

20 March 2026

Eyeopener

ECB sketched shock scenarios

Today results of the March business sentiment survey
Solid industrial output, sub-consensus wage growth and construction output in February
ECB left interest rates unchanged, sharply revised forecasts and outlined negative scenarios
Limited moves in CEE FX markets, domestic bond yields up

Today, GUS will release survey-based business sentiment indicators for March.

February data from the economy were mixed: despite persistent frost and snowfall, industrial output increased by 1.5% y/y, exceeding market expectations, and rose by 0.6% m/m after seasonal adjustment. At the same time, construction clearly disappointed, deepening the decline in output to -13.7% y/y. Wages in the enterprise sector grew by 6.1% y/y, below expectations, while employment growth remained at -0.8% y/y. PPI inflation increased to -2.3% y/y from -2.6% y/y; however, rising global energy commodity prices suggest the index could quickly move towards -1-0% y/y in the coming months. The data do not appear to generate price pressures that would require a reaction from the MPC, thus allowing time to assess the consequences of the conflict in the Middle East within the wait-and-see approach signalled in recent comments by Council members. More in our [Economic comment](#).

The ECB left interest rates unchanged, in line with expectations. The statement stressed the determination to bring inflation sustainably back to 2% and highlighted that the war in the Middle East has significantly increased uncertainty – boosting short-term inflation through higher energy prices while weakening growth prospects. The new ECB projection (with a later-than-usual data cut-off, up to 11 March) assumes higher inflation, especially in 2026, and weaker economic growth because of the conflict. Exceptionally, the ECB prepared projections under three scenarios: a baseline and two adverse ones. In the baseline scenario, **the 2026 inflation forecast was raised from 1.9% (in the December projection) to 2.6% y/y**, mainly due to higher energy prices. The forecast for inflation excluding energy and food prices changed only slightly, from 2.2% to 2.3% y/y. Meanwhile, GDP growth was revised down from 1.2% to 0.9% y/y. The first adverse scenario assumes a 40% reduction in crude oil and gas transit through the Strait of Hormuz lasting until 3Q this year, without significant damage to energy infrastructure. The assumed starting price of oil in 2Q is USD119 per barrel, and gas EUR87/MWh, with market conditions gradually normalising from 4Q. The severe scenario assumes a 60% reduction in transit lasting until the end of the year, combined with serious infrastructure damage, resulting in a slow recovery after the conflict subsides. In this case, the oil price in 2Q rises to USD145, and gas to EUR106/MWh. Under the adverse scenario, euro area GDP in 2026 is lower by 0.3pp relative to the baseline, while inflation is higher by 0.9pp. Under the severe scenario, GDP is lower by 0.5pp and inflation higher by 1.8pp. The ECB reiterated that it remains data-dependent and does not commit to a future interest rate path, although comments by two policymakers (Kazaks, Nagel) suggest that a hike could already be considered in April. **Other central banks also left interest rates unchanged yesterday**, including the central banks of the Czech Republic (rate at 3.50%), Japan (0.75%), the United Kingdom (3.75%), Sweden (1.75%) and Switzerland (0.0%), and this morning China's central bank followed suit.

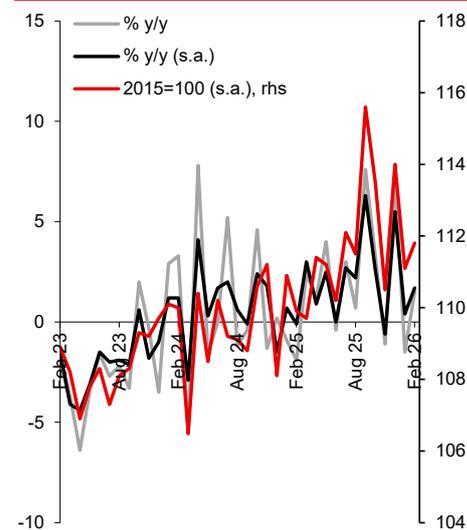
The NBP released the voting results from the MPC's February meeting. At that time, Joanna Tyrowicz submitted a motion to raise the reference rate by 75bp, which was rejected by the other members.

Iran carried out retaliation for an attack on its gas infrastructure by striking a QatarEnergy LNG facility, which drove **oil prices up to nearly USD120 yesterday**. By the end of the day, the price fell to around USD108, while gas prices gradually declined from EUR72 to around EUR60/MWh. The declines were driven by a combination of events. France, the United Kingdom, Germany, Italy, the Netherlands and Japan announced their readiness to support actions aimed at ensuring security in the Strait of Hormuz. US Treasury Secretary Scott Bessent suggested easing sanctions on part of Iran's oil, and Israel's Prime Minister announced there would be no attacks on Iranian infrastructure.

The local FX market saw limited volatility yesterday. EURPLN retreated from just below 4.28 to 4.27, while amid an improvement in market sentiment EURUSD at times approached 1.16.

