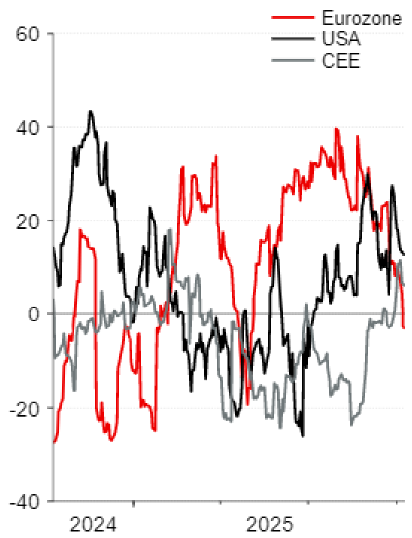
15 October 2025

MACROscope Lite

Faster doesn't mean deeper

- Despite the high volatility in high-frequency economic data, the trend of the domestic economy appears to remain moderately positive. Our forecasts suggest that after disappointing August publications, September data will show a clear improvement across most indicators. This will be partly due to calendar effects and an exceptionally weak base – recall that in September 2024, the domestic economy was dealing with the aftermath of floods and a difficult-to-explain collapse in retail sales data. Nevertheless, even after adjusting for these effects, we should see signs of further gradual improvement in economic conditions. **GDP growth in 3Q (the preliminary figure will be released in mid-November) is likely to accelerate again to 3.6–3.7% y/y, confirming that the full year may close with growth near 3.5%**, possibly with a slight upside risk.
- **The domestic economic outlook should not be seriously harmed by the situation abroad.** Although recent eurozone data, particularly from Germany, have again turned chilly, we expect the first positive effects of the German fiscal stimulus to begin appearing around the turn of the year. At the same time, contrary to concerns that trade wars would halt or even reverse globalisation, international trade volumes continue to grow, reaching record levels.
- Inflation ended 3Q just below 3% y/y and appears to have firmly returned to the tolerance band around the NBP's inflation target. So far, the data have not shown an increase in housing costs related to higher heating prices (after the expiry in July of regulations protecting households from such increases). We expect this factor to raise the inflation rate by around 0.2pp in the autumn, causing **CPI growth to return slightly above 3% in 4Q**. The Energy Regulatory Office's decision regarding energy tariffs for 2026 is still unknown, but we continue to assume that prices will not exceed PLN500/MWh, meaning this factor should not push inflation higher after the New Year.
- In October, the Monetary Policy Council again cut interest rates by 25bp, bringing the reference rate to 4.50%, the lowest since April 2022. Since May, the MPC has cut rates by a total of 125bp, which NBP Governor Adam Glapiński described as a very significant monetary policy easing. Nevertheless, the Council continues to emphasise that recent decisions are "adjustments" of rates to improving inflation outlook, not a "cycle" of monetary easing. Future decisions will be heavily dependent on incoming economic data and information, including new NBP projections. The room for further rate cuts has not yet been exhausted, and Governor Glapiński's statements suggest that most Council members share this view. **We still believe the target level for the reference rate is 4.00%, to be reached in 1Q26.** Given the MPC's declared sensitivity to current data, our forecasts indicating that the set of data to be released before the next MPC meeting should show an upward move in growth rates related to economic activity, wages, and inflation, along with statements from dovish MPC members (Kotecki, Kochalski) suggesting a pause in cuts in November, we assume that next rate cuts will not occur before the New Year. Yet, our conviction on this matter is not particularly strong, given that the MPC has so far preferred to act swiftly.
- One of the factors limiting the room for interest rate cuts, according to the MPC, is loose and pro-inflationary fiscal policy, although it is hard not to notice that this has not stopped the Council from "very significant" monetary easing in recent months. We do not expect a budget amendment this year, and risks related to the 2026 budget draft have, in our view, already been priced in by the market. As a result, assuming no NBP rate cuts in November and December, **we see room for a slight decline in long-term bond yields and a flattening of the curve by year-end**.
- The PLN exchange rate has remained stable for months, showing strong resilience to both domestic and external factors (including MPC decisions, fiscal policy news, rating agency decisions, airspace incidents in Poland and other countries, and global market sentiment swings). We assume that **by year-end, the EURPLN rate will remain within a narrow range of 4.25–4.28**. The potentially negative impact of increased geopolitical risk should, in our view, be offset by solid domestic macro data, indicating that the economy remains on a stable growth path in 2H25.

