2 March 2026

Eyeopener

Conflict in the Middle East lifts uncertainty

Today, manufacturing PMIs and Poland's 4Q GDP data
Government presented information on the allocation of funds from the SAFE programme
Muted first market reaction to the conflict in the Middle East

Today, we will see detailed data on Polish GDP in 4Q25. Information already published on GDP growth in full 2025 leaves little uncertainty as regards today's release and suggests that GDP growth of 4.0% y/y in 4Q resulted, among other factors, from an increase in private consumption and investment of just over 4% y/y. Earlier in the day, we will also see the February reading of Poland's PMI, which in our view should come in at 49.6 pts, up by 0.8 pts compared with January. Industrial PMI figures will also be released for Germany and the euro area, where preliminary readings pointed to increases of 1.3–1.6 pts relative to January. February data on manufacturing conditions will also be released in the US, in the form of a new reading of the ISM index.

The data releases may be overshadowed by geopolitical developments. Over the weekend, **Israel and the US carried out an attack on Iran**, which resulted in the death of Iran's Supreme Leader Ali Khamenei as well as many other senior officials. In response, Iranian missiles struck Israel, Dubai, Qatar, Bahrain and Cyprus; media reports this morning indicate an expansion of Israeli attacks into Lebanon. The further course of the conflict is difficult to predict. According to Donald Trump, it could last four weeks. The reaction of financial markets has so far been muted, but if the spike in crude oil price and zloty depreciation were to intensify, this could provide an argument for the Polish Monetary Policy Council to postpone a decision on an interest rate cut.

On Friday, **Fitch confirmed Poland's rating at A- with a negative outlook**, in line with expectations.

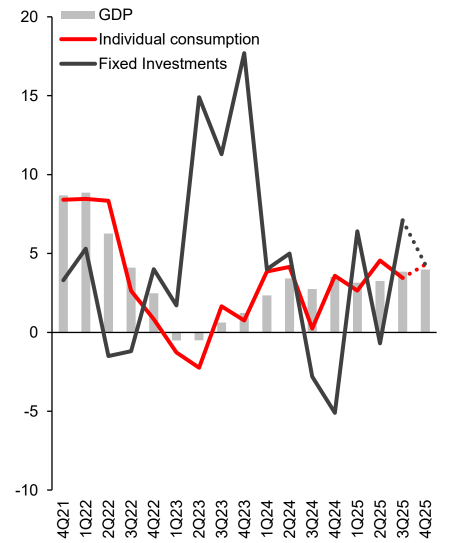
During a government conference on the SAFE programme, information was presented on the allocation of available funds. As stated, out of more than PLN180bn (EUR43.7bn) available, PLN170bn is to be allocated to armaments projects (including PLN47.6bn for artillery systems, PLN44.2bn for air defence, PLN32.3bn for ground combat and PLN23.8bn for ammunition and missiles), PLN9.2bn to mobility- and infrastructure-related projects, and PLN7.1bn to resilience-related projects. According to the government's plenipotentiary for SAFE, Magdalena Sobkowiak Czarnecka, 89% of the funds are to be spent in Polish defence plants. Plans to spend the majority of funds domestically mean that the SAFE programme could provide additional support to domestic economic activity, primarily investment. The actual scale of any growth support beyond current forecasts will, however, depend on how much of the funds is allocated to refinancing already signed defence contracts and how much to the implementation of new projects.

European Commission President Ursula von der Leyen announced that **the European Commission will begin provisional application of the trade agreement with the Mercosur bloc**. The agreement can be fully concluded only after obtaining the consent of the European Parliament. As the Parliament has referred a complaint regarding the agreement to the Court of Justice of the EU, the vote has been postponed by at least several months.

On Friday, the EURPLN rate showed only minimal fluctuations and ended the European session at 4.22. Slightly larger moves were seen in EURHUF and EURCZK – the Hungarian forint lost around 0.2% against the euro, while the Czech koruna gained about 0.1%. In the absence of major publications or events, EURUSD spent Friday's session in a narrow trading range, attempting to break above the 1.18 level from below. By the end of the European session, EURUSD was slightly above that level. This morning, the FX market's reaction to the conflict in Iran has been muted – EURPLN rose to c.4.23, while USDPLN climbed to 3.60 amid a stronger dollar.

After a sharp sell-off in two-year bonds on Thursday, Friday brought stabilisation in the domestic bond market. Yields on Polish bonds rose by 0–1 bp, slightly more at the short end of the curve. Domestic FRA and IRS rates remained virtually unchanged. Core market bonds saw a modest rally, associated with a decline in German and US bond yields of 2–3 bp. The Ministry of Finance announced plans to hold two Treasury bond auctions in March – on 18 and 25 March – with supply of PLN7–13bn at each auction. Today, yields on core bond markets are likely to fall markedly in response to higher risk aversion. However, we do not expect a significant rally in domestic bonds, due to the potential widening of credit spreads and the growing risk that the MPC may delay interest rate cuts.

