28 October 2025

Eyeopener

Two MPC members' opinions about further cuts

Today US consumer confidence
German business sentiment measured by Ifo index slightly up
MPC's Kotecki: further rate cuts only in 2026; Litwiniuk open to a cut in November
Mild zloty strengthening, minor moves in interest rate market

Today's economic calendar includes only the release of the October edition of the Conference Board's US consumer confidence survey. The market expects that the decline in the index observed in September may deepen further.

Monetary Policy Council member Ludwik Kotecki told Reuters he expects a pause in rate cuts this year and a return to further monetary easing after the New Year. According to Kotecki, the November pause should stem from the need to review the November inflation projection and monitor current data. In December, the MPC traditionally refrains from making decisions—a practice also mentioned by Adam Glapiński during the press conference following the October decision. Ultimately, Kotecki expects the reference rate to fall to 4% or slightly below. His opinion and the anticipated rate path align with our assumptions. In an interview with PAP, **Przemysław Litwiniuk** stated that another rate cut may still occur this year. The MPC member admitted that after the October rate cut, he preferred a cautious approach in subsequent meetings, but his view has shifted due to favourable inflation data. He now believes the Council may "remain open" during the November meeting. At the same time, he argued that due to prevailing uncertainties, the MPC should not commit to any specific rate levels in the coming quarters.

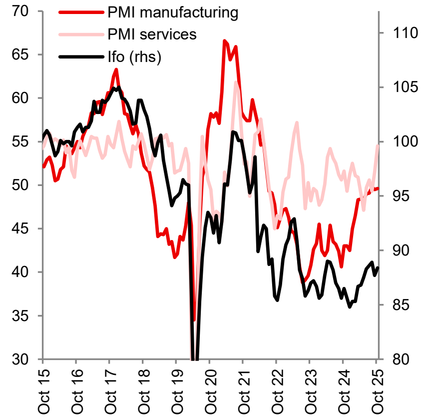
Today's release of the **MPC voting results on the 25bp rate cut in September** showed that all members supported the decision except Joanna Tyrowicz.

The Ifo index, which reflects sentiment among German businesses, rose in October to 88.4 pts from 87.7 pts in September, exceeding expectations of 88.0 pts. The increase was driven by improved expectations for the coming months—the forward-looking component of the index. The current economic situation was assessed as slightly worse. In the manufacturing sector, the overall index also rose due to better expectations, with a slowdown in the decline of new orders and a slight increase in capacity utilisation. Business sentiment also improved in the services sector, including trade, but worsened in construction. In the latter, unlike other sectors, the current situation was assessed as noticeably better, while expectations were more pessimistic, mainly due to a lack of orders.

The Polish zloty started the week with moderate strengthening against the euro, following a sharp weakening before the weekend. The opening rate was close to pre-weekend levels, with EURPLN above 4.24, but declined by PLN0.01 during the day, ending the session just above 4.23. The Czech koruna remained relatively stable on Monday, with fluctuations not exceeding 0.1%. The forint continued to gain—EURHUF fell by 0.2% compared to Friday's close, reaching below 389. The US dollar remained at a similar level to before the weekend, with EURUSD slightly above 1.16. Potential market turning points this week include Wednesday's Fed decision on interest rates (especially if there is guidance on the scale of further cuts, including the fully priced-in December cut), as well as Thursday's Trump-Xi meeting.

The bond market was relatively calm on Friday. Yields on Polish government bonds and market interest rates rose by around 1bp. On core markets, German bonds saw negligible changes, while US Treasury yields rose by 2–3bp. A more significant move in the bond market this week is expected around Wednesday's Ministry of Finance auction, which will offer a pool of bonds worth PLN6–10bn.

Germany business climate indicators, pts



Source: Ifo, S&P Global, Santander

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Santander

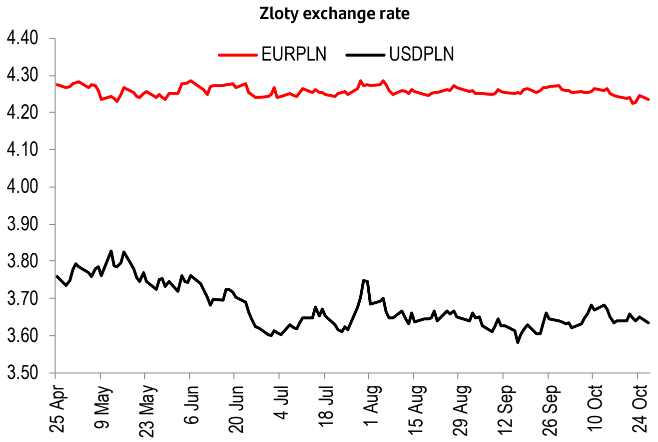
FX market

Today's opening			
EURPLN	4.2325	CZKPLN	0.1738
USDPLN	3.6303	HUFPLN*	1.0784
EURUSD	1.1660	RONPLN	0.8332
CHFPLN	4.5697	NOKPLN	0.3634
GBPPLN	4.8443	DKKPLN	0.5666
USDCNY	7.0997	SEKPLN	0.3873

