

20 January 2025

Eyeopener

Today D. Trump's inauguration

Today inauguration of Donald Trump, start of Davos forum
 NBP president maintained hawkish rhetoric, signalled lack of rationale for cuts
 A. Duda signed the 2025 budget bill and sent its fragments to the Constitutional Tribunal
 Złoty stronger, yield curves up after the A. Glapiński's conference

Today, Donald Trump will be sworn-in as the 47th President of the United States. At the same time, the World Economic Forum will begin in Davos and will run until the end of the week. Both events may provide new information with the potential to influence market expectations for the global economic outlook. Particularly close attention will be paid to the first statements, and especially decisions, of Donald Trump and key representatives of his administration after taking office. However, it is worth noting that market reactions may be limited today as 20 January is a holiday in the US.

NBP governor Adam Glapiński was even more explicit than in December, presenting argumentation against any monetary policy easing at his January's conference. He said that government's decisions regarding the energy price freeze have completely changed inflation outlook. As a result, current NBP forecasts show inflation bouncing up again in 4Q25 and ending this year at almost the current level. He said that the entire macroeconomic picture has changed and any interest rate cut would extend further inflation's return to the target, therefore a discussion on rate cuts has to be delayed "for some time". The message seems to be clear: interest rates in Poland are very likely to remain on hold, at least until the middle of this year. We stick to our view that the moment of first rate cut may be July 2025. Read more in our [Economic Comment](#). **MPC member Joanna Tyrowicz** said that March 2025 is a premature date for the start of a rate cut discussion. Her remarks change little in our understanding of the monetary policy outlook because she keeps voting for a rate hike.

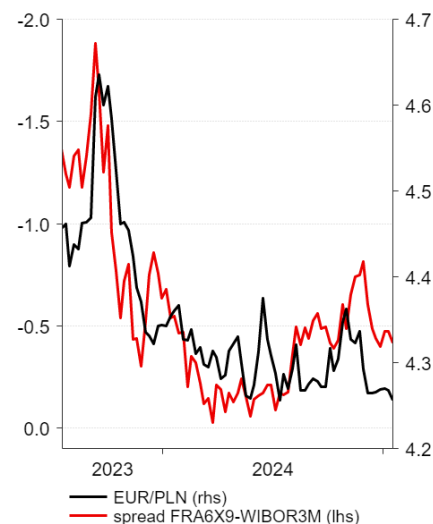
President Andrzej Duda has signed the budget bill for 2025. The President has sent some provisions to the Constitutional Court for follow-up control, but this will not delay the act's entry into force. The provisions submitted by the President for examination by the Constitutional Court relate to reductions in funding for this institution, as well as for the National Judicial Council.

The International Monetary Fund maintained its forecast for Polish GDP growth in 2025 at 3.5% and lowered its 2026 growth forecast by 0.1 percentage points to 3.3%. The growth path presented by the IMF runs about 0.1 percentage points above our expectations.

On Friday, the Polish zloty strengthened against the euro, allowing the EURPLN exchange rate to return below 4.26. The appreciation of the domestic currency continued for most of the session, supported by both the hawkish MPC statement published on Thursday and Friday's hawkish press conference of NBP Governor Adam Glapiński. The Czech koruna also strengthened against the euro, while the Hungarian forint remained at Thursday's closing level. Today we see a chance for further strengthening of the zloty and other currencies of developing economies, among others, in response to improved risk appetite under the influence of the truce between Israel and Hamas. The behaviour of currencies in the following days will be influenced, among other factors, by the markets' reception of Donald Trump's first decisions after being sworn in as US President (about 100 executive orders are to be signed, e.g. on migration policy, tariffs, changes in administration).

The NBP Governor's hawkish conference led to a rise in domestic money market rates. The FRA curve rose by 4-11 bps, and the largest increases, by 10-11 bps, were seen in rates with transaction dates six and nine months away. At the same time, 2Y IRS rates rose by around 6 bps. Changes in other IRS rates were limited. Domestic bond yields rose by 0-3 bps, more strongly at the short end of the curve. Slight increases in yields at the short end of the curve, also by around 3 bps, also occurred in the USA. German bonds saw yields fall by around 1-3 bps. **The degree of financing of the 2025 budget's borrowing needs** is 34%, Deputy Finance Minister Jurand Drop told TOK FM radio on Friday.

