

Eyeopener

Economic sentiment improved in December

Today US data on employment and unemployment
 MPC's Dąbrowski: 50% chance of a rate cut in January
 ESI index for Poland showed better sentiment in December
 Złoty stable, domestic bond yields a bit higher

Today, market attention will focus on US non-farm payrolls and unemployment data – these will be important not only for global investor sentiment but also for FOMC members, who will make another decision on interest rates at the end of January. In addition, today we will see Eurostat data on retail sales in the euro area, as well as preliminary January consumer sentiment results from the US. This morning's German export data for November turned out surprisingly weak, showing the largest monthly decline in 1.5 years. Meanwhile, German industrial production for the second time in a row defied expectations for a fall and maintained positive y/y growth. Today, the EU is expected to decide on a trade agreement with Mercosur countries. Also today, the US Supreme Court may issue a ruling on the legality of tariffs imposed by the Trump administration.

Ireneusz Dąbrowski of the MPC told Bloomberg that the probability of an interest rate cut by the Council next week was 50%. The main argument for a cut is the faster-than-expected decline in inflation. Dąbrowski estimates that in 2026 there is room to lower NBP rates by 50bp (bringing the main rate to 3.5%). Risks for inflation – and thus for MPC decisions – include, on one hand, geopolitical uncertainty and, on the other, persistent service price inflation. **MPC's Joanna Tyrowicz** stated on LinkedIn that inflation might be more firmly near the target, although high service price inflation remained concerning. In Tyrowicz's view, inflation has behaved better than historical patterns used for forecasting, and core inflation should move towards 2%, supported until spring by cheap imports from China. In our view, core inflation will keep declining this year, but rather slowly. Tyrowicz's last known positions in the MPC include opposition to recent rate cuts and proposals to raise rates by 125bp in November and 100bp in October.

In December, the overall Economic Sentiment Index improved from 98.9 to 100.0 pts. This was mainly driven by a clearly better consumer outlook after two months of heightened concern about personal finances. On a monthly basis, indicators for services, retail trade and construction also improved. In industry, the improvement seen in November reversed due to worse expectations for future production, despite improving assessments of current production and order books. Better current demand, though coupled with lower expected future activity, was also signalled by service and retail firms. The overall employment index improved slightly, from 102.7 to 102.9 pts, mainly due to gains in retail trade, reaching its highest level since August 2024, while in construction it rose to the highest in a year. Indicators of expected price changes were also higher than in November for retail firms (highest in seven months) and for consumers (reversing November's drop in inflation expectations). December ESI paint a fairly positive picture of the economic situation at the end of 2025 and seem consistent with maintaining GDP growth near 4% y/y in 4Q25 and early this year.

In December, the value of mortgage loan applications reached PLN16.3bn according to BIK (Bureau of Credit Information), up 41.3% y/y. Despite a 7.5% decline versus November, these data confirm that demand remains high. For the full year, applications totalled over PLN200bn, nearly 40% more y/y. Sales of new loans according to NBP up to November last year amounted to PLN83.0bn, and after December data we expect it to reach around PLN90bn.

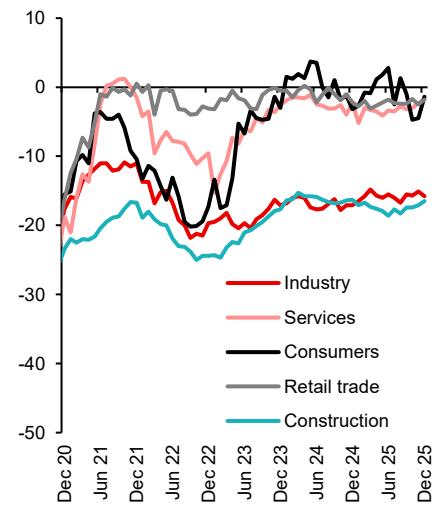
Seasonally adjusted unemployment in the euro area in November stood at 6.3%, down 0.1pp. Across the EU, the unemployment rate was stable at 6.0%. In Poland, according to this measure, unemployment in October was 3.2%, unchanged since July.

Industrial production in Czechia in November last year recorded a decline of 0.3% y/y, slightly below the expected drop of 0.1% y/y. Meanwhile, weekly US jobless claims data were slightly better than expected, with claims at 208k versus 200k the previous week and 212k expected.

FX market activity on Thursday was limited, with EURPLN remaining near 4.21. However, USDPLN continued to rise due to further dollar strengthening. The Hungarian forint was stable, ending the session with EURHUF slightly below 385.0. Meanwhile, the Czech koruna saw a mild correction of 0.1% after Wednesday's weakening, with EURCZK at 24.25 at day's end. The market awaits today's US labour market data and the Supreme Court ruling on tariffs.

