30 October 2025

Eyeopener

US rates cut, successful US–China summit

Today: plenty of GDP data for European countries and ECB decision on interest rates

Fed cut interest rates by 25bp, as expected; December cut uncertain

The US and China reached an agreement reducing tariffs and export restrictions

Weaker CEE currencies, higher market rates

Today brings numerous data releases from abroad, primarily on GDP in 3Q25. In Hungary, growth was expected to accelerate to 1.0% y/y from 0.1% y/y in 2Q, but the preliminary estimate showed 0.6%. In Czechia, the market anticipates a slowdown of 0.3pp to 2.3% y/y. In Germany, the market expects a continuation of modest growth (consensus at 0.3% y/y after 0.2% y/y in 2Q). The already reported surprisingly strong reading from France, 0.5% q/q instead of the expected 0.2%, raises hopes for a positive surprise in the preliminary reading for the entire euro area, where the consensus points to just 0.1% q/q growth. According to market analysts, growth in the US may reach 3.0% q/q annualised, compared to 3.8% in the previous quarter. Additionally, we will learn the results of the October ESI sentiment survey, the preliminary inflation reading in Germany, and the ECB's policy decision, which will likely leave interest rates unchanged.

The Fed cut interest rates by 25bp, in line with market expectations, bringing the federal funds rate target range to 3.75%-4.00%. In its statement, the FOMC emphasised its long-term goal of achieving maximum employment and 2% inflation. Fed Chair Jerome Powell stated that economic conditions have not changed significantly since the previous September meeting. On one hand, the labour market remains weak and inflation elevated; on the other, there is no evidence that this situation is changing. Powell stressed that another rate cut in December is far from certain due to the complexity of the economic situation and uncertainty caused by the lack of data resulting from the shutdown, which gave his speech a hawkish tone.

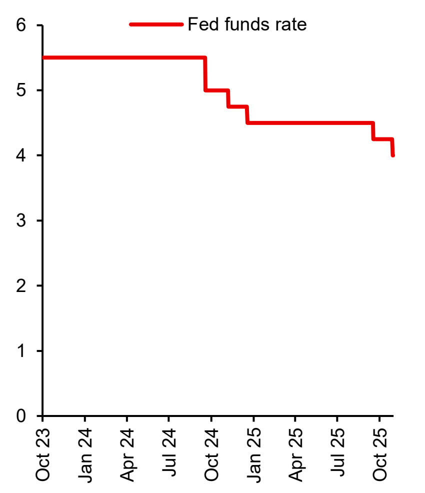
According to data of the Bureau of Credit Information (BIK), Polish lenders issued housing loans worth PLN10.67bn in September, marking a 62.8% y/y increase and the highest result in history. The value of loans granted rose by 20.0% m/m, and the number of housing loans increased by 52.4% y/y to 23.8k. The average housing loan amount was PLN448.91k, 6.8% higher than a year ago. According to BIK, cash loans also continued to grow significantly: by 18.8% y/y in volume terms and by 21.3% y/y in value terms. Similarly, the segment of short-term cash loans up to 60 days remained in an upward trend, with a value of PLN1.16bn, up 24.8% y/y. This week we should also receive data on loan sales in September from the NBP. The growing credit activity aligns with our assumptions and bodes well for GDP growth results in 4Q this year.

The meeting between the presidents of the US and China ended positively. President Donald Trump announced after the talks that tariffs on Chinese goods would be reduced by 10pp (previously he had threatened a 100pp increase), in exchange for China's commitment not to impose restrictions on rare earth metal exports for one year, among other arrangements.

On Wednesday, CEE currencies slightly depreciated, by around 0.2–0.3%. The EURPLN rate rose from 4.23 at Tuesday's close to 4.24 at the end of Wednesday. Similarly, EURCZK increased from 24.31 to 24.36, and EURHUF from 388 to 388.5. In response to Jerome Powell's undermining of market expectations for another rate cut in the US in December, the dollar strengthened significantly (EURUSD briefly fell below 1.16), only to reverse most of that move shortly thereafter. This morning, the USD is gaining again, but at a more moderate pace.

Polish bonds saw a 5bp drop in yields at the short end of the curve yesterday. Longer-term bonds offered a 1bp higher yield than the previous day. Market IRS rates rose by 2bp across the curve, and FRA rates by 2–4bp, more so at the longer end. The Ministry of Finance conducted a bond auction worth PLN10bn, with demand reaching PLN13.4bn. Market pricing of the likelihood of a Fed rate cut in December fell from around 90% before the FOMC meeting to around 70%.

