08 August 2025

Weekly Economic Update

Did GDP accelerate in Q2?

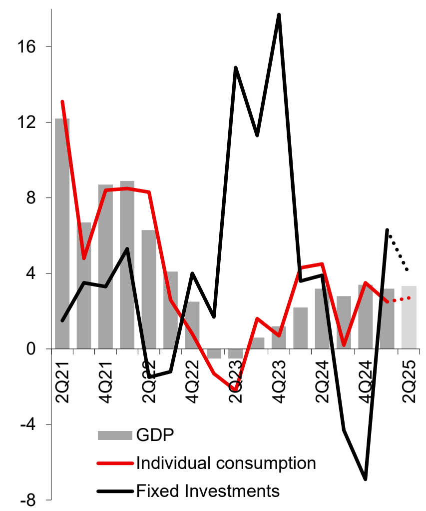
Economy next week

- Next week, the middle of the week will be the most important for the Polish market. **On Wednesday at 10:00 CET, GUS will publish its first estimate of GDP growth in 2Q25, and at 14:00 CET, the National Bank of Poland (NBP) will release its June balance of payments data**. The market expects GDP at 3.5% y/y, but in our opinion it may be slightly lower at 3.3% y/y. We expect investments to gain momentum in the coming quarters, and GDP growth to gradually improve, reaching 3.5% in the entire 2025. We think that weak exports will be one of the factors limiting the growth rate in the past quarter will be weak exports. In June, we expect export to advance by around 0% y/y, with imports growing by over 3% y/y, which will bring the current account deficit further down to around 1.2% of GDP. Strong domestic demand will work towards maintaining or further deepening it in the coming months. More complete data on the breakdown of economic growth in the second quarter will be available later, at the beginning of September. **On Thursday, GUS will publish final data on CPI inflation in July**, together with the full structure of price changes, which will allow for a more accurate assessment of the sources of the recorded CPI slowdown, which was smaller than expected
- **Globally**, more important data will be released on Tuesday, primarily July inflation in the US, which, according to market expectations, may increase slightly compared to June. On the same day, the results of the ZEW economic sentiment survey in Germany will be released, where expectations are for a deterioration compared to the last reading. In addition, on Tuesday, HICP inflation in Germany will be released, on Thursday, euro zone GDP data for 1Q25 and industrial production for June, as well as further data from the US labour market. On Friday, the calendar only features data from the US market, including retail sales, industrial output and the Michigan index.

Markets next week

- Last week, **the Polish zloty began to gradually weaken against the euro**, but on Thursday the trend reversed and EURPLN ended the week at 4.255, i.e. 0.4% lower than on Monday morning. In the second half of the week, the Polish currency also strengthened against the dollar, with the USDPLN exchange rate at around 3.65, i.e. 0.9% lower than at the beginning of the week. Exchange rate movements were driven mainly by fluctuations in global sentiment, with news of progress in negotiations with Russia on ending the war in Ukraine yielding support to the region's currencies. As we are slightly less optimistic about GDP growth in 2Q25 than the market, an outcome in line with our forecast should strengthen market expectations for an interest rate cut in September. The EURPLN exchange rate should therefore remain in the range of 4.25-4.27, with a tendency to weaken slightly**.**
- **Yields on domestic bonds have fluctuated slightly in recent days.** Although they rose by 4 bp at the end of the week compared to Thursday, they were slightly lower (2-4 bp) than a week earlier. In the core markets, yields fell by 1-3 bp in Germany and rose by 3-5 bp in the US. We expect that after the weekend, global investor sentiment will be influenced by geopolitics, including a possible Trump-Putin meeting. In the local market, attention should focus on economic data on Wednesday and Thursday. A below-consensus GDP print may favour a slight downward correction in yields, especially at the short end of the curve.

GDP growth dynamics, % y/y



Source: GUS, Santander

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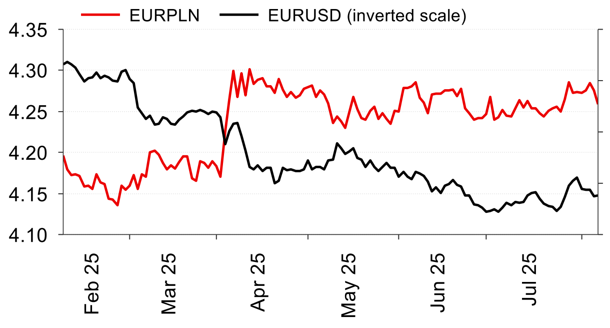
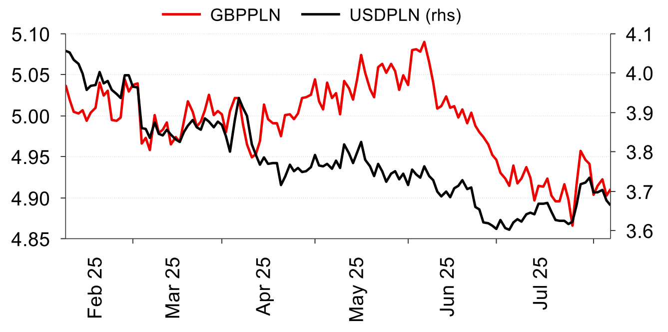
EURPLN and EURUSD



