

03 October 2025

# Weekly Economic Update

## Diverging views on the MPC decision

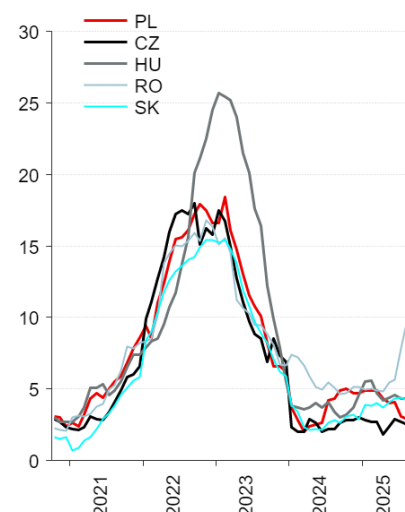
### Economy next week

- The economic calendar for the coming week is rather modest. In Poland, the highlight will be the **Monetary Policy Council's decision on Wednesday and NBP Governor Głapiński's press conference the following day**. On Tuesday, the Sejm begins its session, which includes the **first reading of the draft budget bill for 2026**. That same day, GUS is expected to publish a **revised estimate of GDP for 2024**. On Wednesday, Eurostat will release data on **services production for July**. Abroad, the publication list is sparse, featuring inflation data from Czechia and Hungary, German industrial orders, production and exports. In the US, as long as the government shutdown continues, data from federal agencies will not be released. Midweek, the minutes from the Fed meeting will be published, and on Friday, the University of Michigan consumer sentiment survey will be released. In addition to the NBP, central banks in New Zealand and Romania will decide on interest rates. **Parliamentary elections have just begun in Czechia**, where the ANO party led by Andrej Babiš is currently leading in the polls. The election outcome and initial signals regarding the shape of the ruling coalition may influence sentiment in the CEE region after the weekend.
- Opinions on the outcome of the nearest MPC meeting are very divided: in Parkiet daily's survey, exactly the same number of analysts favoured a 25 bp rate cut as those who expected keeping rates unchanged (9:9); Bloomberg's survey shows an asymmetric split: currently 4 votes for a cut vs 14 for a pause. According to LSEG, money market instrument pricing indicates a 66.4% probability of a 25 bp rate cut this Wednesday. **In our view, the more likely scenario is that the MPC will hold off on another rate cut until November**, awaiting the results of the new NBP projection, although the probability of a cut has undoubtedly increased following recent economic data releases (weaker-than-expected wage growth in August, a decline in construction output, and inflation remaining below 3% y/y in September), as well as the resolution of uncertainty regarding energy prices in 4Q (highlighted by Governor Głapiński a month ago). Nevertheless, **the recent interview with NBP Deputy Governor Marta Kightley**, which emphasised risks associated with loose fiscal policy, seems to support our view that the Council will not rush into further monetary easing.

### Markets next week

- October began with a slight strengthening of the złoty – EURPLN, which ended September near 4.27, has recently started to reverse towards 4.255. Since last weekend, PLN has gained approximately 0.25% against the euro, HUF 0.5%, and CZK 0.13% (the Czech currency was weighed down by concerns that the new post-election government might be formed by anti-EU parties). Improved sentiment was also visible on the Warsaw Stock Exchange and the domestic bond market. If the MPC keeps interest rates unchanged on Wednesday, and the tone of the statement and Governor's press conference signals caution in further actions, the złoty may strengthen further, along with a correction in market expectations regarding the pace and scale of future rate cuts. Therefore, **we do not rule out EURPLN testing the 4.25 level in the coming week**.
- The recent strengthening in the money and bond markets was mainly driven by increased expectations of a rate cut in October following data releases (including September inflation). We assume this move may be reversed if the MPC decides to keep rates unchanged at the upcoming meeting, resulting in **FRA, IRS rates and yields shifting upward, particularly at the short end of the curves**.

