31 October 2025

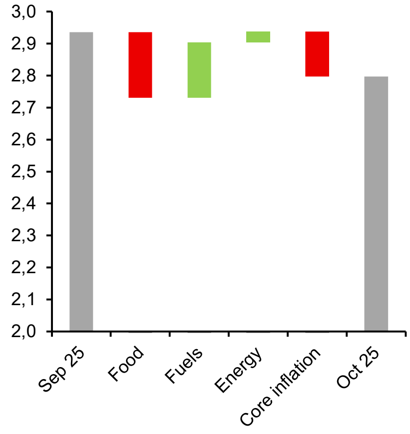
# Weekly Economic Update

## Probability of a rate cut increased

### Economy next week

- We will start the new week with **a series of PMIs measuring October's manufacturing activity** in Poland, European countries, and the USA. We expect the Polish index to continue its gradual recovery and show a level slightly above 48 pts, still below the neutral threshold of 50 pts. In addition to the PMI, Polish macro data will be complemented on Friday by Eurostat figures on services production in August. Probably by the end of the week we will also learn preliminary data from the Ministry of Labour, Family and Social Policy on **registered unemployment in October** – here we expect the unemployment rate to stabilise at 5.6%.
- For market participants, the most important event of the week will undoubtedly be the **MPC meeting** starting on Tuesday. The Council's decision will be announced on Wednesday afternoon, and the press conference of NBP Governor Adam Glapiński will take place as usual the next day, Thursday. Today's CPI reading for October at 2.8% y/y surprised us strongly to the downside and convinced us to revise our expectations regarding the MPC decision – we believe that another cut has become slightly more likely than a pause. In the upcoming decision, alongside current data, the key factor will be the November NBP projection. On one hand, it will include the impact of the 75bp rate cuts since the July projection, and on the other hand, it will have a clearly lower starting point for inflation than the previous projection.
- Abroad, after Monday's PMI, no significant US data is likely to be released on Tuesday due to the ongoing government shutdown. On Wednesday, the most globally relevant publication will be the **ADP report** on the US labour market, especially given the absence of official non-farm payroll data, which according to the schedule should be published the next day. In addition, we will see data on industrial orders in Germany, inflation in Czechia, and services PMI in European economies and the USA. On Thursday, there will be data on industrial production in Germany, Czechia and Hungary, as well as information on retail sales in the euro area. Moreover, the Czech central bank will decide on interest rates. At the end of the week, data on German exports and US sentiment according to the Michigan index will be released.

**CPI inflation, decomposition of y/y growth**




*Source: GUS, Santander*

### Markets next week

- After record-low EURPLN levels last week, recent days brought the exchange rate back to around 4.24, and above 4.25 at the end of the week. Movements of the zloty, like other regional currencies, remained under the influence of global sentiment swings. Their major drivers were expectations for the Fed's decision on interest rates, and then for the Trump-Xi meeting. In both cases, events unfolded as expected – the Fed cut rates. However, the hawkish tone of the Chair triggered a strengthening of the dollar and may determine the next moves of CEE currencies. The previously planned Trump-Putin meeting was definitively cancelled, so in terms of political events, next week currently looks calm. Because the upcoming MPC decision is uncertain, it is unlikely to be neutral for the zloty and, in our view, **will help EURPLN return to the range it traded in over recent months before last week's drop**.
- Until Friday's inflation release, the debt and interest rate market saw minor moves, with a slight upward tendency in rates and yields. The low CPI reading reversed this situation: yields fell by 6–8bp, IRS rates by 4–6bp, and FRA pricing by 6–8bp. **If the MPC indeed cuts rates, we can expect further declines in market rates.** We do not expect the MPC to signal much deeper cuts now. We rather anticipate a fairly moderate message, maintaining the tone of adjusting rates to the situation emerging from incoming data and analyses. As a result, the cut we expect does not necessarily have to trigger a major wave of declines in market rates.

