

11 September 2025

Eyeopener

Today ECB decision and US inflation

Today ECB decision on rates and US inflation

General government debt rose to 58.2% of GDP at the end of 2Q25

Electricity prices in 2026 probably close to the cap level, according to PGE vicepresident

Temporary weakening of the zloty, higher yields on Polish debt

Today, the European Central Bank makes its policy decision. Like the market, we expect the interest rates to remain unchanged (2.15% for the refinancing rate). In the US, the most important publication today will be the August CPI inflation print, which, according to market expectations, may have risen from 2.7% to 2.9% y/y. Weekly unemployment data will also be released, and according to the market, should show a slight decline in the number of claims.

According to the preliminary assessment of the Polish authorities, yesterday's violation of Polish airspace by Russian drones was a 'large-scale provocation'. It is likely that no one was injured as a result of this incident, although a residential house and a passenger car were destroyed when a drone struck the village of Wryki-Wola. This is the first time that Russian drones have been shot down over NATO territory.

The Ministry of Finance has published data on Polish public debt, which, according to the national definition, increased by 3.3% in 2Q to PLN1,769.6bn, reaching 47.1% of GDP. The ratio of general government debt (i.e. debt measured in line with the EU definition) to GDP at the end of 2Q was 58.2%, which represents an increase of 0.7 pp q/q. According to the planned implementation of this year's budget, at the end of the year the Ministry of Finance expects Polish public debt to reach 48.9% of GDP and general government debt to reach 60.4% of GDP.

The Ministry of Finance has confirmed plans to introduce three taxes. Excise duty on ethyl alcohol, beer, wine and fermented beverages would increase by 15% next year and by a further 10% a year later (compared to the annual increase of 5% under the current regulations). The second tax is a flat-rate income tax on winnings in competitions, games and bets, which the Ministry of Finance wants to increase from 10% to 15%. The third is a sugar tax, which increases fixed and variable fees on sugar content, and expands the list of products subject to this tax. The total expected revenue from these increases is c. PLN3bn in 2026 and PLN4bn in 2027, which is close to our expectations. In relation to the scale of the deficit planned by the Ministry of Finance for next year, PLN272bn, these are not large amounts, and the legislative process itself may be blocked by the president, who is reluctant to accept higher taxes.

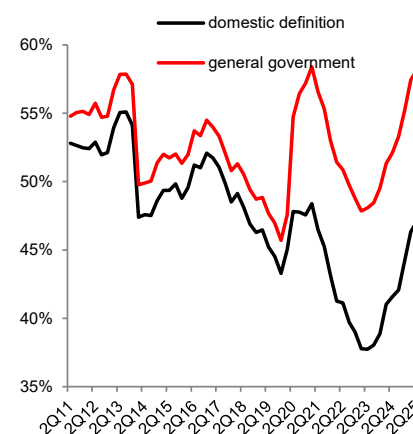
The vice-president of PGE, the largest electricity producer in Poland, Maciej Górski announced **that work is underway to set the electricity tariff for 2026 and that the price is likely to be close to PLN500/MWh**, i.e. the amount currently 'frozen' by law. Discussions and negotiations with the Energy Regulatory Office (URE) on this matter will continue in 4Q. In our opinion, there will be no significant increase in electricity bills for households at the beginning of 2026.

Milan Trajkovic, Fitch's chief analyst for Poland, said that his agency expects **a General Government deficit of around 7% of GDP** or slightly below that in 2025 and 2026, and a decline in the deficit to 5.5% in 2028. Fitch expects the main interest rate to fall to 4.25% in 2026.

On Wednesday, the zloty was under pressure in response to the downing of Russian drones over Poland. The EURPLN exchange rate rose by some 0.3% – during the day it reached 4.265, although towards the end of the session it fell below 4.26. The Hungarian forint weakened sharply in the first part of the day but later returned to the level seen the day before. The Czech koruna, on the other hand, weakened by 0.2% against the euro and remained at roughly the same level until the end of the day. The EURUSD exchange rate did not change significantly throughout the European session.

As expected, Wednesday was not a good day for Polish bonds. Treasury bond yields rose by 6 bp, although mainly at the short end of the curve. We attribute this increase to the violation of Polish airspace by Russian drones. IRS and FRA rates did not change significantly. There were slight fluctuations in the core markets, with US bond yields falling by 2-3 bp. As scheduled, the Ministry of Finance held an auction at which bonds worth PLN9.2bn were sold (PLN8.3bn at the main auction and PLN0.9bn in the top-up auction).

