

19 January 2026

Eyeopener

Core inflation unchanged at 2.7%

Today no key data releases, World Economic Forum starts in Davos
 Polish core inflation was 2.7% y/y in December, lower than expected
 Hopes for more interest rate cuts weakened the złoty and strengthened bonds on Friday

The calendar of key publications for **today** is almost empty, with only the final December HICP inflation data for the euro area still to come. In the morning, China released its GDP growth figures for 4Q25 (4.5% y/y, in line with expectations, but also the weakest reading since early 2023). US market will be closed today due to a public holiday, which should translate into lower global investor activity. Today marks the start of the World Economic Forum in Davos, which will run until the end of the week. US-Ukraine peace talks are to be continued during the forum. Market sentiment at the start of the week will be dominated by Donald Trump's announcement of the introduction, from February, of additional 10% tariffs (rising to 25% from June) on European countries opposing the US takeover of Greenland. The EU's response consists of discussions on a potential introduction of a package of tariffs on EUR93bn worth of US goods, prepared last year but suspended following the trade agreement concluded at that time. The EU may also, for the first time, use a special anti-coercion instrument allowing it, under an accelerated procedure, to cut the US off from public procurement in EU countries and block US investments.

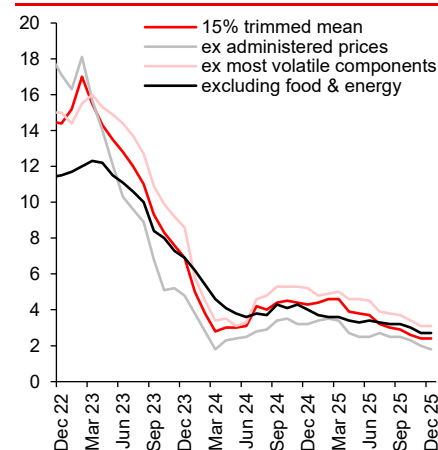
In December, the main measure of Polish core inflation, CPI ex food, fuel and energy carriers remained at 2.7% y/y against our and market expectations of a rise to 2.8%. It did however stay unchanged in m/m terms, as we expected. 2.7% is the lowest reading since November 2019. We expect a further decline in the coming months, to c. 2.4% in January. Core CPI may stabilise near 2% in the middle of the year, before rebounding to or above 2.5% in the final months due to continued solid domestic demand. Two other measures of price trends were also flat in December: CPI ex the most volatile components (3.1% y/y) and the 15-percent trimmed mean (2.4% y/y). CPI ex administered prices eased to 1.8% y/y from 2.0% in November

The minutes from the December MPC meeting indicates that Council members expected a lower inflation trajectory (including core inflation) in the coming months than that implied by the NBP's November projection. The discussion emphasised the favourable external environment for low price dynamics, the declining pace of wage growth, and the steadily lower inflation of services prices. On the other hand, attention was drawn to risks such as a rise in domestic demand fuelled by EU funds inflows, as well as the limited space for monetary easing due to the government's expansionary fiscal policy. In a Friday interview with Biznes24, MPC member **Ludwik Kotecki** spoke of at least 50bp of rate cuts this year and a clear signal for the MPC to take further action that would come from inflation falling towards 2% (which we expect) in the coming months. **Joanna Tyrowicz**, speaking on Monday on TOKFM, maintained her view that there is rather no room for rate cuts given the shape of fiscal policy and the economic acceleration.

The threat of additional US tariffs on Europe led to risk off sentiment in markets. EURPLN moved on Friday towards 4.23, EURCZK reached 24.3, while the forint remained stable. Despite strengthening at the end of last week, the dollar is weaker today, with EURUSD above Friday's levels. The zloty was also weighed down on Friday by the first, rather dovish comments from MPC members following last week's decision. We expect domestic data scheduled for this week to support the zloty, although geopolitical factors may prevent it from returning to the earlier narrow trading range against the euro around 4.21.

