

Eyeopener

New weaker data bring the May cut closer

Today March retail sales and money supply, flash PMIs in Europe
 March industrial and construction output below forecasts, wages slowed down
 General government deficit in 2025 again above 6% of GDP?
 IMF cut global economic forecasts
 Zloty weaker, yield curves lower after weaker March data

Today, we will see March data on retail sales and M3 money supply. We expect retail sales growth to slide from -0.5% y/y to -0.9% y/y, contrary to market expectations for an increase to 0.6% y/y, and money supply growth to increase from 9.1% y/y to 10.1% y/y, 0.5 pp above market expectations. Abroad, preliminary April PMIs of Germany and the euro area will be released and, according to the consensus, should show a weakening of economic conditions in both manufacturing and services. In addition, in the US, there will be data on new home sales in March.

Data for March have disappointed. Industrial production growth moved into positive territory (2.5% y/y), but less than expected and its rebound was based on calendar effects. Construction output, contrary to expectations, did not grow on an annual basis (-1.1% y/y). We expected wage growth to return above 8% y/y, meanwhile, there was a further deceleration to 7.7% y/y. Employment continued to fall by 0.9% y/y, PPI inflation turned slightly less negative and the April business sentiment survey showed deterioration in retail trade and manufacturing. This set of data should keep the MPC on the course to an interest rate cut at the May meeting, according to us by 50bp. Read more in our [Economic Comment](#).

According to the fiscal notification published by the European Commission, **Poland's general government deficit is expected to reach PLN249.126bn in 2025**, compared to PLN239.809bn in 2024. This would mean a negative general government balance of around 6.4% of GDP (compared to 6.6% in 2024). The government's previous plans, agreed with the EC under the medium-term budgetary and structural plan, assumed a reduction of deficit to 5.5% of GDP. Public debt is expected to increase to PLN2272.833bn, or around 58% of GDP.

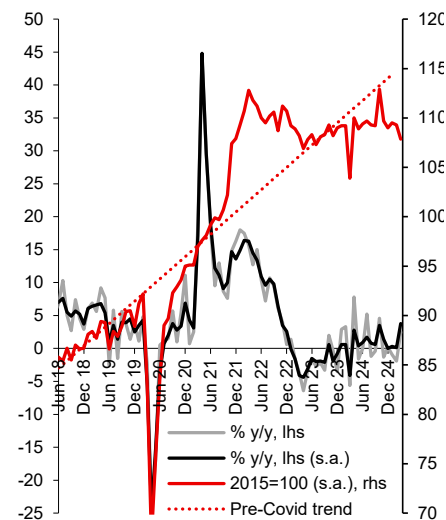
Treasury debt increased by PLN31bn to PLN1,740.6bn at the end of March, according to the Ministry of Finance. The increase in debt resulted from an increase in domestic debt by PLN33.4bn to PLN1,360.7bn and a decrease in foreign currency debt by PLN2.5bn to PLN382.4bn.

The International Monetary Fund lowered its forecast for Polish GDP growth from 3.5% to 3.2% in 2025, and from 3.3% to 3.1% in 2026. The IMF also revised its forecast for global economic growth in 2025 from 3.3% to 2.8% and in 2026 from 3.3% to 3.0%. According to the IMF's report, the deterioration in forecasts is linked to escalating trade policy tensions and extremely high policy uncertainty. The IMF also expects inflation in Poland to reach 4.3% in 2025 and 3.4% in 2026.

The zloty weakened against the euro by nearly 0.5% on Tuesday, which translated into an increase in the EURPLN exchange rate from 4.26 above 4.28. The Hungarian forint and the Czech koruna also depreciated, though a bit less, both by around 0.3%. A slight strengthening against the euro was registered by the US dollar, by around 0.3%.

Domestic bond yields fell by 5-9 bp on Tuesday and their curve steepened by around 4 bp. Yields also fell on US 5Y and 10Y bonds, by 1 bp and 3 bp respectively, while yields on 2Y US bonds rose by around 3 bp. Domestic IRS rates fell by 11-14 bp, stronger at the short end of the curve, and FRA rates decreased by 14-21 bp, stronger at the long end of the curve. The declines in domestic money market rates were most likely related to the release of the weaker-than-expected March data from the Polish economy, which increased the chance for a significant loosening of monetary policy at the upcoming MPC meeting.

