17 February 2026

Eyeopener

The budget starts the year in deficit

Today inflation data and the ZEW economic sentiment survey in Germany
Budget deficit amounted to PLN3.7bn after January
Złoty stable, a slight rise in domestic bond yields

Today, the final reading of in German January HICP inflation was released and confirmed the preliminary estimate of 2.1% y/y (up from 2.0% y/y in December). Ahead of us are the results of the February ZEW survey on economic sentiment in Germany. The National Bank of Romania will decide on interest rates today – the market expects the main rate to be kept unchanged at 6.50% (the last rate change took place in Romania in August 2024).

The Ministry of Finance published the preliminary budget performance data for January 2026, with the balance at -PLN3.7bn. A year earlier, the January budget recorded a slightly smaller deficit of PLN3.2bn. This January, expenditure was higher by 17.2% y/y, with the cost of domestic debt servicing almost doubling, while transfers to local government units rose by 8.4% y/y. On the revenue side, growth of 17.2% y/y was also recorded, including VAT revenues about 24% higher, excise duty revenues 3.3% y/y lower, and PIT revenues 10.9% y/y higher.

According to GUS, services output in companies employing 10 or more people increased by 6.2% y/y in November, compared with 5.6% y/y a month earlier. Seasonally adjusted services sales were almost unchanged compared with October (+0.1% m/m). An acceleration in output growth was recorded in professional services (15.7% y/y after 10.0% y/y in the previous month), real estate market services (7.3% y/y after 2.5% y/y in October), and IT services (6.3% y/y versus 5.6% y/y). By contrast, a slowdown was seen in services related to transport, accommodation and catering, as well as administrative and support services. Despite some differences in methodology and coverage, these results are consistent with Eurostat data published a week earlier, according to which services output growth amounted to 5.8% y/y. Both data sources indicate that after strong results in the first months of 2025, services output grew weakly in the second half of last year – the seasonally adjusted level of output recorded by GUS in November was almost identical to that in June. We expect the coming months to bring an improvement in this indicator, alongside a recovery in activity in the rest of the economy.

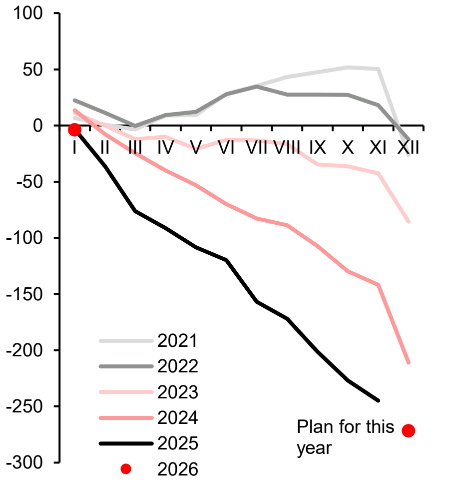
Today and tomorrow, trilateral talks on ending the war in Ukraine are scheduled. Representatives of the US, Russia and Ukraine will meet in Geneva. According to information from Kremlin spokesman Dmitry Peskov, the current round of talks will focus on territorial issues and is a continuation of discussions held in the United Arab Emirates at the turn of January and February.

Euro area industrial production in December recorded a decline of 1.4% m/m, close to the market consensus, following an increase of 0.3% m/m a month earlier. Only consumer durables recorded positive growth. On an annual basis, this translated into growth of 1.2%, compared with 2.2% y/y in November (revised from 2.5% y/y). The latest industrial PMI indicators, as well as fiscal stimulus plans in Germany and the EU, should improve the sector's condition.

The Polish zloty started the week stable at Friday afternoon levels. EURPLN hovered around 4.21, edging up towards 4.22 by the end of the day. The Hungarian forint strengthened by 0.3% yesterday, with EURHUF falling below 378. EURCZK remained stable throughout the day at around 24.25. In the coming days, we assume the sideways trend in EURPLN will be maintained around 4.21, although, in general, currencies in the CEE region can be significantly affected by news related to Ukraine.

Yesterday, investor activity on global markets was lower due to a public holiday in the US. **Polish bonds recorded a slight increase in yields, by 1–2 bps, similarly to IRS and FRA rates**. Over the whole week, yields on longer-maturity bonds fell by 10–12 bp, while the yield on 2Y bonds was almost unchanged. As a result, the yield curve flattened by 12 bp. In the current week, potential sources of larger moves in the debt market include, on the one hand, the outcome of peace talks on Ukraine, and on the other hand, the market's reaction to Ministry of Finance data on budget execution for the whole of 2025 (the publication date is not fixed in advance, but in our view it should be released soon).