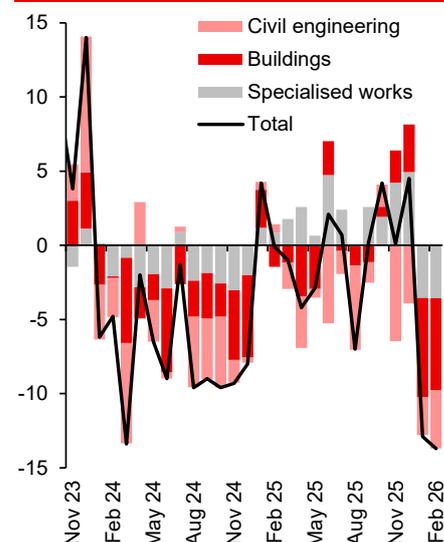
In the domestic bond market, yields continued to rise, by 9–10bp across the entire curve. IRS rates increased by 7–11bp, while FRA rates rose by 8–20bp. In core markets, German bonds recorded increases of 2–10bp and US Treasuries of 1–8bp; in both cases, shorter maturities reacted more strongly, reflecting changes in market expectations regarding the future interest rate paths of the ECB and the Fed. Following central bank communications and amid further increases in energy commodity prices, market hopes for any rate cuts this year in the US have disappeared, while in the case of the euro area the market has started to consider whether to price in as many as three hikes.

Industrial output



Source: GUS, Santander Bank Polska

Construction output, % y/y



Source: GUS, Santander Bank Polska

Economic Analysis Department:

a.l. Jana Pawła II 17, 00-854 Warszawa
email: ekonomia@santander.pl
website: santander.pl/en/economic-analysis
Piotr Bielski +48 691 393 119
Bartosz Białas +48 517 881 807
Adrian Domitrz +48 571 664 004
Marcin Luźniński +48 510 027 662
Grzegorz Ogonek +48 609 224 857

FX market

Today's opening			
EURPLN	4,2673	CZKPLN	0,1741
USDPLN	3,6872	HUFPLN*	1,0797
EURUSD	1,1571	RONPLN	0,8379
CHFPLN	4,6702	NOKPLN	0,3885
GBPPLN	4,9507	DKKPLN	0,5710
USDCNY	6,8833	SEKPLN	0,3971

*for 100HUF

Last session in the FX market						19.03.2026
	min	max	open	close	fixing	
EURPLN	4,2698	4,2860	4,2725	4,2762	4,2782	
USDPLN	3,7001	3,7404	3,7263	3,7076	3,727	
EURUSD	1,1442	1,1538	1,1464	1,1535		

Interest rate market

19.03.2026

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
OK0128 (2L)	4,51	11
PS0131 (5L)	5,22	7
DS1035 (10L)	5,76	9

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4,21	12	4,00	4	2,62	6
2L	4,40	15	3,89	4	2,77	8
3L	4,45	13	3,83	3	2,73	0
4L	4,50	12	3,82	2	2,82	11
5L	4,55	10	3,85	3	2,85	10
8L	4,71	8	3,96	0	2,95	7
10L	4,80	7	4,08	3	2,96	-4

WIBOR rates

Term	%	Change (bps)
O/N	3,78	1
SW	3,81	-1
1M	3,81	-3
3M	3,83	0
6M	3,86	1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3,88	2
3x6	4,04	8
6x9	4,29	16
9x12	4,43	20
3x9	4,11	9
6x12	4,36	17

