

Eyeopener

Renewed turbulence in global trade policy

Today we will see January data on retail sales and money supply
 Business sentiment in industry and trade edged slightly lower in February after a strong rebound in January
 The US Supreme Court ruled illegal the tariffs introduced by D. Trump under the IEEPA
 In response, Trump imposed global tariffs of 15% under the Trade Act
 Solid flash PMI readings for Germany and the euro area in February
 Zloty remained stable; yield curves steepened

Today we will see January data on retail sales and money supply. Our analysis of card payment data suggests that the impact of weather on consumer spending in January was not dramatic, but sufficient to slow retail sales. Our forecast assumes retail sales growth of around 2% y/y, compared with a market consensus of 3.3% y/y. In addition, we will see the German Ifo business climate index for February as well as the US December data on durable and industrial goods orders.

Business sentiment indicators in the two largest sectors—industry and retail trade—eased slightly in February after a strong rebound in January. A mild decline was also recorded in transport and warehousing as well as in financial and insurance services, while sentiment in the horeca sector improved surprisingly strongly. Additional questions in this round of the business sentiment survey covered firms' investment plans for 2026. These plans are not overly optimistic, given how high expectations for investment growth this year are (ours, the market's and the government's alike). **In manufacturing, 23% of firms plan to increase investment compared with the previous year, in transport 17%, and in other sectors 10–14%.** These shares are similar to those declared a year earlier, with an increase of 3.4 pp in industry, 0.9 pp in transport, and a decline of 2–3 pp in the remaining sectors. The survey also shows that slightly more firms than a year ago report difficulties in obtaining external financing for investment, while fewer firms fear high inflation and an uncertain macroeconomic environment. Firms' moderate investment optimism may stem from the fact that a significant share of the funds intended to support the Polish economy will be channelled into relatively narrow, specific sectors—notably defence, green investments and broadly defined public infrastructure. Nevertheless, overall corporate sentiment appears to be on an upward trend, which bodes well for business sector activity in the coming months.

The euro area flash PMI pointed to a stronger-than-expected recovery, with the manufacturing index rising from 49.5 to 50.8 pts and the services index from 51.6 to 51.8 pts. The survey recorded a record-high level of optimism regarding future output, but also weak order inflows and a further decline in employment. In Germany, the data were also positive: the manufacturing PMI increased from 49.1 to 50.7 pts, the highest level in three years, while the services PMI rose from 52.4 to 53.4 pts. German firms pointed to better current and expected output, although the employment index—despite edging up—remained clearly below the neutral 50 pts threshold. The gradual improvement in Germany's economic situation is consistent with our base-case scenario for this year.

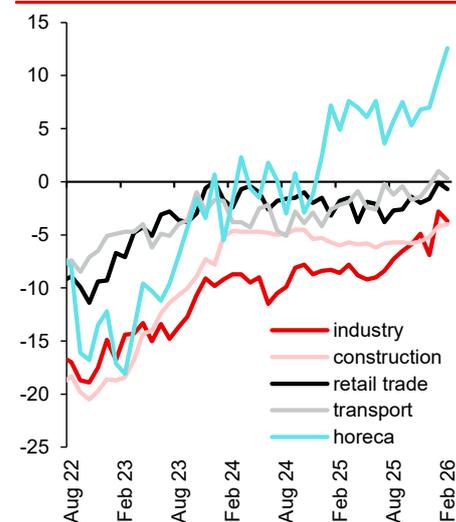
The US Supreme Court ruled illegal the tariffs introduced by President Donald Trump under the International Emergency Economic Powers Act. The court's decision primarily concerns so-called reciprocal tariffs and does not affect tariffs imposed under other legal acts, including those on European steel and aluminium. In response to the ruling, Donald Trump announced the imposition of global tariffs of 15% under Section 122 of the Trade Act. Under the provisions of this section, tariffs introduced on this basis may remain in force for only 150 days; any extension thereafter is decided by Congress. The European Commission has demanded clarification on what steps the US intends to take following the Supreme Court's decision and announced that it expects the US to honour the provisions of the trade agreement concluded in August last year. A vote in the European Parliament on adopting the agreement's provisions is scheduled for Tuesday, 24 February.

