

8 September 2025

# Eyeopener

## Rating unchanged, but outlook negative

Mixed data from Germany, today industrial output in Czechia  
Fitch kept Poland's rating at A-, but cut outlook to negative  
Diverging opinions of MPC members on further interest rate actions  
Stable zloty, lower yields of Polish bonds

**Today**, there are few data releases on the economic calendar. In the morning, mixed July data have flown in from Germany: weaker-than-expected exports, but slightly better-than-expected industrial output. On Friday, German industrial orders strongly disappointed, declining nearly 3% m/m instead of rebounding by 0.5%. Soon we will receive data on industrial output in Czechia.

**Fitch Ratings has changed Poland's rating outlook to negative and confirmed its 'A-' rating.** The decision has been justified by the deterioration of fiscal deficit forecasts, lack of a credible fiscal consolidation strategy, rapid debt growth, and the domestic political situation, which limits the scope for implementing reforms before 2028. The rating fundamentals are positively influenced primarily by solid economic growth, resilient and diversified economy, and absence of external imbalances. The agency listed the following factors that could lead to a downgrade: failure to stabilise debt-to-GDP in the medium term, e.g. due to lack of progress in fiscal consolidation, lower growth, or a significant increase in financing costs. We see a high probability that Fitch's decision to downgrade the rating outlook will not be an isolated one. Moody's review of Poland's rating is scheduled for 19 September, and S&P's for 7 November. In its March commentary, Moody's expected GDP growth of 4% this year, strong government commitment to reducing the fiscal deficit below 3% within five years, and stabilisation of debt at close to 60% of GDP. From today's perspective, none of these forecasts seem relevant.

Interviews with MPC members revealed divergent views on future interest rate decisions. **Ludwik Kotecki is open to discussing interest rate cuts in October** if the electricity price cap for households is extended by law to 4Q. According to Kotecki, the target interest rate level is 3.50-4.00%, which can only be achieved if the CPI falls and stabilises at 2.5% – which, in his opinion, means that cuts may extend beyond 2026. **According to Przemysław Litwiniuk, November would be a good time for another rate cut**, given the update of the NBP's projections. In his opinion, barring any complications, the MPC may end its monetary policy easing by mid-2026 at 4.00%, which already takes into account the fact that loose fiscal policy limits the Council's room for manoeuvre. **Henryk Wnorowski said that there was a 'cautious willingness' for cuts in the MPC**, which may mean that one more cut is the most probable by the end of the year. However, at the end of 2026, Wnorowski would like to see rates starting with a three. **Joanna Tyrowicz believes that the appropriate level for the NBP's main rate would currently be 5.75%.** In her opinion, only the stabilisation of core inflation below 2% in the medium term will allow to normalise interest rates. In her view, now is not the time for cuts, as the economy has not cooled down and inflationary pressure is masked by a strong zloty, cheap fuels and base effects related to fiscal and regulatory policy.

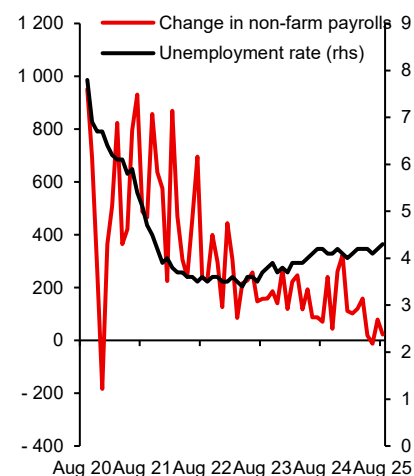
**Data from the US labour market confirmed the observed slowdown in recruitment activity among US companies.** Non-farm payrolls rose by only 22k in August, below market expectations for 75k, following July's revised reading of 79k and June's revised reading of -13k. As expected, the US unemployment rate rose by 0.1 pp to 2.4%.

**The FAO world food price index rose in August from 130.0 to 130.1 pts, i.e. by 6.9% y/y.** This result stemmed, on the one hand, from month-on-month declines in cereal and dairy price indices and, on the other hand, from increases in meat, sugar and vegetable oil price indices. The index expressed in PLN rebounded to +0.6% y/y from -0.9% y/y in July. At the same time, FAO revised its forecast for global feed grain production this year upwards by 36.1 million tonnes to 1601 million tonnes, 5.9% above the 2024 level.