CESI economic surprise index



Source: LSEG Datastream, Santander

Recently released Economic Comments:

- *Automotive – Polish (re)exporting hit*
- *There is still room for cuts*
- *Interest rate cut thanks to improved inflation outlook*
- *Sales continue to grow at a good pace*
- *August's set dominated by weak data*
- *Inflation kept below 3%*

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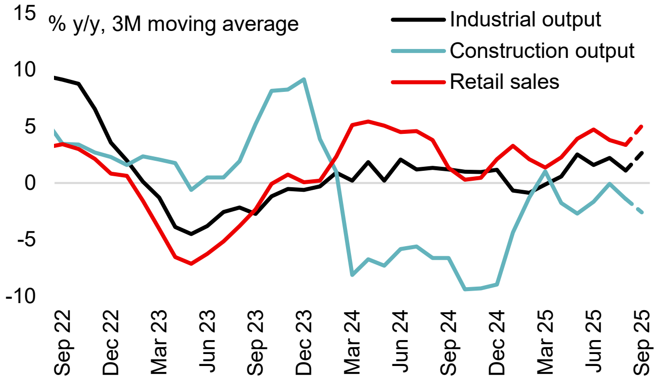
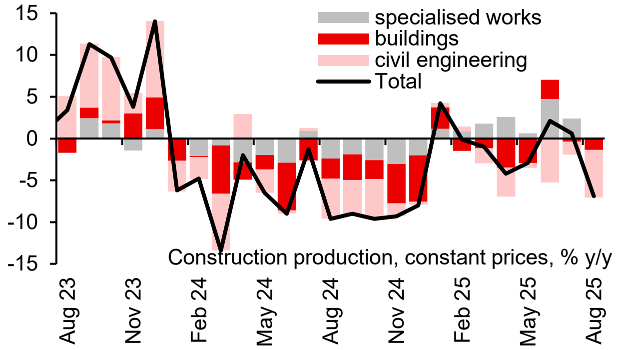
Economy in charts

Activity data show improvement compared to 2024 and early 2025



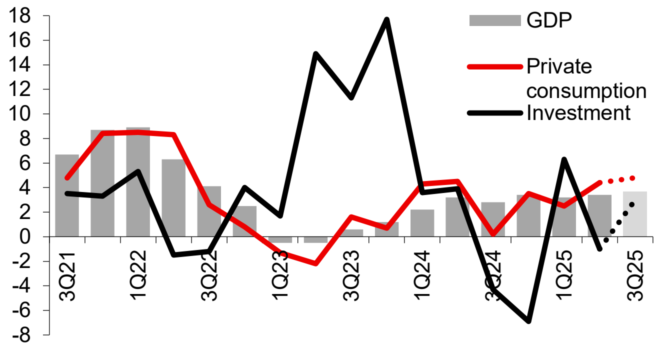
Source: GUS, Santander

(although in the case of construction, it is still a struggle to stabilise results rather than to move into recovery)



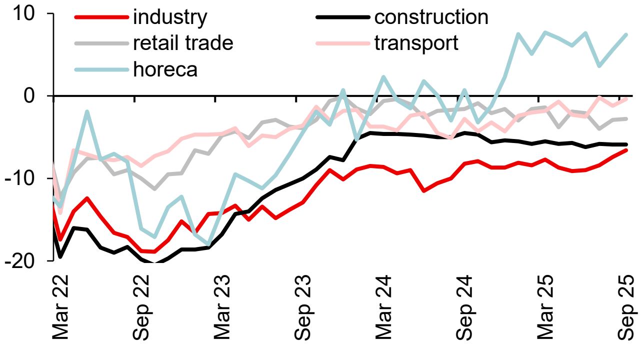
Source: GUS, Santander

...which means the economy should accelerate in 3Q, although after the weak August prints not everyone would agree with this



