

Weekly Economic Update

Geopolitical uncertainty rising again

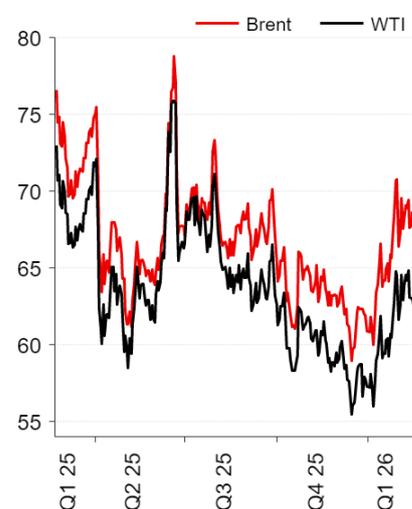
Economy next week

- The first batch of January data released in recent days revealed that the harsh winter froze economic activity at the start of the year far more than expected. For now, however, this does not materially dent our optimism regarding this year's economic scenario, especially given that our GDP growth forecast of 3.9% is not particularly aggressive. February data may also turn out relatively weak due to weather conditions, which could weigh on GDP growth in 1Q26, but a rebound later in the year remains likely, supported by both domestic factors (the investment cycle) and external ones (a recovery in foreign demand). The latter is being signalled ever more clearly by improving sentiment indicators in advanced economies.
- This week's data release calendar will be lighter. Abroad, successive sentiment and business climate indicators will dominate (including Ifo, GfK, ESI and the Conference Board), alongside inflation data from euro area countries, Germany's 4Q25 GDP, and in the US, among other things, factory orders.
- Domestically, we will see January **retail sales, money supply, unemployment figures, the GUS Statistical Bulletin, and preliminary results of the Labour Force Survey** for 4Q25. Of this set, retail sales will be watched most closely by the market, as winter conditions may also have left their mark here. Our analysis of card payment data ([link](#)) suggests that the impact of the weather on consumer spending in January was not dramatic, but sufficient to slow sales growth. Our forecast assumes retail sales growth of around 2% y/y, compared with a market consensus of 3.3% y/y.
- We expect the Ministry of Finance to publish information on **the execution of the state budget for the whole of 2025** in the coming days (data for January 2026 were released a few days ago), although the exact date has not been set.
- On Tuesday, the Hungarian central bank will decide on interest rates. A clear majority of analysts expect a 25bp cut, to 6.25%.
- The week will end with a **review of Poland's rating by Fitch**. We do not expect any change. This view is supported, among other things, by recent comments from a Fitch analyst, including that it typically takes 1–2 years from a change in outlook to a change in rating, and that Poland's current credit assessment could remain unchanged until 2027 or even longer, even in the absence of fiscal consolidation.

Markets next week

- Towards the end of the week, financial markets began to price in a rising risk of a strike on Iran, among other things following reports that the US has amassed its largest military presence in the Middle East since 2003. The outlook for the coming week therefore has a distinctly binary character: if an attack takes place over the weekend, at least temporarily one should expect a stronger dollar and a weaker zloty; if not, a relief rally is possible. At this stage, it is difficult to point to target exchange rate levels given the hard-to-predict political consequences of any escalation.
- The implications for the bond market are somewhat less straightforward: on the one hand, rising risk aversion should support bonds, but primarily in core markets, potentially accompanied by a widening of credit spreads; additionally, any further increase in oil prices could dampen expectations of rate cuts. In our view, a scenario of geopolitical escalation would favour a rebound in domestic bond yields, while de-escalation could support their stabilisation.

Crude oil price, USD/Bbl

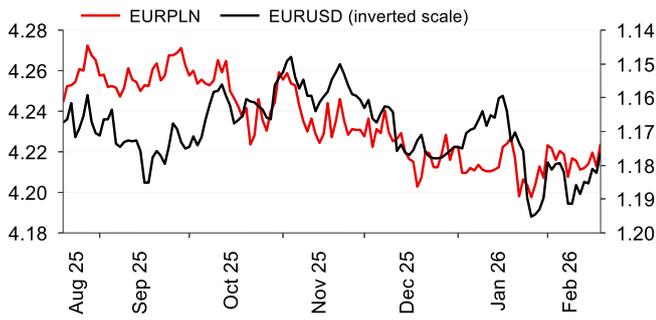


Source: LSEG Datastream, Santander

Economic Analysis Department:

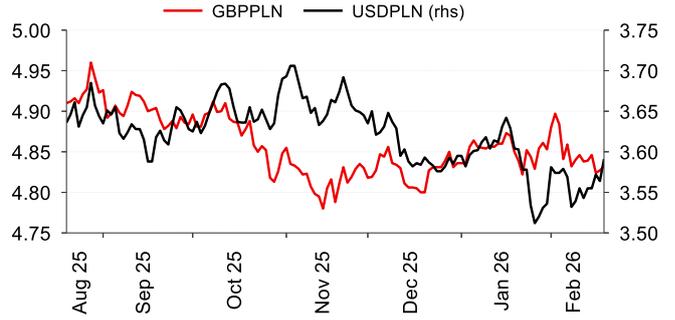
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EURPLN and EURUSD