GDP and selected aggregates, % y/y



Source: GUS, Santander Bank Polska

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FX market

Today's opening

EURPLN	4,2323	CZKPLN	0,1740
USDPLN	3,6098	HUFPLN*	1,1092
EURUSD	1,1724	RONPLN	0,8306
CHFPLN	4,6435	NOKPLN	0,3751
GBPPLN	4,8068	DKKPLN	0,5648
USDCNY	6,8817	SEKPLN	0,3957

*for 100HUF

Last session in the FX market **27.02.2026**

	min	max	open	close	fixing
EURPLN	4,2165	4,2259	4,2209	4,2231	4,2233
USDPLN	3,5696	3,5835	3,5742	3,5725	3,5804
EURUSD	1,1785	1,1824	1,1807	1,1822	

Interest rate market **27.02.2026**

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0128 (2L)	3,60	10
PS0131 (5L)	4,25	-5
DS1035 (10L)	4,96	0

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	3,58	-1	3,69	-3	2,14	-2
2L	3,55	0	3,48	-5	2,15	-4
3L	3,59	0	3,44	-6	2,21	-4
4L	3,67	0	3,45	-6	2,28	-5
5L	3,75	0	3,50	-6	2,34	-5
8L	3,99	-1	3,69	-6	2,55	-4
10L	4,15	-1	3,82	-6	2,67	-4

WIBOR rates

Term	%	Change (bps)
O/N	4,07	15
SW	4,02	0
1M	3,90	0
3M	3,80	-4
6M	3,71	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3,71	-2
3x6	3,55	0
6x9	3,40	-1
9x12	3,38	0
3x9	3,51	-1
6x12	3,42	-1

CDS rates and 10Y yield spread vs. German Bund

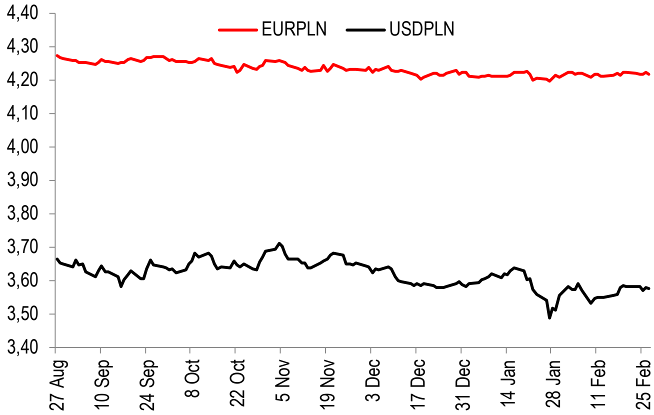
Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	55	0	230	5
France	12	0	57	1
Hungary	93	0	382	2
Spain	16	0	42	1
Italy	10	0	63	1
Portugal	8	0	36	1
Ireland	8	0	27	0
Germany	4	0	-	-

* 10Y treasury bonds over 10Y Bunds

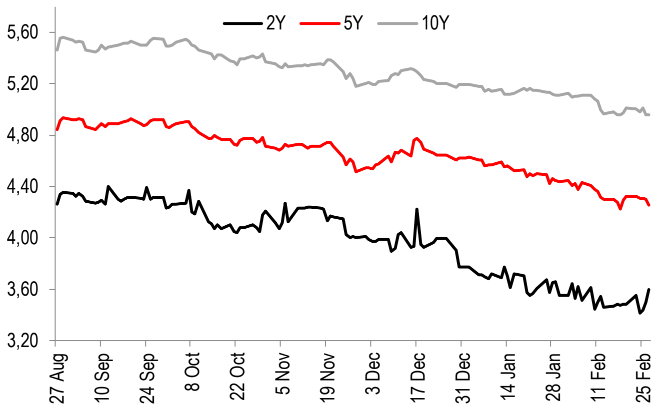
**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream

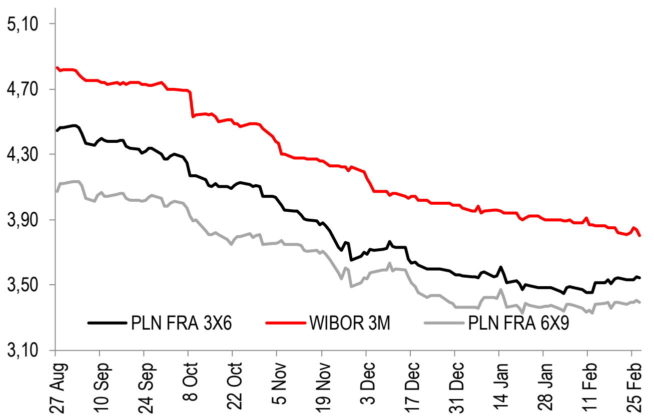
Zloty exchange rate



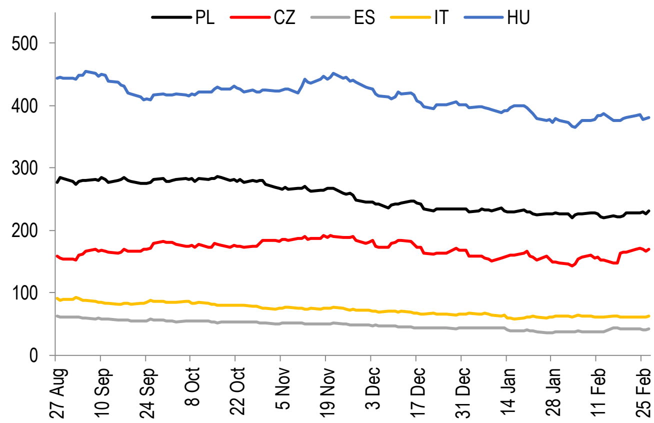
T-bonds yields



3M money market rates



10Y spread vs. Bund



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD		FORECAST MARKET	FORECAST SANTANDER	ACTUAL VALUE	LAST VALUE*
			FRIDAY (27 February)					
14:00	DE	HICP	Feb	% m/m	0.5	-	0.4	-0.1
			MONDAY (2 March)					
08:00	DE	Retail Sales	Jan	% m/m	0.0	-	-	0.8
09:00	**PL**	**Poland Manufacturing PMI**	**Feb**	**pts**	**49.6**	**49.6**	**-**	**48.8**
09:55	DE	Germany Manufacturing PMI	Feb	pts	50.7	-	-	49.1
10:00	EZ	Eurozone Manufacturing PMI	Feb	pts	50.8	-	-	49.5
10:00	**PL**	**GDP**	**4Q**	**% y/y**	**4.0**	**4.0**	**-**	**4.0**
16:00	US	ISM manufacturing	Feb	pts	51.8	-	-	52.6
			TUESDAY (3 March)					
08:30	HU	GDP	4Q	% y/y	0.7	-	-	0.7
09:00	CZ	GDP SA	4Q	% y/y	2.4	-	-	2.4
11:00	EZ	HICP	Feb	% y/y	1.7	-	-	1.7
11:00	EZ	Flash HICP	Feb	% y/y	1.7	-	-	1.7
			WEDNESDAY (4 March)					
	PL	**MPC decision**	**Mar**	**%**	**3.75**	**3.75**	**-**	**4.00**
02:45	CN	Caixin China PMI Services	Feb	pts	52.4	-	-	52.3
09:00	CZ	CPI	Feb	% y/y	1.6	-	-	1.6
09:55	DE	Markit Germany Services PMI	Feb	pts	53.4	-	-	52.4
10:00	EZ	Eurozone Services PMI	Feb	pts	51.8	-	-	51.6
11:00	EZ	Unemployment Rate	Jan	%	6.2	-	-	6.2
14:15	US	ADP report	Feb	k	41.5	-	-	22.0
16:00	US	ISM services	Feb	pts	53.8	-	-	53.8
			THURSDAY (5 March)					
11:00	EZ	Retail Sales	Jan	% m/m	0.2	-	-	-0.5
14:30	US	Initial Jobless Claims	weekly	k	216	-	-	212
			FRIDAY (6 March)					
08:00	DE	Factory Orders	Jan	% m/m	-3.5	-	-	7.8
08:30	HU	Industrial Production SA	Jan	% y/y	-2.2	-	-	-1.0
11:00	EZ	GDP SA	4Q	% y/y	1.3	-	-	1.3
14:30	US	Change in Nonfarm Payrolls	Feb	k	60	-	-	130
14:30	US	Retail Sales Advance	Jan	% m/m	-0.3	-	-	0.0
14:30	US	Unemployment Rate	Feb	%	4.3	-	-	4.3

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

Additional information is available on request. Please contact Santander Bank Polska S.A., Financial Management Division, Economic Analysis Department. al. Jana Pawła II 17, 00-854 Warsaw, Poland. phone +48 22 534 18 87, email ekonomia@santander.pl, http://www.santander.pl.