

Eyeopener

GDP growth slightly below 3% y/y

Today, CPI data for October
 GDP growth slowed to 2.7% y/y in 3Q24
 MPC members see space to discuss interest rate cuts in March
 Finance Ministry to present a plan of energy price freeze next week
 Zloty stronger, market rates lower

Today, we will see the full CPI inflation data for October and perhaps information on the implementation of the state budget in October. The inflation rate will likely be confirmed at 5.0% y/y, as indicated by the flash estimate. Abroad, there will be data on industrial output and retail sales in the USA.

GDP growth slowed down to 2.7% y/y in the third quarter, vs. our forecast of 2.8% y/y and 3.2% y/y growth in the second quarter. Seasonally-adjusted GDP decreased by 0.2% q/q. Unlike in the previous quarter, Poland was no longer the only economy in the CEE region that resisted the economic slowdown resulting from stagnation in the Eurozone. The data is not good enough to be calm about the condition of the domestic economy, but also not bad enough to conclude that the economic scenario has worsened dramatically. We continue to lean towards a hypothesis that the weaker result of the third quarter is a temporary disruption of the upward trend rather than a signal of a permanent weakness. High-frequency data for the coming months will be crucial for verifying this hypothesis. Read more in our [Economic Comment](#).

MPC member Wiesław Janczyk said in an interview with PAP Biznes that the latest NBP projection moves the discussion on interest rate cuts to March 2025. Janczyk said that the MPC will probably then assess that inflation will reach the local peak at the turn of the first and second quarters, and if the economic environment is stable, it will allow to consider a rate cut. Janczyk also stated that the first cut may amount to 25-50 bps and that he would like the total scale of easing in 2025 to equal 50-100 bps. **MPC member Ludwik Kotecki** also assessed that in March the MPC will be able to outline the path of interest rate cuts, because the NBP projection published at that time will probably show a sustained decline in inflation to a satisfactory level. Kotecki added that interest rates should be cut by 25 bps, and the total scale of easing in 2025 should not exceed 100 bps.

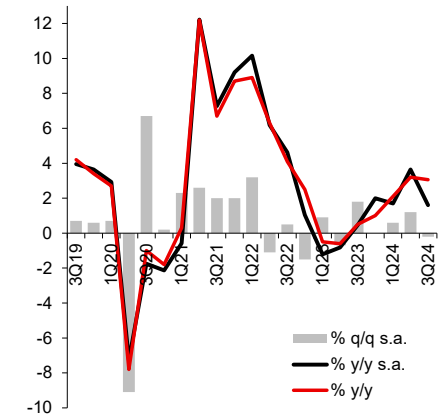
In October, the MPC once again voted on the motion to reduce interest rates by 200 bps submitted by Joanna Tyrowicz. The motion was rejected.

Minister of Finance Andrzej Domański announced that **next week the Ministry of Finance will present a plan to freeze energy prices** and that "these solutions will make energy prices at least not rise". This seems to support the assumption that we made in our inflation forecast that there will not be any noticeable increase in energy prices in January.

The zloty strengthened again. The Polish currency, like others in the CEE region, strengthened against the euro yesterday afternoon. EURPLN was stable near 4.34 in the first half of the session, and then went below 4.32 by the evening. The dollar's exchange rate against the euro did not change significantly – although the dollar began to weaken slightly during the day, it pared its losses in the afternoon, among other things, after J. Powell's statement that the Fed is not in a hurry with further interest rate cuts.

Market interest rates lower. The Polish GDP data confirming the slowdown in economic growth in the third quarter and statements from the MPC members helped to lower the FRA and IRS curves by several basis points. Local bond yields fell to a lesser extent.