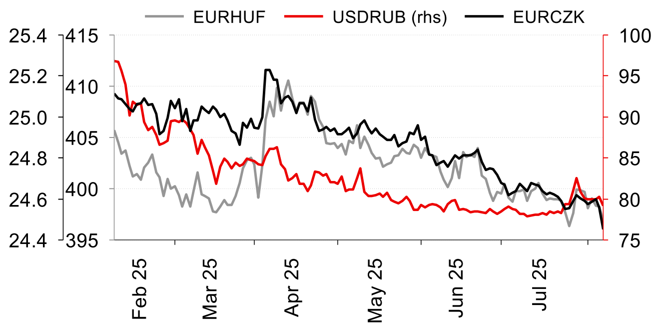
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



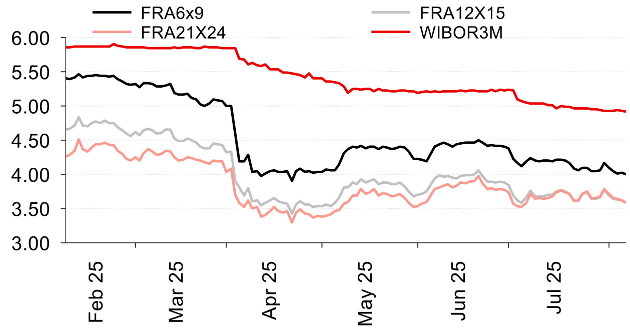
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



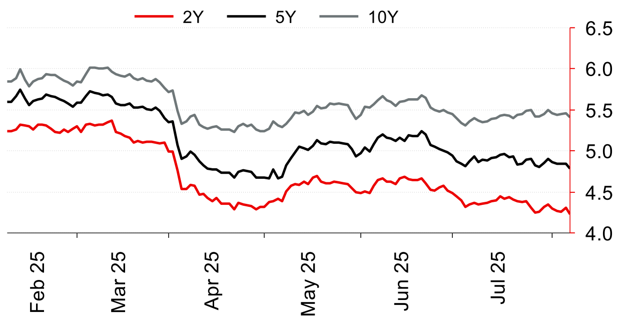
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



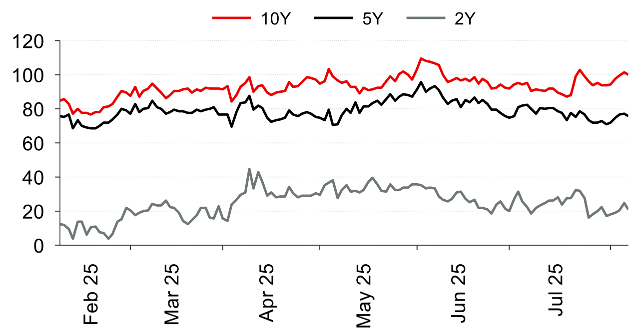
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



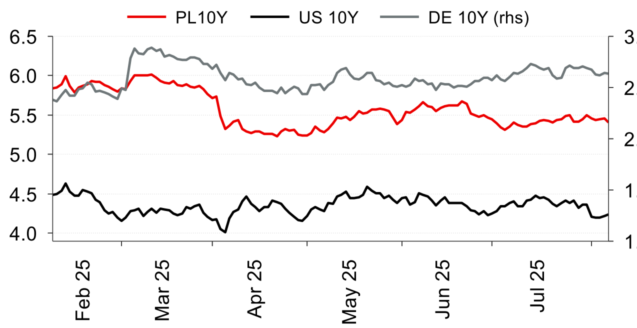
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



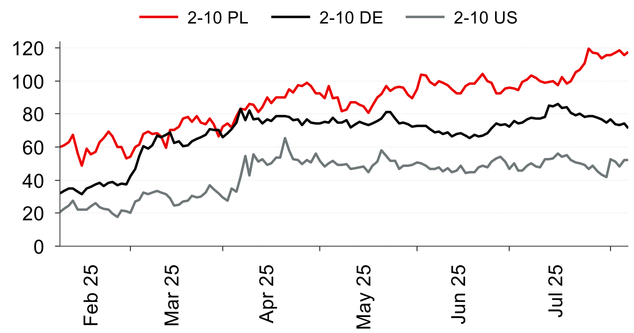
Source: LSEG Datastream, Santander Bank Polska

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 MARKET	FORECAST SANTANDER	LAST VALUE
			MONDAY (12 August)				
		No data releases					
			TUESDAY (12 August)				
11:00	DE	ZEW Survey Current Situation	Aug	pts	-65.0		-59.5
14:30	US	CPI	Jul	% m/m	0.2		0.3
			WEDNESDAY (13 August)				
08:00	DE	HICP	Jul	% m/m	0.4		0.4
10:00	**PL**	**GDP**	**2Q**	**% y/y**	**3.5**	**3.3**	**3.2**
14:00	**PL**	**Current Account Balance**	**Jun**	**€mn**	**-1177**	**-1395**	**-1740**
14:00	**PL**	**Trade Balance**	**Jun**	**€mn**	**-1221**	**-1494**	**-1443**
14:00	**PL**	**Exports**	**Jun**	**€mn**	**28000**	**27463**	**28188**
14:00	**PL**	**Imports**	**Jun**	**€mn**	**29051**	**28957**	**29631**
			THURSDAY (14 August)				
10:00	**PL**	**CPI**	**Jul**	**% y/y**	**3.1**	**3.1**	**4.1**
11:00	EZ	GDP SA	2Q	% y/y	1.4		1.4
11:00	EZ	Industrial Production SA	Jun	% m/m	-1.0		1.7
14:30	US	Initial Jobless Claims	Aug.25	k	222		226
			FRIDAY (15 August)				
14:30	US	Retail Sales Advance	Jul	% m/m	0.5		0.6
15:15	US	Industrial Production	Jul	% m/m	0.0		0.3
16:00	US	Michigan index	Aug	pts	62.1		61.7

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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