19 September 2025

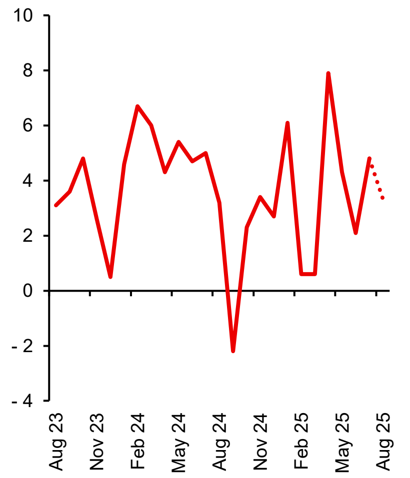
Weekly Economic Update

Credibility under scrutiny

Economy next week

- The week just ended brought a wealth of new information about the state of our economy, with two major surprises: very weak data from the construction industry and a sharper-than-expected slowdown in wage growth. **The week will culminate in the upcoming Moody's decision on Poland's credit rating**, which we expect will result in at least a downgrade of the rating outlook. Typically, the announcement is published late in the evening (CET), around 10:30 PM. The outlook change itself, just like Fitch's similar decision two weeks ago, may not trigger a significant market reaction, especially since asset swap (ASW) spreads are already at record highs – they were only higher at the peak of the global financial crisis in 2009 – suggesting that the market is already pricing in a significant dose of fiscal risk. Only a rating change, in our opinion, could have more significant market repercussions.
- **Next week, we will begin supplementing the Polish August data set with retail sales and money supply.** In the case of sales data, we expect a significant, though slightly lower than a month earlier, increase in real terms of 3.3% y/y, which is the same as the market consensus, compared to the 4.8% y/y recorded in July. Money supply remains in a strong upward trend and, in our opinion, increased by 11.0% y/y in August, after 10.8% y/y in July, with the market median of 11.1% y/y. The stats office's Statistical Bulletin will be published on Tuesday, including the final reading of the registered unemployment rate for August, which we expect to be in line with the preliminary estimate of 5.5% by the Ministry of Family, Labour and Social Policy.
- Among the major international releases, Tuesday will see the **preliminary September PMI readings** in Germany and the entire eurozone, Wednesday will see the **German Ifo economic climate** and US home sales. Thursday and Friday will be dominated by data from overseas: GDP in 2Q update, August personal income and spending, August PCE inflation, and finally, September's Michigan Index. Central banks will make interest rate decisions: the Hungarian MNB on Tuesday, the Czech CNB on Wednesday, and the Swiss SNB on Thursday.

Retails sales, % y/y (incl. forecast)



Source: GUS, Santander

Markets next week

- **The Polish zloty hasn't reacted strongly to any external signals, although it has been slowly but steadily weakening throughout the week**, from EURPLN at 4.25 on Monday to breaking above 4.26 by the end of the week. Wednesday's Fed decision negatively impacted the zloty, and concerns about the ratings review may be adding to the impact today. After the weekend, we expect further weakening of the PLN, with a tendency for a correction in the second half of the week.
- **The Polish debt market has remained largely unchanged throughout the week.** Bond yields have only increased by 2 bp at the short end, IRS rates by 1-2 bp, and FRA rates have remained unchanged. A potential rating downgrade could, of course, disrupt this balance and push yields upward, particularly at the long end of the curve. This effect could be short-lived, although this depends on the final tone of Moody's statement.

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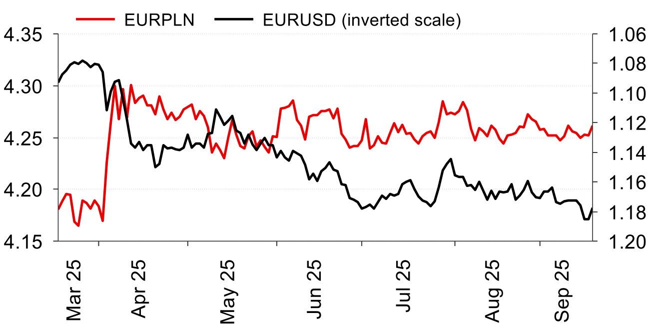
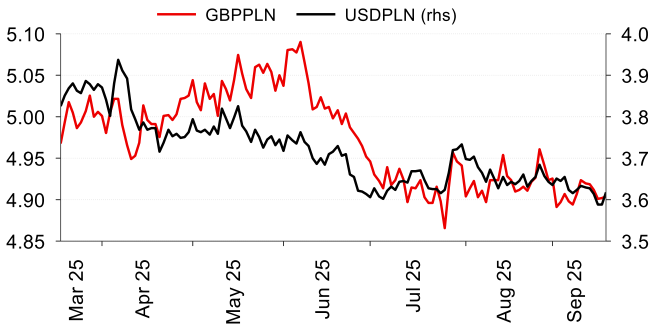
EURPLN and EURUSD



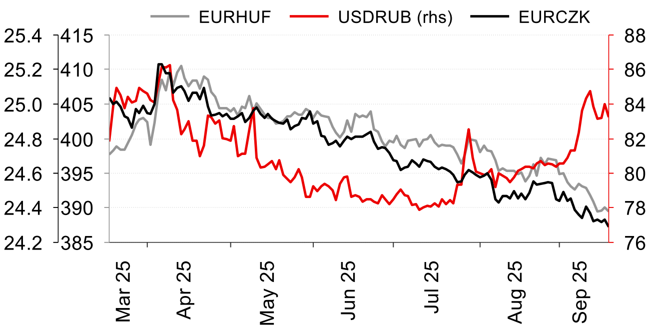
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