Yields on Polish government bonds continued Thursday's declines on Friday. Sovereign yields fell by 2-7bp, with the larger moves in shorter tenors. Market interest rates also declined, with IRS down by 2-5bp and FRA by 6-7bp. The coming days should bring comments from further MPC members, which will help the market adjust expectations regarding the Council's next steps. However, we expect risk aversion to lead to a reversal of the latest yield declines, similarly to the waning enthusiasm of the domestic rates market for pricing in further rate cuts. Both domestic data and potentially the communication on the budget from the President – who has until Tuesday to sign the budget bill – should support a reversal of the recent declines in yields.

Core inflation measures, % y/y



Source: NBP, Santander

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FX market

Today's opening

EURPLN	4.2245	CZKPLN	0.1721
USDPLN	3.6299	HUFPLN*	1.0849
EURUSD	1.1637	RONPLN	0.8305
CHFPLN	4.5341	NOKPLN	0.3603
GBPPLN	4.8697	DKKPLN	0.5625
USDCNY	6.9630	SEKPLN	0.3939

*for 100HUF

Last session in the FX market

16.01.2026

	min	max	open	close	fixing
EURPLN	4.2110	4.2280	4.2130	4.2211	4.2192
USDPLN	3.6274	3.6453	3.6298	3.6404	3.6346
EURUSD	1.1583	1.1627	1.1606	1.1598	

Interest rate market

16.01.2026

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0128 (2L)	3.72	11
PS0131 (5L)	4.52	-3
DS1035 (10L)	5.13	1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	3.59	-4	3.79	1	2.19	0
2L	3.56	-4	3.70	3	2.27	2
3L	3.61	-3	3.72	3	2.37	2
4L	3.69	-2	3.77	6	2.46	2
5L	3.78	-2	3.83	4	2.54	2
8L	4.02	-1	4.03	5	2.74	2
10L	4.20	0	4.14	4	2.86	2

WIBOR rates

Term	%	Change (bps)
O/N	4.01	-12
SW	4.01	0
1M	4.01	-3
3M	3.94	0
6M	3.83	-2

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3.83	-1
3x6	3.51	-5
6x9	3.36	-6
9x12	3.34	-7
3x9	3.48	-5
6x12	3.37	-6

CDS rates and 10Y yield spread vs. German Bund

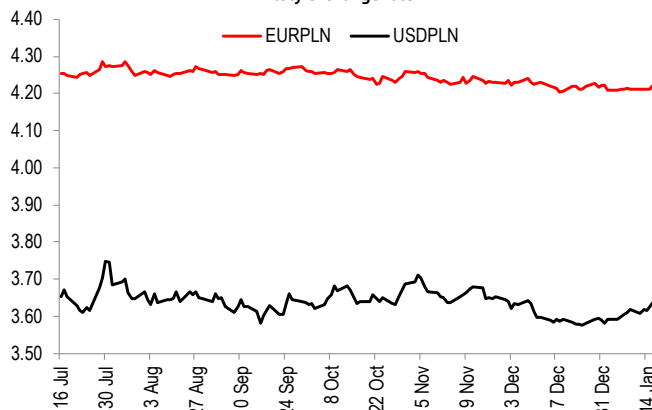
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	59	0	230	0
France	14	0	67	0
Hungary	107	0	396	4
Spain	18	0	39	-1
Italy	12	0	59	-1
Portugal	8	0	39	12
Ireland	9	0	12	0
Germany	3	0	-	-

* 10Y treasury bonds over 10Y Bunds

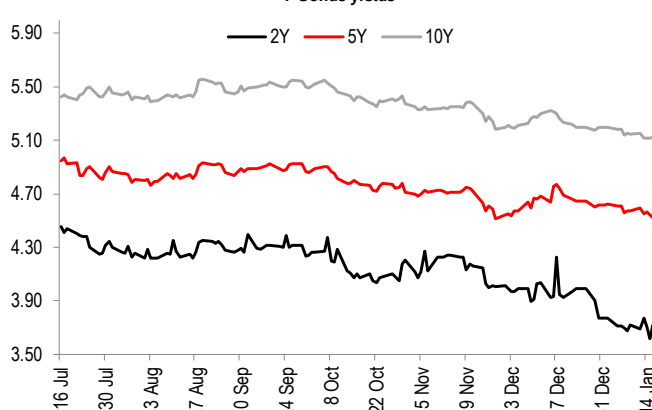
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

