

20 March 2026

Weekly Economic Update

Not All Quiet on the Middle Eastern Front

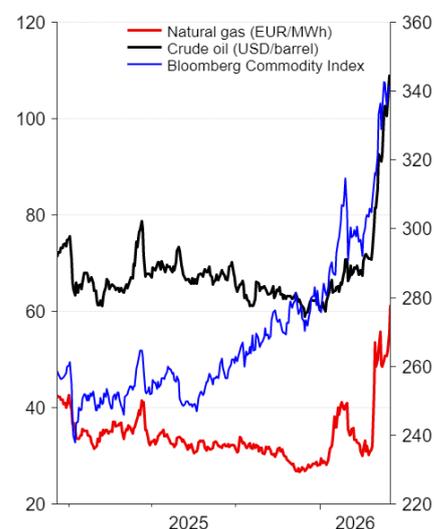
Economy next week

- The war, which according to the US President was expected to last four weeks, is now finishing its third week. Investors and economists continue to hold on to the hope that the commodity-market shock will be relatively short-lived and will not have far-reaching economic consequences. In the [new MACROscope report](#), published a few days ago, our baseline scenario is built on the same assumption, and as a result the changes compared with the previous forecast are minor. At the time of publication, we assessed its probability of such scenario at around 50%. Nevertheless, every passing day seems to reduce those odds. In particular, the recent attacks on civilian infrastructure in the Persian Gulf region are increasing the risk that - even if the war ends quickly - disruptions to oil and gas supply will be long-lasting, meaning that commodity prices may not return to earlier levels so easily. The report also outlines alternative scenarios and considers potential implications for monetary and fiscal policy - we encourage you to read it!
- The economic data calendar for the coming week will be rather light. In Poland we will receive February data on **retail sales and money supply** (Monday), **unemployment** and the monthly GUS Statistical Bulletin (Tuesday).
- Our retail-sales growth forecast (4% y/y) is clearly below the market-consensus median (around 6% y/y). The forecast is based on an analysis of card-payment data from our bank's clients - which in recent months have provided a fairly good indication of retail-sales developments. If this proves correct, the figures would add to the set of arguments for the MPC not to rush its monetary-policy response to commodity-price swings - slowing wage and consumption growth would reduce the risk of so-called second-round effects. In any case, **any monetary-policy changes before July seem highly unlikely at this point.**
- Abroad, March business-sentiment indices will be released, including flash PMIs for manufacturing and services, and the German Ifo - which will likely plunge due to concerns about the consequences of the conflict in the Middle East. Central banks in Hungary and Norway will also announce interest-rate decisions - in both cases, rates are expected to remain unchanged.
- This evening, **Moody's will publish the outcome of its review of Poland's sovereign rating.** As we wrote a week ago, we do not expect any change.

Markets next week

- The FX market remains an oasis of calm, considering the circumstances and the scale of volatility seen elsewhere. As in the previous week, we assume that **EURPLN will remain in the 4.25-4.30 range**, and USDPLN will fluctuate around 3.70 - unless incoming information tips the balance towards one of the alternative scenarios.
- Following a series of foreign central-bank meetings, expectations for future interest rates have risen markedly. In Poland, market pricing already discounts the risk of three NBP rate hikes by year-end. The pricing is so aggressive that near-term risks appear skewed to the downside, although the ultimate direction will depend on developments in the Persian Gulf.
- A government-bond auction is scheduled for Wednesday — the first since the attack on Iran, and effectively a test of investor sentiment towards the domestic market.

Commodity prices

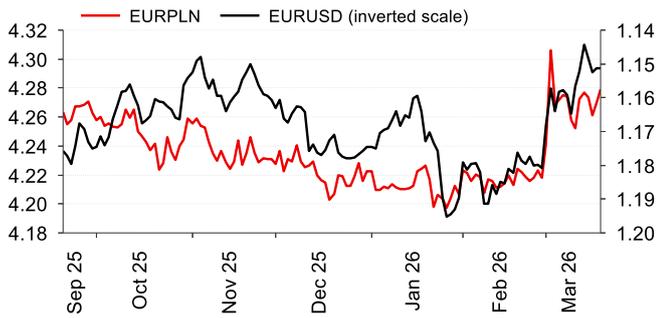


Source: LSEG Datastream, Santander Bank Polska

Economic Analysis Department:

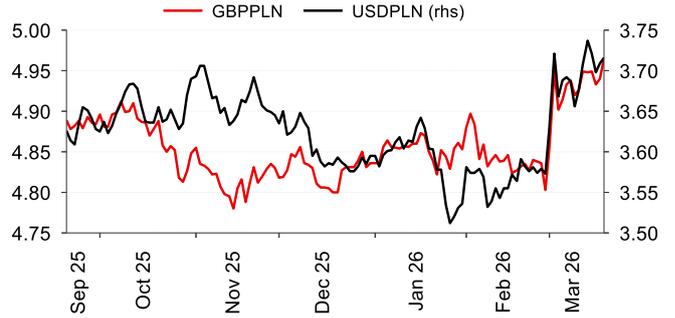
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EURPLN and EURUSD



