

Eyeopener

Ceasefire in the Middle East

Today Hungarian inflation in March, minutes of the last FOMC meeting
Iran and USA declared a two-week long ceasefire
Final data confirmed a major decline in euro zone and German PMIs in March
EURPLN stronger after the ceasefire, Polish yields rose yesterday

Today, Hungary's CPI inflation data for March will be released. The market expects inflation to be 0.8pp higher than in February, when it stood at 1.4% y/y (for comparison, March inflation accelerated by 0.5pp in Czechia and by 0.9pp in Poland). February data on industrial production in Hungary will also be published, along with euro area retail sales figures. In the evening, the minutes from the March FOMC meeting will be released. At that meeting, interest rates were left unchanged, while the accompanying communication prompted the US money market to stop pricing in further rate cuts this year. Earlier this morning, February data on German industrial orders were released, showing a 0.9% m/m increase — less than the market had expected.

The US and Iran have announced a two week ceasefire. One of its conditions is expected to be the unblocking of the Strait of Hormuz. According to Pakistan's prime minister, who participated in the negotiations, the ceasefire is taking effect immediately; however, armed attacks were still reported overnight. News of the ceasefire should have a positive impact on market sentiment.

According to BIK, 63.31k mortgage loan applications were submitted in March, with a total value of PLN32bn. This marks a sharp increase, as in previous months the number of applications hovered around 40k per month. Nevertheless, we do not assume that this will translate into a lasting increase in housing market demand. It is possible that expectations of interest rate increases, in response to the conflict in the Middle East, prompted borrowers to bring forward their applications.

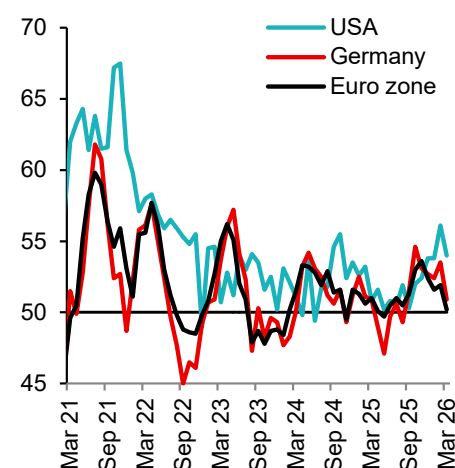
Final March data confirmed sharp declines in PMI indices for services in Germany and the euro area, to 50.9 pts from 53.5 pts and to 50.2 pts from 51.9 pts, respectively. The main reason for weaker business sentiment assessments was the conflict in the Middle East. Business sentiment also deteriorated in France and Italy, while the index for Spain improved.

In March, Czech CPI inflation increased from 1.4% y/y to 1.9% y/y, while the market had expected a move to 2.0%. Energy prices — defined as fuels for private transport combined with energy carriers — jumped by 5.3% m/m in response to rising energy commodity prices. Food price inflation turned out to be unusually low, with a decline of 0.7% m/m and 1.1% y/y. On the other hand, services inflation accelerated in March, from 4.5% y/y to 4.7% y/y, which may prove to be the most important element of these data for the Czech monetary authorities. The support measures introduced in Czechia to counter rising fuel prices — including distributor margin controls, excise duty cuts, and the setting of daily maximum prices — should keep inflation in April still close to the 2% y/y target, although they are unlikely to fully prevent further increases.

Yesterday, EURPLN retraced its mild Monday decline, moving back towards 4.28. However, news of the ceasefire involving Iran strengthened the Polish zloty, and this morning the euro is trading below PLN4.26. Other CEE currencies also benefited: EURCZK is below 24.5, while EURHUF is below 378, with the forint's appreciation trend visible since mid-March. Yesterday, the incumbent prime minister Viktor Orbán received public backing from US Vice President JD Vance, who is currently visiting Budapest. Presidential elections will take place there this coming Sunday. EURUSD rose to nearly 1.17.

Yields on domestic government bonds rose yesterday by 12–14bp across the entire curve, although the impulse from the US market was much more modest (UST yields shifted higher by around 1bp at the short end and 3bp at the long end of the curve). Domestic IRS rates and FRA rates (6x9 and longer tenors) also increased by more than 10bp. The Ministry of Finance announced plans to issue USD denominated sovereign bonds with maturities of 5, 10 and 30 years.