Ytd budget result in different years, PLNbn



Source: MinFin, Santander

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FX market

Today's opening

EURPLN	4.2174	CZKPLN	0.1720
USDPLN	3.5631	HUFPLN*	1.1044
EURUSD	1.1835	RONPLN	0.8282
CHFPLN	4.6173	NOKPLN	0.3739
GBPPLN	4.8427	DKKPLN	0.5627
USDCNY	6.9080	SEKPLN	0.3973

*for 100HUF

Last session in the FX market 16.02.2026

	min	max	open	close	fixing
EURPLN	4.2060	4.2142	4.2092	4.2130	4.208
USDPLN	3.5445	3.5566	3.5483	3.5544	3.5467
EURUSD	1.1845	1.1870	1.1864	1.1851	

Interest rate market 16.02.2026

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0128 (2L)	3.47	0
PS0131 (5L)	4.30	0
DS1035 (10L)	4.98	2

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	3.57	0	3.68	1	2.16	0
2L	3.53	0	3.50	0	2.18	0
3L	3.57	0	3.50	0	2.26	-1
4L	3.64	0	3.53	0	2.35	-1
5L	3.71	1	3.59	0	2.43	-1
8L	3.95	1	3.80	0	2.64	-1
10L	4.11	1	3.92	0	2.76	-1

WIBOR rates

Term	%	Change (bps)
O/N	4.01	-1
SW	4.04	1
1M	3.99	3
3M	3.86	0
6M	3.75	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3.74	0
3x6	3.52	1
6x9	3.39	0
9x12	3.35	0
3x9	3.48	0
6x12	3.40	0

CDS rates and 10Y yield spread vs. German Bund

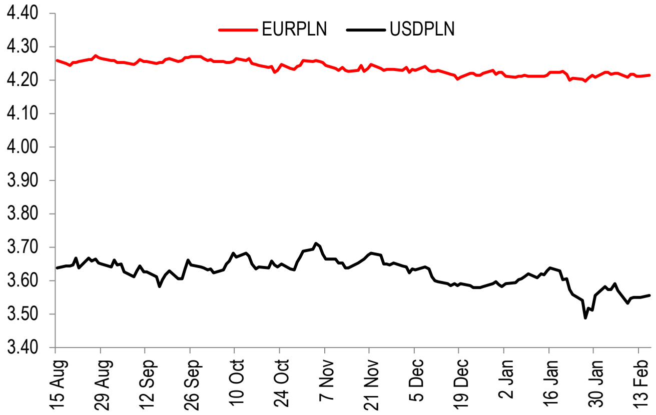
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	55	0	222	2
France	12	0	59	0
Hungary	94	0	376	-11
Spain	16	0	44	6
Italy	11	0	62	1
Portugal	9	0	37	0
Ireland	9	0	11	1
Germany	4	0	-	-

* 10Y treasury bonds over 10Y Bunds

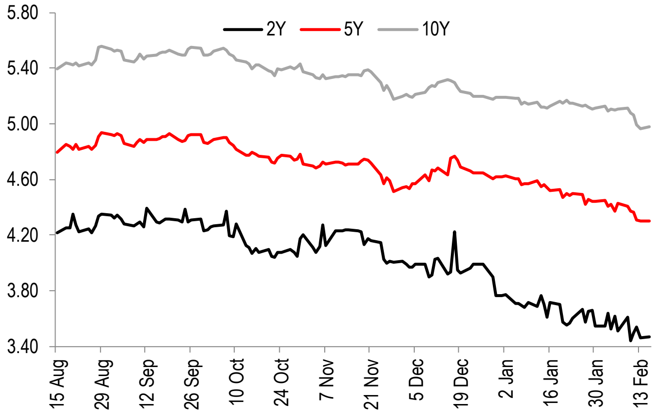
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