US GDP grew by 1.4% q/q (annualised) in 4Q25, well below forecasts of 2.8% and following growth of 4.4% in the previous quarter. GDP growth was partly weakened by factors that may prove one-off in nature, in particular a sharp fall in federal government spending related to a prolonged shutdown. **The December PCE price index came in at 0.4% m/m**, higher than the market expected (0.3%) and above November's reading (0.2%). **Personal spending and personal income**, meanwhile, grew broadly in line with expectations, by 0.4% and 0.3% m/m respectively. **Consumer sentiment in February, according to the Michigan index, improved only marginally m/m** (56.6 versus 56.4 pts), and was weaker than indicated by the preliminary reading (57.3 pts).

Towards the end of the week, financial markets began to price in a rising risk of a strike on Iran, partly on the back of reports that the US has amassed its largest military forces in the Middle East since 2003. **The Polish zloty, like other CEE currencies, nevertheless remained stable, with EURPLN ending the week at around 4.22.** The dollar was stronger in the early part of Friday than at the start of the week, but following the Supreme Court's ruling on tariffs EURUSD rebounded to 1.18.

Yields on Polish Treasuries rose by 1–3 bp, as did also market rates, with the move more pronounced at the long end of the curve. This week, global geopolitical developments are set to take centre stage for markets.

Sectoral business sentiment indexes, SA



Source: GUS, Santander Bank Polska

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FX market

Today's opening			
EURPLN	4,2223	CZKPLN	0,1720
USDPLN	3,5717	HUFPLN*	1,1010
EURUSD	1,1820	RONPLN	0,8286
CHFPLN	4,6214	NOKPLN	0,3758
GBPPLN	4,8336	DKKPLN	0,5627
USDCNY	6,9080	SEKPLN	0,3956

*for 100HUF

Last session in the FX market 20.02.2026

	min	max	open	close	fixing
EURPLN	4,2184	4,2259	4,2235	4,2235	4,2241
USDPLN	3,5734	3,5984	3,5926	3,5854	3,5898
EURUSD	1,1742	1,1807	1,1754	1,1779	

Interest rate market

20.02.2026

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0128 (2L)	3,49	0
PS0131 (5L)	4,33	3
DS1035 (10L)	5,01	4

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	3,57	0	3,73	2	2,16	0
2L	3,54	2	3,56	1	2,20	0
3L	3,59	2	3,54	0	2,27	0
4L	3,67	2	3,57	0	2,36	0
5L	3,76	2	3,63	0	2,43	0
8L	4,01	3	3,84	1	2,64	0
10L	4,17	3	3,95	1	2,75	0

WIBOR rates

Term	%	Change (bps)
O/N	4,02	-2
SW	4,06	0
1M	3,96	-1
3M	3,82	-3
6M	3,72	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3,73	-1
3x6	3,54	0
6x9	3,40	0
9x12	3,36	2
3x9	3,49	1
6x12	3,40	0

