18 November 2025

Eyeopener

Core inflation at 3%

Today no important economic data
Core inflation went down to 3.0% y/y from 3.2% y/y
MPC's W. Janczyk: rate cut cannot be ruled out in December
Stable zloty, no changes on the debt market

Today, no market-relevant data for Poland are expected. The Hungarian central bank will decide on interest rates, while in the US, industrial production data for October should be released.

Poland's main core inflation indicator, the CPI excluding food, fuel, and energy prices, fell by 0.2 pp from 3.2% y/y in September to 3.0% y/y in October, a notch above our estimates and market consensus. Another core inflation indicator, the CPI excluding administered prices, also fell by 0.2 pp to 2.3% y/y. The other two indicators declined by 0.3 pp: the 15% trimmed mean from 2.9% y/y to 2.6% y/y, and the CPI excluding the most volatile prices fell from 3.7% y/y to 3.4% y/y. According to our current forecasts, core inflation may temporarily rise to 3.3% towards the end of the year due to base effects and should slowly decline again after the new year. It seems like CPI core components are decelerating and can stay below 3% y/y in 2026, which leaves some space for at least one more rate cut by MPC which in our opinion should take place in January.

MPC member Wiesław Janczyk told Bloomberg that another rate cut might occur at the December meeting. Janczyk linked the decision to incoming inflation and economic data, without indicating a target interest rate level or a timeline for ending monetary easing.

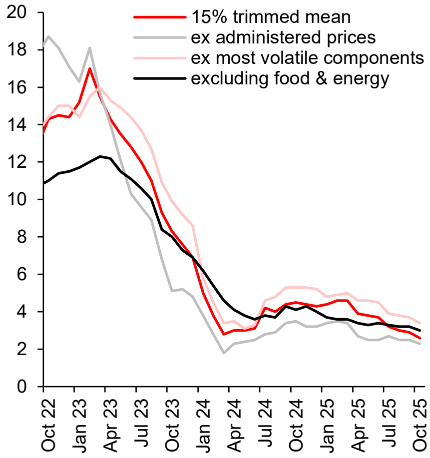
The European Commission published a new set of economic forecasts, raising expectations for Poland's GDP growth in 2026 from 3.0% to 3.5% y/y. The overall picture of the Polish economy presented in the EC forecast is consistent with our assumptions. It assumes a shift of the investment impulse from 2025 to 2026, falling inflation, still low unemployment and slowing wage growth. On the opposite side is the forecast of debt rising to 69.2% of GDP in 2027, almost identical to the Ministry of Finance forecast (69.1%). Interestingly, the Commission included the introduction of the ETS2 from 2027, resulting in a projected inflation rate of 3.7% y/y for 2027. This implies that the estimated inflation boost from ETS2 in this forecast is probably around 1.2–1.4pp, less than the 2pp communicated by the NBP Governor. However, we already know that ETS2 implementation has been postponed to 2028, and it is possible that the government will attempt further delays in the coming years.

The budget deficit after October amounted to PLN227bn, slightly above our expectations (PLN222bn). On a comparable basis to 2024, the deficit was about PLN147bn versus PLN130bn in October 2024. In October alone, the deficit increased by PLN26bn, and most items behaved in line with our expectations, except for PIT revenues, which rebounded more slowly than our forecasts (-42.2% y/y in October after -56.2% y/y in September). After October, PIT revenues were close to zero on a cumulative basis, and in our view, there is little chance that the budget law forecast for 2026 (PLN28bn) will be met. To avoid an amendment, the deficit may increase by a maximum of PLN62bn by year-end (in November and December 2024, the deficit rose by PLN81bn). We believe this is possible, though it will likely require additional actions from the Ministry of Finance, such as delaying VAT refunds.

After the weekend, the EURPLN exchange rate maintained the strong level built at the end of Friday's session. At the start of Monday's session, EURPLN was slightly above 4.22 and, despite a minor correction, remained below 4.23 until the end of the day. Other regional currencies were slightly stronger, by about 0.1% compared to the weekend: EURCZK moved towards 24.15, and EURHUF struggled with resistance at 384. The dollar strengthened slightly against the euro, with EURUSD remaining fairly stable around 1.16. We do not expect major fluctuations in the FX market this week, with a possible slight upward correction in EURPLN.

