

26 March 2026

Eyeopener

Local governments ended 2025 with a slight surplus

Today, weekly US jobless claims
 Local governments' budget result amounted to PLN1.8bn in 2025
 Dąbrowski of the MPC: the Council leans towards keeping rates unchanged
 Stable zloty, strengthening of bonds

Today, the economic calendar includes only the data on weekly US jobless claims.

The local government sector ended last year with a budget surplus of PLN1.8bn, compared with a planned deficit of PLN30.7bn, the Ministry of Finance reported. Revenues reached PLN468.2bn in 2025 (98.6% of the plan), while expenditures amounted to PLN466.4bn (92.3% of the plan). In 4Q25 alone, local governments recorded a deficit of PLN40.9bn, with revenues of PLN106.9bn (7.2% lower than in 4Q24) and expenditures of PLN147.8bn (7.8% higher than in 4Q24). Local-government investment spending in 4Q25 reached PLN42bn, meaning that its growth rate remained the same as in 3Q25, i.e. 10.5% y/y. Investment spending financed with EU funds also increased, rising to PLN7.1bn in 4Q25 from PLN4.0bn in 4Q24. Growing local government investment outlays indicate the development of a new cycle of EU-financed investment (not only under the Recovery and Resilience Facility but also under the 2021–2027 financial framework). Further progress in this cycle should, in our view, contribute to investment growth of around 8.8% in 2026, thereby becoming one of the key drivers supporting Poland's GDP growth.

Ireneusz Dąbrowski of the MPC said in an interview with Dziennik Gazeta Prawna that in the current geopolitical environment the Council is more likely to maintain interest rates at their present level than to raise them. Dąbrowski added that in an extreme scenario he does not rule out a rate hike.

The government is preparing protective measures regarding fuel prices. Government spokesman Adam Sztapka announced that the relevant ministries are expected to present proposals in the coming days and that various scenarios are currently being analysed.

The ifo index, which measures the sentiment of German companies, fell in March to 86.4 pts from 88.4 pts a month earlier — the lowest since 1Q25 — due to more pessimistic expectations and rising uncertainty linked to the war in Iran (the expectations component fell to its lowest level in more than a year). Declines were seen across most sectors, especially industry, services and trade, while assessments of the current situation remained stable and relatively strong (the current conditions index at its highest level in 1.5 years).

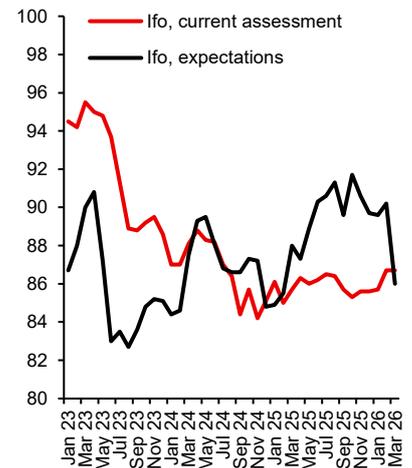
There were small declines in energy commodity prices yesterday. Brent crude fell by about 4% to USD100/barrel, and TTF natural gas decreased by around 3% to EUR52/MWh. Gold rebounded from Monday's low and rose about 2%, similar to copper. In the evening, energy commodities began to rise again following news of an attack on an Iranian nuclear power plant. According to Reuters, **Pakistan conveyed a US proposal to Tehran**, although its details were not disclosed. **Iran, however, deemed the American proposal for ending the war too far-reaching** and emphasised that it would end the conflict only on its own terms. Earlier, Iran — according to The Wall Street Journal — stated that a ceasefire would depend on the closure of US bases in the Persian Gulf and an end to Israeli attacks on Hezbollah, while a full end to the war would additionally require reparations and lifting of sanctions.