Fed funds rate, %



Source: Federal Reserve, Santander

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FX market

Today's opening

EURPLN	4.2400	CZKPLN	0.1738
USDPLN	3.6497	HUFPLN*	1.0801
EURUSD	1.1617	RONPLN	0.8343
CHFPLN	4.5692	NOKPLN	0.3642
GBPPLN	4.8163	DKKPLN	0.5677
USDCNY	7.1071	SEKPLN	0.3881

*for 100HUF

Last session in the FX market **29.10.2025**

	min	max	open	close	fixing
EURPLN	4.2298	4.2449	4.2316	4.2368	4.2374
USDPLN	3.6316	3.6497	3.6383	3.6348	3.6399
EURUSD	1.1618	1.1665	1.1630	1.1656	

Interest rate market **29.10.2025**

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS0727 (2L)	4.05	-3
PS0730 (5L)	4.75	1
DS1035 (10L)	5.41	1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.08	1	3.88	12	2.12	0
2L	3.95	2	3.65	12	2.14	1
3L	3.94	2	3.60	10	2.21	2
4L	3.98	2	3.61	10	2.26	0
5L	4.03	2	3.64	10	2.33	1
8L	4.23	1	3.80	10	2.52	1
10L	4.39	2	3.90	9	2.65	4

WIBOR rates

Term	%	Change (bps)
O/N	4.44	-9
T/N	4.56	-1
SW	4.57	0
1M	4.57	1
3M	4.49	0
6M	4.32	0
1Y	4.23	-1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	4.31	-1
3x6	4.11	0
6x9	3.80	1
9x12	3.71	2
3x9	4.01	1
6x12	3.78	2

CDS rates and 10Y yield spread vs. German Bund

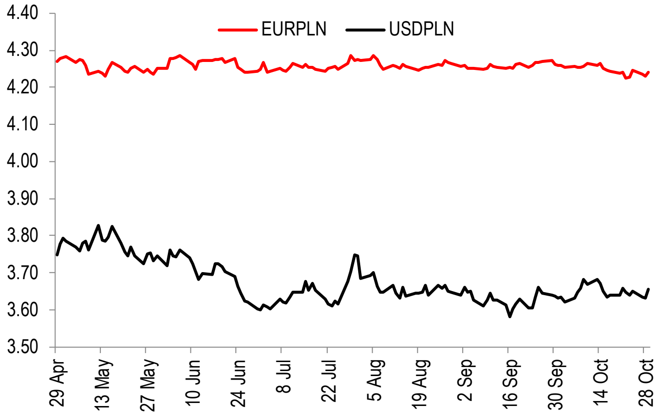
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	62	0	279	2
France	17	0	79	-1
Hungary	110	0	421	-1
Spain	24	0	51	-1
Italy	15	-1	76	-2
Portugal	12	0	37	-1
Ireland	10	0	25	0
Germany	6	0	-	-

* 10Y treasury bonds over 10Y Bunds

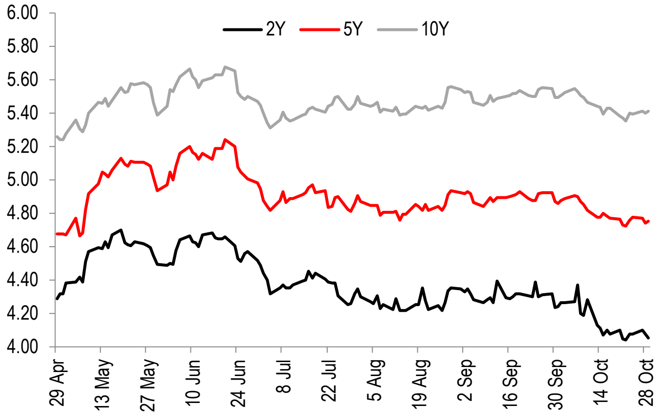
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

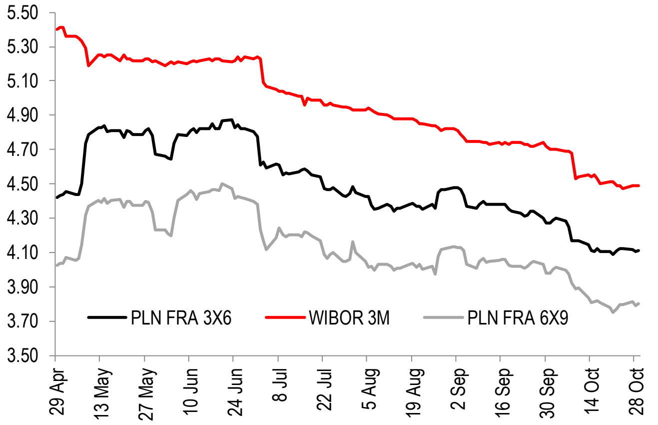
Zloty exchange rate



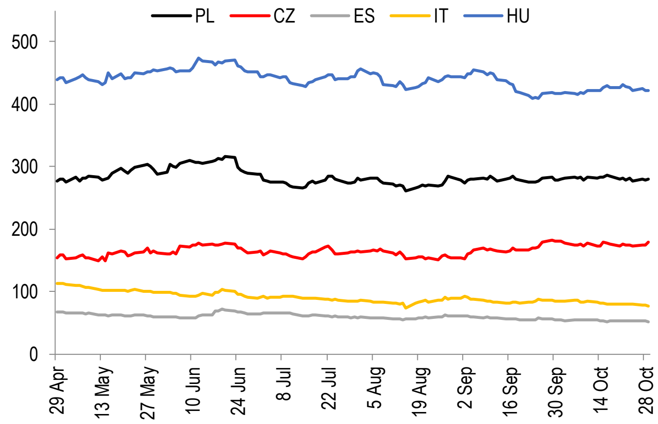
T-bonds yields



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	1.2		0.0	4.2
19:00	US	FOMC decision	Oct.25		4.00		4.00	4.25
			THURSDAY (30 October)					
08:30	HU	GDP	3Q	% y/y	1.0		0.6	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*

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