24 October 2025

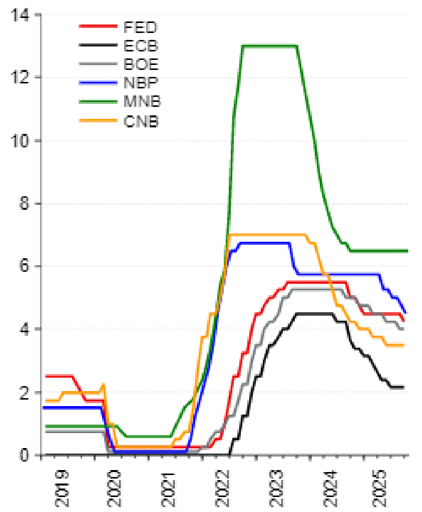
Weekly Economic Update

Focus on the Fed and CPI

Economy next week

- We should start the new week better rested due to the switch from daylight saving time to standard time in Poland this weekend. Over the weekend, both PO and PiS parties will hold conventions. PiS is expected to discuss new proposals to their political agenda, while PO plans to change its name and merge with small coalition partners (Nowoczesna, Inicjatywa Polska).
- The domestic economic calendar for the new week includes only one, but important, item: preliminary CPI inflation data for October, due on Friday. **We expect CPI to rise to 3.1% y/y from 2.9% y/y in August–September**. The Bloomberg median forecast stands at 3.0%. We believe the 0.4% m/m increase in prices will be driven by, among other things, higher fuel prices (our online monitoring tool indicates that despite the recent decline in Brent crude, fuel prices at petrol stations rose by nearly 2% m/m in October) and heating (we still assume that price hikes in this category will total nearly 10%, but will be more spread out over time than we previously anticipated), as well as seasonal increases in the prices of clothing and footwear, and education services.
- Abroad, flash 3Q GDP data will be published by selected EU countries (including Spain, France, Italy, Germany, Czechia, Hungary), while in the US the release is likely to be delayed due to the prolonged government shutdown. Several European sentiment indicators will also be released: Ifo, GfK, ESI.
- However, investor attention will be focused on **central bank decisions, particularly the US FOMC** on Wednesday. The Fed's task will be somewhat complicated by "limited visibility" caused by the absence of some economic data during the government shutdown. Nevertheless, a further 25 bp rate cut is widely expected, especially following today's lower-than-forecast CPI inflation figures. Central banks in Chile, Canada, Japan and the Euro Area will also decide on interest rates. A cut similar to the US is likely in Canada, while rates in the other regions are expected to remain unchanged.

Central banks' main interest rates, %



Source: LSEG Datastream, Santander

Markets next week

- EURPLN has recently broken out of its stagnation, successfully pushing through the 4.24 level and reaching 4.22 for a moment. Better-than-expected September industrial production data certainly did not hurt, but we are not convinced this was the main driver of the zloty's appreciation, as market expectations regarding future NBP rate cuts have not changed significantly. Global sentiment may have played a bigger role, benefiting all EM currencies. The sentiment was influenced by foreign investor expectations regarding the war in Ukraine, shaped by reports of a possible Trump–Putin meeting and later by news of tighter sanctions on Russia. We assume that the zloty will remain sensitive primarily to external developments. If the Fed decides to cut interest rates and this boosts global market optimism, **EURPLN may stay below 4.24**.
- Strong domestic data had little impact on the Polish interest rate market, and only a correction in global markets pushed local yields higher at the end of the week. In our view, **higher October inflation should reduce market expectations for an NBP rate cut in November, leading to a flattening of the yield curve**.

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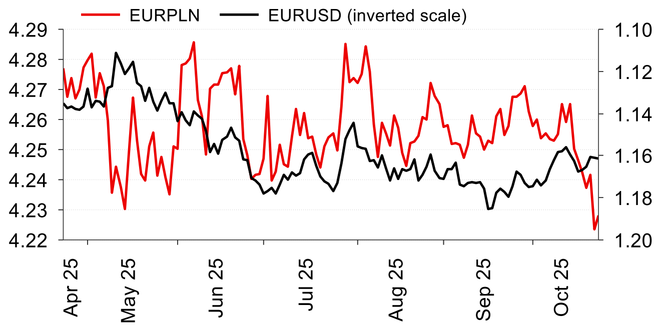
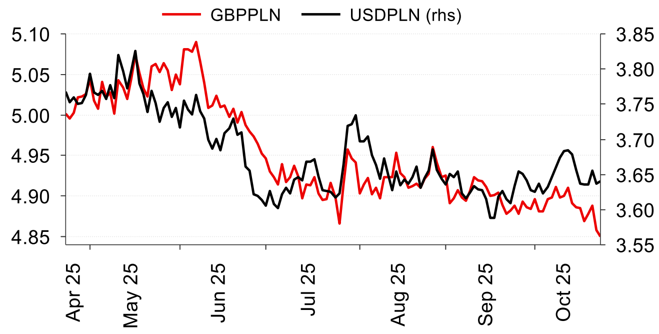
EURPLN and EURUSD



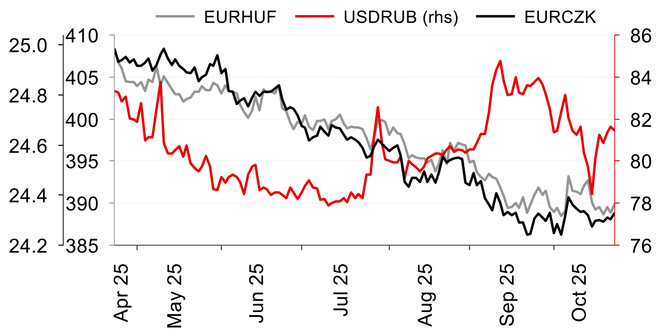
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