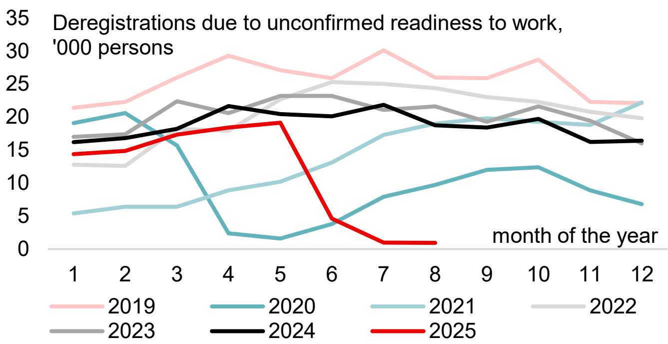
Source: GUS. Santander

Business sentiment indicators capture an improvement in industry, strong services, and confirm the lack of a rebound in construction



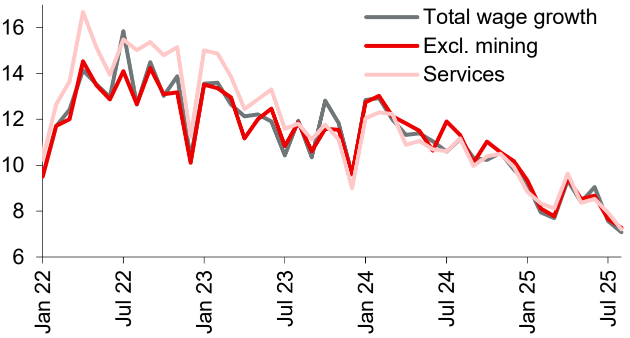
Source: KE, Santander

Unemployment has rebounded, but this is a procedural issue, causing a temporary drop in deregistrations due to lack of readiness to work



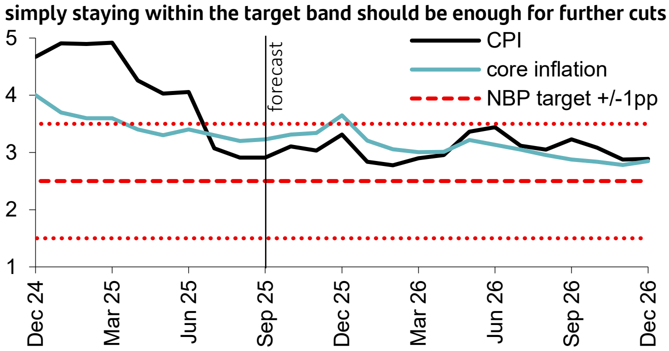
Source: MRPiPS, Santander

Nominal wages slowed down more than expected again, and this was not due to a disturbance in just one segment of the market



Source: GUS, Santander

CPI remained below 3%, but soon heat price hike will push it above; in 2026 it will also be hard to break away from 3%, but for the MPC, simply staying within the target band should be enough for further cuts



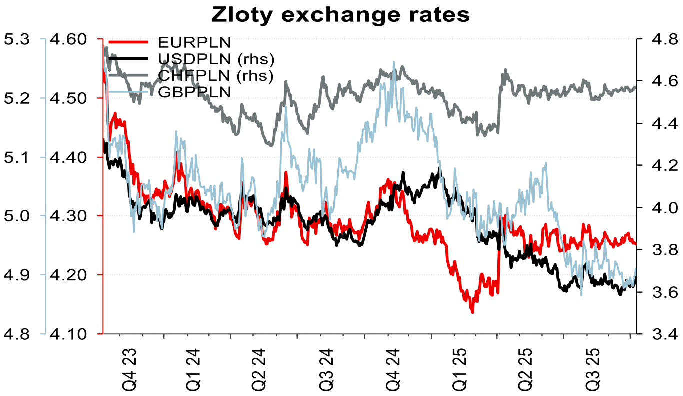
Source: GUS, NBP, Santander

From the budget bill processed in the Sejm, we know that debt will rise rapidly in 2026. According to MF, the fiscal situation will not improve in the coming years – over a 4Y horizon there is no sign of debt stabilisation, and the deficit will fall below 5% only in 2029