### Inflation rates in CEE, % y/y

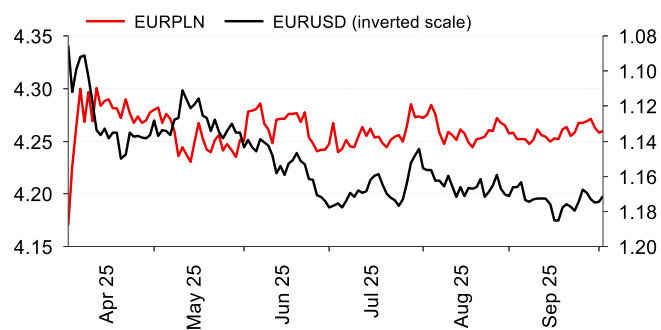


Source: LSEG Datastream, Santander

### Economic Analysis Department:

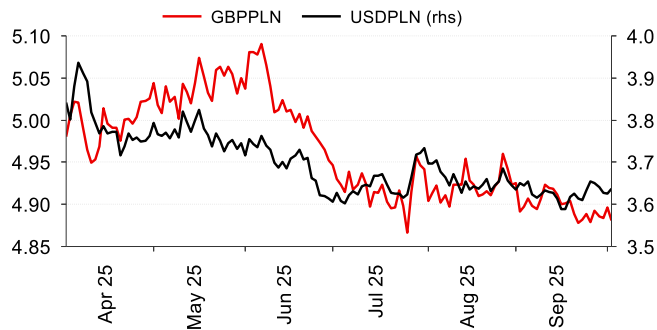
al. Jana Pawła II 17, 00-854 Warszawa  
 email: [ekonomia@santander.pl](mailto:ekonomia@santander.pl)  
 website: [santander.pl/en/economic-analysis](https://santander.pl/en/economic-analysis)  
**Piotr Bielski** +48 691 393 119  
**Bartosz Białas** +48 517 881 807  
**Adrian Domitrz** +48 571 664 004  
**Marcin Łuziński** +48 510 027 662  
**Grzegorz Ogonek** +48 609 224 857

### EURPLN and EURUSD



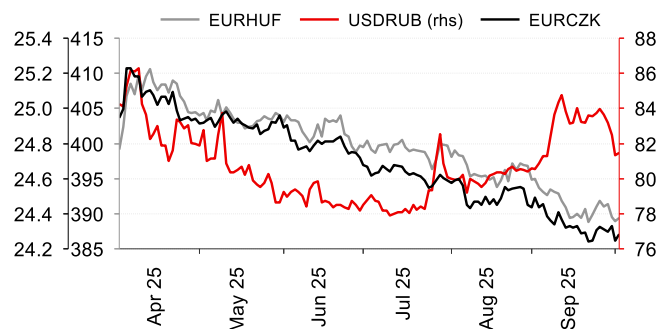
Source: LSEG Datastream, Santander

### GBPPLN and USDPLN



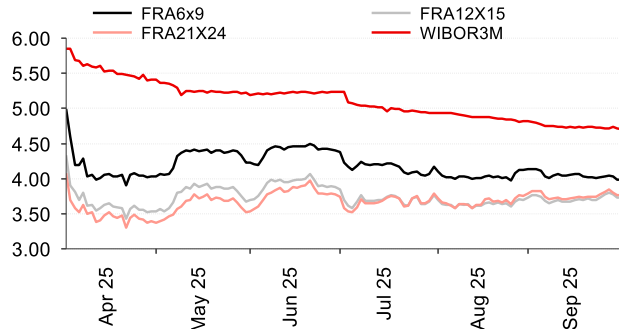
Source: LSEG Datastream, Santander Bank Polska

### EURCZK, EURHUF and USDRUB



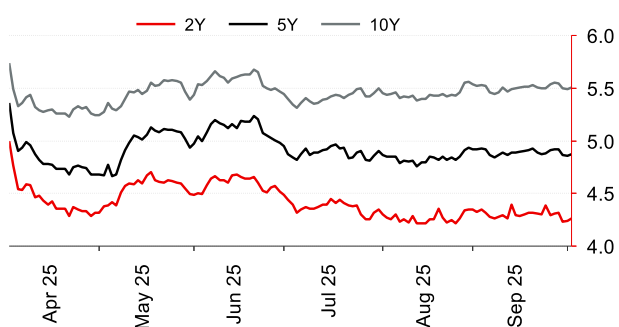
Source: LSEG Datastream, Santander Bank Polska