EURPLN vs market's rates expectations



Source: LSEG Datastream, Santander

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FX market

Today's opening			
EURPLN	4.2569	CZKPLN	0.1680
USDPLN	4.1301	HUFPLN*	1.0211
EURUSD	1.0307	RONPLN	0.8559
CHFPLN	4.5239	NOKPLN	0.3612
GBPPLN	5.0360	DKKPLN	0.5698
USDCNY	7.3180	SEKPLN	0.3694

*for 100HUF

Last session in the FX market					17/01/2025
	min	max	open	close	fixing
EURPLN	4.2544	4.2701	4.2606	4.2578	4.2691
USDPLN	4.1195	4.1504	4.1393	4.1396	4.1462
EURUSD	1.0264	1.0330	1.0291	1.0285	

Interest rate market

17/01/2025

T-bonds on the interbank market**		
Benchmark (term)	%	Change (bps)
PS1026 (2L)	5.30	8
DS1029 (5L)	5.75	6
DS1034 (10L)	5.94	0

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	5.64	6	4.48	2	2.37	-2
2L	5.23	7	4.41	4	2.34	-6
3L	5.04	7	4.40	4	2.34	14
4L	4.99	5	4.39	1	2.36	6
5L	5.00	4	4.40	2	2.38	-2
8L	5.10	2	4.40	1	2.44	-2
10L	5.18	3	4.44	1	2.48	-1

WIBOR rates

Term	%	Change (bps)
O/N	5.69	-12
T/N	5.79	-1
SW	5.83	0
1M	5.75	-6
3M	5.85	0
6M	5.79	0
1Y	5.61	-1

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.82	1
3x6	5.71	6
6x9	5.44	11
9x12	5.12	11
3x9	5.65	4
6x12	5.38	12