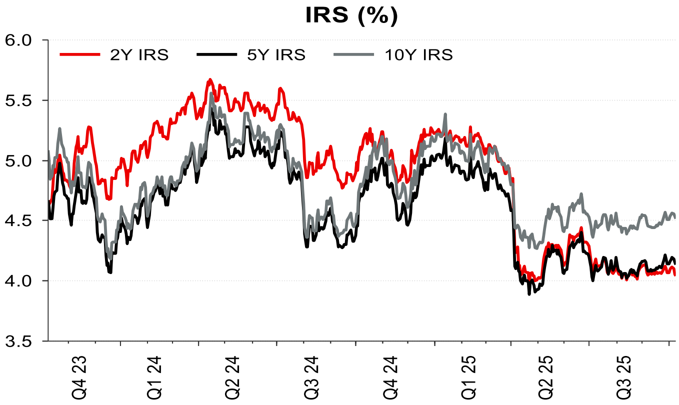
% GDP	2025	2026	2027	2028	2029
Balance, General Government	-6.9	-6.5	-5.7	-6.1	-4.7
Debt, General Government	59.8	65.4	69.1	72.7	75.3

Finance Ministry forecasts as shown in the debt management strategy for years 2026-2029
Source: MF, Santander

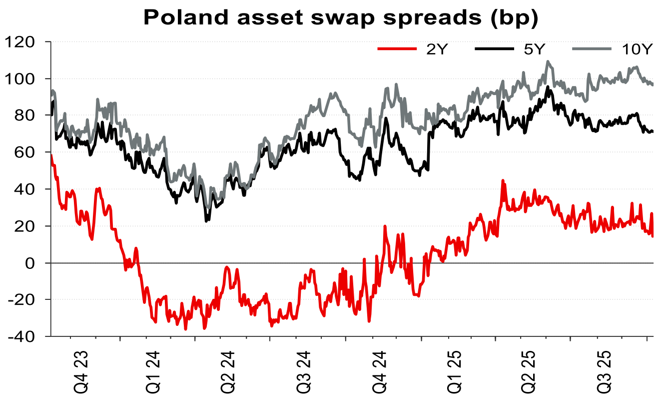
Markets in charts



Source: LSEG Datastream, Santander



Source: LSEG Datastream, Santander



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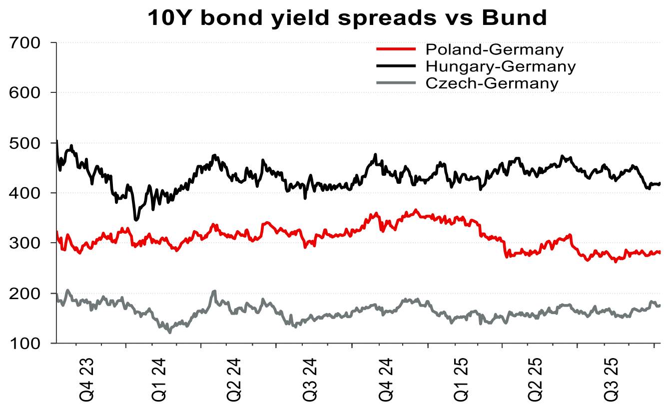
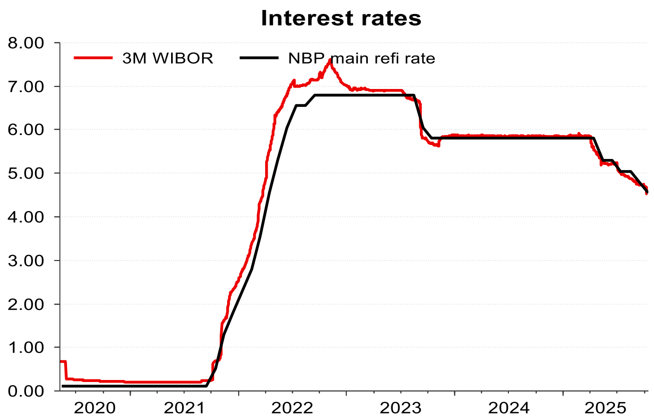
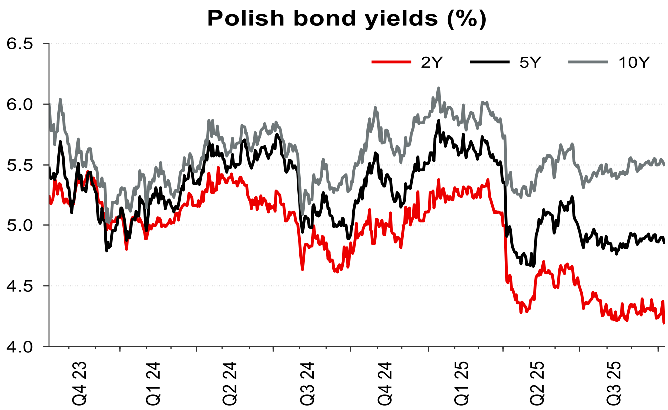


