29 October 2025

Eyeopener

The market expects the Fed to cut rates today

Today's Fed decision on interest rates
Consumer sentiment in the US slightly down
Polish consumer spending in 2Q rose by 2.1% q/q, income increased by 4.1% q/q
Late-session strengthening of the złoty, slight declines in local yields and market rates

Today's key market event will be the Fed's evening decision on interest rates. Analysts expect a 25bp cut in the target range for the Fed Funds Rate. In addition, the calendar includes a US release of pending home sales data.

According to Eurostat estimates, seasonally adjusted household consumption in 2Q rose by 2.1% q/q, while total disposable income increased by 4.1% q/q. These indicators complement the information we provided in Friday's Eyeopener. The savings rate rose by 0.7pp q/q, while the household investment rate fell by 0.1pp. Across the euro area, changes were less pronounced: consumption up 0.7pp, income up 1.0pp, savings rate up 0.3pp, and investment rate unchanged. In terms of levels, Eurostat's seasonally adjusted savings rate for Poland stood at 9.7% versus 9.0% in 1Q, still clearly below the euro area's 15.5% versus 15.2% a quarter earlier.

The government adopted a draft bill amending the tax on certain minerals, which will reduce state budget tax revenues by PLN0.5bn in 2026 and by PLN0.75bn annually in 2027–2028. According to the Ministry of Finance, the aim is to ease the tax burden on copper producers to stimulate investment in the sector.

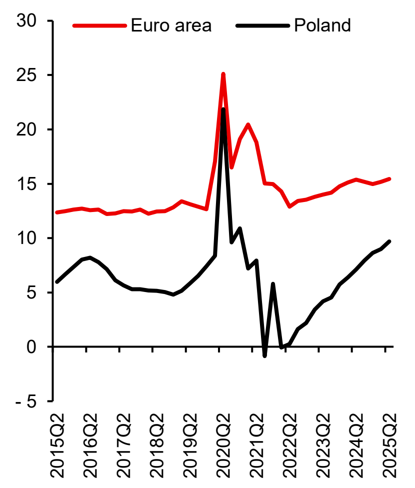
BGK announced the signing of over 1,000 agreements worth approx. PLN82bn under the National Recovery Plan allocation for energy transition. Of this amount, PLN60.1bn relates to Fundusz Wsparcia Energetyki (Energy Support Fund) projects, and PLN9.8bn to offshore wind farm construction from Fundusz na rzecz Morskiej Energetyki Wiatrowej (Offshore Wind Energy Fund).

The Conference Board index measuring US consumer confidence fell by 1pt to 94.6pts. The monthly change was roughly in line with expectations, although the level was boosted by an upward revision of September's reading. The assessment of current economic conditions improved by nearly 2pts to 129.3pts, marking the first monthly increase since May. The view on current labour market conditions also improved slightly. However, expectations for future employment conditions worsened by 3pts to the lowest level since April.

Despite temporary weakness, the Polish zloty strengthened by the end of yesterday's session. Tuesday's EURPLN opening was 4.23, followed by a weakening to 4.24. By the end of the day, alongside dollar weakness, EURPLN fell below 4.23. The Czech koruna held near EURCZK 24.3, while EURHUF dropped another 0.1% to 388. The FOMC decision on interest rates tonight and its accompanying communication on the situation, economic outlook, and Fed's intentions will, in our view, be key for the dollar and also for the CEE currencies.

Polish bond yields fell yesterday by 2–4bp. Similar moves occurred in market rate pricing: IRS down 2–3bp, FRA down 2–5bp – more on the long end of the curve. We link domestic market moves to yesterday morning's comments by Przemysław Litwiniuk from the MPC – the first one clearly pointing to a possible November rate cut (which we believe will not happen). Core markets saw only minimal bond movements.

Savings rate in Poland and euro zone, seasonally adjusted, %



Source: Eurostat, Santander

Economic Analysis Department:

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

FX market

Today's opening

EURPLN	4.2314	CZKPLN	0.1738
USDPLN	3.6366	HUFPLN*	1.0794
EURUSD	1.1635	RONPLN	0.8327
CHFPLN	4.5781	NOKPLN	0.3640
GBPPLN	4.8095	DKKPLN	0.5663
USDCNY	7.0979	SEKPLN	0.3881

*for 100HUF

Last session in the FX market **28.10.2025**

	min	max	open	close	fixing
EURPLN	4.2283	4.2405	4.2310	4.2303	4.2345
USDPLN	3.6241	3.6449	3.6278	3.6259	3.6327
EURUSD	1.1625	1.1667	1.1663	1.1667	

