441	0
Spain	28	0	59	-1
Italy	17	0	85	-2
Portugal	15	0	42	-1
Ireland	12	0	23	-2
Germany	5	0	-	-

* 10Y treasury bonds over 10Y Bunds

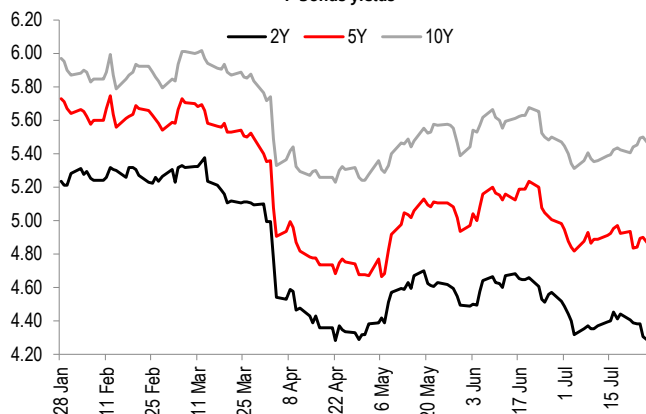
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

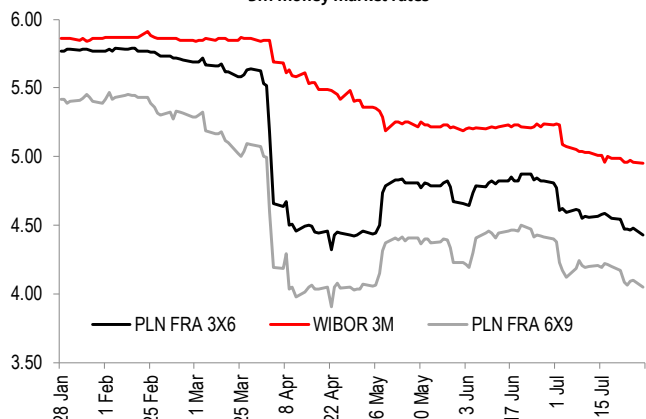
Zloty exchange rate



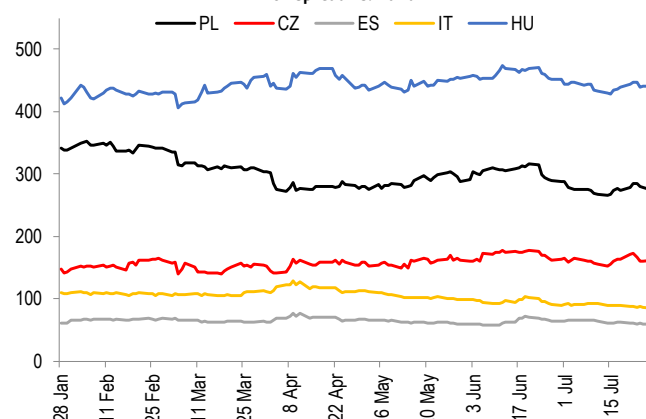
T-bonds yields



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 (25 July)								
10:00	DE	IFO Business Climate	Jul	pts	89.0	88.6	88.4	
14:30	US	Durable Goods Orders	Jun	% m/m	-10.8	-9.3	16.5	
MONDAY (28 July)								
No data releases								
TUESDAY (29 July)								
16:00	US	Consumer Conference Board	Jul	pts	96.0	-	93.0	
WEDNESDAY (30 July)								
08:30	HU	GDP	2Q	% y/y	0.0	-	0.0	
09:00	CZ	GDP SA	2Q	% y/y	2.5	-	2.4	
10:00	DE	GDP WDA	2Q	% y/y	0.2	-	0.0	
11:00	EZ	GDP SA	2Q	% y/y	1.2	-	1.5	
11:00	EZ	ESI	Jul	pct.	94.5	-	94.0	
14:15	US	ADP report	Jul	k	80	-	-33	
14:30	US	GDP Annualized	2Q	% Q/Q	2.4	-	-0.5	
16:00	US	Pending Home Sales	Jun	% m/m	0.0	-	1.82	
20:00	US	FOMC decision	Jul.25		4.50	-	4.50	
THURSDAY (31 July)								
10:00	PL	CPI	Jul	% y/y	2.8	2.9	-	4.1
11:00	EZ	Unemployment Rate	Jun	%	6.3	-	6.3	
14:00	DE	HICP	Jul	% m/m	0.4	-	0.1	
14:30	US	Initial Jobless Claims	Jul.25	k	220	-	217	
14:30	US	Personal Spending	Jun	% m/m	0.4	-	-0.1	
14:30	US	Personal Income	Jun	% m/m	0.2	-	-0.4	
14:30	US	PCE Deflator SA	Jun	% m/m	0.3	-	0.1	
FRIDAY (1 August)								
09:00	PL	Poland Manufacturing PMI	Jul	pts	45.6	45.6	-	44.8
09:55	DE	Germany Manufacturing PMI	Jul	pts	49.2	-	49.0	
10:00	EZ	Eurozone Manufacturing PMI	Jul	pts	49.8	-	49.5	
11:00	EZ	Flash HICP	Jul	% y/y	1.9	-	2.0	
14:30	US	Change in Nonfarm Payrolls	Jul	k	110	-	147	
14:30	US	Unemployment Rate	Jul	%	4.2	-	4.1	
16:00	US	Michigan index	Jul	pts	61.8	-	61.8	
16:00	US	ISM manufacturing	Jul	pts	49.5	-	49.0	

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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