

14 August 2025

Weekly Economic Update

US-Russia talks and July data set

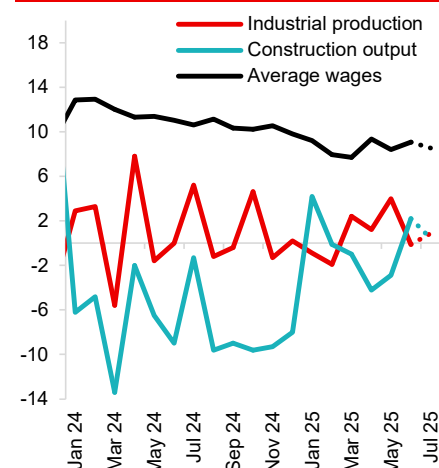
Economy next week

- Next week will begin with **core inflation** data for July, which we expect to remain in the 3.3-3.4% y/y range for the fourth consecutive month. On Thursday, a significant portion of key monthly economic data for July will be released (**wages, employment, industrial and construction production, PPI inflation**, housing market statistics, and agricultural product prices), as well as the results of the August consumer sentiment survey. On Friday, the statistical office will release business climate indicators. For industrial production (a return to positive growth of 0.9% y/y after an unexpected decline in June) and construction (a slowdown to 0.4% y/y from 2.2% previously), our forecasts deviate below market expectations. In turn, we assess wages (a slight slowdown to below 9% y/y), employment (a 0.8% annual decline), and PPI inflation (an increase to -1.4% y/y) in line with the market.
- **Abroad, preliminary PMI readings for the Eurozone and the US for August** will be released on Thursday, revealing which economy weathered the period of trade agreement negotiations better. Furthermore, on Wednesday, Eurostat will release final July inflation data for the Eurozone, and in the US, the minutes of the July FOMC meeting will be published. The week will conclude with the release of German GDP data for 2Q, which, according to preliminary estimates, showed a 0.1% q/q decline after two quarters of improvement, and in y/y terms accelerated (adjusted for working day differences) to 0.4% from 0.3%.
- A Trump-Putin meeting on the war in Ukraine is scheduled for tomorrow. During the week, the US President participated in a meeting with representatives of European countries to coordinate their positions on the matter.

Markets next week

- The EURPLN spent the current week 0.01-0.02PLN below the levels seen in the previous two. The Czech koruna and the Hungarian forint have performed similarly, making no significant attempts to reverse their strengthening so far. This is primarily due to renewed hope for an easing of the situation in Ukraine in connection with the planned meeting between the US and Russian presidents. **A potential failure of the talks could therefore trigger a depreciation of currencies in our region** and a return to of these currencies to their starting points. In our opinion, domestic data could also support a weakening of the zloty, although they might as well go totally unnoticed in the summertime conditions of reduced market activity.
- The current extended pause in Polish government bond issuances helped to lower their yields this week, as did the positive climate created by the announcement of the Trump-Putin talks. As with the Polish currency, **this week's strengthening of bonds could require at least a partial correction if the talks are deemed fruitless**. Theoretically, a negative impulse could appear in the global debt markets, also weakening Polish bonds – the release of the FOMC meeting minutes will remind market participants that the Fed has no intention of rushing into rate cuts. However, in recent weeks in the US, after weak labour market data and the lack of upward surprises in CPI inflation, the market has fully priced in a 25 bp cut in September and may find no reason to reverse this valuation anytime soon.

Selected data from Polish economy, %/y incl. Santander forecast for July '25

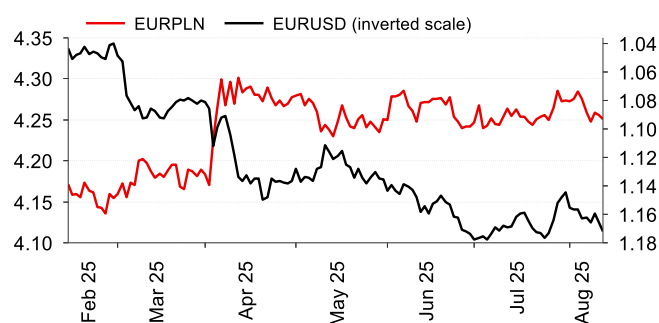


Source: GUS, Santander

Economic Analysis Department:

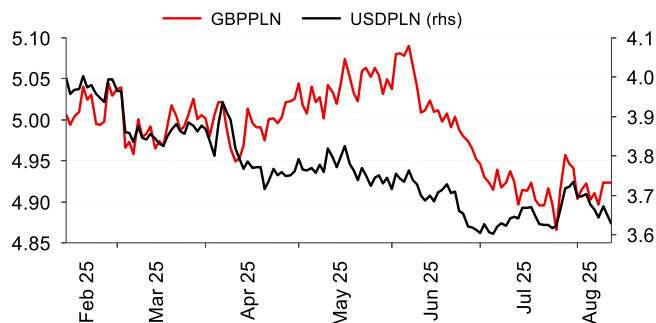
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EURPLN and EURUSD