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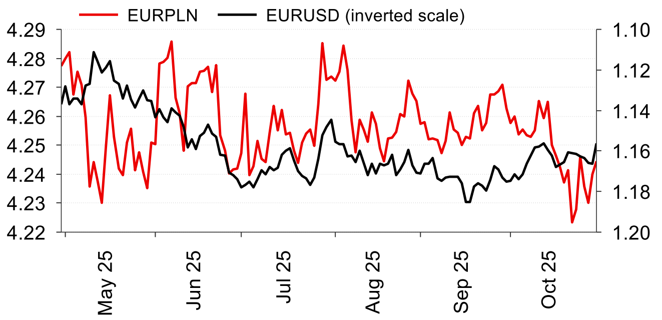
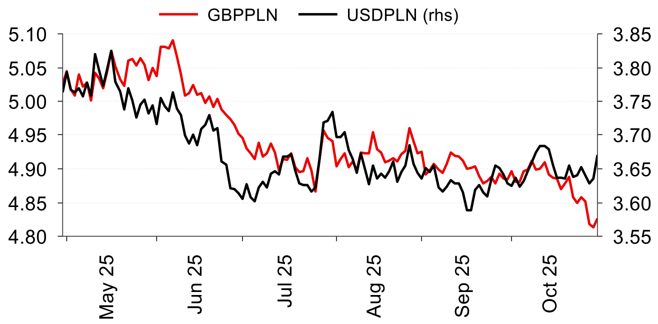
EURPLN and EURUSD