**EURPLN remained relatively stable at around 4.25 until the end of last week.** The temporary strengthening of the zloty following weak US data was corrected at the end of the day. Recent statements by US and Russian leaders, indicating that an agreement to end the war in Ukraine is unlikely in the near future, prevented a more sustained strengthening of the PLN, although the CZK and HUF gained 0.2-0.3% against the euro at the same time. The dollar lost nearly 1% against the euro on Friday.

**The debt market reacted more strongly to the data from the US.** Polish bond yields ended the week 5-8bp lower than a week earlier. German bond yields fell by 3-6bp over the week, and US bond yields by 15bp across the entire curve. This week, the debt market may react negatively to Fitch's reduction of the sovereign rating outlook.

### US non-farm payrolls change (thousands) and unemployment rate (%)



Source: LSEG Datastream, Santander

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## FX market

### Today's opening

EURPLN	4.2482	CZKPLN	0.1741
USDPLN	3.6262	HUFPLN*	1.0722
EURUSD	1.1720	RONPLN	0.8379
CHFPLN	4.5477	NOKPLN	0.3606
GBPPLN	4.8966	DKKPLN	0.5692
USDCNY	7.1336	SEKPLN	0.3864

\*for 100HUF

### Last session in the FX market

05/09/2025

	min	max	open	close	fixing
EURPLN	4.2430	4.2544	4.2499	4.2497	4.2476
USDPLN	3.6125	3.6437	3.6423	3.6142	3.6357
EURUSD	1.1664	1.1759	1.1666		1.1758

## Interest rate market

05/09/2025

### T-bonds on the interbank market\*\*

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.28	-4
PS0730 (5L)	4.86	-5
DS1034 (10L)	5.46	-6

### IRS on the interbank market\*\*

Term	PL	US	EZ
	%	%	%
	Change (bps)	Change (bps)	Change (bps)
1L	4.29	3.88	2.08
2L	4.07	3.55	2.07
3L	4.03	3.46	2.14
4L	4.05	3.45	2.22
5L	4.11	3.48	2.30
8L	4.32	3.69	2.51
10L	4.48	3.81	2.64

## WIBOR rates

Term	%	Change (bps)
O/N	4.80	21
T/N	4.81	-2
SW	4.83	-1
1M	4.86	2
3M	4.75	-2
6M	4.64	-1
1Y	4.49	-2

### FRA rates on the interbank market\*\*

Term	%	Change (bps)
1x4	4.61	-5
3x6	4.37	-6
6x9	4.03	-8
9x12	3.75	-8
3x9	4.29	-4
6x12	3.96	-6

### CDS rates and 10Y yield spread vs. German Bund

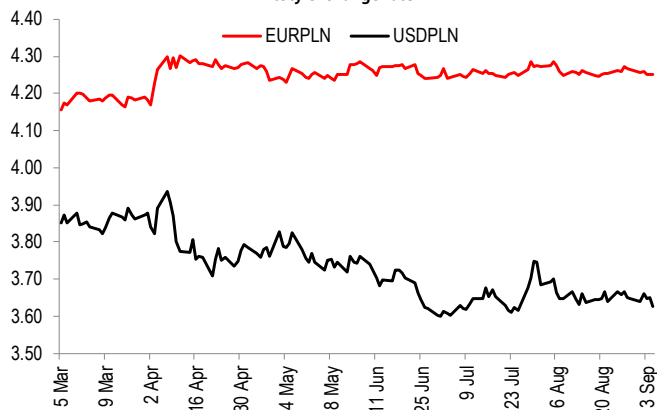
Country	CDS 5Y USD	10Y spread*
	Level	Level
	Change (bps)	Change (bps)
Poland	60	280
France	19	79
Hungary	110	454
Spain	27	59
Italy	19	87
Portugal	15	44
Ireland	11	25
Germany	5	-