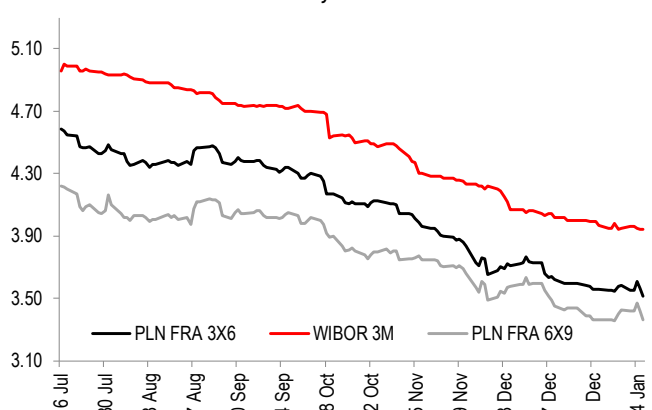
Zloty exchange rate



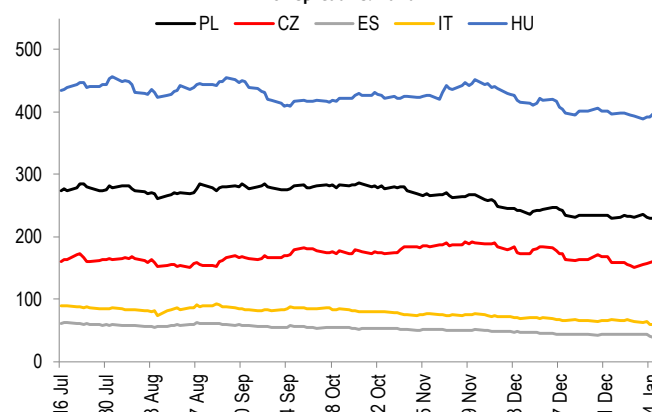
T-bonds yields



3M money market rates



10Y spread vs. Bund



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*
				MARKET	SANTANDER		
FRIDAY (16 January)							
08:00	DE	HICP	Dec	% m/m	0.2	0.2	0.2
14:00	PL	CPI Core	Dec	% y/y	2.8	2.8	2.7
15:15	US	Industrial Production	Dec	% m/m	0.1	0.4	0.4
MONDAY (19 January)							
11:00	EZ	HICP	Dec	% y/y	2.0	-	2.1
TUESDAY (20 January)							
11:00	DE	ZEW Survey Current Situation	Jan	pts	-75.0	-	-81.0
WEDNESDAY (21 January)							
16:00	US	Pending Home Sales	Dec	% m/m	-	-	3.3
THURSDAY (22 January)							
10:00	PL	Employment in corporate sector	Dec	% y/y	-0.7	-	-0.8
10:00	PL	Sold Industrial Output	Dec	% y/y	3.2	-	-1.1
10:00	PL	Construction Output	Dec	% y/y	-1.0	-	0.1
10:00	PL	PPI	Dec	% y/y	-2.2	-	-2.4
10:00	PL	Average Gross Wages	Dec	% y/y	7.0	-	7.1
14:30	US	GDP Annualized	3Q	% Q/Q	4.3	-	3.8
14:30	US	Initial Jobless Claims	Jan.26	k	215	-	198
14:30	US	Personal Spending	Nov	% m/m	0.5	-	0.4
14:30	US	Personal Income	Nov	% m/m	0.4	-	0.4
14:30	US	PCE Deflator SA	Nov	% m/m	0.2	-	0.3
FRIDAY (23 January)							
09:30	DE	Germany Manufacturing PMI	Jan	pts	47.6	-	47.0
09:30	DE	Markit Germany Services PMI	Jan	pts	52.5	-	52.7
10:00	EZ	Eurozone Manufacturing PMI	Jan	pts	49.2	-	48.8
10:00	EZ	Eurozone Services PMI	Jan	pts	52.6	-	52.4
16:00	US	Michigan index	Jan	pts	54.0	-	54.0

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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