

21 January 2026

Eyeopener

Strong rise in the ZEW index

Today Donald Trump speaks in Davos
MPC's Marcin Zarzecki: disinflationary March projection is a prerequisite for further cuts
State Treasury debt in 2025 approached PLN2tn
Higher optimism in assessment German economic outlook according to the ZEW index
Further US dollar weakness, strengthening of short-term Polish bonds

Today, key scheduled economic event today is Donald Trump's speech at the World Economic Forum in Davos. Depending on the rhetoric he adopts, it may either calm markets or introduce further uncertainty and risk aversion. Due to the tensions around Greenland, the European Parliament has suspended the ratification process of the US-EU trade deal agreed last year. Today's economic calendar includes only the release of US pending home sales data.

Marcin Zarzecki, who joined the MPC in December, told Bloomberg that in his view further rate cuts can only be considered once the March projection clearly confirms the durability of the disinflation process. According to him, one should not assume that the pause in rate cuts may end as early as February, even if upcoming inflation prints remain low. Zarzecki described 3.5% as a reasonable target level for the NBP's main policy rate; cutting below that would, in his opinion, limit the ability to respond flexibly to economic developments, whereas keeping rates stable would support anti-inflation efforts and help anchor inflation expectations.

The January ZEW index showed clearly higher optimism among German market analysts than a month earlier. The current economic situation index improved by 8.3pts (from -81.0 to -72.7pts, the highest since August last year), while the expectations index rose by 13.8pts (from 45.8 to 59.6pts, the highest since July 2021). Respondents expect a more pronounced decline in inflation than in December, both in Germany and across the euro area. Most surveyed analysts expect the US dollar to depreciate against the euro, although the margin of such responses has narrowed. Sector-wise, the ZEW index points to an improvement in almost all branches of the German economy, except for the steel and automotive industries — though even in these two cases optimism rose markedly compared with the previous survey. Given the escalation of tensions in recent days, including on tariffs between the US and the EU, this optimism may unfortunately be hard to maintain next month.

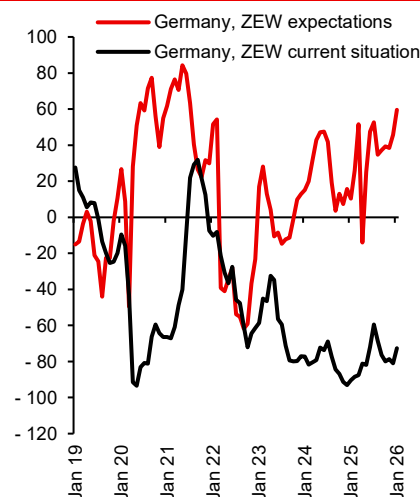
According to preliminary data from the Ministry of Finance, **State Treasury debt at the end of 2025 amounted to PLN1.952tn**, meaning it rose by PLN43.1bn (2.3%) compared with the November figure. According to our estimates, this implies that Polish public debt (based on the domestic definition) stood at around 49.2% of GDP, above the MF's planned 48.9%. In the 2026 Budget Act, as well as in the Debt Management Strategy 2026–2029, the MF forecast that under the broader EU definition general government debt would reach 59.8% of GDP at the end of 2025.

Construction output in the euro area fell by 1.1% m/m and by 0.8% y/y in November last year. For more than a year, the construction output index has been fluctuating around a relatively stable level, showing no clear downward trend or signs of recovery — similar to what we observe in the Polish economy.

On Tuesday the US dollar weakened significantly, while CEE currencies remained stable against the euro. EURUSD stabilised slightly above 1.17, but today's Trump speech — if it intensifies tensions around Greenland — may trigger further dollar depreciation.

Polish government bond yields fell yesterday by 2–7bp at the short end of the yield curve. As a result, the curve steepened again by more than 7bp. IRS rates fell by 1–3bp at the short end and rose for longer maturities. FRA rates declined by 3–5bp, more so for shorter tenors. German bond yields increased only slightly yesterday (by 2bp) for longer-dated paper, while US Treasury yields rose somewhat more strongly by 2–5bp. Japanese government bonds strengthened modestly during the Asian session.

ZEW index in Germany, pts



Source: ZEW, Santander

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FX market

Today's opening

EURPLN	4.2237	CZKPLN	0.1721
USDPLN	3.6046	HUFPLN*	1.0860
EURUSD	1.1717	RONPLN	0.8298
CHFPLN	4.5341	NOKPLN	0.3603
GBPPLN	4.8697	DKKPLN	0.5625
USDCNY	6.9643	SEKPLN	0.3939

*for 100HUF

Last session in the FX market

20.01.2026

	min	max	open	close	fixing
EURPLN	4.2218	4.2310	4.2229	4.2245	4.2279
USDPLN	3.5942	3.6213	3.6209	3.5989	3.6054
EURUSD	1.1661	1.1768	1.1662	1.1738	