Source: LSEG Datastream, Santander

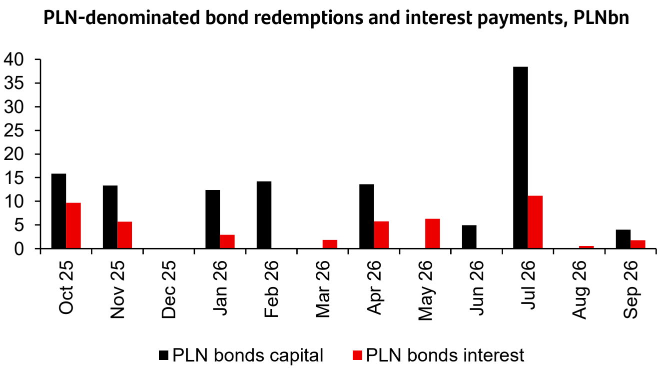


Source: LSEG Datastream, Santander

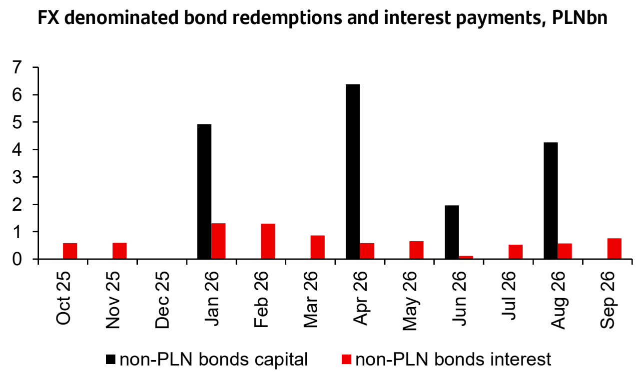


Source: LSEG Datastream, Santander

Principal and interest payments



Source: Ministry of Finance, Santander



Source: Ministry of Finance, Santander

Economic Calendar

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
29 September EZ: ESI (Sep) US: Pending home sales (Aug)	30 **PL: CPI inflation (Sep)** DE: Retail sales (Aug) DE: CPI inflation (Sep) US: Conference Board (Sep)	1 October **PL: PMI manufacturing (Sep)** DE: PMI manufacturing – fin. (Sep) EZ: PMI manufacturing – fin. (Sep) EZ: HICP inflation (Sep) US: ISM manufacturing (Sep)	2 EZ: Unemployment (Aug)	3 DE: PMI services – fin. (Sep) EZ: PMI services – fin. (Sep) US: ISM services (Sep)
6 CZ: CPI inflation (Sep) EZ: Retail sales (Sep)	7 DE: Factory orders (Aug)	8 **PL: MPC rate decision** DE: Industrial output (Aug) HU: CPI inflation (Sep) US: FOMC minutes	9 DE: Export (Aug)	10 **PL: MPC minutes** CZ: CPI inflation – fin. (Sep) US: Michigan index (Oct)
13 No releases	14 **PL: Balance of payments (Aug)** DE: CPI inflation – fin. (Sep) DE: ZEW (Oct)	15 **PL: CPI inflation – fin. (Sep)** DE: Industrial output (Aug) US: CPI inflation (Sep)	16 **PL: Core inflation (Sep)** US: Retail sales (Sep)	17 EZ: HICP inflation – fin. (Sep) US: Housing starts (Sep) US: Building permits (Sep) US: Industrial output (Sep)
20 **PL: Wages (Sep)** **PL: Employment (Sep)** **PL: Industrial output (Sep)** **PL: PPI (Sep)**	21 **PL: Construction output (Sep)** HU: MNB rate decision	22 **PL: Retail sales (Sep)** **PL: Consumer confidence (Oct)** **PL: Money supply (Sep)**	23 **PL: Unemployment (Sep)** US: Existing home sales (Sep)	24 DE: PMI manufacturing (Oct) DE: PMI services (Oct) EZ: PMI manufacturing (Oct) EZ: PMI services (Oct) US: Michigan index – fin. (Oct) US: New home sales (Sep) US: Building permits – fin. (Sep)
27 DE: Ifo index (Oct) US: Durable goods orders (Sep)	28 US: Conference Board (Oct)	29 US: Pending home sales (Sep) US: FOMC rate decision	30 HU: GDP 3Q CZ: GDP 3Q DE: GDP 3Q EZ: GDP 3Q US: GDP 3Q EZ: ESI (Oct) DE: CPI inflation (Oct) EZ: ECB rate decision	31 **PL: CPI inflation (Oct)** EZ: HICP inflation (Oct) US: Personal income (Sep) US: Personal spending (Sep) US: PCE inflation (Sep)