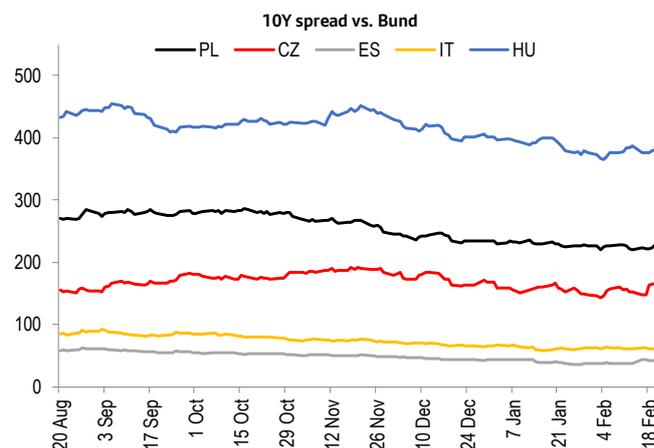
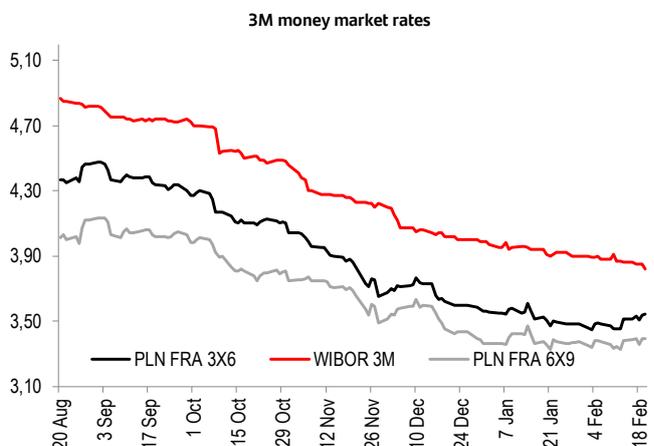
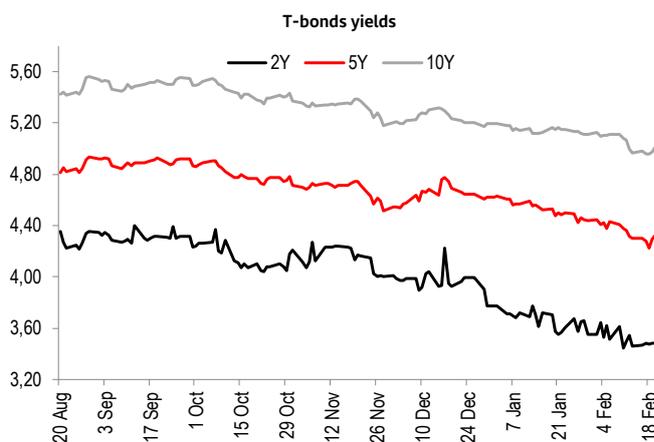
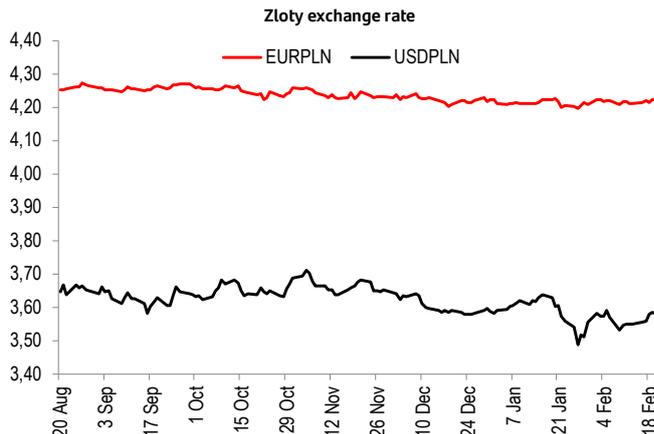
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	54	0	227	4
France	12	0	56	-1
Hungary	92	0	381	2
Spain	16	2	41	-1
Italy	10	0	61	-1
Portugal	9	0	35	-2
Ireland	9	0	26	-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



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*
				MARKET	SANTANDER		
FRIDAY (20 February)							
09:30	DE	Germany Manufacturing PMI	Feb	pts	49.5	50.7	49.1
09:30	DE	Markit Germany Services PMI	Feb	pts	52.4	53.4	52.4
10:00	EZ	Eurozone Manufacturing PMI	Feb	pts	50.0	50.8	49.5
10:00	EZ	Eurozone Services PMI	Feb	pts	51.9	51.8	51.6
14:30	US	GDP Annualized	4Q	% Q/Q	2.8	1.4	4.4
14:30	US	Personal Spending	Dec	% m/m	0.3	0.4	0.5
14:30	US	Personal Income	Dec	% m/m	0.3	0.3	0.3
14:30	US	PCE Deflator SA	Dec	% m/m	0.3	0.4	0.2
16:00	US	Michigan index	Feb	pts	57.3	56.6	56.4
16:00	US	New Home Sales	Dec	% m/m	0.0	-1.7	-0.1
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	-
14:00	PL	Money Supply M3	Jan	% y/y	10.4	10.5	-
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	-
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	225.0	-	206.0
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

* in the case of a revision the data is updated

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