Interest rate market

20.01.2026

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0128 (2L)	3.57	-13
PS0131 (5L)	4.47	-5
DS1035 (10L)	5.15	-1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	3.55	-4	3.79	0	2.17	-1
2L	3.54	-3	3.69	1	2.23	-1
3L	3.60	-2	3.73	1	2.33	-2
4L	3.70	-1	3.79	2	2.44	0
5L	3.79	0	3.85	2	2.53	0
8L	4.07	2	4.06	2	2.76	1
10L	4.25	2	4.18	4	2.88	1

WIBOR rates

Term	%	Change (bps)
O/N	3.95	3
SW	4.04	4
1M	4.04	0
3M	3.91	-3
6M	3.82	-1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3.79	-3
3x6	3.51	-2
6x9	3.36	-2
9x12	3.37	-1
3x9	3.47	-2
6x12	3.37	-1

CDS rates and 10Y yield spread vs. German Bund

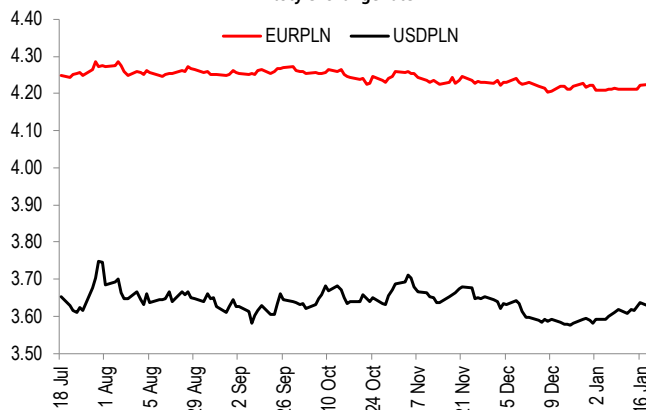
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	59	0	232	3
France	14	0	66	-2
Hungary	107	0	400	1
Spain	18	0	39	0
Italy	12	0	59	0
Portugal	9	0	39	0
Ireland	9	0	11	0
Germany	4	0	-	-

* 10Y treasury bonds over 10Y Bunds

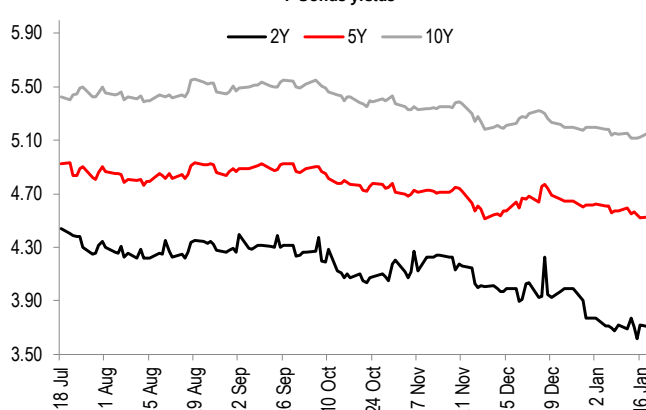
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

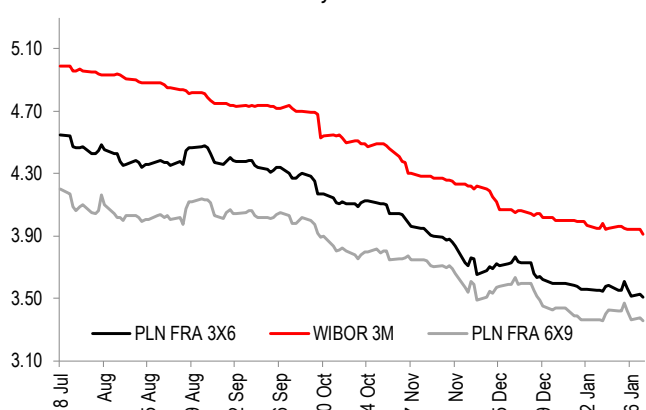
Zloty exchange rate



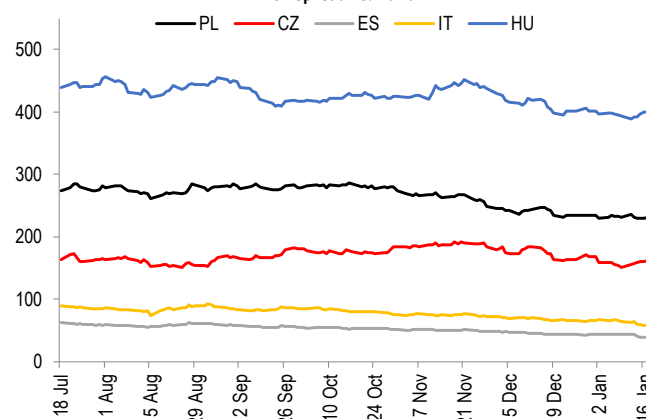
T-bonds yields



3M money market rates



10Y spread vs. Bund



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		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	1.9	2.1
TUESDAY (20 January)							
11:00	DE	ZEW Survey Current Situation	Jan	pts	-75.0	-72.7	-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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