Christine Lagarde stated that the ECB is ready to react swiftly if rising energy prices begin to feed more strongly into inflation, although for now the bank is merely monitoring the scale and persistence of the shock triggered by the war with Iran. Lagarde stressed that the Governing Council can adjust its policy direction from meeting to meeting, and that its objective remains to bring inflation back to 2% over the medium term.

There were no major moves in yesterday's FX session. EURPLN remained within the 4.27–4.28 range, while EURUSD traded close to 1.16.

Polish sovereign bond yields fell across the curve by 8–11bp yesterday, with the strongest moves for 5Y bonds, in line with a broader global correction after recent increases. A similar move occurred in the IRS and FRA markets, where rates dropped by 3–13bp, with slightly larger declines at shorter tenors. The Ministry of Finance sold six bond series for a total of PLN7.7bn, with demand of PLN8.5bn at the main auction. As a result, the level of gross borrowing needs financing for 2026 increased to around 41%. The Ministry also announced that from April the interest rates on retail bonds will be reduced by 20–50bp, depending on the product.

Ifo business sentiment indices for Germany, pts



Source: Bloomberg, Santander Bank Polska

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FX market

Today's opening			
EURPLN	4,2783	CZKPLN	0,1746
USDPLN	3,7011	HUFPLN*	1,0840
EURUSD	1,1559	RONPLN	0,8401
CHFPLN	4,6685	NOKPLN	0,3823
GBPPLN	4,9429	DKKPLN	0,5725
USDCNY	6,9031	SEKPLN	0,3955

*for 100HUF

Last session in the FX market						25.03.2026
	min	max	open	close	fixing	
EURPLN	4,2635	4,2781	4,2700	4,2736	4,2692	
USDPLN	3,6732	3,7011	3,6837	3,6946	3,6803	
EURUSD	1,1554	1,1616	1,1591	1,1567		

Interest rate market

25.03.2026

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0128 (2L)	4,52	-11
PS0131 (5L)	5,33	-9
DS1035 (10L)	5,72	-10

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4,28	-9	4,06	-2	2,76	-2
2L	4,40	-11	3,97	-2	2,84	0
3L	4,44	-8	3,91	-2	2,85	1
4L	4,48	-8	3,90	-2	2,84	-1
5L	4,52	-7	3,93	0	2,86	-1
8L	4,63	-6	4,05	-2	2,95	-3
10L	4,72	-4	4,13	-2	3,03	-2

WIBOR rates

Term	%	Change (bps)
O/N	3,76	6
SW	3,80	0
1M	3,84	1
3M	3,84	-1
6M	3,88	-2

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3,88	-3
3x6	4,13	-8
6x9	4,40	-13
9x12	4,52	-12
3x9	4,21	-10
6x12	4,47	-15