Polish GDP growth



Source: GUS, Santander

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FX market

Today's opening			
EURPLN	4.3191	CZKPLN	0.1713
USDPLN	4.0907	HUFPLN*	1.0548
EURUSD	1.0557	RUBPLN	0.0409
CHFPLN	4.6077	NOKPLN	0.3685
GBPPLN	5.2014	DKKPLN	0.5835
USDCNY	7.2288	SEKPLN	0.3735

*for 100HUF

Last session in the FX market					14/11/2024
	min	max	open	close	fixing
EURPLN	4.3219	4.3443	4.3412	4.3231	4.3365
USDPLN	4.0834	4.1383	4.1167	4.0928	4.122
EURUSD	1.0496	1.0582	1.0545	1.0562	

Interest rate market

14/11/2024

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
OK0426 (2Y)	5.00	-1
WS0429 (5Y)	5.42	0
DS1033 (10Y)	5.78	-1

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.48	-4	4.58	8	2.35	-7
2L	4.98	-8	4.41	8	2.19	-7
3L	4.76	-9	4.34	6	2.17	-8
4L	4.71	-8	4.31	5	2.18	-9
5L	4.73	-7	4.25	4	2.20	-9
8L	4.82	-9	4.19	2	2.24	-9
10L	4.91	-9	4.22	1	2.28	-8

WIBOR rates

Term	%	Change (bps)
O/N	5.70	-4
T/N	5.80	0
SW	5.82	0
1M	5.84	-1
3M	5.85	0
6M	5.82	-1
1Y	5.66	-1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.84	1
3x6	5.70	1
6x9	5.17	-4
9x12	4.79	-8
3x9	5.66	0
6x12	5.12	-4

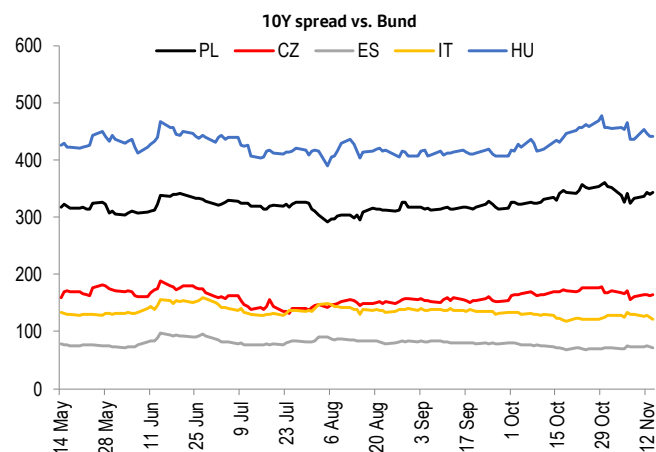
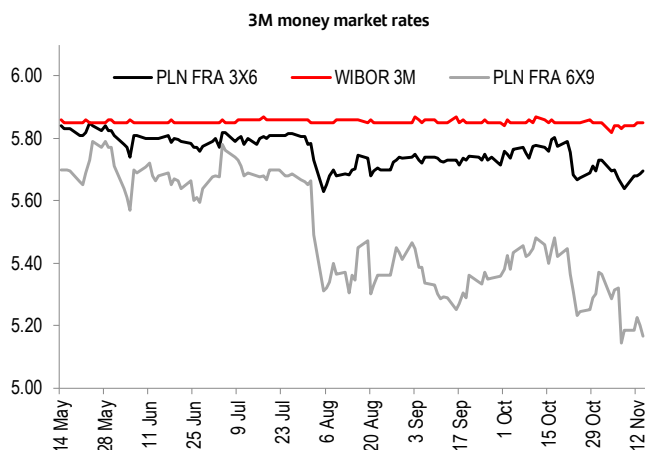
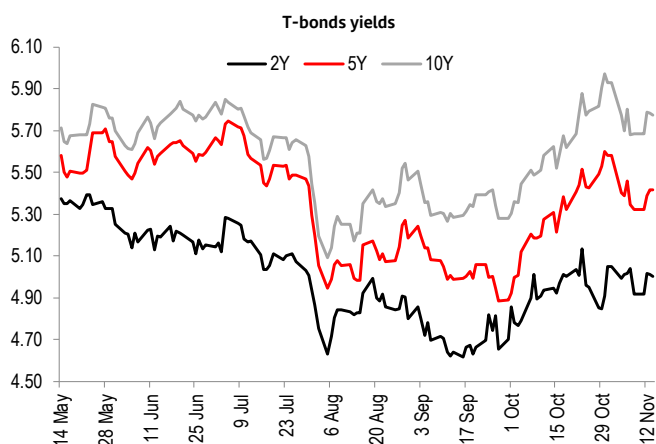
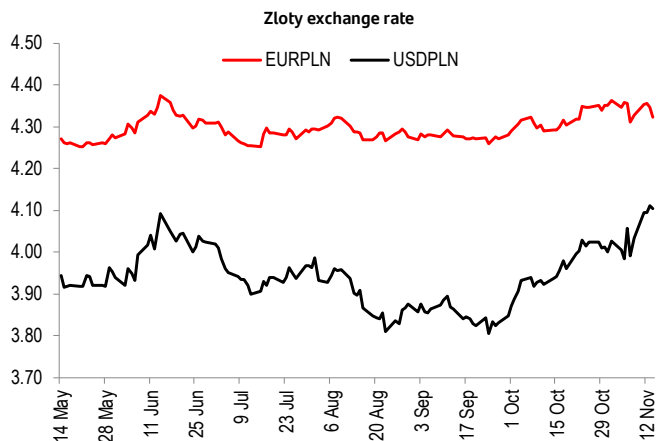
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	64	0	343	4
France	15	0	74	-2
Hungary	119	0	442	0
Spain	29	0	71	-2
Italy	24	0	121	-4
Portugal	16	0	46	-1
Ireland	11	0	32	-1
Germany	5	0	-	-