*for 100HUF

Last session in the FX market 27.10.2025

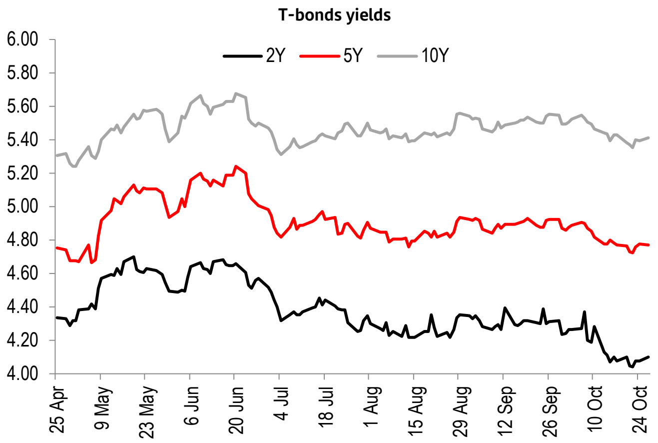
	min	max	open	close	fixing
EURPLN	4.2297	4.2472	4.2456	4.2322	4.2353
USDPLN	3.6323	3.6547	3.6522	3.6374	3.6395
EURUSD	1.1616	1.1651	1.1626	1.1638	



Interest rate market 27.10.2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS0727 (2L)	4.10	2
PS0730 (5L)	4.77	0
DS1035 (10L)	5.41	2

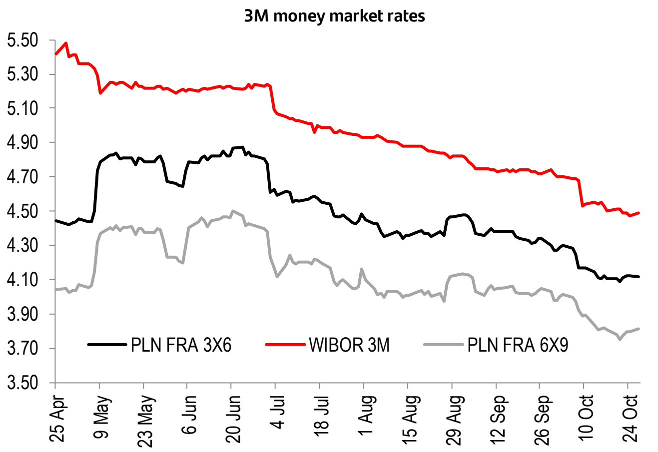


IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.10	2	3.76	1	2.12	1
2L	3.95	1	3.53	0	2.13	1
3L	3.95	1	3.49	0	2.19	0
4L	3.99	1	3.51	0	2.26	0
5L	4.04	1	3.55	-1	2.32	0
8L	4.25	1	3.70	-2	2.50	-1
10L	4.41	1	3.81	-2	2.61	-2

WIBOR rates

Term	%	Change (bps)
O/N	4.54	4
T/N	4.57	1
SW	4.57	0
1M	4.53	-3
3M	4.49	2
6M	4.32	0
1Y	4.24	0

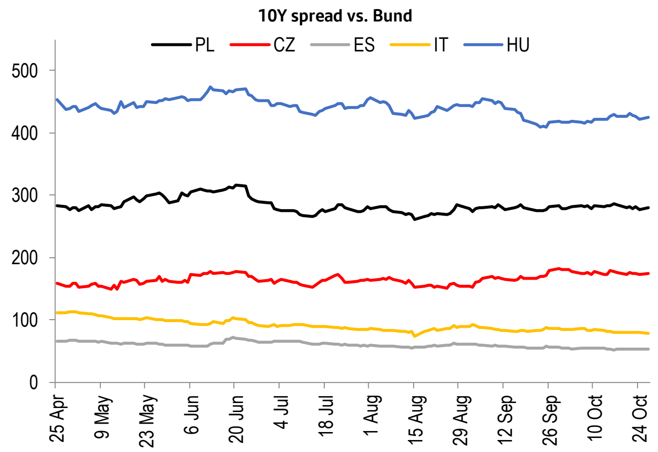


FRA rates on the interbank market**

Term	%	Change (bps)
1x4	4.35	1
3x6	4.12	-1
6x9	3.82	2
9x12	3.72	2
3x9	4.02	0
6x12	3.78	1

CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	62	0	280	3
France	18	0	80	-1
Hungary	110	0	425	3
Spain	24	0	52	-1
Italy	16	0	78	-2
Portugal	12	0	38	-1
Ireland	10	0	25	-1
Germany	6	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

Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD		FORECAST MARKET	FORECAST SANTANDER	ACTUAL VALUE	LAST VALUE*
			FRIDAY (24 October)					
09:30	DE	Germany Manufacturing PMI	Oct	pts	49.5		49.6	49.5
09:30	DE	Markit Germany Services PMI	Oct	pts	51.0		54.5	51.5
10:00	EZ	Eurozone Manufacturing PMI	Oct	pts	49.8		50.0	49.8
10:00	EZ	Eurozone Services PMI	Oct	pts	51.2		52.6	51.3
14:30	US	CPI	Sep	% m/m	0.4		0.3	0.4
16:00	US	Michigan index	Oct	pts	54.5		53.6	55.1
			MONDAY (27 October)					
10:00	DE	IFO Business Climate	Oct	pts	88.0		88.4	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)					
9:00	DE	Retail Sales	Sep	% m/m	0.2		-	-0.2
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
** in the case of a revision the data is updated*