

12 December 2025

Weekly Economic Update

What was behind low inflation?

Economy next week

• After a data-poor period, next week will bring a significant set of new data on the Polish economy. On Monday, we will see **full November inflation data** (preliminary reading: 2.4% y/y), which will allow for a more accurate assessment of the source of the declining price trajectory. NBP will also release preliminary balance of payments data for October. The seasonality of the data suggests we **can expect an improvement in the current account balance this month, which we estimate will close with a deficit of c. PLN0.1bn**, although market consensus is more optimistic, predicting a small surplus. We expect export growth to slow to between 2 and 3% y/y, while imports will increase by c. 5% y/y. The **Ministry of Finance's budget execution data for the January-November period** may also be released on the same day. The end of the year, during which the budget must stay within the PLN289bn limit, is fast approaching. After October, the balance was PLN-227bn and in our opinion the next month may deepen this result by PLN8-9bn.

• On Tuesday, we will learn the official NBP calculation of **core inflation in November, which we expect (as does the market) to reach 2.7% y/y**, a significant decline from 3.0% y/y the previous month. On Wednesday, the results of the December consumer sentiment survey by GUS will be released, which may worsen due to seasonality and further sabotage incidents in Poland. Then, on Thursday, we will learn about November's results for the corporate sector in terms of wages, employment, production, and its prices. Despite the fact that, in our opinion, employment declines are fading, **the annual dynamics in the number of full-time employees may decline from -0.8% to -0.9% y/y**. We expect (as does the market consensus) a **further decline in wage growth from 6.6% to 6.2% y/y**, although we see downside risks to this forecast due to the difficult financial situation in the mining industry. **Industrial production may record a slightly worse result than in October (2.7% instead of 3.2% y/y)**, similarly to construction and assembly production (2.5% vs. 4.1% y/y), while **producer prices will still be lower than a year ago**, in our opinion by 2.6%.

• In the US, delayed economic data for October and some new data for November will be released, in particular: on Tuesday, we should see the **non-farm payrolls, unemployment rate**, and retail sales report, on Thursday, **inflation data**, and on Friday, the Michigan Consumer Confidence Index. In the eurozone, **industrial production** readings (Monday), **PMI** (Tuesday), **HICP inflation** (Wednesday), and in Germany – in addition to the PMI – economic sentiment based on the **ZEW** (Tuesday) and **Ifo** (Wednesday) indices will be released.

• On Tuesday, the Hungarian National Bank (MNB) will make a decision on interest rates, likely keeping them unchanged at 6.50%. On Thursday, the European Central Bank (ECB) and the Czech National Bank (CNB) will make their decisions, with the market also expecting rates to remain unchanged (2.15% and 3.50%, respectively), and a further rate cut is possible at the Bank of England. The week will conclude with a decision from the Bank of Japan, which may tighten monetary policy.

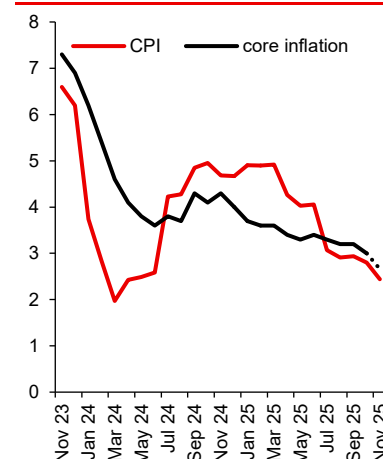
• If you haven't done it yet, we encourage you to read our **MACROscope** entitled "Maturing cycle", in which we discuss in detail the state of the Polish economy and its growth prospects in 2026. Download the full report [here](#).

Markets next week

• After a rather unexpected weakening of CEE currencies on Monday, a correction occurred the following day, and the rest of the week was relatively calm. The EURPLN returned to 4.23, occasionally dropping half a grosz. The Fed's rate cut significantly depressed the dollar, which only helped local currencies consolidate at their current exchange rate. Given the złoty's low sensitivity to incoming economic data, **we expect the EURPLN to continue its sideways trend in the coming week**.

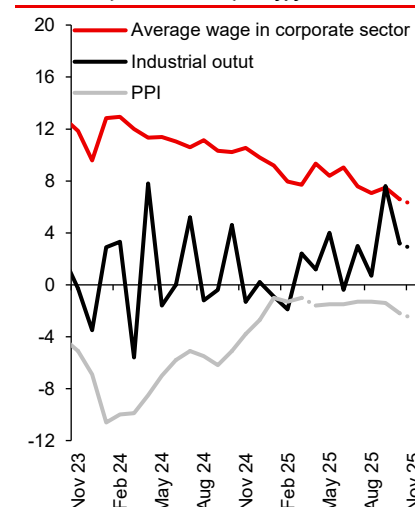
• In the interest rate market, last week saw yields rise by 5-6bp on 2-year bonds and by 10bp at the longer end of the yield curve, steepening the curves somewhat. IRS and FRA rates also rose by a similar scale. Over the course of the week, we heard the opinions of several MPC members, which conveyed a similar message: further rate cuts will be made, but not immediately after the New Year – **the Council needs new data and time to observe the effects of the current easing of policy**. These assessments are therefore consistent with our current assumption that two further rate cuts could occur in the spring. The fate of the Ukraine peace talks remains uncertain, which maintains a symmetrical risk of deviations in both directions for both the currency and the debt valuation. Therefore, we believe that fluctuations in global sentiment will continue to be a dominant factor.