* 10Y treasury bonds over 10Y Bunds

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

Source: Refinitiv, Datastream



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*
				MARKET	SANTANDER		
FRIDAY (8 November)							
	PL	Fitch rating /outlook				A-/stable	A-/stable
	PL	S&P rating / outlook				A-/stable	A-/stable
16:00	US	Michigan index	Nov pts	71.0	-	73.0	70.5
MONDAY (11 November)							
	PL	Holiday					
	US	Holiday					
09:00	CZ	CPI	Oct % y/y	2.8	-	2.8	2.6
TUESDAY (12 November)							
08:00	DE	HICP	Oct % m/m	0.4	-	0,4	0.4
08:30	HU	CPI	Oct % y/y	3.6	-	3,2	3.0
11:00	DE	ZEW Survey Current Situation	Nov pts	-85.0	-	-91.4	-86.9
WEDNESDAY (13 November)							
14:00	PL	Current Account Balance	Sep €mn	-1 277	-1 721	-1 434	-2 731
14:00	PL	Trade Balance	Sep €mn	-1 322	-1 300	-690	-2 244
14:00	PL	Exports	Sep €mn	27 874	27 950	28 031	24 952
14:00	PL	Imports	Sep €mn	28 869	29 250	28 721	27 196
14:30	US	CPI	Oct % m/m	0.2	-	0.2	0.2
THURSDAY (14 November)							
10:00	PL	GDP	3Q % y/y	2.9	2.8	2.7	3.2
11:00	EZ	Industrial Production SA	Sep % m/m	-1.4	-	-2.0	1.8
11:00	EZ	GDP SA	3Q % y/y	0.9	-	0.9	0.6
14:30	US	Initial Jobless Claims	weekly k	220	-	-	221
FRIDAY (15 November)							
	PL	Central Budget Cumul.	Oct PLN bn	-	-	-	-107.3
10:00	PL	CPI	Oct % y/y	5.0	5.0	-	4.9
14:30	US	Retail Sales Advance	Oct % m/m	0.3	-	-	0.4
15:15	US	Industrial Production	Oct % m/m	-0.2	-	-	-0.3

Source: Santander Bank Polska. Bloomberg. Parkiet

* in the case of a revision the data is updated

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