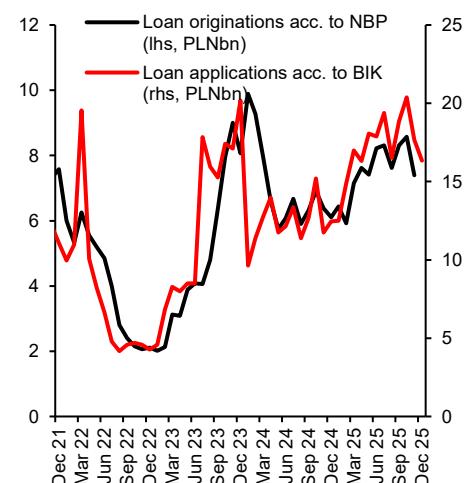
Polish bond yields rose by 1-2bp, with IRS and FRA market rates up by 2-5bp. In core markets, German bond yields increased by 2-7bp, and US bonds by 2-3bp. Today, the Ministry of Finance will hold an auction to sell bonds worth PLN8-12bn, while yesterday the Ministry placed euro-denominated bonds totalling €3.25bn.

ESI sentiment indicators, pts



Source: Eurostat, Santander

Housing loans, PLN bn



Source: BIK, NBP, Santander

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FX market

Today's opening

EURPLN	4.2117	CZKPLN	0.1721
USDPLN	3.6164	HUFPLN*	1.0840
EURUSD	1.1645	RONPLN	0.8282
CHFPLN	4.5200	NOKPLN	0.3583
GBPPLN	4.8548	DKKPLN	0.5625
USDCNY	6.9816	SEKPLN	0.3917

*for 100HUF

Last session in the FX market

	min	max	open	close	fixing
EURPLN	4.2062	4.2146	4.2084	4.2123	4.2119
USDPLN	3.6008	3.6161	3.6022	3.6144	3.607
EURUSD	1.1652	1.1682	1.1680	1.1653	

Interest rate market

08.01.2026

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0128 (2L)	3.81	12
PS0131 (5L)	4.57	1
DS1035 (10L)	5.15	1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	3.62	2	3.72	1	2.16	1
2L	3.58	3	3.60	2	2.23	1
3L	3.62	3	3.62	3	2.34	2
4L	3.69	3	3.65	4	2.44	2
5L	3.77	3	3.71	3	2.53	2
8L	4.02	3	3.91	4	2.75	2
10L	4.19	2	4.05	5	2.88	2

WIBOR rates

Term	%	Change (bps)
O/N	3.80	-2
SW	4.01	4
1M	4.03	-3
3M	3.94	-4
6M	3.85	-1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3.80	3
3x6	3.58	3
6x9	3.40	4
9x12	3.37	5
3x9	3.54	4
6x12	3.40	4

CDS rates and 10Y yield spread vs. German Bund

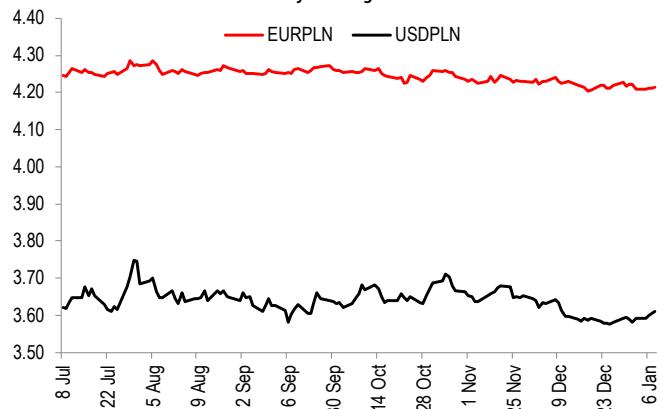
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	59	0	233	0
France	14	0	71	0
Hungary	109	0	397	-1
Spain	19	0	44	1
Italy	12	0	66	1
Portugal	9	0	31	0
Ireland	9	0	18	1
Germany	4	0	-	-

* 10Y treasury bonds over 10Y Bunds

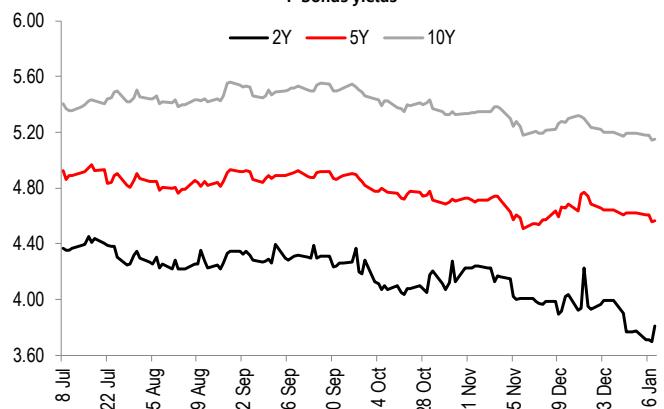
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

