

1 September 2025

Eyeopener

Today, structure of GDP in 2Q25

Today, data on GDP structure in 2Q25, August PMI
CPI inflation fell in August to 2.8% y/y from 3.1% y/y in July
A US appeals court has ruled that most of Trump's tariffs are illegal
US PCE inflation in line with expectations
Zloty stable, Polish bond yields have continued to increase

Today, the second estimate of Polish GDP for 2Q will be published. Today's publication will provide the first information on the growth structure. In our opinion, this should indicate that the acceleration in growth to 3.4% y/y in 2Q was driven by an increase in domestic demand growth from 4.6% y/y to 4.9% y/y. In addition to GDP data, today we will also see the August reading of the Polish manufacturing PMI, which we expect to increase from 45.9 pts to 46.5 pts, and the final calculations of the August manufacturing PMIs for Germany and the euro area. We will also receive July LFS unemployment data for EU countries, including Poland.

August CPI inflation printed 2.8% y/y, a bit lower than expected (we and the market: 2.9% y/y). Food prices declined by 0.1% m/m, and this was a relatively high reading for this month. Fuel prices declined by 1.9% m/m, in line with our expectations, while energy prices rose by 0.1% m/m. The latter figure shows that the GUS still has not taken into account higher heating prices. We assume that these will start appearing in statistics soon, bringing CPI back above 3% in September. In fact, the less this factor showed up in the August print the more it will push higher the next one or two readings. Core inflation declined to 3.0-3.2% y/y from 3.3% y/y. The August CPI reading supports cutting rates in September (we are expecting -25bp).

The draft budget for 2026, published on Friday, shows that the net supply of domestic treasury securities is expected to reach approx. PLN241bn next year, which is less than the PLN267bn projected for 2025. It is worth recalling, however, that in 2025, the issuance of securities was increased by approx. PLN60bn due to the budget's redemption of maturing BGK and PFR securities, which will not occur next year. As a result, after adjusting for this item, the new issuance of Treasury securities in 2026 will be slightly larger than this year.

According to the voting results at the July MPC meeting, the motion to cut interest rates by 25 bp received the support of 9 of 10 MPC members. Only Joanna Tyrowicz voted against the rate cut, but she also submitted a motion to increase them by 50 bp. This is a big change, as Tyrowicz requested a 250 bp increase back in June.

The energy ministry has presented a draft bill extending the maximum electricity price for households in 4Q. Its cost is estimated at PLN0.9bn. In addition, the draft bill introduces a heating cost voucher to be paid to households in 2026 (also costing PLN0.9bn).

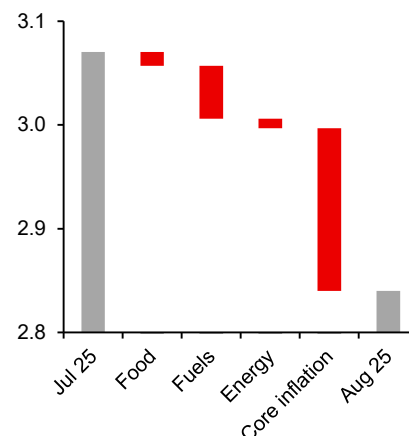
The US Court of Appeals in Washington ruled that the so-called reciprocal tariffs introduced by Donald Trump, as well as the tariffs on goods from Canada, China and Mexico announced in February, are illegal. The decision does not affect other tariffs, including those on steel and aluminium. The court allowed the tariffs covered by the ruling to remain in force until 14 October to allow the Trump administration to appeal to the Supreme Court. The trial on the legality of the tariffs may lead to renewed uncertainty about the future of US trade policy.

US PCE inflation was 2.6% y/y in July, unchanged from June and in line with market expectations. Core PCE inflation rose from 2.8% y/y to 2.9% y/y, also in line with expectations. US personal income and expenditure data showed increases by 0.4% m/m and 0.5% m/m, respectively.

During Friday's session, the EURPLN exchange rate rose slightly compared to Thursday's close, by c.0.1%. However, before the end of the day, the increase was fully corrected, so that EURPLN ended the week at 4.26, approximately 0.1% above its Monday opening level. On Friday, the EURHUF also recorded relatively small changes, while the EURCZK fell by c.0.3%. Over the past week, the EURHUF rose by approximately 0.4% and the EURCZK fell by approximately 0.2%. In the case of the EURUSD exchange rate, Friday brought a slight increase of around 0.2%, while the past week saw a decline of around 0.1%.