Industrial output



Source: GUS, Santander

GDP growth forecasts in the April World Economic Outlook

	2025	2026
Poland	3.2 (3.5)	3.1 (3.3)
Germany	0.0 (0.3)	0.9 (1.1)
USA	1.8 (2.7)	1.7 (2.1)

Forecasts from January in brackets
 Source: IMF

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
 email: ekonomia@santander.pl
 website: santander.pl/en/economic-analysis
Piotr Bielski +48 691 393 119
Bartosz Białas +48 517 881 807
Marcin Luźniński +48 510 027 662
Grzegorz Ogonek +48 609 224 857

FX market

Today's opening

EURPLN	4.2849	CZKPLN	0.1709
USDPLN	3.7614	HUFPLN*	1.0387
EURUSD	1.1392	RONPLN	0.8613
CHFPLN	4.5717	NOKPLN	0.3628
GBPPLN	5.0063	DKKPLN	0.5739
USDCNY	7.2951	SEKPLN	0.3933

*for 100HUF

Last session in the FX market 22/04/2025

	min	max	open	close	fixing
EURPLN	4.2659	4.2907	4.2685	4.2864	4.2801
USDPLN	3.6945	3.7431	3.7028	3.7382	3.722
EURUSD	1.1455	1.1547	1.1528	1.1465	

Interest rate market 22/04/2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4.28	-7
PS0130 (5L)	4.68	-6
DS1034 (10L)	5.23	-3

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4.40	-12	4.14	4	1.97	-1
2L	3.94	-13	3.83	6	1.88	-3
3L	3.85	-11	3.78	4	1.96	-3
4L	3.85	-10	3.82	3	2.05	-4
5L	3.89	-10	3.87	3	2.13	-5
8L	4.11	-9	4.03	0	2.35	-4
10L	4.28	-8	4.12	1	2.46	-4

WIBOR rates

Term	%	Change (bps)
O/N	5.70	-11
T/N	5.84	1
SW	5.83	0
1M	5.72	0
3M	5.48	-1
6M	5.17	-2
1Y	4.96	-2

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5.04	-13
3x6	4.32	-14
6x9	3.90	-15
9x12	3.62	-16
3x9	4.12	-14
6x12	3.77	-13