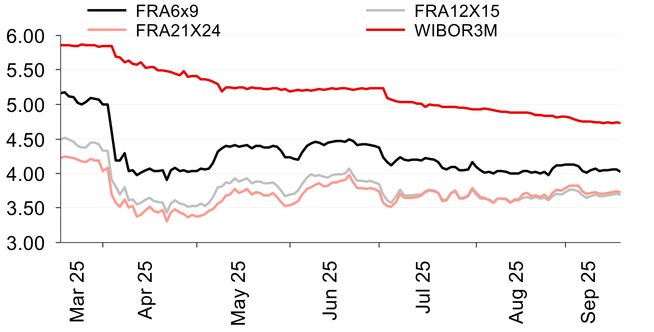
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



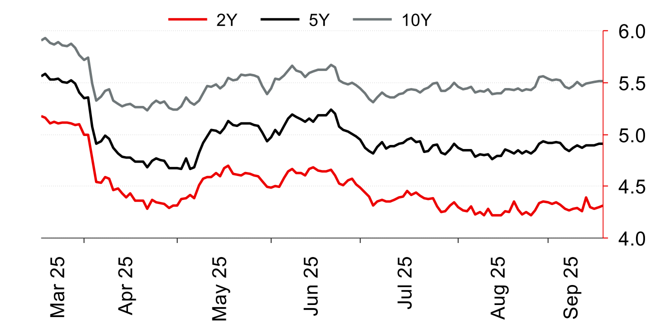
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



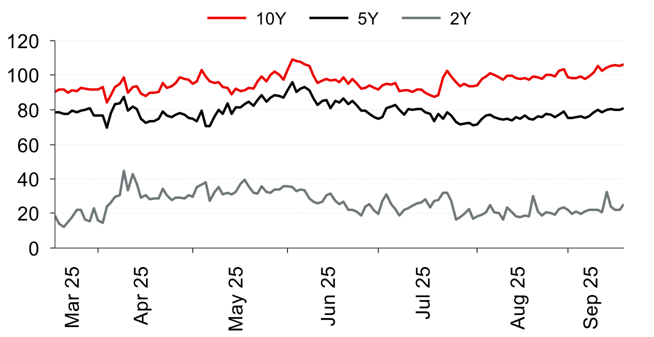
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



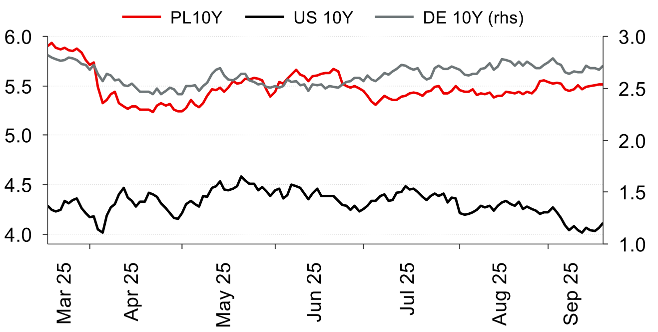
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



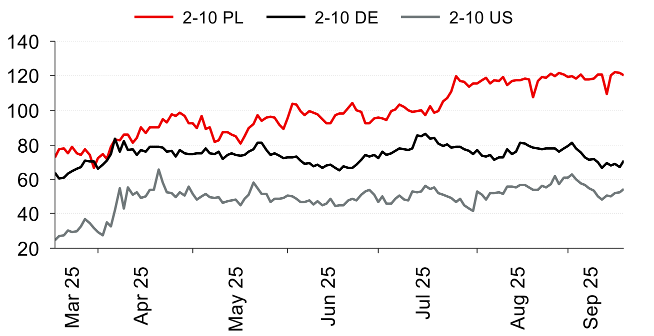
Source: LSEG Datastream, Santander Bank Polska

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 (22 September)				
10:00	**PL**	**Retail Sales Real**	**Aug**	**% y/y**	**3.3**	**3.3**	**4.8**
14:00	**PL**	**Money Supply M3**	**Aug**	**% y/y**	**11.1**	**11.0**	**10.8**
			TUESDAY (23 September)				
09:30	DE	Germany Manufacturing PMI	Sep	pts	50.0		49.8
09:30	DE	Markit Germany Services PMI	Sep	pts	49.5		49.3
10:00	EZ	Eurozone Manufacturing PMI	Sep	pts	50.8		50.7
10:00	EZ	Eurozone Services PMI	Sep	pts	50.5		50.5
10:00	**PL**	**Unemployment Rate**	**Aug**	**%**	**5.5**	**5.5**	**5.4**
14:00	HU	Central Bank Rate Decision	Sep.25	%	6.50		6.50
			WEDNESDAY (24 September)				
10:00	DE	IFO Business Climate	Sep	pts	89.4		89.0
14:30	CZ	Central Bank Rate Decision	Sep.25		3.50		3.50
16:00	US	New Home Sales	Aug	% m/m	0.1		-0.6
			THURSDAY (25 September)				
14:30	US	Durable Goods Orders	Aug	% m/m	-0.5		-2.8
14:30	US	GDP Annualized	2Q	% Q/Q	3.3		-0.5
14:30	US	Initial Jobless Claims	Sep.25	k	240		231
16:00	US	Existing Home Sales	Aug	% m/m	-0.8		2.0
			FRIDAY (26 September)				
14:30	US	Personal Spending	Aug	% m/m	0.5		0.5
14:30	US	Personal Income	Aug	% m/m	0.3		0.4
14:30	US	PCE Deflator SA	Aug	% m/m	0.3		0.2
16:00	US	Michigan index	Sep	pts	56.0		58.2

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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