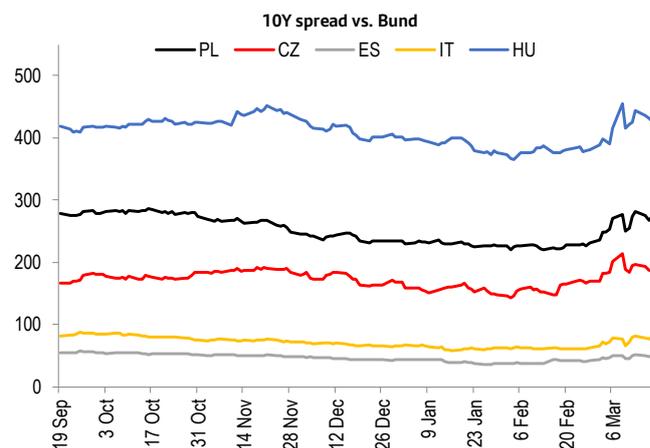
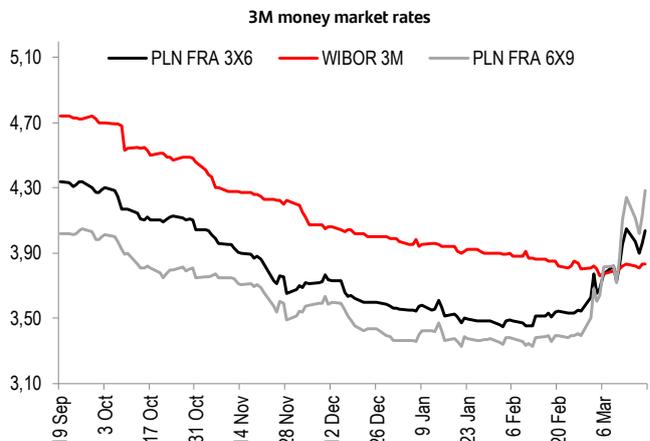
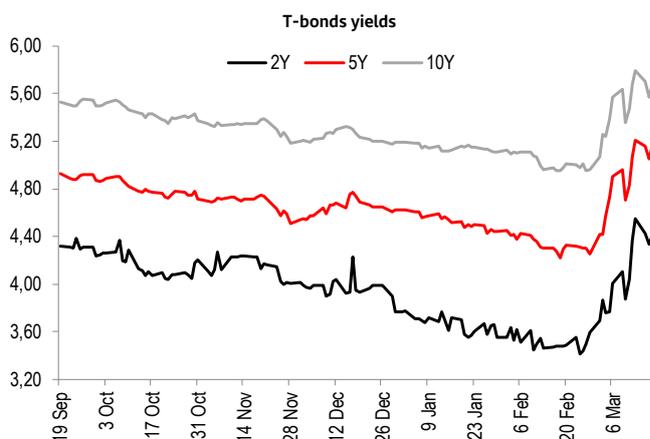
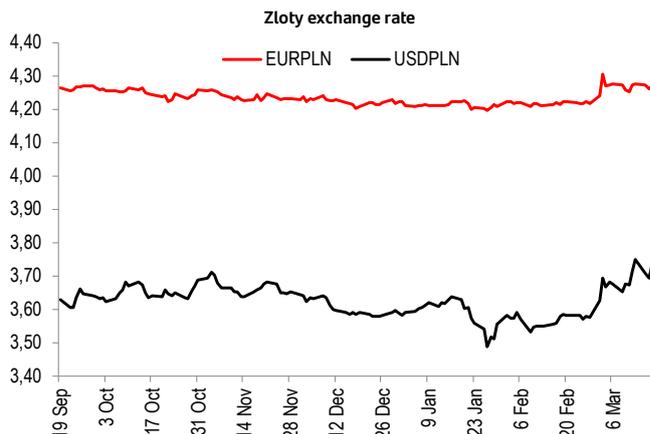
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	59	0	281	8
France	13	0	68	2
Hungary	105	0	445	18
Spain	17	0	51	1
Italy	13	0	83	3
Portugal	8	0	46	2
Ireland	8	0	28	0
Germany	3	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 (13 March)								
10:00	PL	CPI	Feb	% y/y	2.1	2.0	2.1	2.1
11:00	EZ	Industrial Production SA	Jan	% m/m	0.6		-1.5	-1.4
13:30	US	Durable Goods Orders	Jan	% m/m	1.1		0.0	-1.4
13:30	US	GDP Annualized	4Q	% Q/Q	1.4		0.7	1.4
13:30	US	Personal Spending	Jan	% m/m	0.3		0.4	0.4
13:30	US	Personal Income	Jan	% m/m	0.5		0.4	0.3
13:30	US	PCE Deflator SA	Jan	% m/m	0.3		0.3	0.4
15:00	US	Michigan index	Mar	pts	54.8		55.5	56.6
MONDAY (16 March)								
14:00	PL	CPI Core	Feb	% y/y	2.6	2.7	2.5	2.7
14:00	PL	Current Account Balance	Jan	€mn	-330	-470	1153	-1698
14:00	PL	Trade Balance	Jan	€mn	-1013	-1 155	378	-2298
14:00	PL	Exports	Jan	€mn	27485	28 382	27706	27350
14:00	PL	Imports	Jan	€mn	28652	29 537	27328	29648
14:15	US	Industrial Production	Feb	% m/m	0.1		0.2	0.7
TUESDAY (17 March)								
11:00	DE	ZEW Survey Current Situation	Mar	pts	-67.0		-62.9	-65.9
15:00	US	Pending Home Sales	Feb	% m/m	-0.6		1.8	-1.0
WEDNESDAY (18 March)								
11:00	EZ	HICP	Feb	% y/y	1.9		1.9	1.9
15:00	US	Factory Orders	Jan	% m/m	0.1		0.1	-0.7
19:00	US	FOMC decision	Mar.26		3.75		3.75	3.75
THURSDAY (19 March)								
09:30	PL	Employment in corporate sector	Feb	% y/y	-0.8	-0.8	-0.8	-0.8
09:30	PL	Sold Industrial Output	Feb	% y/y	1.3	0.8	1.5	-1.5
09:30	PL	Construction Output	Feb	% y/y	-7.5	-7.7	-13.7	-12.8
09:30	PL	PPI	Feb	% y/y	-2.3	-2.5	-2.3	-2.6
09:30	PL	Average Gross Wages	Feb	% y/y	6.5	6.6	6.1	6.1
13:30	US	Initial Jobless Claims	Mar.26	k	215.0		205	211.5
14:15	EZ	ECB Main Refinancing Rate	Mar.26	%	2.15		2,15	2.15
14:30	CZ	Central Bank Rate Decision	Mar.26		3.50		3,50	3.50
15:00	US	New Home Sales	Jan	% m/m	-2.7		-17.6	-6.8
FRIDAY (20 March)								
no data releases								

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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