Source: GUS, NBP, Ministry of Finance, Bloomberg

Calendar of MPC meetings and data releases for 2025

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
ECB decision	30		6	17		5	24		11	30		18
Fed decision	29		19		7	18	30		17	29		10
MPC decision	16	5	12	2	7	4	2		3	8	5	3
MPC minutes	20	7	14	4	9	6	4	28		10	7	5
Flash GDP*		13			15			13			13	
GDP*		27				2			1			1
CPI	15	14	14	15	15	13	15	14	15	15	14	15
Core inflation	16		17	16	16	16	16	18	16	16	17	16
PPI	22	20	20	22	21	23	21	21	18	20	24	18
Industrial output	22	20	20	22	21	23	21	21	18	20	24	18
Retail sales	23	24	24	23	26	24	22	25	22	22	25	22
Gross wages, employment	22	20	20	22	21	23	21	21	18	20	24	18
Foreign trade	14	14	14	14	15	13	15	14	15	14	14	15
Balance of payments*			31			30			30			30
Balance of payments	13	13	17	11	14	13	14	13	12	14	13	15
Money supply	24	24	24	23	23	24	22	25	22	22	25	22

Source: GUS, NBP, Ministry of Finance, * quarterly data

Economic data and forecasts for Poland

Monthly economic indicators

		Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25
PMI	pts	48.6	49.2	48.9	48.2	48.8	50.6	50.7	50.2	47.1	44.8	45.9	46.6	48.0	48.2
Industrial production	% y/y	-0.4	4.6	-1.3	0.2	-0.9	-1.9	2.4	1.2	4.0	-0.4	3.0	0.7	4.3	2.7
Construction production	% y/y	-9.0	-9.6	-9.3	-8.0	4.2	-0.1	-1.0	-4.2	-2.9	2.1	0.6	-6.9	-1.5	-1.0
Retail sales (current prices)	% y/y	-3.0	1.3	3.1	1.9	4.9	-0.5	-0.3	7.6	4.4	2.2	4.8	3.1	7.3	3.5
Unemployment rate	%	5.0	4.9	5.0	5.1	5.4	5.4	5.3	5.2	5.0	5.2	5.4	5.5	5.6	5.6
Gross wages in corporate sector	% y/y	10.3	10.2	10.5	9.8	9.2	7.9	7.7	9.3	8.4	9.0	7.6	7.1	8.1	7.5
Employment in corporate sector	% y/y	-0.5	-0.5	-0.5	-0.6	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8	-0.9	-0.8	-0.8	-0.7
