31 October 2025

Eyeopener

Consumer sentiment worsened

- Today preliminary Polish CPI data for October
- ECB left interest rates unchanged
- Poland's main ESI sentiment indicator down due to weaker consumer confidence
- Slight weakening of the zloty, domestic bond yields slightly higher

Today we will see preliminary data on October inflation in Poland. According to our forecast, prices rose by 0.5% m/m, which should translate into an acceleration of inflation from 2.9% y/y to 3.1%. The market consensus is slightly lower at 3.0% y/y, which is also the NBP estimate presented at the October press conference of President Adam Glapiński. In our view, much will depend on the ongoing increases in heating and hot water bills and how much of the expected adjustment is reflected in October data. In addition, today euro area HICP inflation figures will be released. Retail sales in Germany rebounded in September by 0.2% m/m as expected.

The ECB refinancing rate remained at 2.15%, in line with market expectations. According to President Christine Lagarde, inflation in the euro area (2.2% y/y in September) is at an appropriate level and is likely to remain around 2% y/y over the longer term. Lagarde pointed out that recent global developments – the truce in the Middle East and the US-China trade agreement – reduce risks to economic growth. Nevertheless, the ongoing war in Ukraine and unstable international trade conditions, as well as lower demand for European goods due to higher tariffs, may contribute to slower growth and thus exert disinflationary pressure. Among pro-inflationary factors, Lagarde mentioned increased spending on defence and infrastructure, as well as a potential improvement in sentiment if global market mood improves.

Yesterday, the ECB Governing Council also decided to move to the next phase of the digital euro project. This decision follows the completion of the preparatory phase launched in November 2023. The digital euro is intended to be a digital equivalent of cash, enabling cashless payments both online and offline. The legislative path to its implementation is, however, long – assuming optimistically that member states adopt the necessary legislation in 2026, pilot deployments would take place in 2027, with full launch of the new payment system two years later.

Preliminary economic growth data for 3Q in European economies were mixed. Hungary's GDP accelerated, but below expectations, to 0.6% y/y compared to 0.1% in the previous quarter and 1.0% expected by the market. In the Czech Republic, growth was 2.7% y/y versus 2.6% in 2Q, above the expected 2.3% y/y. Germany's GDP grew by 0.3% y/y, slightly better than expected (0.2% y/y) and the same as the revised 2Q reading (from 0.2% to 0.3% y/y). In the entire euro area, growth was 1.3% y/y compared to 1.5% in 2Q and vs. 1.2% y/y expected by the market.

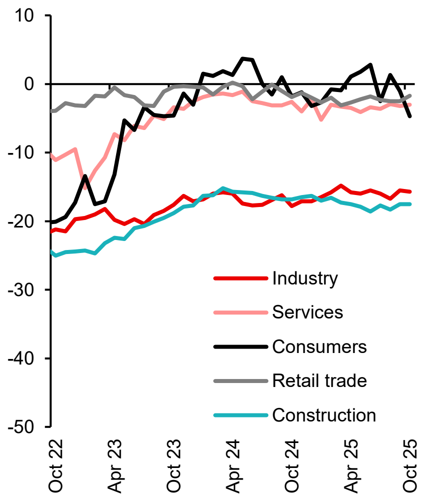
The euro area unemployment rate remained unchanged in September at 6.3%. The corresponding measure for Poland was 3.2%, the same as in August. Preliminary HICP inflation in Germany was 2.3% y/y and 0.3% m/m in October.

According to the European Commission's ESI survey, sentiment in Poland weakened slightly in October. The aggregate ESI index fell from 99.9 to 98.4 pts, compared to 98.8 pts in October last year. Consumer confidence deteriorated again (including a marked worsening of perceived labour market conditions), which drove the decline in the overall sentiment index. A similar deterioration in consumer sentiment was recently noted in the GUS survey. Business sentiment changed only slightly: the industrial sector performed somewhat worse, trade and services slightly better, and the index remained unchanged for construction firms. Across the euro area, the main ESI indicator improved slightly.

The Polish zloty weakened slightly after the Fed's rate cut. Thursday's session started with EURPLN at 4.24 and hovered near this level during the first half of the day. Later, as the dollar strengthened, local currencies began to weaken, although the direction of changes reversed several times. By the end of the session, EURPLN rose by 0.15% to 4.245, EURCZK stayed at 24.3, and EURHUF rose by 0.1% to 388.5. Despite the positive surprise in the preliminary 3Q GDP reading for the euro area, the dollar strengthened against the euro by 0.2%, falling below 1.16 and approaching 1.155 at its lowest point.

On the debt market, both bond yields and market interest rates increased. Yields rose by 2–5bp, more strongly for shorter maturities, flattening the curve by 3bp. IRS rates rose by 1–2bp, as also did the PLN FRA contracts. BGK sold bonds worth PLN3.0bn yesterday with demand at PLN4.78bn.

ESI business and consumer survey, pts



Source: Eurostat, Santander

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FX market

Today's opening

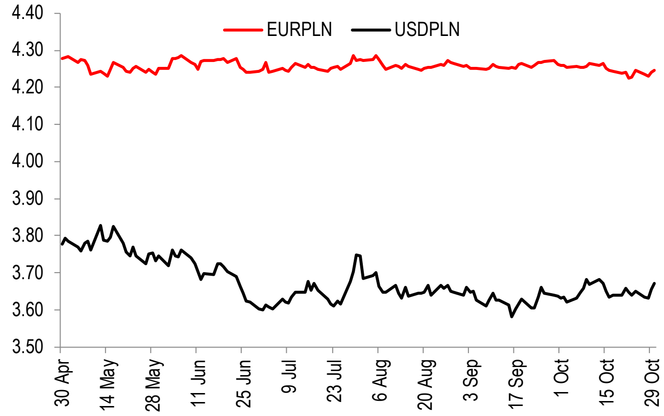
EURPLN	4.2454	CZKPLN	0.1741
USDPLN	3.6732	HUFPLN*	1.0817
EURUSD	1.1557	RONPLN	0.8356
CHFPLN	4.5729	NOKPLN	0.3643
GBPPLN	4.8236	DKKPLN	0.5684
USDCNY	7.1142	SEKPLN	0.3882