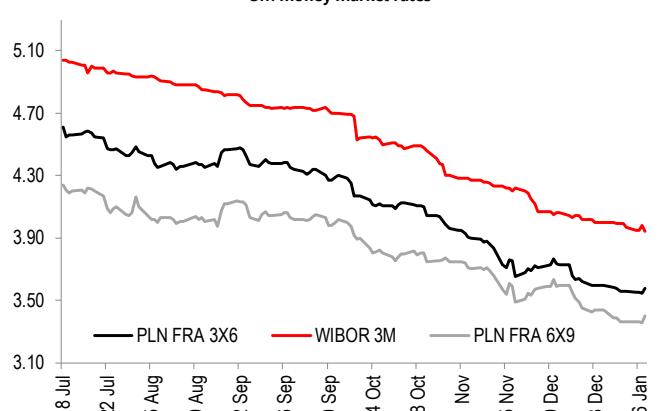
Zloty exchange rate



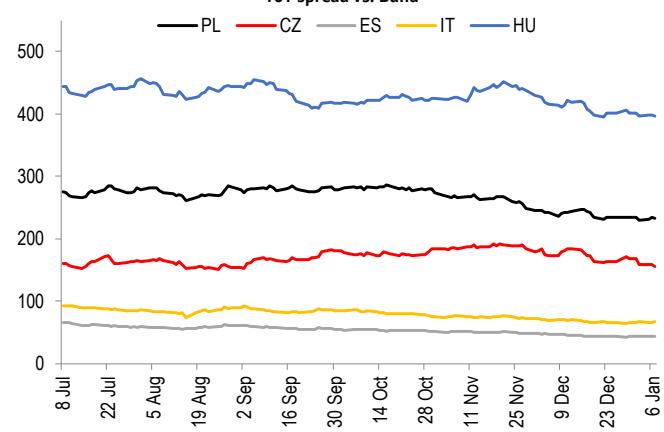
T-bonds yields



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*
MONDAY (29 December)							
16:00	US	Pending Home Sales	% m/m	0.9		3.3	2.4
TUESDAY (30 December)							
20:00	US	FOMC Meeting Minutes					
WEDNESDAY (31 December)							
10:00	PL	CPI	Dec	% y/y	2.5	2.5	2.4
14:30	US	Initial Jobless Claims	Dec.25	k	218	199	215
FRIDAY (2 January)							
09:00	CZ	GDP SA	3Q	% y/y	2.8	2.8	2.6
09:00	PL	Poland Manufacturing PMI	Dec	pts	49.3	48.5	49.1
09:55	DE	Germany Manufacturing PMI	Dec	pts	47.7	47.0	48.2
10:00	EZ	Eurozone Manufacturing PMI	Dec	pts	49.2	48.8	49.6
MONDAY (5 January)							
02:45	CN	Caixin China PMI Services	Dec	pts	52.0	52.0	52.1
16:00	US	ISM manufacturing	Dec	pts	48.4	47.9	48.2
TUESDAY (6 January)							
	PL	Holiday					
09:55	DE	Markit Germany Services PMI	Dec	pts	52.6	52.7	53.1
10:00	EZ	Eurozone Services PMI	Dec	pts	52.6	52.4	53.6
14:00	DE	HICP	Dec	% m/m	0.4	0.2	-0.5
WEDNESDAY (7 January)							
08:00	DE	Retail Sales	Nov	% m/m	0.2	-0.6	0.3
09:00	CZ	CPI	Dec	% y/y	2.3	2.1	2.1
11:00	EZ	Flash HICP	Dec	% y/y	2.0	2.0	2.2
14:15	US	ADP report	Dec	k	50	41	-29
16:00	US	Durable Goods Orders	Oct	% m/m	-2.2	-2.2	-2.2
16:00	US	ISM services	Dec	pts	52.2	54.4	52.6
16:00	US	Factory Orders	Oct	% m/m	-1.2	-1.3	0.2
THURSDAY (8 January)							
08:00	DE	Factory Orders	Nov	% m/m	-1.0	5.6	1.6
09:00	CZ	Industrial Production	Nov	% y/y	-0.1	-0.3	1.1
11:00	EZ	Unemployment Rate	Nov	%	6.4	6.3	6.4
14:30	US	Initial Jobless Claims	Jan.26	k	212	208	200
11:00	EZ	ESI	Dec	pct.	97.1	96.7	97.0
FRIDAY (9 January)							
08:00	DE	Exports SA	Nov	% m/m	-0.2	-2.5	0.3
08:00	DE	Industrial Production SA	Nov	% m/m	-0.7	0.8	2.0
11:00	EZ	Retail Sales	Nov	% m/m	0.1	-	0.0
14:30	US	Change in Nonfarm Payrolls	Dec	k	60	-	64.0
14:30	US	Housing Starts	Oct	% m/m	1.4	-	-8.5
14:30	US	Unemployment Rate	Dec	%	4.5	-	4.6
16:00	US	Michigan index	Jan	pts	53.5	-	52.9

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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