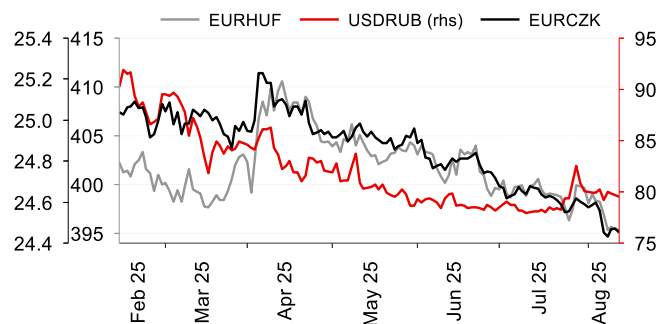
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



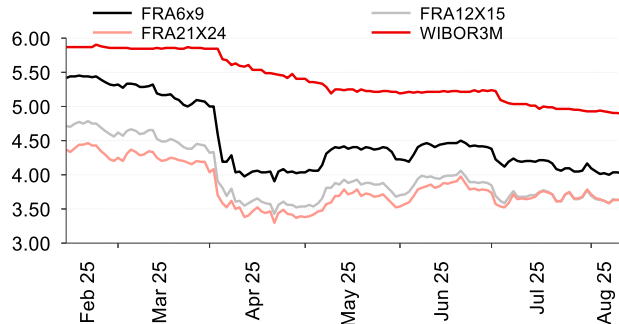
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



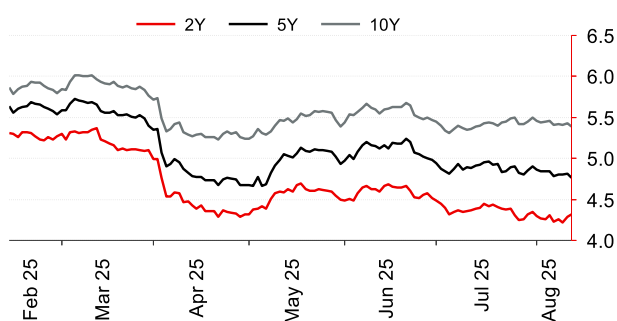
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



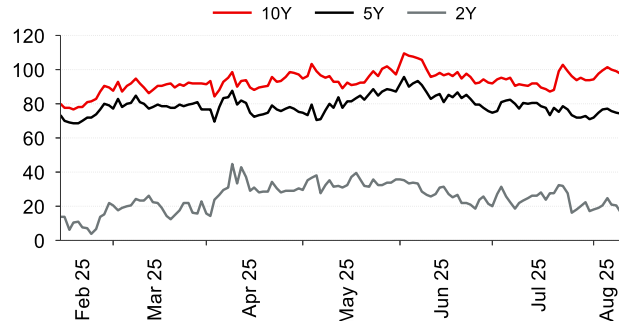
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



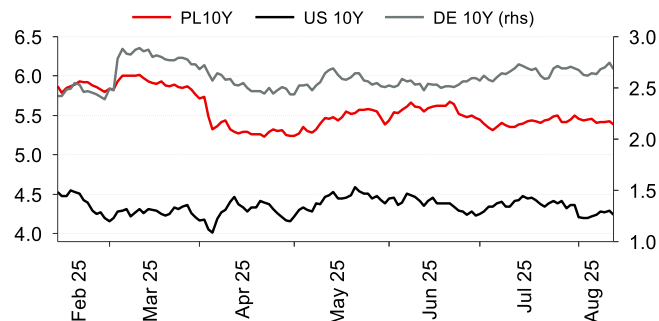
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



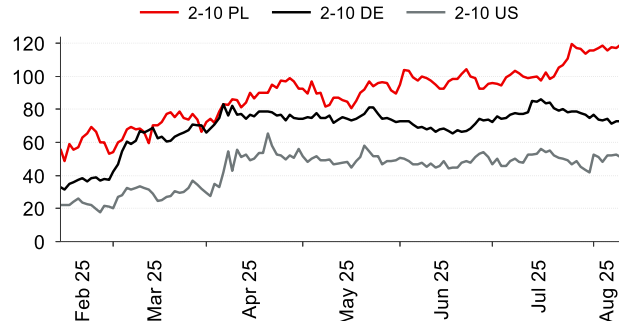
Source: LSEG Datastream, Santander Bank Polska

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		LAST VALUE
				MARKET	SANTANDER	
MONDAY (18 August)						
14:00	PL	CPI Core	Jul	% y/y	-	3.4
TUESDAY (19 August)						
14:30	US	Housing Starts	Jul	% m/m	-1.7	-
WEDNESDAY (20 August)						
11:00	EZ	HICP	Jul	% y/y	-	-
20:00	US	FOMC Meeting Minutes	Jul.25			
THURSDAY (21 August)						
09:30	DE	Germany Manufacturing PMI	Aug	pts	-	-
09:30	DE	Markit Germany Services PMI	Aug	pts	-	-
10:00	EZ	Eurozone Manufacturing PMI	Aug	pts	-	-
10:00	EZ	Eurozone Services PMI	Aug	pts	-	-
10:00	PL	Average Gross Wages	Jul	% y/y	8.6	8.5
10:00	PL	Employment in corporate sector	Jul	% y/y	-0.8	-0.8
10:00	PL	Sold Industrial Output	Jul	% y/y	1.6	0.9
10:00	PL	Construction Output	Jul	% y/y	1.4	0.4
10:00	PL	PPI	Jul	% y/y	-	-1.4
16:00	US	Existing Home Sales	Jul	% m/m	-0.8	-
FRIDAY (22 August)						
08:00	DE	GDP WDA	2Q	% y/y	0.4	-

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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