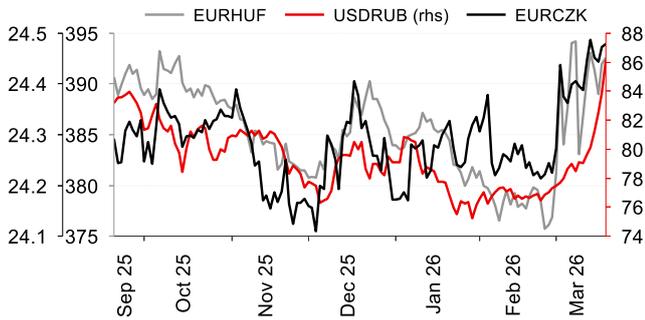
Source: LSEG Datastream, Santander

GBPPLN and USDPLN



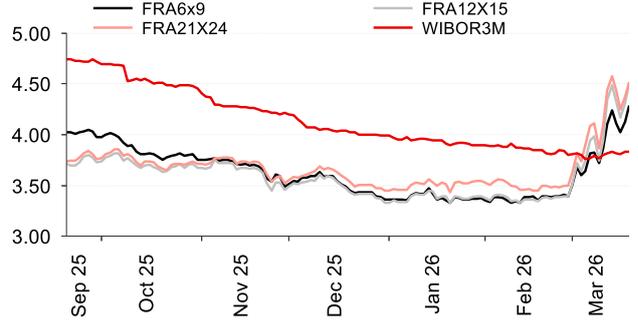
Source: LSEG Datastream, Santander Bank Polska

EURCZK, EURHUF and USDRUB



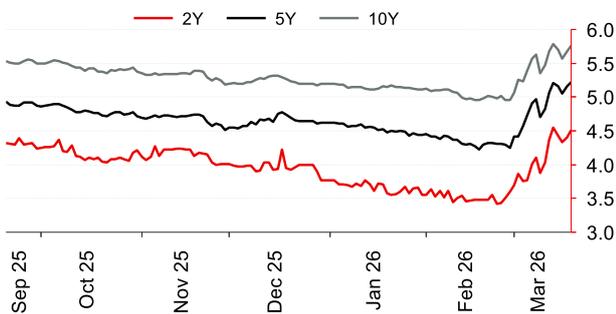
Source: LSEG Datastream, Santander Bank Polska

PLN FRA and WIBOR3M



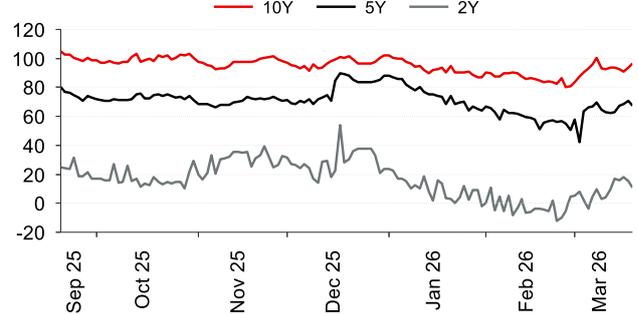
Source: LSEG Datastream, Santander Bank Polska

Polish bond yields



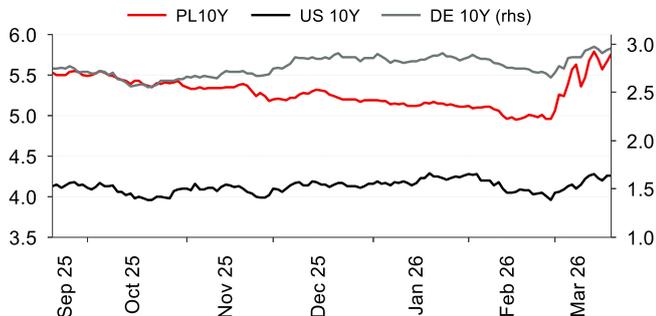
Source: LSEG Datastream, Santander Bank Polska

Asset swap spreads



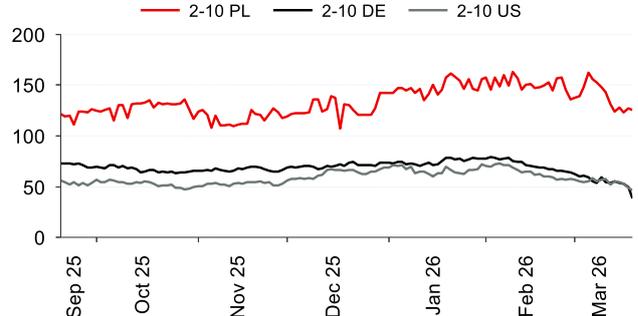
Source: LSEG Datastream, Santander Bank Polska

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 March)							
09:30	PL	Retail Sales Real	Feb	% y/y	6.1	4.0	4.4
14:00	PL	Money Supply M3	Feb	% y/y	10.0	10.0	10.0
TUESDAY (24 March)							
09:30	DE	Germany Manufacturing PMI	Mar	pts	49.4	-	50.9
09:30	DE	Markit Germany Services PMI	Mar	pts	52.4	-	53.5
09:30	PL	Unemployment Rate	Feb	%	6.1	6.1	6.0
10:00	EZ	Eurozone Manufacturing PMI	Mar	pts	49.2	-	50.8
10:00	EZ	Eurozone Services PMI	Mar	pts	50.8	-	51.9
14:00	HU	Central Bank Rate Decision	Mar	%	6.25	-	6.25
WEDNESDAY (25 March)							
10:00	DE	IFO Business Climate	Mar	pts	85.9	-	88.6
THURSDAY (26 March)							
13:30	US	Initial Jobless Claims	week	k	215	-	205
FRIDAY (27 March)							
	DE	Retail Sales	Feb	% m/m	-	-	-1.0
15:00	US	Michigan index	Mar	pts	-	-	55.5

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

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