Core and headline CPI, % y/y, incl. forecast



Source: GUS, Santander

Corporate sector wages, industrial output and PPI index (incl. forecast), % y/y

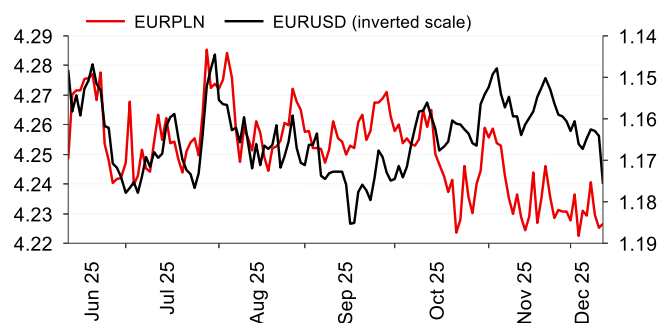


Source: GUS, Santander

Economic Analysis Department:

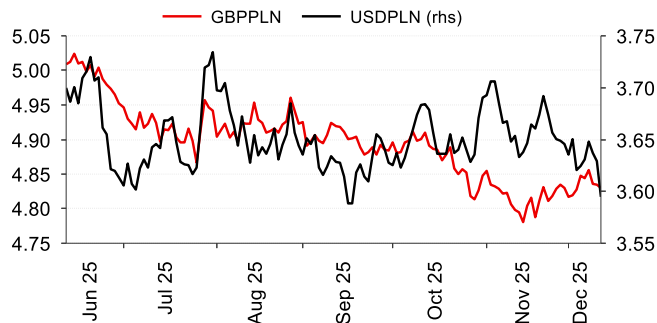
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EURPLN and EURUSD



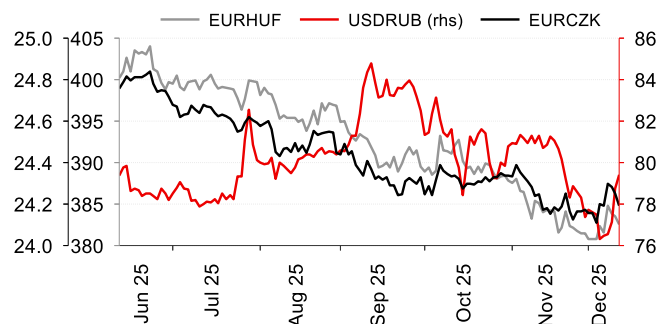
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



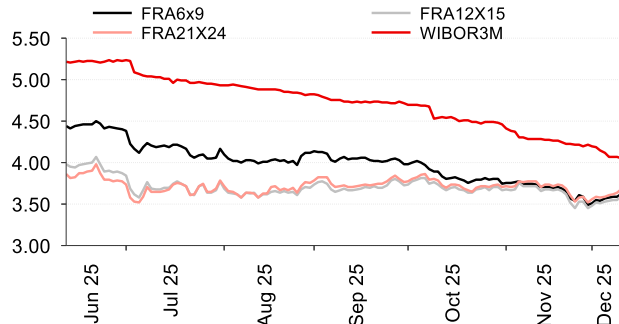
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



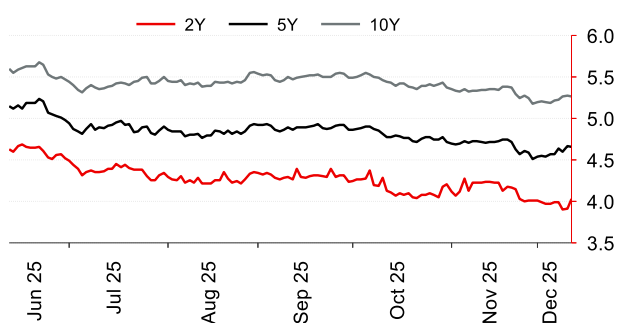
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