*for 100HUF

Last session in the FX market **30.10.2025**

	min	max	open	close	fixing
EURPLN	4.2398	4.2463	4.2400	4.2447	4.2425
USDPLN	3.6449	3.6764	3.6478	3.6692	3.652
EURUSD	1.1546	1.1629	1.1623	1.1569	

Zloty exchange rate

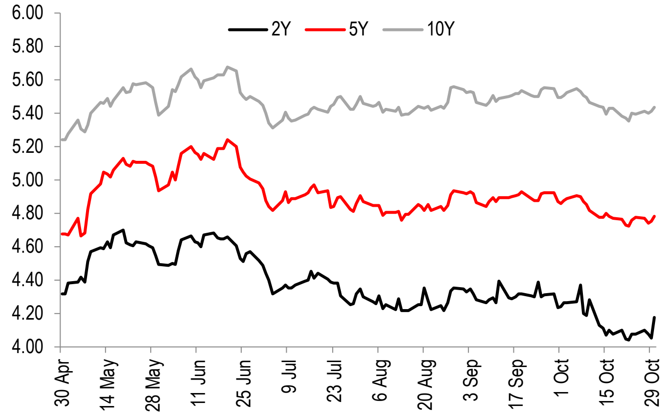


Interest rate market **30.10.2025**

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS0727 (2L)	4.18	13
PS0730 (5L)	4.78	3
DS1035 (10L)	5.43	2

T-bonds yields



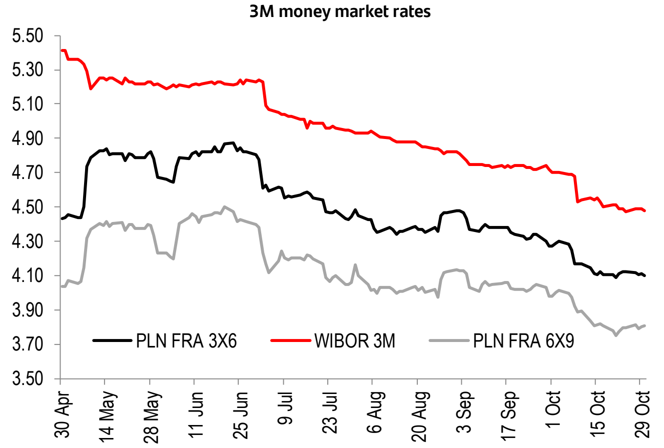
IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.08	0	3.88	-1	2.13	0
2L	3.95	1	3.65	0	2.14	0
3L	3.95	1	3.61	1	2.21	-1
4L	3.99	1	3.62	2	2.28	2
5L	4.04	1	3.66	2	2.35	1
8L	4.25	2	3.82	2	2.53	2
10L	4.40	1	3.92	2	2.64	-1

WIBOR rates

Term	%	Change (bps)
O/N	4.46	2
T/N	4.55	-1
SW	4.56	-1
1M	4.53	-4
3M	4.48	-1
6M	4.32	0
1Y	4.23	0

3M money market rates



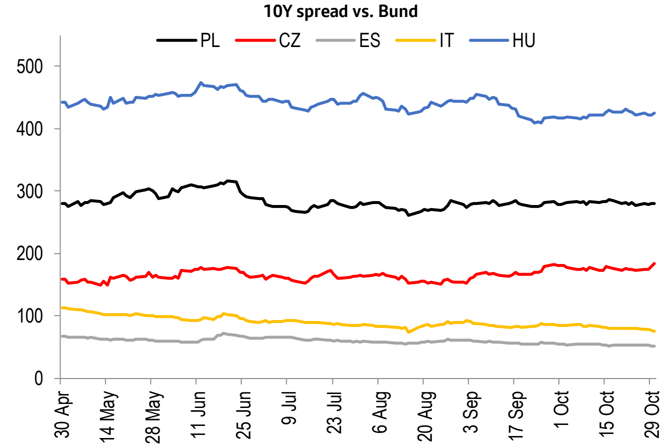
FRA rates on the interbank market**

Term	%	Change (bps)
1x4	4.31	0
3x6	4.10	-1
6x9	3.81	0
9x12	3.71	0
3x9	4.00	-1
6x12	3.78	0

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	0
France	18	0	78	-1
Hungary	110	0	424	3
Spain	24	0	51	0
Italy	15	0	76	-1
Portugal	12	0	37	0
Ireland	10	0	25	0
Germany	6	0	-	-

10Y spread vs. Bund



* 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	93.8		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		2,7	2.6
10:00	DE	GDP WDA	3Q	% y/y	0.2		0,3	0.3
11:00	EZ	GDP SA	3Q	% y/y	1.2		1,3	1.5
11:00	EZ	Unemployment Rate	Sep	%	6.3		6,3	6.3
11:00	EZ	ESI	Oct	pct.	96.0		96,8	95.6
13:30	US	GDP Annualized	3Q	% Q/Q	3.0		-	3.8
13:30	US	Initial Jobless Claims	Oct.25	k	-		-	219
14:00	DE	HICP	Oct	% m/m	0.1		0.3	0.2
14:15	EZ	ECB Main Refinancing Rate	Oct.25	%	2.15		2.15	2.15
			FRIDAY (31 October)					
9:00	DE	Retail Sales	Sep	% m/m	0.2		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.