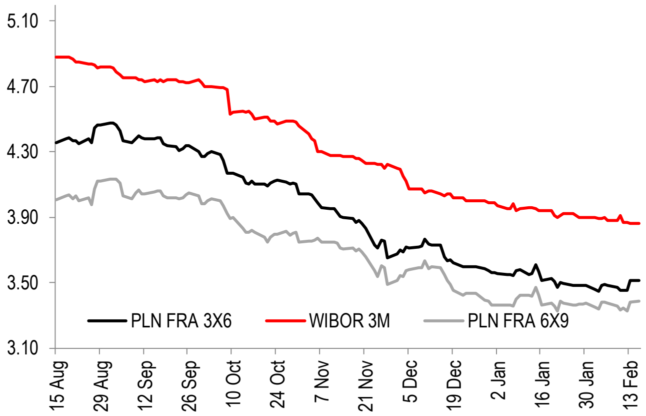
Zloty exchange rate



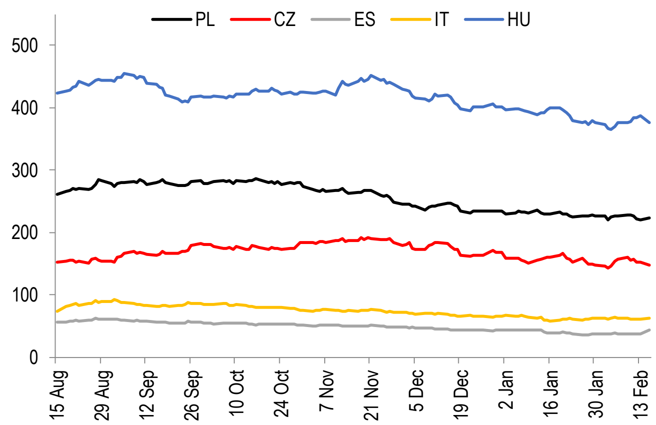
T-bonds yields



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*
			FRIDAY (13 February)					
09:00	CZ	CPI	Jan	% y/y	1.6		1.6	1.6
10:00	**PL**	**CPI**	**Jan**	**% y/y**	**1.9**	**1.7**	**2.2**	**2.4**
11:00	EZ	GDP SA	4Q	% y/y	1.3	-	1.3	1.3
14:00	**PL**	**Current Account Balance**	**Dec**	**€mn**	**-1137**	**-2534**	**-1698**	**-460**
14:00	**PL**	**Trade Balance**	**Dec**	**€mn**	**-1740**	**-2371**	**-2298**	**-1087**
14:00	**PL**	**Exports**	**Dec**	**€mn**	**27383**	**26883**	**27350**	**29859**
14:00	**PL**	**Imports**	**Dec**	**€mn**	**29238**	**29254**	**29648**	**30946**
14:30	US	CPI	Jan	% m/m	0.3		0.2	0.3
			MONDAY (16 February)					
11:00	EZ	Industrial Production SA	Dec	% m/m	-1.5		-1.4	0.3
			TUESDAY (17 February)					
08:00	DE	HICP	Jan	% m/m	-0.1		-0.1	-0.1
11:00	DE	ZEW Survey Current Situation	Feb	pts	-65.7		-	-72.7
			WEDNESDAY (18 February)					
14:30	US	Durable Goods Orders	Dec	% m/m	-1.7		-	5.3
14:30	US	Housing Starts	Dec	% m/m	6.3		-	-4.6
15:15	US	Industrial Production	Jan	% m/m	0.4		-	0.37
20:00	US	FOMC Meeting Minutes	Jan.26					
			THURSDAY (19 February)					
10:00	**PL**	**Average Gross Wages**	**Jan**	**% y/y**	**7.2**	**7.2**	**-**	**8.6**
10:00	**PL**	**Employment in corporate sector**	**Jan**	**% y/y**	**-0.7**	**-0.7**	**-**	**-0.7**
10:00	**PL**	**Sold Industrial Output**	**Jan**	**% y/y**	**1.7**	**2.8**	**-**	**7.3**
10:00	**PL**	**Construction Output**	**Jan**	**% y/y**	**-5.0**	**-2.5**	**-**	**4.5**
10:00	**PL**	**PPI**	**Jan**	**% y/y**	**-2.3**	**-2.5**	**-**	**-2.5**
14:30	US	Initial Jobless Claims	Feb.26	k	223.0		-	227.0
16:00	US	Pending Home Sales	Jan	% m/m	2.5		-	-9.34
			FRIDAY (20 February)					
09:30	DE	Germany Manufacturing PMI	Feb	pts	49.6		-	49.1
09:30	DE	Markit Germany Services PMI	Feb	pts	52.5		-	52.4
10:00	EZ	Eurozone Manufacturing PMI	Feb	pts	50.0		-	49.5
10:00	EZ	Eurozone Services PMI	Feb	pts	51.9		-	51.6
14:30	US	GDP Annualized	4Q	% Q/Q	2.8		-	4.4
14:30	US	Personal Spending	Dec	% m/m	0.4		-	0.5
14:30	US	Personal Income	Dec	% m/m	0.3		-	0.3
14:30	US	PCE Deflator SA	Dec	% m/m	0.3		-	0.2
16:00	US	Michigan index	Feb	pts	56.9		-	57.3
16:00	US	New Home Sales	Dec	% m/m	-0.3		-	-0.1

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