Yields of domestic bonds rose by 4-6 bps on Friday, continuing Thursday's increases, which started after the publication of information on the draft budget for 2026. As a result, Polish bond yields rose by 10-13 bp over the week, with the curve steepening by less than 3 bp. Domestic IRS rates and FRA rates saw only negligible changes on Friday, rising by 8-9 bp and 10-11 bp, respectively, over the week. Asset swap spreads increased by 2-4 bp over the week, more strongly at the long end of the curve. Changes in the core markets on Friday were negligible. The Ministry of Finance reported that at the end of August, this year's borrowing needs were financed in 89%.

Breakdown of change in annual CPI, % y/y



Source: GUS, Santander

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FX market

Today's opening

EURPLN	4,2627	CZKPLN	0,1741
USDPLN	3,6398	HUFPLN*	1,0637
EURUSD	1,1712	RONPLN	0,8409
CHFPLN	4,5539	NOKPLN	0,3623
GBPPLN	4,9226	DKKPLN	0,5709
USDCNY	7,1313	SEKPLN	0,3849

*for 100HUF

Last session in the FX market

29.08.2025

	min	max	open	close	fixing
EURPLN	4,2608	4,2690	4,2635	4,2626	4,2684
USDPLN	3,6420	3,6626	3,6561	3,6463	3,6559
EURUSD	1,1649	1,1708	1,1664	1,1694	

Interest rate market

29.08.2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4,35	1
PS0730 (5L)	4,93	2
DS1034 (10L)	5,56	1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4,37	1	4,03	-1	2,06	0
2L	4,11	0	3,67	0	2,06	0
3L	4,07	1	3,57	0	2,14	0
4L	4,09	1	3,56	0	2,23	0
5L	4,15	1	3,61	1	2,31	0
8L	4,36	0	3,82	2	2,54	1
10L	4,53	0	3,96	2	2,66	1

WIBOR rates

Term	%	Change (bps)
O/N	4,71	-28
T/N	5,06	1
SW	5,02	-3
1M	4,99	5
3M	4,82	1
6M	4,67	-1
1Y	4,52	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	4,69	1
3x6	4,47	0
6x9	4,12	0
9x12	3,78	0
3x9	4,34	0
6x12	4,02	0

CDS rates and 10Y yield spread vs. German Bund

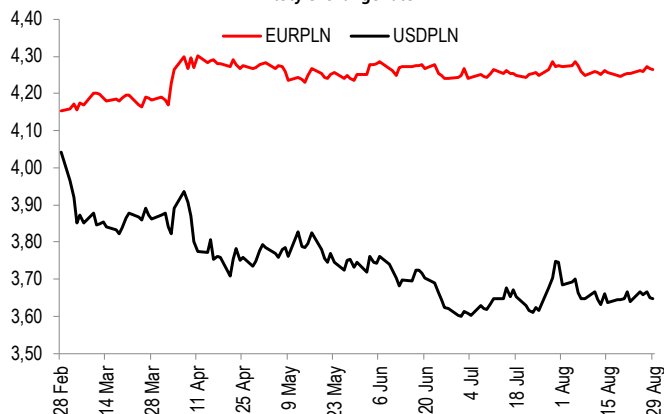
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	60	0	285	9
France	19	0	78	-3
Hungary	108	0	0	-445
Spain	28	0	60	-2
Italy	18	0	87	-3
Portugal	15	0	45	-1
Ireland	11	0	25	-3
Germany	5	0	-	-

* 10Y treasury bonds over 10Y Bunds

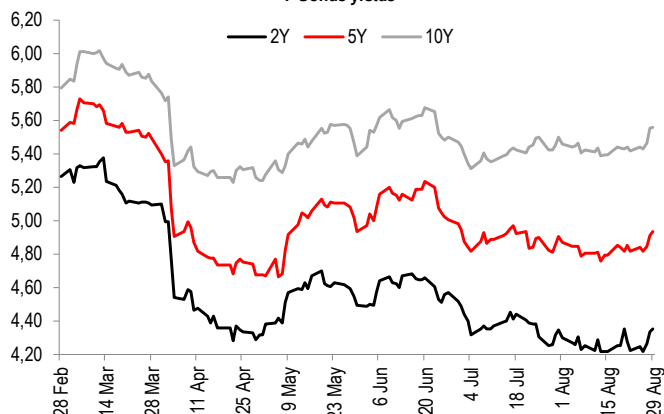
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