Exports (€)	% y/y	1.9	2.9	-2.3	0.7	2.7	1.2	3.9	-1.2	4.9	2.7	2.3	1.2	7.0	6.9
Imports (€)	% y/y	6.1	6.5	-0.4	3.9	10.4	4.0	10.5	6.3	6.1	0.6	2.5	1.2	9.7	9.3
Trade balance	EUR mn	-553	-333	-930	-1 993	-868	-620	-1 551	-1 321	-1 428	75	-1 265	-2 145	-1 371	-1 084
Current account balance	EUR mn	-810	918	-281	-1 427	-35	115	-1 136	-424	-1 004	-194	-1 335	-2 406	-1 695	-80
Current account balance	% GDP	0.7	0.6	0.5	0.3	0.1	-0.1	-0.4	-0.6	-0.7	-0.7	-0.9	-0.9	-1.0	-1.1
CPI	% y/y	4.9	5.0	4.7	4.7	4.9	4.9	4.9	4.3	4.0	4.1	3.1	2.9	2.9	3.1
CPI excluding food and energy	% y/y	4.3	4.1	4.3	4.0	3.7	3.6	3.6	3.4	3.3	3.4	3.3	3.2	3.2	3.3
PPI	% y/y	-6.2	-5.1	-3.8	-2.7	-1.0	-1.3	-1.0	-1.6	-1.5	-1.5	-1.3	-1.2	-1.1	-1.5
Broad money (M3)	% y/y	6.5	7.8	8.7	9.3	9.4	9.1	10.3	10.4	10.3	10.5	10.8	11.1	11.1	10.4
Deposits	% y/y	5.9	7.3	8.0	8.7	9.1	8.8	10.2	10.1	9.8	10.3	10.3	10.6	11.3	10.1
Loans	% y/y	2.9	4.5	5.7	5.0	4.7	5.2	5.1	5.5	5.4	4.7	5.1	5.1	6.2	6.1
EUR/PLN	PLN	4.28	4.32	4.33	4.27	4.25	4.17	4.18	4.27	4.25	4.27	4.25	4.26	4.26	4.26
USD/PLN	PLN	3.85	3.96	4.08	4.08	4.10	4.01	3.87	3.80	3.77	3.70	3.64	3.67	3.63	3.65
CHF/PLN	PLN	4.55	4.60	4.63	4.57	4.51	4.43	4.38	4.55	4.55	4.55	4.56	4.54	4.56	4.56
Reference rate *	%	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.25	5.25	5.00	5.00	4.75	4.50
3M WIBOR	%	5.85	5.85	5.85	5.85	5.85	5.87	5.85	5.57	5.26	5.22	5.02	4.88	4.75	4.65
Yield on 2-year T-bonds	%	4.71	4.93	4.96	5.07	5.24	5.27	5.21	4.48	4.55	4.59	4.37	4.26	4.31	4.26
Yield on 5-year T-bonds	%	5.04	5.31	5.33	5.40	5.69	5.63	5.59	4.86	4.96	5.11	4.89	4.83	4.90	4.87
Yield on 10-year T-bonds	%	5.34	5.64	5.69	5.78	5.97	5.87	5.91	5.35	5.45	5.57	5.41	5.44	5.51	5.51

Note: * at the end of the period.
Source: GUS, NBP, Finance Ministry, Santander Bank Polska estimates.