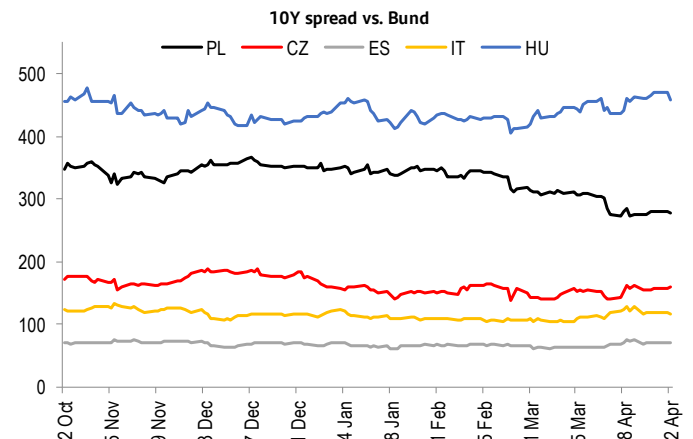
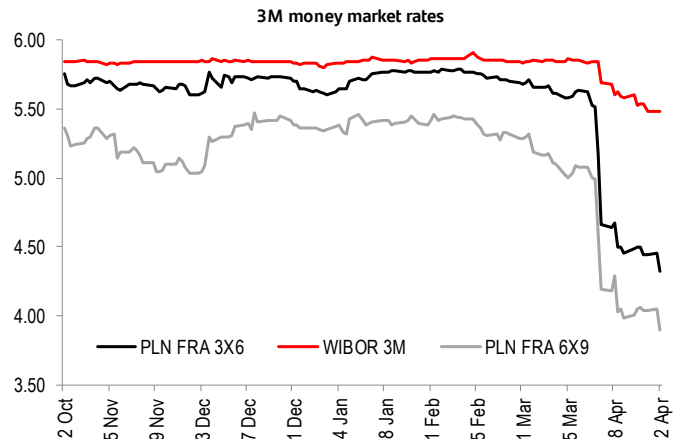
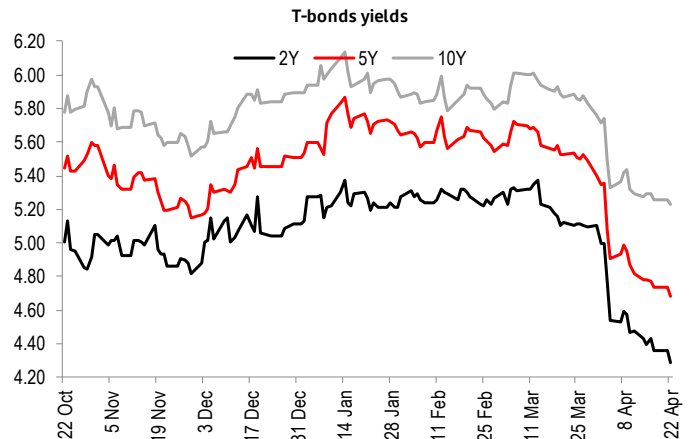
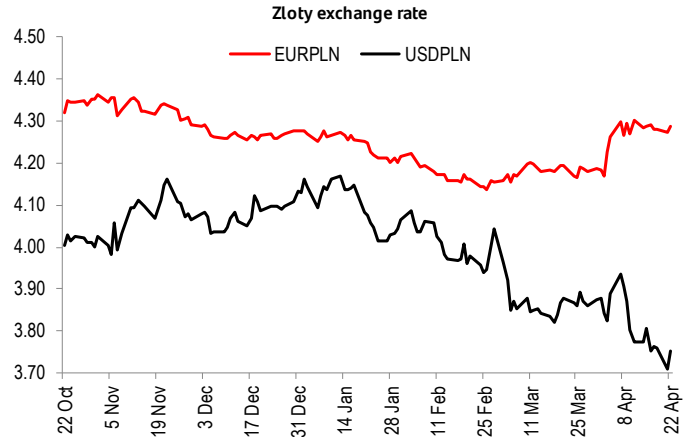
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	74	0	279	-1
France	22	0	77	1
Hungary	138	0	459	-11
Spain	38	-1	70	0
Italy	27	-1	117	-1
Portugal	19	0	59	0
Ireland	15	0	37	-1
Germany	8	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		
MONDAY (21 April)							
Holiday							
TUESDAY (22 April)							
10:00	PL	Employment	Mar	% y/y	-0.9	-0.9	-0.9
10:00	PL	Average Gross Wages	Mar	% y/y	7.9	8.4	7.7
10:00	PL	Sold Industrial Output	Mar	% y/y	3.6	2.9	2.5
10:00	PL	Construction Output	Mar	% y/y	5.6	5.7	-1.1
10:00	PL	PPI	Mar	% y/y	-1.1	-0.9	-1.1
WEDNESDAY (23 April)							
09:30	DE	Germany Manufacturing PMI	Apr	pts	47.6	-	48.3
09:30	DE	Markit Germany Services PMI	Apr	pts	50.4	-	50.9
10:00	EZ	Eurozone Manufacturing PMI	Apr	pts	47.4	-	48.6
10:00	EZ	Eurozone Services PMI	Apr	pts	50.5	-	51.0
10:00	PL	Retail Sales Real	Mar	% y/y	0.6	-0.9	-
14:00	PL	Money Supply M3	Mar	% y/y	9.6	10.1	9.1
16:00	US	New Home Sales	Mar	% m/m	1.2	-	1.8
THURSDAY (24 April)							
10:00	DE	IFO Business Climate	Apr	pts	85.2	-	86.7
10:00	PL	Unemployment Rate	Mar	%	5.3	5.3	5.4
14:30	US	Durable Goods Orders	Mar	% m/m	1.5	-	1.0
14:30	US	Initial Jobless Claims	weekly	k	225	-	215
16:00	US	Existing Home Sales	Mar	% m/m	-2.8	-	4.2
FRIDAY (25 April)							
16:00	US	Michigan index	Apr	pts	50.8	-	50.8

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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Additional information is available on request. Please contact Santander Bank Polska S.A., Financial Management Division, Economic Analysis Department. al. Jana Pawła II 17, 00-854 Warsaw, Poland. phone +48 22 534 18 87, email ekonomia@santander.pl, <http://www.santander.pl>.