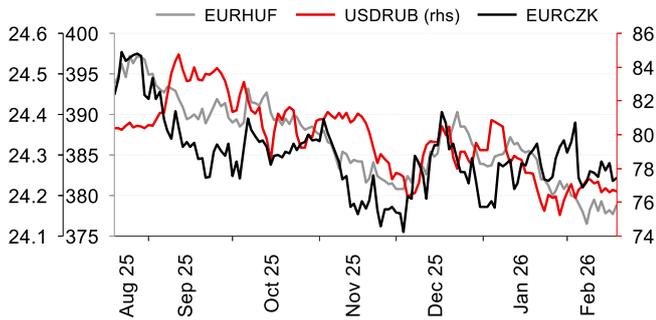
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



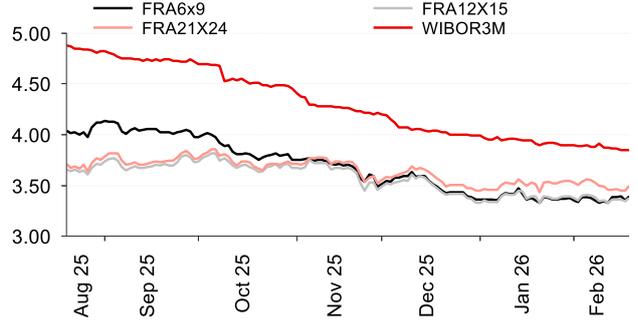
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



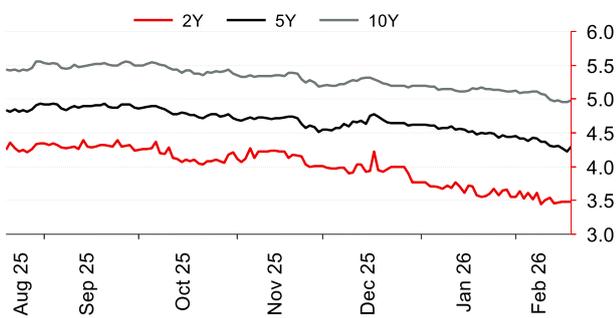
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



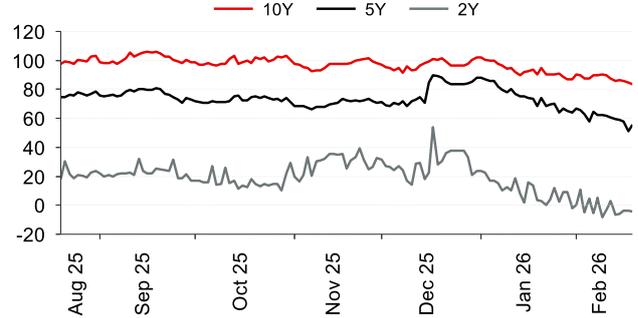
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



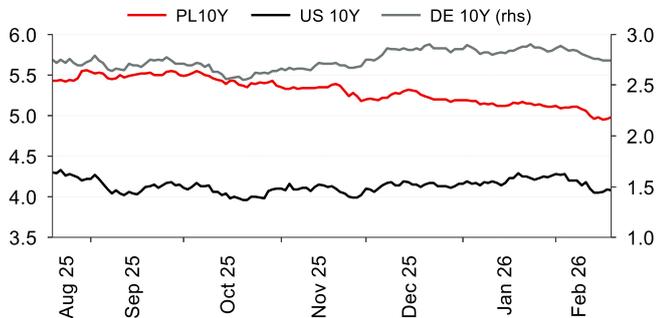
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



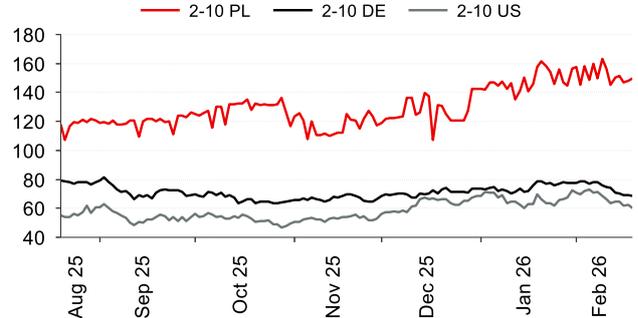
Source: LSEG Datastream, Santander Bank Polska

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 (23 February)							
10:00	DE	IFO Business Climate	Feb	pts	88.3	-	87.6
10:00	PL	Retail Sales Real	Jan	% y/y	3.1	2.0	5.3
14:00	PL	Money Supply M3	Jan	% y/y	10.4	10.5	10.4
16:00	US	Durable Goods Orders	Dec	% m/m	-2.0	-	-1.4
16:00	US	Factory Orders	Dec	% m/m	1.0	-	2.7
TUESDAY (24 February)							
10:00	PL	Unemployment Rate	Jan	%	6.0	6.0	5.7
14:00	HU	Central Bank Rate Decision	Feb	%	6.25	-	6.50
16:00	US	Consumer Conference Board	Feb	pts	88.0	-	84.5
WEDNESDAY (25 February)							
08:00	DE	GDP WDA	4Q	% y/y	0.4	-	0.4
11:00	EZ	HICP	Jan	% y/y	1.7	-	1.7
THURSDAY (26 February)							
11:00	EZ	ESI	Feb	pct.	99.8	-	99.4
14:30	US	Initial Jobless Claims	weekly	k	225	-	206
FRIDAY (27 February)							
	DE	Retail Sales	Jan	% m/m	-0.1	-	0.1
14:00	DE	HICP	Feb	% m/m	0.5	-	-0.1

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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