There were no significant changes in the bond market yesterday. Polish government bond yields, as well as market IRS and FRA rates, recorded only negligible moves within +/-1bp. Similarly, core markets were calm. BGK (National Development Bank) sold bonds worth PLN2.9bn with demand almost twice as high at PLN5.2bn. At the additional auction, bonds worth PLN570m were sold.

Core inflation measures, % y/y



Source: NBP, 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	4.2356	CZKPLN	0.1750
USDPLN	3.6522	HUFPLN*	1.0890
EURUSD	1.1597	RONPLN	0.8332
CHFPLN	4.5979	NOKPLN	0.3605
GBPPLN	4.8045	DKKPLN	0.5671
USDCNY	7.1140	SEKPLN	0.3850

*for 100HUF

Last session in the FX market **17/11/2025**

	min	max	open	close	fixing
EURPLN	4.2197	4.2301	4.2255	4.2285	4.2231
USDPLN	3.6334	3.6488	3.6425	3.6460	3.64
EURUSD	1.1581	1.1614	1.1600	1.1597	

Interest rate market **17/11/2025**

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
DS0727 (2L)	4.23	-1
PS0730 (5L)	4.72	0
DS1035 (10L)	5.35	0

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	3.94	0	3.88	0	2.16	1
2L	3.88	0	3.66	0	2.20	0
3L	3.90	0	3.62	0	2.28	0
4L	3.94	0	3.62	-1	2.36	0
5L	4.01	0	3.67	-1	2.44	0
8L	4.23	1	3.85	-1	2.64	0
10L	4.37	0	3.95	-2	2.76	0

WIBOR rates

Term	%	Change (bps)
O/N	4.30	-7
T/N	4.34	0
SW	4.34	1
1M	4.37	4
3M	4.27	0
6M	4.17	-1
1Y	4.14	-1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	4.13	0
3x6	3.89	-1
6x9	3.71	1
9x12	3.66	0
3x9	3.84	0
6x12	3.70	0

CDS rates and 10Y yield spread vs. German Bund

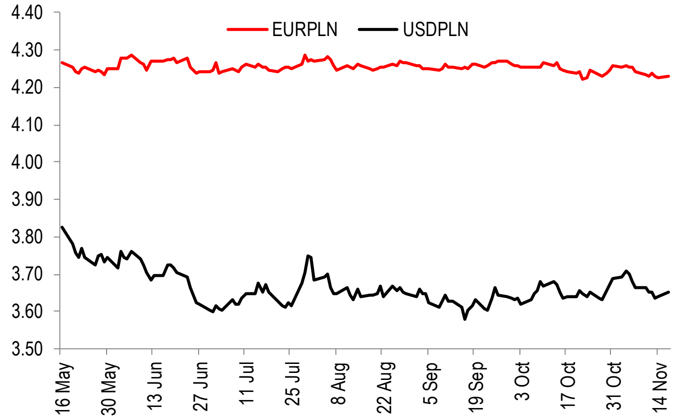
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	60	0	264	1
France	15	0	74	0
Hungary	107	4	442	6
Spain	21	0	50	-1
Italy	13	0	74	-1
Portugal	11	0	34	0
Ireland	10	0	22	-1
Germany	6	0	-	-

* 10Y treasury bonds over 10Y Bunds

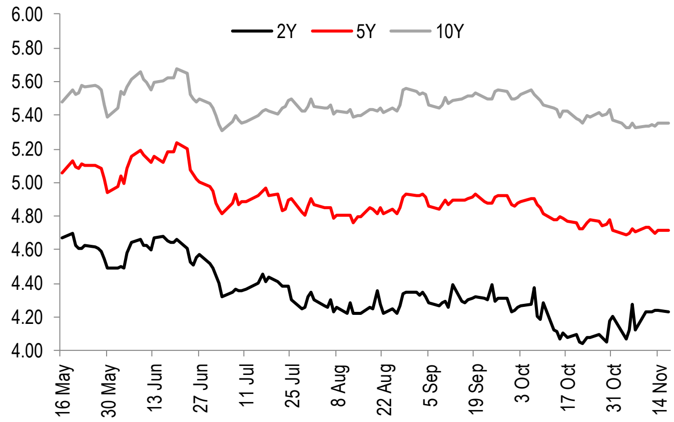
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