\* 10Y treasury bonds over 10Y Bunds

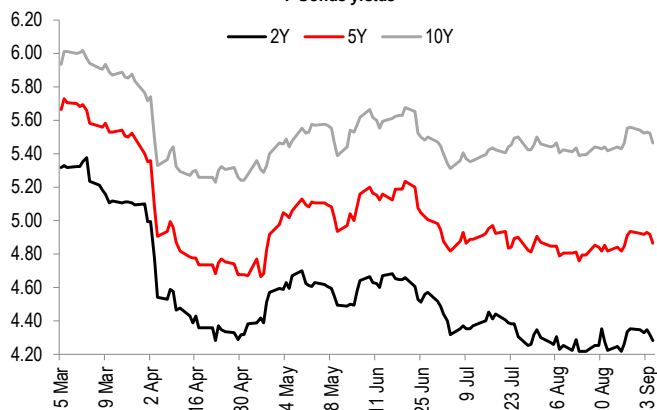
\*\*Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

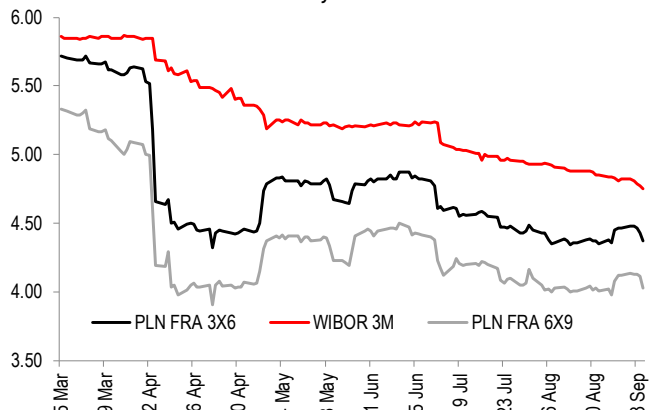
## Zloty exchange rate



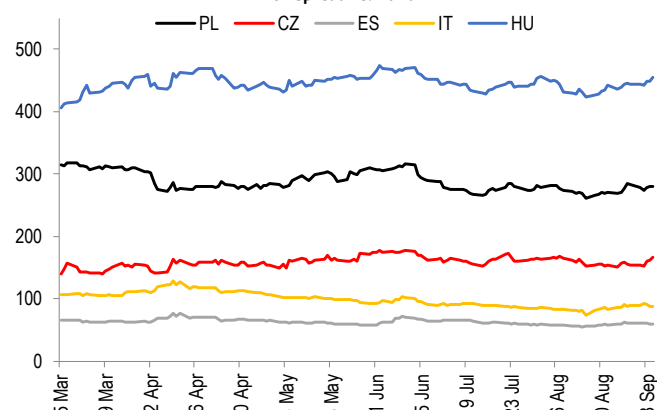
## T-bonds yields



## 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 (5 September)								
14:30	US	Change in Nonfarm Payrolls	Aug	k	75	-	22	79
14:30	US	Unemployment Rate	Aug	%	4.3	-	4,3	4.2
MONDAY (8 September)								
08:00	DE	Exports SA	Jul	% m/m	0.1	-	-0.6	0.8
08:00	DE	Industrial Production SA	Jul	% m/m	1.0	-	1.3	-1.9
09:00	CZ	Industrial Production	Jul	% y/y	3.1	-		3.3
TUESDAY (9 September)								
08:30	HU	CPI	Aug	% y/y	4.3	-		4.3
WEDNESDAY (10 September)								
09:00	CZ	CPI		% y/y	2.5	-		2.7
THURSDAY (11 September)								
14:15	EZ	ECB Main Refinancing Rate	Sep.25	%	2.15	-		2.15
14:30	US	CPI	Aug	% m/m	0.3	-		0.2
14:30	US	Initial Jobless Claims		k	230	-		237
FRIDAY (12 September)								
08:00	DE	HICP	Aug	% m/m	0.1	-		0.4
14:00	PL	Current Account Balance	Jul	€mn	-628	-941		651
14:00	PL	Trade Balance	Jul	€mn	-822	-1113		59
14:00	PL	Exports	Jul	€mn	28103	28176		28006
14:00	PL	Imports	Jul	€mn	28702	29289		27947
16:00	US	Michigan index	Sep	pts	59.3	-		58.2

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

\* in the case of a revision the data is updated

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