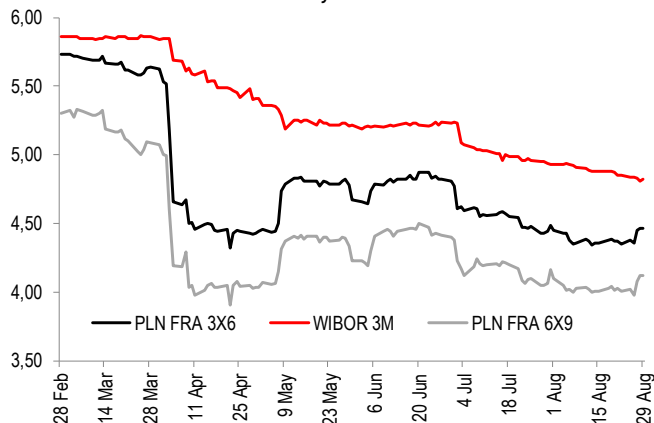
Zloty exchange rate



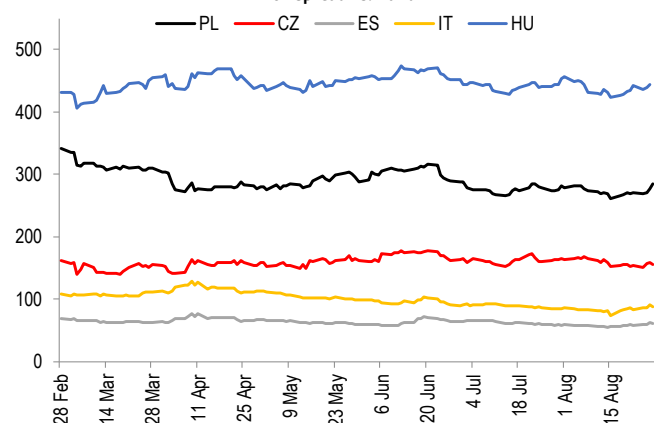
T-bonds yields



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 (29 August)							
08:00	DE	Retail Sales	Jul	% m/m	0.0	-	1.0
09:00	CZ	GDP SA	2Q	% y/y	2.4	-	2.4
10:00	PL	CPI	Aug	% y/y	2.9	2.9	3.1
14:00	DE	HICP	Aug	% m/m	0.0	-	0.4
14:30	US	Personal Spending	Jul	% m/m	0.5	-	0.3
14:30	US	Personal Income	Jul	% m/m	0.4	-	0.3
14:30	US	PCE Deflator SA	Jul	% m/m	0.2	-	0.3
16:00	US	Michigan index	Aug	pts	58.6	-	58.6
MONDAY (1 September)							
09:00	PL	Poland Manufacturing PMI	Aug	pts	46.8	46.5	-
09:55	DE	Germany Manufacturing PMI	Aug	pts	-	-	49.9
10:00	EZ	Eurozone Manufacturing PMI	Aug	pts	-	-	50.5
10:00	PL	GDP	2Q	% y/y	3.4	3.4	-
11:00	EZ	Unemployment Rate	Jul	%	-	-	6.2
TUESDAY (2 September)							
08:30	HU	GDP	2Q	% y/y	-	-	0.1
11:00	EZ	Flash HICP	Aug	% y/y	2.1	-	2.0
16:00	US	ISM manufacturing	Aug	pts	48.8	-	48.0
WEDNESDAY (3 September)							
	PL	MPC decision		%	4.75	4.75	-
03:45	CN	Caixin China PMI Services	Aug	pts	52.5	-	52.6
09:55	DE	Markit Germany Services PMI	Aug	pts	-	-	50.1
10:00	EZ	Eurozone Services PMI	Aug	pts	-	-	50.7
16:00	US	Durable Goods Orders	Jul	% m/m	-3.8	-	-2.8
16:00	US	Factory Orders	Jul	% m/m	-1.4	-	-4.8
THURSDAY (4 September)							
09:00	CZ	CPI	Aug	% y/y	2.6	-	2.7
11:00	EZ	Retail Sales	Jul	% m/m	-	-	0.3
14:15	US	ADP report	Aug	k	60	-	104
14:30	US	Initial Jobless Claims	weekly	k	230	-	229
16:00	US	ISM services	Aug	pts	50.5	-	50.1
FRIDAY (5 September)							
08:00	DE	Factory Orders	Jul	% m/m	-	-	-1.0
08:30	HU	Industrial Production SA	Jul	% y/y	-	-	-4.9
11:00	EZ	GDP SA	2Q	% y/y	-	-	1.4
11:00	PL	Services Production	Jun	% y/y	-	-	6.0
14:30	US	Change in Nonfarm Payrolls	Aug	k	78	-	73
14:30	US	Unemployment Rate	Aug	%	4.3	-	4.2

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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