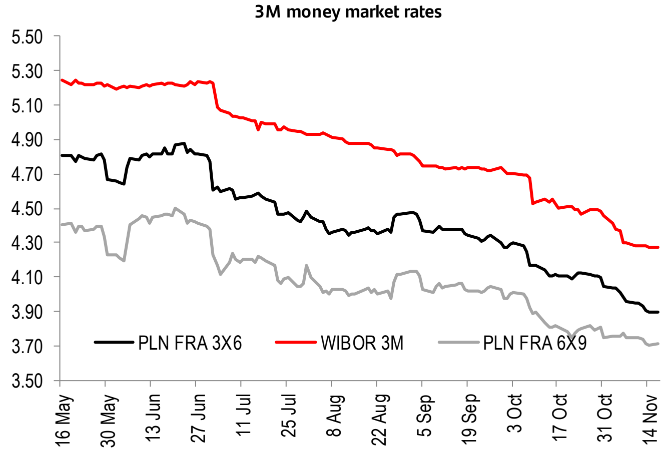
Zloty exchange rate



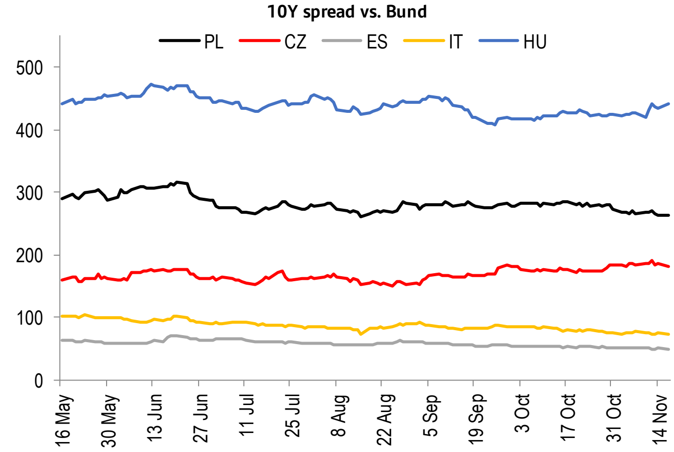
T-bonds yields



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 (14 November)					
10:00	**PL**	**CPI**	**Oct**	**% y/y**	**2.8**	**2.8**	**2.8**	**2.9**
11:00	EZ	GDP SA	3Q	% y/y	1.3		1.4	1.3
			MONDAY (17 November)					
14:00	**PL**	**CPI Core**	**Oct**	**% y/y**	**2.9**	**2.9**	**3.0**	**3.2**
			TUESDAY (18 November)					
14:00	HU	Central Bank Rate Decision		%	6.5		-	6.5
15:15	US	Industrial Production	Oct	% m/m	0.0		-	0.1
			WEDNESDAY (19 November)					
11:00	EZ	HICP	Oct	% y/y	2.1		-	2.1
14:30	US	Housing Starts	Oct	% m/m	-		-	-8.5
20:00	US	FOMC Meeting Minutes	Oct					
			THURSDAY (20 November)					
14:30	US	Initial Jobless Claims	week	k	225.0		-	219.0
16:00	US	Existing Home Sales	Oct	% m/m	0.69		-	1.5
			FRIDAY (21 November)					
09:30	DE	Germany Manufacturing PMI	Nov	pts	49.8		-	49.6
09:30	DE	Markit Germany Services PMI	Nov	pts	54.0		-	54.6
10:00	EZ	Eurozone Manufacturing PMI	Nov	pts	50.2		-	50.0
10:00	EZ	Eurozone Services PMI	Nov	pts	52.8		-	53.0
16:00	US	Michigan index	Nov	pts	-		-	50.3

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg
** in the case of a revision the data is updated*