Polish public debt under domestic and EU definition (% GDP)



Source: FinMin, Santander

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FX market

Today's opening

EURPLN	4.2654	CZKPLN	0.1745
USDPLN	3.6506	HUFPLN*	1.0731
EURUSD	1.1686	RONPLN	0.8409
CHFPLN	4.5623	NOKPLN	0.3664
GBPPLN	4.9321	DKKPLN	0.5713
USDCNY	7.1220	SEKPLN	0.3893

*for 100HUF

Last session in the FX market

10/09/2025

	min	max	open	close	fixing
EURPLN	4.2491	4.2679	4.2499	4.2617	4.2604
USDPLN	3.6271	3.6494	3.6289	3.6385	3.6414
EURUSD	1.1681	1.1730	1.1714		

Interest rate market

10/09/2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.29	1
PS0730 (5L)	4.89	2
DS1034 (10L)	5.50	4

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.31	1	3.90	-2	2.10	1
2L	4.07	1	3.57	-1	2.10	1
3L	4.02	2	3.48	-2	2.15	0
4L	4.04	1	3.47	-2	2.23	0
5L	4.09	1	3.50	-2	2.30	0
8L	4.30	0	3.68	-3	2.50	0
10L	4.45	0	3.79	-4	2.61	0

WIBOR rates

Term	%	Change (bps)
O/N	4.81	-3
T/N	4.81	-1
SW	4.82	0
1M	4.84	0
3M	4.74	-1
6M	4.61	0
1Y	4.47	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	4.62	2
3x6	4.40	2
6x9	4.07	2
9x12	3.78	2
3x9	4.30	2
6x12	3.99	2

CDS rates and 10Y yield spread vs. German Bund

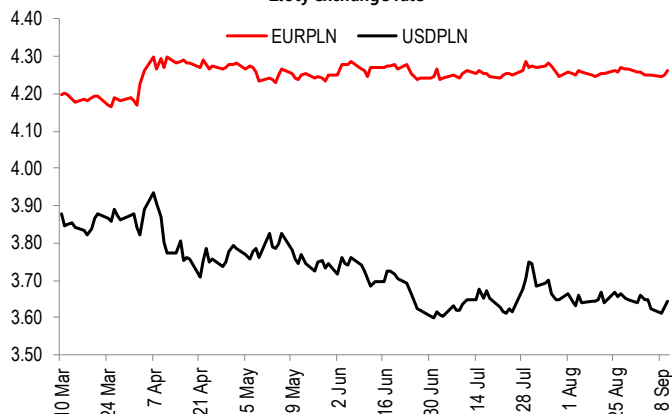
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	61	2	285	5
France	18	0	81	0
Hungary	110	0	451	3
Spain	25	0	58	0
Italy	16	0	84	0
Portugal	15	0	43	-1
Ireland	11	0	23	1
Germany	5	0	-	-

* 10Y treasury bonds over 10Y Bunds

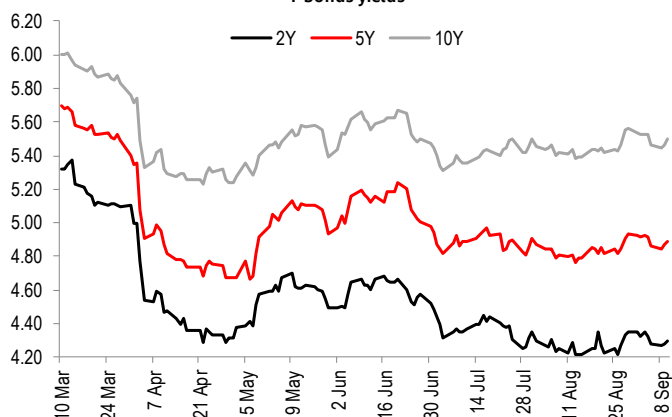
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

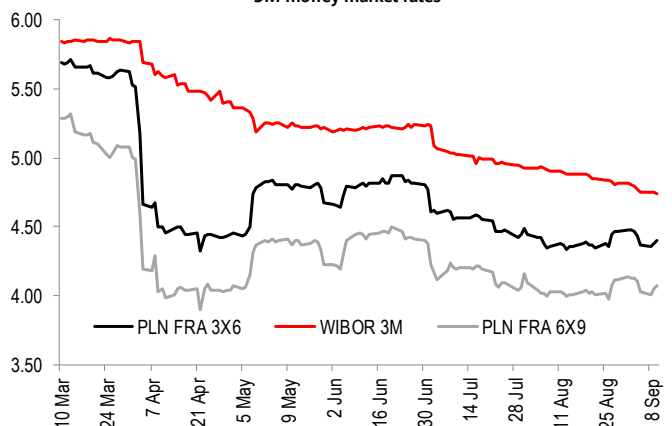
Zloty exchange rate



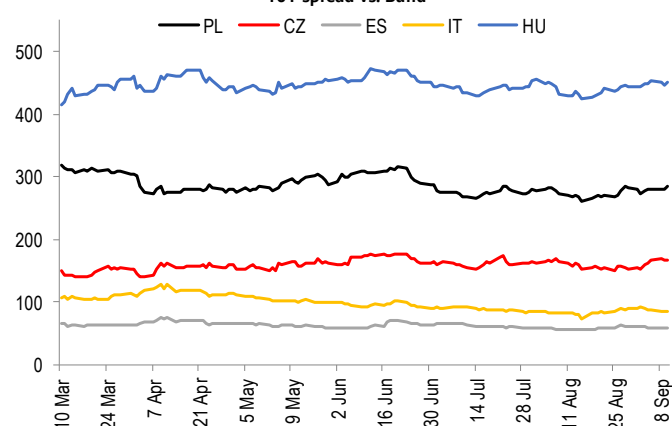
T-bonds yields



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 (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	-	4.9	3.2
TUESDAY (9 September)								
08:30	HU	CPI	Aug	% y/y	4.3	-	4.3	4.3
WEDNESDAY (10 September)								
09:00	CZ	CPI	Aug	% y/y	2.5	-	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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