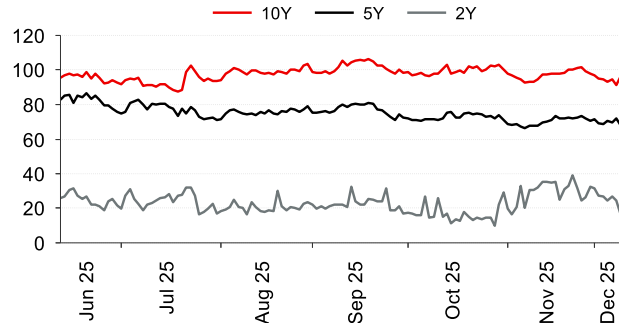
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



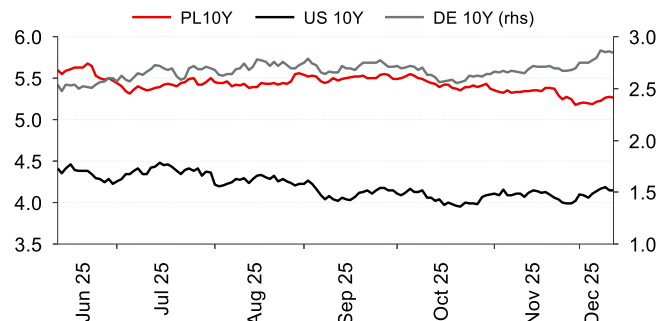
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



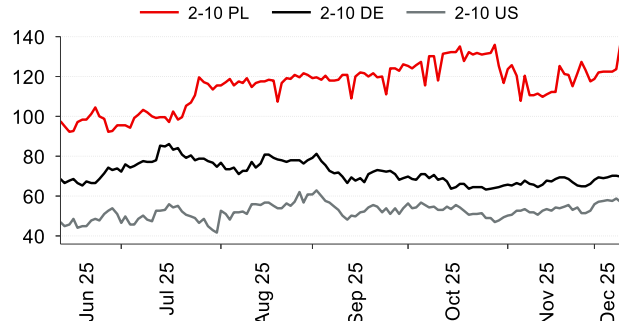
Source: LSEG Datastream, Santander Bank Polska

10Y bond yields



Source: LSEG Datastream, Santander

Steepness of yield curves



Source: LSEG Datastream, Santander Bank Polska

Economic Calendar

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		LAST VALUE
				MARKET	SANTANDER	
MONDAY (15 December)						
	US	Housing Starts	Sep	% m/m	1.7	-8.5
	US	New Home Sales	Sep	% m/m	-11.4	20.5
	PL	Central Budget Cumul.	Nov	mn PLN	-	-233540
10:00	PL	CPI	Nov	% y/y	-	2.4
11:00	EZ	Industrial Production SA	Oct	% m/m	0.6	0.2
14:00	PL	Current Account Balance	Oct	€mn	15.0	-122
14:00	PL	Trade Balance	Oct	€mn	-871.0	-1097
14:00	PL	Exports	Oct	€mn	31636.0	33305
14:00	PL	Imports	Oct	€mn	32507.0	35548
TUESDAY (16 December)						
09:30	DE	Germany Manufacturing PMI	Dec	pts	48.5	48.2
09:30	DE	Markit Germany Services PMI	Dec	pts	53.0	53.1
10:00	EZ	Eurozone Manufacturing PMI	Dec	pts	49.8	49.6
10:00	EZ	Eurozone Services PMI	Dec	pts	53.2	53.6
11:00	DE	ZEW Survey Current Situation	Dec	pts	-80.0	-78.7
14:00	HU	Central Bank Rate Decision	Dec.25	%	6.50	6.50
14:00	PL	CPI Core	Nov	% y/y	2.7	2.7
14:30	US	Change in Nonfarm Payrolls	Nov	k	50.0	119.0
14:30	US	Retail Sales Advance	Oct	% m/m	0.2	0.2
14:30	US	Unemployment Rate	Nov	%	4.4	4.4
WEDNESDAY (17 December)						
10:00	DE	IFO Business Climate	Dec	pts	88.3	88.1
11:00	EZ	HICP	Nov	% y/y	2.2	2.2
THURSDAY (18 December)						
10:00	PL	Employment in corporate sector	Nov	% y/y	-0.9	-0.9
10:00	PL	Sold Industrial Output	Nov	% y/y	2.8	2.7
10:00	PL	Construction Output	Nov	% y/y	2.45	2.5
10:00	PL	PPI	Nov	% y/y	-2.5	-2.6
10:00	PL	Average Gross Wages	Nov	% y/y	6.2	6.2
14:15	EZ	ECB Main Refinancing Rate	Dec.25	%	2.15	2.15
14:30	US	CPI	Nov	% y/y		3.0
14:30	US	Initial Jobless Claims	Dec.25	k	220	236
14:30	CZ	Central Bank Rate Decision	Dec.25		3.50	3.50
FRIDAY (19 December)						
16:00	US	Michigan index	Dec	pts	-	53.3
16:00	US	Existing Home Sales	Nov	% m/m	1.22	1.23

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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