PMI and ISM indicators in services, pts



Source: Bloomberg, Santander Bank Polska

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FX market

Today's opening			
EURPLN	4.2554	CZKPLN	0.1736
USDPLN	3.6354	HUFPLN*	1.1303
EURUSD	1.1704	RONPLN	0.8357
CHFPLN	4.6166	NOKPLN	0.3798
GBPPLN	4.8861	DKKPLN	0.5707
USDCNY	6.8247	SEKPLN	0.3918

*for 100HUF

Last session in the FX market						07/04/2026
	min	max	open	close	fixing	
EURPLN	4.2663	4.2796	4.2685	4.2753	4.2694	
USDPLN	3.6857	3.7052	3.6995	3.6951	3.6888	
EURUSD	1.1529	1.1582	1.1537	1.1571		

Interest rate market

07/04/2026

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
OK0128 (2L)	4.56	24
PS0131 (5L)	5.30	16
DS1035 (10L)	5.90	15

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.19	8	3.97	-4	2.80	8
2L	4.34	11	3.88	-6	2.92	10
3L	4.40	11	3.84	-6	2.88	6
4L	4.45	11	3.85	-6	2.94	10
5L	4.50	10	3.88	-7	2.96	9
8L	4.67	9	4.05	-1	3.06	9
10L	4.78	9	4.11	-6	3.11	5

WIBOR rates

Term	%	Change (bps)
O/N	3.62	1
SW	3.80	0
1M	3.79	2
3M	3.85	0
6M	3.90	2

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	3.87	3
3x6	4.02	7
6x9	4.26	11
9x12	4.40	13
3x9	4.10	5
6x12	4.35	11