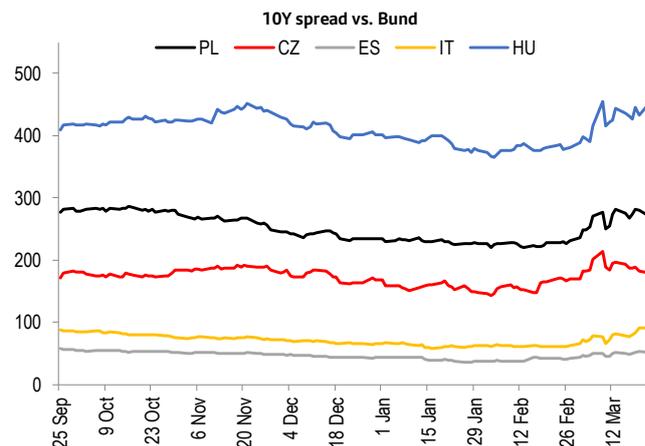
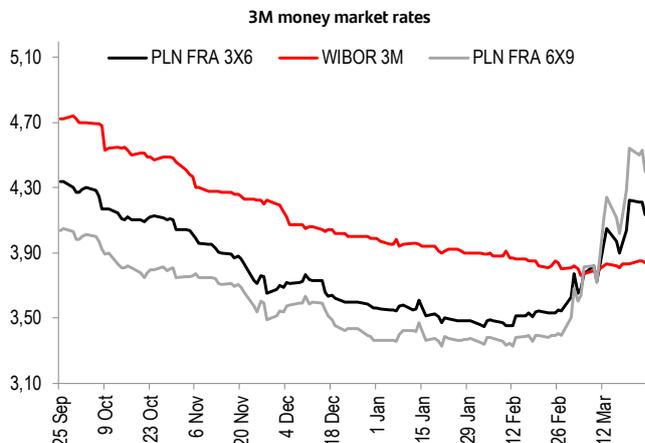
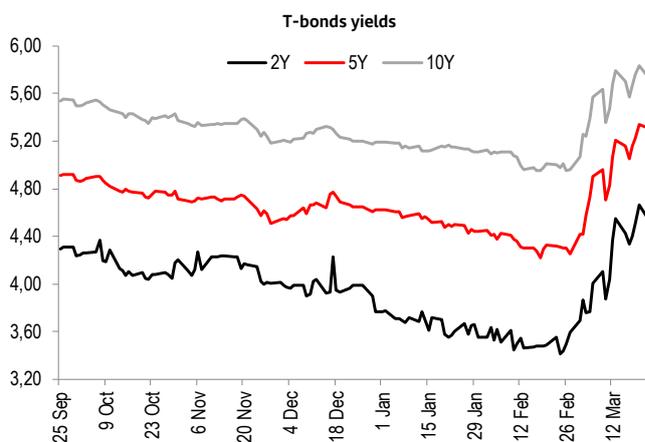
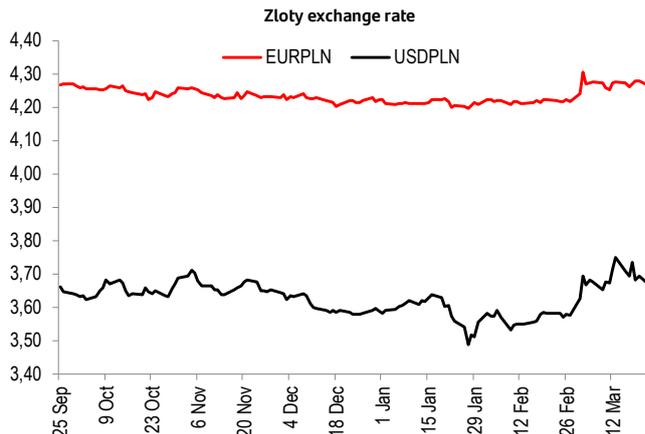
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	63	0	277	-4
France	16	0	69	-2
Hungary	113	0	448	-6
Spain	21	1	51	-2
Italy	17	0	88	-4
Portugal	10	0	47	-1
Ireland	10	0	28	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



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*	
				MARKET	SANTANDER			
FRIDAY (20 March)								
no data releases								
MONDAY (23 March)								
09:30	PL	Retail Sales Real	Feb	% y/y	6.1	4.0	5.0	4.4
14:00	PL	Money Supply M3	Feb	% y/y	10.0	10.0	10.6	10.0
TUESDAY (24 March)								
09:30	DE	Germany Manufacturing PMI	Mar	pts	49.5		51.7	50.9
09:30	DE	Markit Germany Services PMI	Mar	pts	52.5		51.2	53.5
09:30	PL	Unemployment Rate	Feb	%	6.1	6.1	6.1	6.0
10:00	EZ	Eurozone Manufacturing PMI	Mar	pts	49.6		51.4	50.8
10:00	EZ	Eurozone Services PMI	Mar	pts	51.1		50.1	51.9
14:00	HU	Central Bank Rate Decision	Mar	%	6.25		6.25	6.25
WEDNESDAY (25 March)								
10:00	DE	IFO Business Climate	Mar	pts	85.9		86.4	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

* in the case of a revision the data is updated

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