### PLN FRA and WIBOR3M



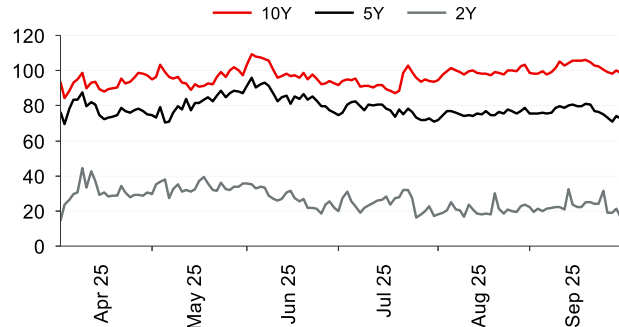
Source: LSEG Datastream, Santander Bank Polska

### Polish bond yields



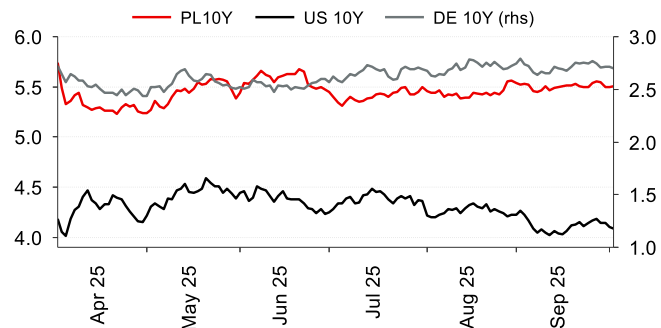
Source: LSEG Datastream, Santander Bank Polska

### Asset swap spreads



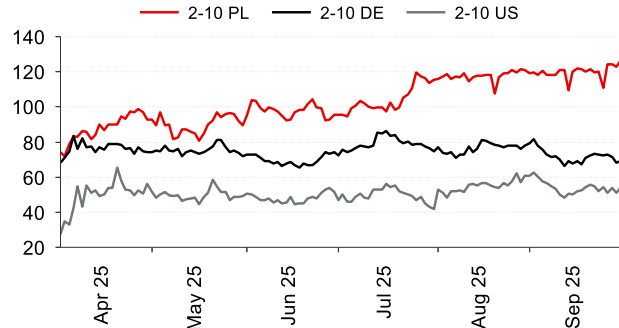
Source: LSEG Datastream, Santander Bank Polska

### 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 (6 October)							
09:00	CZ	CPI	Sep	% y/y	2.6	-	2.5
11:00	EZ	Retail Sales	Aug	% m/m	0.1	-	-0.5
TUESDAY (7 October)							
	PL	Revised GDP Estimates for 2024					
08:00	DE	Factory Orders	Aug	% m/m	1.5	-	-2.9
08:30	HU	Industrial Production SA	Aug	% y/y	-2.8	-	-1.0
09:00	CZ	Industrial Production	Aug	% y/y	0.6	-	4.9
WEDNESDAY (8 October)							
	PL	MPC Decision	Oct	%	4.75	4.75	4.75
	PL	Services Output	Jul	% y/y			6.8
08:00	DE	Industrial Production SA	Aug	% m/m	-1.0	-	1.3
08:30	HU	CPI	Sep	% y/y	4.4	-	4.3
20:00	US	FOMC Meeting Minutes	Sep				
THURSDAY (9 October)							
08:00	DE	Exports SA	Aug	% m/m	0.3	-	-0.5
14:30	US	Initial Jobless Claims	weekly	k	225	-	218
15:00	PL	NBP Governor's Press Conference					
FRIDAY (10 October)							
16:00	US	Michiqan Index	Oct	pts	54.3	-	55.1

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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Additional information is available on request. Please contact Santander Bank Polska S.A. Financial Management Division, Economic Analysis Department, al. Jana Pawła II 17, 00-854 Warsaw, Poland, phone +48 22 534 18 87, email [ekonomia@santander.pl](mailto:ekonomia@santander.pl), <http://www.santander.pl>.