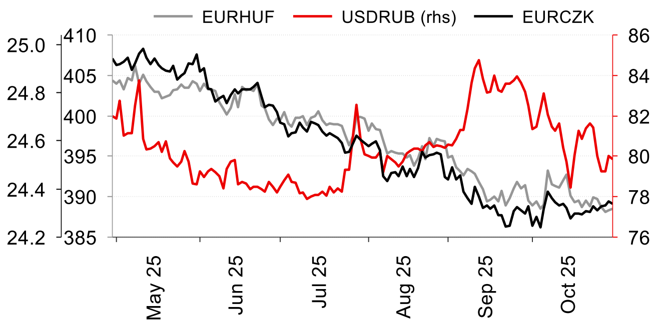

Source: LSEG Datastream, Santander

GBPPLN and USDPLN



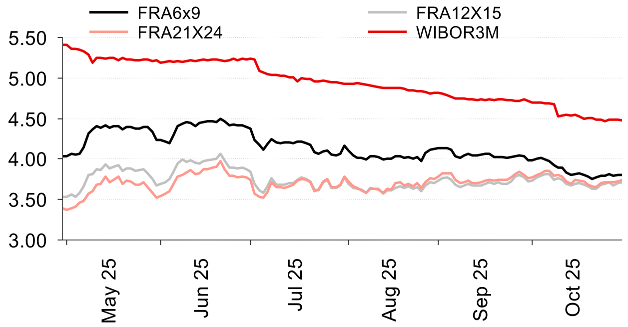

Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



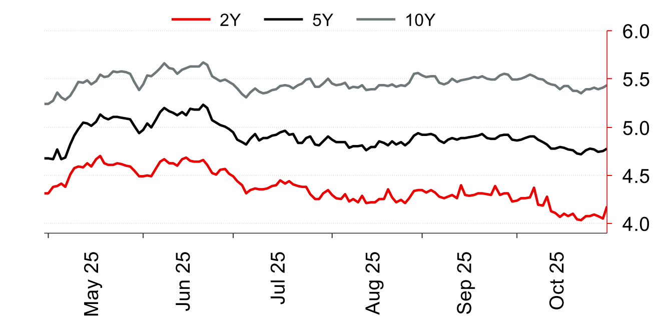

Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



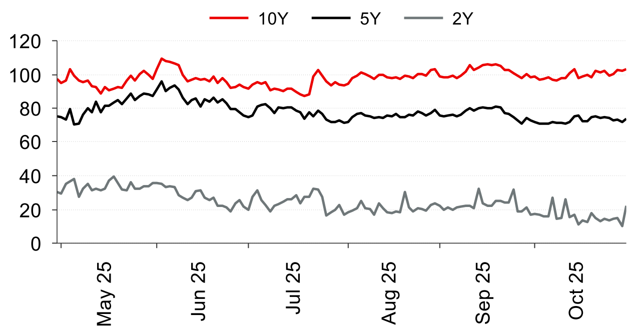

Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



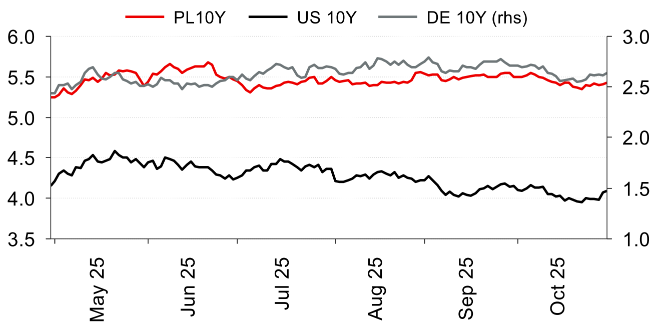

Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



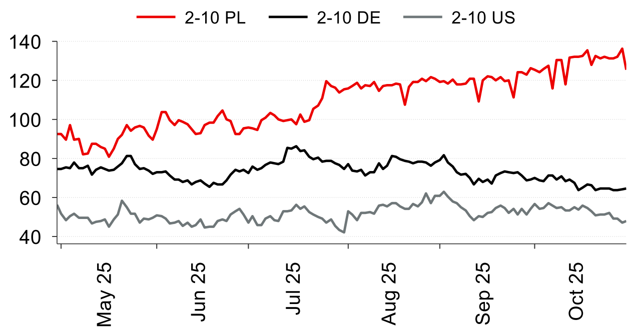

Source: LSEG Datastream, Santander Bank Polska

10Y bond yields




Source: LSEG Datastream, Santander

Steepness of yield curves




Source: LSEG Datastream, Santander Bank Polska

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## Economic Calendar

| TIME CET | COUNTRY | INDICATOR | PERIOD | | FORECAST MARKET | FORECAST SANTANDER | LAST VALUE |
|---|---|---|---|---|---|---|---|
| | | **MONDAY (3 November)** | | | | | |
| **09:00** | **PL** | **Poland Manufacturing PMI** | **Oct** | **pts** | **48.6** | **48.3** | **48.0** |
| 09:55 | DE | Germany Manufacturing PMI | Oct | pts | 49.6 | - | 49.5 |
| 10:00 | EZ | Eurozone Manufacturing PMI | Oct | pts | 50.0 | - | 49.8 |
| 16:00 | US | ISM manufacturing | Oct | pts | 49.4 | - | 49.1 |
| | | **TUESDAY (4 November)** | | | | | |
| 16:00 | US | Durable Goods Orders | Sep | % m/m | 0.2 | - | 2.9 |
| 16:00 | US | Factory Orders | Sep | % m/m | - | - | -1.3 |
| | | **WEDNESDAY (5 November)** | | | | | |
| | **PL** | **MPC decision** | **Nov** | **%** | **4.25** | **4.25** | **4.50** |
| 02:45 | CN | Caixin China PMI Services | Oct | pts | 52.7 | - | 52.9 |
| 08:00 | DE | Factory Orders | Sep | % m/m | 1.0 | - | -0.8 |
| 09:00 | CZ | CPI | Oct | % y/y | 2.3 | - | 2.3 |
| 09:55 | DE | Markit Germany Services PMI | Oct | pts | 54.5 | - | 51.5 |
| 10:00 | EZ | Eurozone Services PMI | Oct | pts | 52.6 | - | 51.3 |
| 14:15 | US | ADP report | Oct | k | 27.0 | - | -32.0 |
| 16:00 | US | ISM services | Oct | pts | 50.7 | - | 50.0 |
| | | **THURSDAY (6 November)** | | | | | |
| 08:00 | DE | Industrial Production SA | Sep | % m/m | 3.0 | - | -4.3 |
| 08:30 | HU | Industrial Production SA | Sep | % y/y | -2.7 | - | -4.6 |
| 09:00 | CZ | Industrial Production | Sep | % y/y | 1.0 | - | -4.2 |
| 11:00 | EZ | Retail Sales | Sep | % m/m | 0.2 | - | 0.1 |
| 14:30 | US | Initial Jobless Claims | Weekly | k | 225 | - | 219 |
| 14:30 | CZ | Central Bank Rate Decision | Nov | | 3.5 | - | 3.5 |
| | | **FRIDAY (7 November)** | | | | | |
| 08:00 | DE | Exports SA | Sep | % m/m | 0.5 | - | -0.7 |
| 14:30 | US | Change in Nonfarm Payrolls | Oct | k | - | - | 22.0 |
| 14:30 | US | Unemployment Rate | Oct | % | - | - | 4.3 |
| 16:00 | US | Michigan index | Nov | pts | 53.0 | - | 53.6 |

*Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg*


*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.*