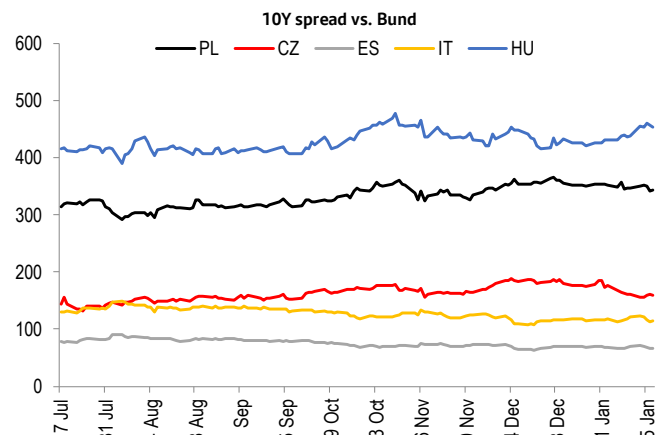
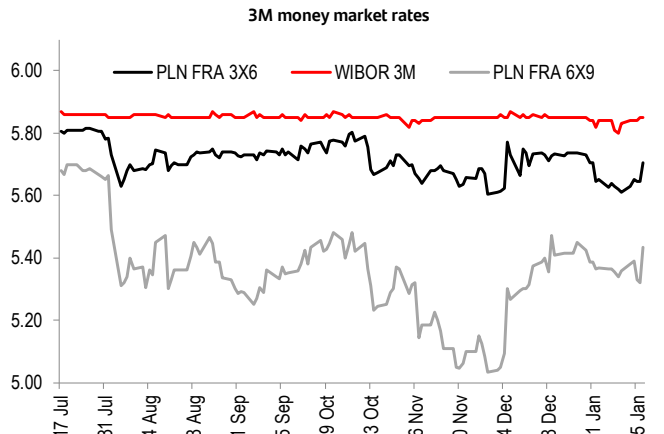
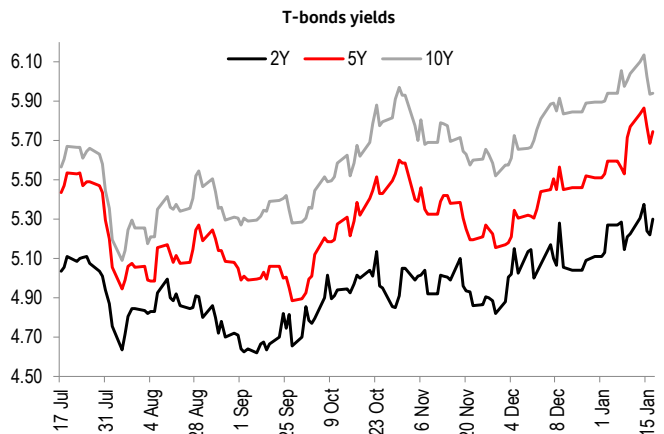
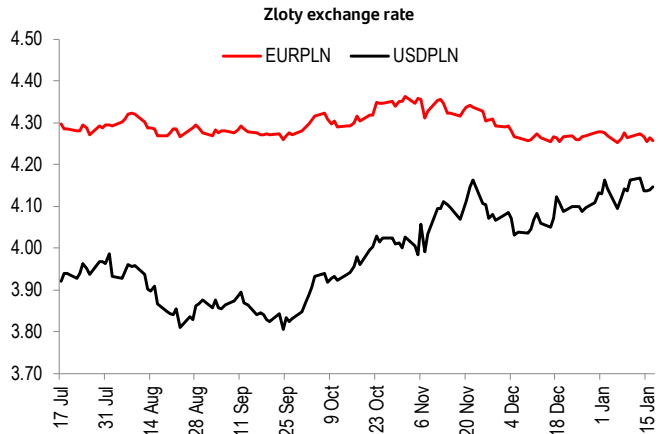
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	69	0	343	2
France	20	-1	80	-2
Hungary	122	-2	454	-3
Spain	34	-1	66	-1
Italy	25	-1	114	0
Portugal	18	0	46	-1
Ireland	11	0	29	1
Germany	7	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 (17 January)								
11:00	EZ	HICP	Dec	% y/y	2.4	-	2.4	2.2
14:30	US	Housing Starts	Dec	% m/m	-1.0	-	15.8	-3.7
15:15	US	Industrial Production	Dec	% m/m	0.3	-	0.9	0.2
MONDAY (20 January)								
No data releases								
TUESDAY (21 January)								
11:00	DE	ZEW Survey Current Situation	Jan	pts	-93.0	-	-	-93.1
WEDNESDAY (22 January)								
10:00	PL	Employment in corporate sector	Dec	% y/y	-0.5	-0.5	-	-0.5
10:00	PL	Average Gross Wages	Dec	% y/y	11.1	10.8	-	10.5
10:00	PL	Sold Industrial Output	Dec	% y/y	2.3	2.5	-	-1.5
10:00	PL	PPI	Dec	% y/y	-2.5	-2.5	-	-3.7
THURSDAY (23 January)								
10:00	PL	Construction Output	Dec	% y/y	-11.7	-8.7	-	-9.3
10:00	PL	Retail Sales Real	Dec	% y/y	3.9	4.3	-	3.1
14:30	US	Initial Jobless Claims	weekly	k	210	-	-	217
FRIDAY (24 January)								
09:30	DE	Germany Manufacturing PMI	Jan	pts	42.9	-	-	42.5
09:30	DE	Markit Germany Services PMI	Jan	pts	51.0	-	-	51.2
10:00	EZ	Eurozone Manufacturing PMI	Jan	pts	45.5	-	-	45.1
10:00	EZ	Eurozone Services PMI	Jan	pts	51.5	-	-	51.6
14:00	PL	Money Supply M3	Dec	% y/y	8.7	9.0	-	8.7
16:00	US	Michigan index	Jan	pts	-	-	-	73.2
16:00	US	Existing Home Sales	Dec	% m/m	1.2	-	-	4.8

Source: Santander Bank Polska, Bloomberg, Parkiet

* in the case of a revision the data is updated

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