Interest rate market **28.10.2025**

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	4.53	-1
T/N	4.57	0
SW	4.57	0
1M	4.56	3
3M	4.49	0
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

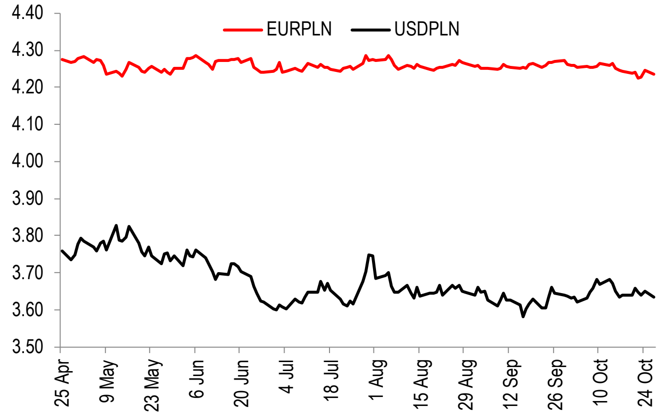
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	62	0	280	3
France	18	0	80	-1
Hungary	110	0	425	3
Spain	24	0	52	-1
Italy	16	0	78	-2
Portugal	12	0	38	-1
Ireland	10	0	25	-1
Germany	6	0	-	-

* 10Y treasury bonds over 10Y Bunds

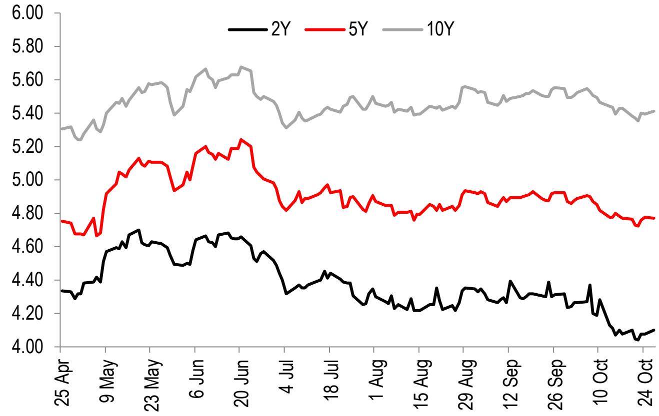
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

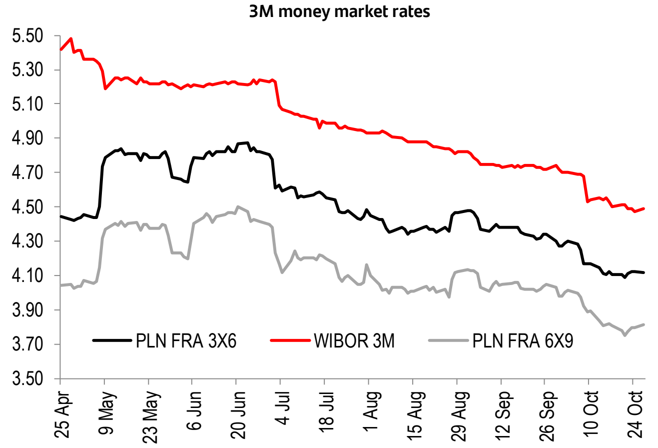
Zloty exchange rate



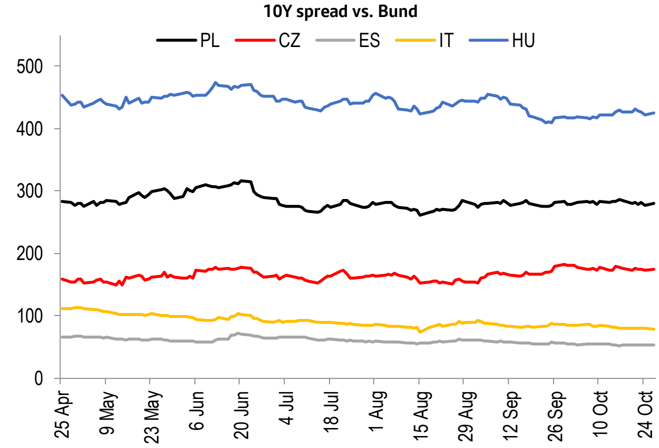
T-bonds yields



3M money market rates



10Y spread vs. Bund



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	93.8		94.6	95.6
			WEDNESDAY (29 October)					
15:00	US	Pending Home Sales	Sep	% m/m	1.5		-	4.0
19:00	US	FOMC decision	Oct.25		4.00		-	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*

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, http://www.santander.pl.