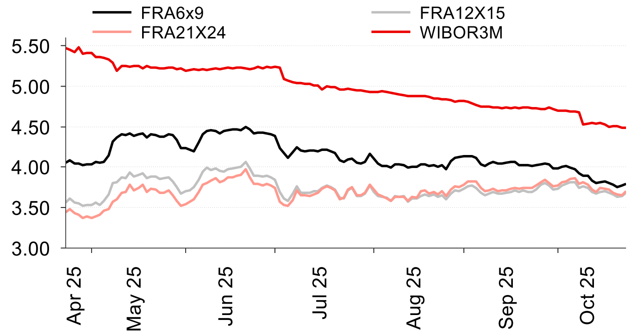
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



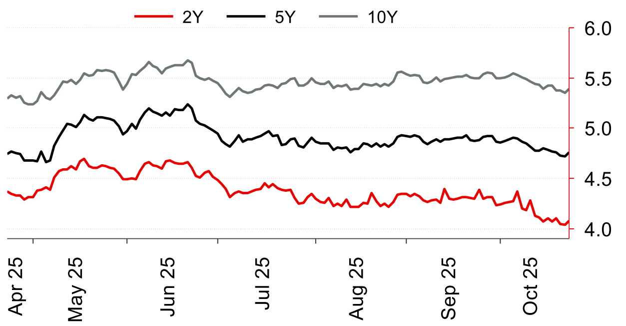
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



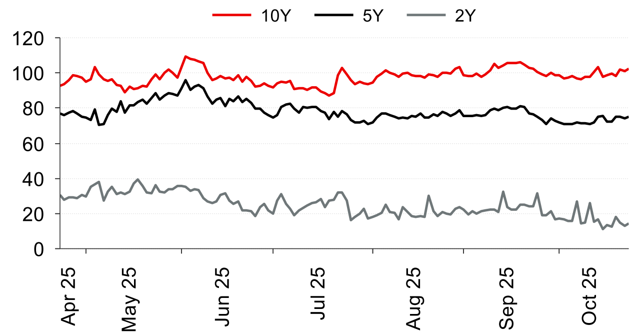
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



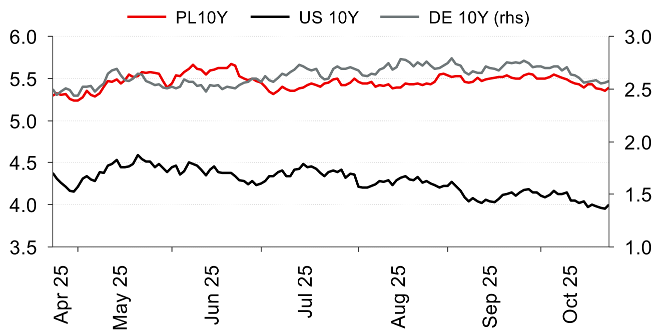
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



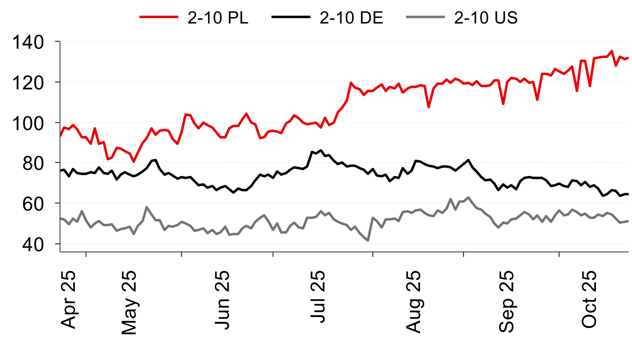
Source: LSEG Datastream, Santander Bank Polska

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 (27 October)				
	DE	Retail Sales	Sep	% m/m	0.2		-0.2
10:00	DE	IFO Business Climate	Oct	pts	88.0		87.7
13:30	US	Durable Goods Orders	Sep	% m/m	0.3		2.9
			TUESDAY (28 October)				
15:00	US	Consumer Conference Board	Oct	pts	93.75		94.2
			WEDNESDAY (29 October)				
15:00	US	Pending Home Sales	Sep	% m/m	-		4.04
19:00	US	FOMC decision	Oct.25		4.0		4.25
			THURSDAY (30 October)				
08:30	HU	GDP	3Q	% y/y	1.0		0.1
09:00	CZ	GDP SA	3Q	% y/y	2.3		2.6
10:00	DE	GDP WDA	3Q	% y/y	0.3		0.2
11:00	EZ	GDP SA	3Q	% y/y	1.2		1.5
11:00	EZ	Unemployment Rate	Sep	%	6.3		6.3
11:00	EZ	ESI	Oct	pct.	95.8		95.5
13:30	US	GDP Annualized	3Q	% Q/Q	3.0		3.8
13:30	US	Initial Jobless Claims	Oct.25	k	-		219.0
14:00	DE	HICP	Oct	% m/m	0.1		0.2
14:15	EZ	ECB Main Refinancing Rate	Oct.25	%	2.15		2.15
			FRIDAY (31 October)				
10:00	**PL**	**CPI**	**Oct**	**% y/y**	**3.0**	**3.1**	**2.9**
11:00	EZ	Flash HICP	Oct	% y/y	2.1		2.2
13:30	US	Personal Spending	Sep	% m/m	0.4		0.6
13:30	US	Personal Income	Sep	% m/m	0.4		0.4
13:30	US	PCE Deflator SA	Sep	% m/m	-		0.3

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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