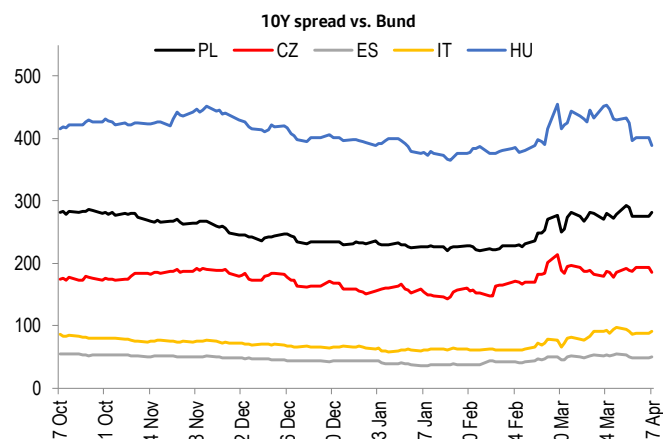
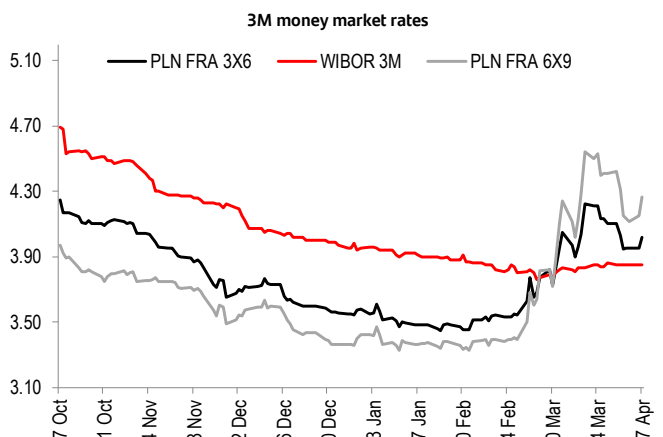
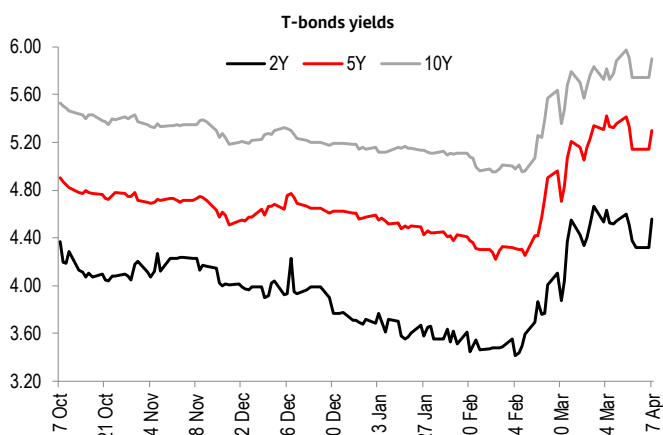
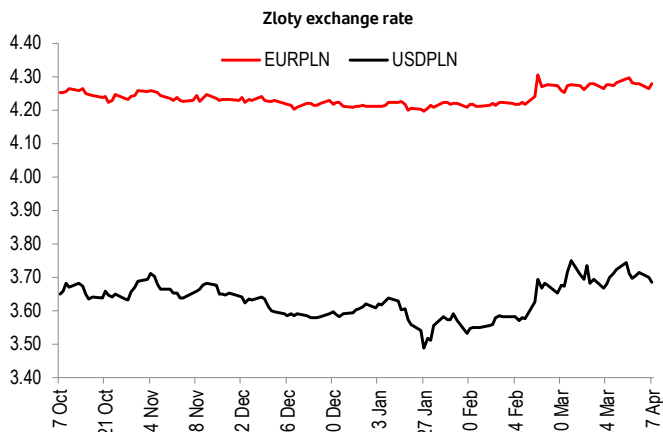
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	65	0	281	6
France	16	0	71	1
Hungary	110	0	389	-13
Spain	21	0	50	1
Italy	18	0	91	3
Portugal	10	0	44	-1
Ireland	10	0	22	-3
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 (3 April)							
03:45	CN	Caixin China PMI Services	Mar	pts	53.6	52.1	56.7
14:30	US	Change in Nonfarm Payrolls	Mar	k	65	178	-133
14:30	US	Unemployment Rate	Mar	%	4.4	4.3	4.4
MONDAY (6 April)							
16:00	US	ISM services	Mar	pts	54.8	54.0	56.1
TUESDAY (7 April)							
09:00	CZ	CPI	Mar	% y/y	2.0	1.9	1.4
09:55	DE	Markit Germany Services PMI	Mar	pts	51.2	50.9	53.5
10:00	EZ	Eurozone Services PMI	Mar	pts	50.1	50.2	51.9
14:30	US	Durable Goods Orders	Feb	% m/m	-1.2	-1.4	-0.5
WEDNESDAY (8 April)							
08:00	DE	Factory Orders	Feb	% m/m	3.0	-	-11.1
08:30	HU	Industrial Production SA	Feb	% y/y	0.2	-	0.3
08:30	HU	CPI	Mar	% y/y	2.2	-	1.4
11:00	EZ	Retail Sales	Feb	% m/m	-0.2	-	-0.1
20:00	US	FOMC Meeting Minutes	Mar				
THURSDAY (9 April)							
	PL	MPC decision		%	3.75	-	3.75
08:00	DE	Exports SA	Feb	% m/m	1.5	-	-1.5
08:00	DE	Industrial Production SA	Feb	% m/m	0.6	-	-0.5
09:00	CZ	Industrial Production	Feb	% y/y	1.2	-	-0.1
14:30	US	GDP Annualized	4Q	% Q/Q	0.7	-	0.7
14:30	US	Initial Jobless Claims	weekly	k	212	-	202
14:30	US	Personal Spending	Feb	% m/m	0.5	-	0.4
14:30	US	Personal Income	Feb	% m/m	0.3	-	0.4
14:30	US	PCE Deflator SA	Feb	% m/m	0.4	-	0.3
FRIDAY (10 April)							
08:00	DE	HICP	Mar	% m/m	1.2	-	1.2
14:30	US	CPI	Mar	% m/m	1.0	-	0.3
16:00	US	Michigan index	Apr	pts	52.0	-	53.3
16:00	US	Factory Orders	Feb	% m/m	-0.2	-	0.1

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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