Quarterly and annual economic indicators

		2023	2024	2025	2026	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26
GDP	PLN bn	3 415.3	3 653.4	3 888.4	4 130.5	892.9	927.3	971.9	1 096.3	956.3	985.5	1 029.5	1 159.1
GDP	% y/y	0.2	3.0	3.5	3.7	3.2	3.4	3.7	3.7	3.5	3.6	3.5	4.0
Domestic demand	% y/y	-3.0	4.5	4.9	5.3	4.6	4.0	5.2	5.7	6.1	5.3	5.0	5.0
Private consumption	% y/y	-0.3	2.9	4.0	3.3	2.5	4.4	4.8	4.2	4.0	3.0	3.0	3.0
Fixed investments	% y/y	12.7	-0.9	4.5	10.7	6.3	-1.0	3.0	8.0	9.0	12.0	12.0	10.0
Industrial production	% y/y	-2.1	1.1	1.9	4.4	-0.1	1.6	2.7	3.4	5.6	4.7	3.9	3.3
Construction production	% y/y	4.8	-7.6	-1.5	8.5	0.9	-1.4	-2.5	-2.0	3.4	8.3	10.9	9.6
Retail sales (constant prices)	% y/y	-3.6	3.2	3.7	3.0	1.1	4.6	4.8	4.2	1.2	2.9	4.1	3.6
Unemployment rate *	%	5.1	5.1	5.7	5.6	5.3	5.2	5.6	5.7	5.9	5.5	5.5	5.6
Gross wages in the national economy	% y/y	12.8	13.7	8.8	7.0	10.0	8.8	8.0	8.2	7.7	6.7	6.8	6.7
Employment in the national economy	% y/y	0.6	0.2	0.0	0.1	0.0	0.0	0.1	-0.1	-0.1	-0.1	0.1	0.3
Exports (€)	% y/y	3.5	-0.7	4.3	7.3	2.6	2.0	3.6	9.0	9.7	7.5	6.2	5.7
Imports (€)	% y/y	-4.5	2.6	7.2	9.9	8.3	4.3	4.6	11.4	11.5	10.4	9.3	8.5
Trade balance	EUR mn	4 738	-6 184	-16 089	-26 814	-3 037	-2 674	-4 781	-5 597	-4 869	-5 482	-7 816	-8 648
Current account balance	EUR mn	11 591	2 616	-11 548	-23 941	-1 057	-1 623	-5 436	-3 432	-3 397	-4 723	-8 875	-6 946
Current account balance	% GDP	1.5	0.3	-1.3	-2.5	-0.4	-0.7	-1.0	-1.3	-1.5	-1.8	-2.1	-2.5
General government balance	% GDP	-5.3	-6.6	-6.9	-6.5	-	-	-	-	-	-	-	-
CPI	% y/y	11.6	3.6	3.8	3.0	4.9	4.1	3.0	3.2	2.8	3.3	3.1	2.9
CPI *	% y/y	6.2	4.7	3.3	2.9	4.9	4.1	2.9	3.3	2.9	3.4	3.2	2.9
CPI excluding food and energy	% y/y	10.2	4.3	3.4	3.0	3.6	3.4	3.2	3.4	3.1	3.1	3.0	2.8
PPI	% y/y	2.8	-6.7	-1.3	0.1	-1.1	-1.5	-1.2	-1.4	-0.7	0.0	0.4	0.6
Broad money (M3) *	% y/y	8.5	9.3	10.0	7.7	10.3	10.5	11.1	10.0	9.4	7.8	7.0	7.7
Deposits *	% y/y	9.8	8.7	9.5	8.1	10.2	10.3	11.3	9.5	9.5	8.5	7.5	8.1
Loans *	% y/y	0.0	5.0	5.9	7.1	5.1	4.7	6.2	5.9	6.4	6.6	6.3	7.1
EUR/PLN	PLN	4.54	4.31	4.25	4.28	4.20	4.26	4.26	4.26	4.27	4.28	4.28	4.28
USD/PLN	PLN	4.20	3.98	3.76	3.78	3.99	3.76	3.65	3.65	3.71	3.77	3.80	3.82
CHF/PLN	PLN	4.68	4.52	4.50	4.23	4.44	4.55	4.55	4.45	4.27	4.23	4.22	4.20
Reference rate *	%	5.75	5.75	4.50	4.00	5.75	5.25	4.75	4.50	4.00	4.00	4.00	4.00
3M WIBOR	%	6.52	5.86	5.18	4.25	5.86	5.35	4.88	4.62	4.39	4.23	4.20	4.20
Yield on 2-year T-bonds	%	5.67	5.05	4.58	4.39	5.24	4.54	4.31	4.24	4.39	4.44	4.39	4.36
Yield on 5-year T-bonds	%	5.66	5.33	5.07	4.70	5.63	4.97	4.87	4.82	4.78	4.73	4.68	4.63
Yield on 10-year T-bonds	%	5.83	5.55	5.55	4.93	5.92	5.46	5.45	5.37	5.13	4.98	4.85	4.75

Note: *at the end of period. Source: GUS, NBP, Finance Ministry, Santander estimates.

This analysis is based on information available until 10.10.2025 has been prepared by:

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IMPORTANT DISCLOSURES