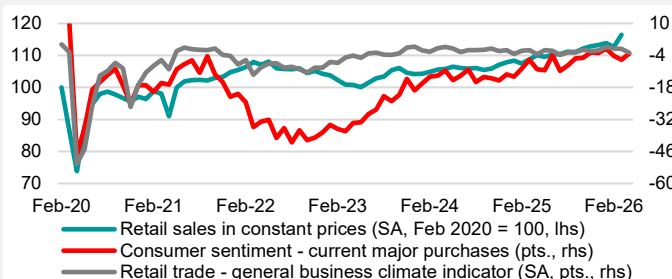
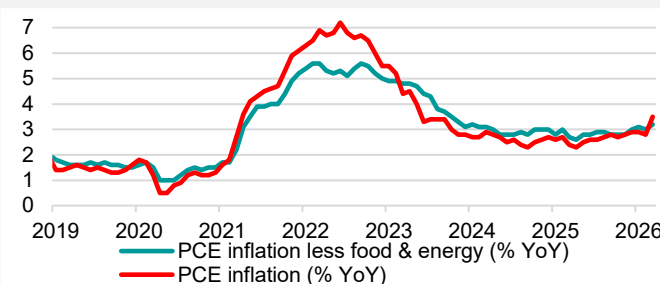


This week

Poland's retail sales data for April will be published today. We expect the growth in sales at constant prices to have slowed from 8.7% YoY in March to 2.0% in April. In our opinion, there are several factors behind this strong slowdown, including a negative impact of the number of working days, the fading of pent-up demand after a harsh winter, which had supported sales in March, poorer car sales signalled by vehicle registration data, and the shift in Easter timing. Our forecast is below market consensus (3.0%), so if it materialises, it will have a negative effect on the PLN and the yields on Polish bonds.



US inflation data will be released on Thursday. We expect headline PCE inflation to have gone up from 3.5% YoY in March to 3.8% in April, which will reflect a growing pro-inflationary impact of the energy shock related to the war in the Middle East. At the same time, we forecast that the core PCE inflation increased to 3.3% YoY in April from 3.2% in March, which means its growth is markedly slower than that of the headline inflation. Such a set of data would be disappointing from the Fed's perspective and would bolster the arguments for keeping the rates unchanged for a longer period of time, though, in our view, still insufficient to rethink the option of restarting the interest rate hike cycle. In this context, the tone of the Minutes from the April FOMC meeting published last week is important as it shows that the Fed is becoming increasingly hawkish. Most FOMC members pointed to the stable situation in the labour market, but the balance of risks has shifted markedly towards higher inflation. Moreover, the Minutes have shown that most members are ready to tighten the monetary policy if inflation remains stuck above the inflation target. Thus, in our view, the Fed is still in the "wait and see" mode, and the balance of risks is skewed towards interest rate hikes rather than cuts. Still, our baseline scenario has not changed: we believe that the rates will not change until early 2027, with one last cut pencilled in for Q2 2027, though the scale and durability of the energy shock make it impossible to rule out a more hawkish reaction on the part of the Fed.



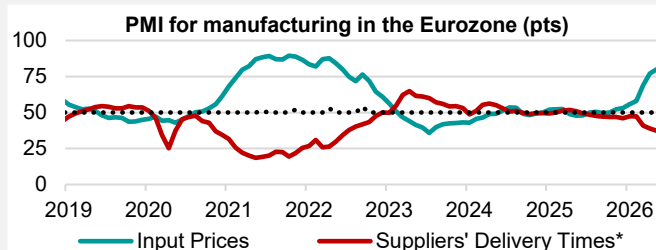
Poland's flash inflation estimate for May will be released on Friday. We expect the CPI inflation to go up from 3.2% YoY in April to 3.8% in May due to a stronger growth in the prices of fuels (last year's low base effect) and higher core inflation (3.5% YoY in May vs. 3.0% in April). Our forecast is above market consensus (3.7%), so if it materialises, it will have a slight positive effect on the PLN and the yields on Polish bonds.

Last week

Last week also saw the publication of the preliminary May PMI indices for the Eurozone and Germany, which had a stagflationary tone. In the Eurozone, the Composite PMI fell to 47.5 pts in May from 48.8 pts in April, reaching its lowest level in 31 months, amid a further deepening of the decline in services activity (46.4

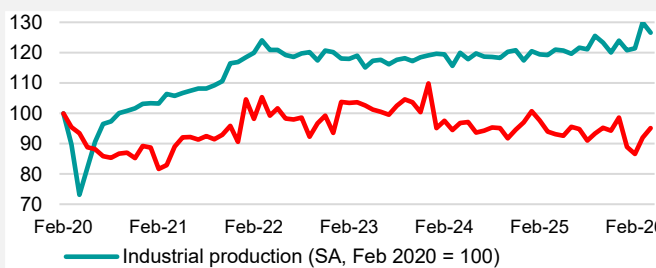
pts vs. 47.6 pts) and a slowdown in manufacturing output growth (51.0 pts vs. 52.3 pts). In Germany, the Composite PMI rose slightly to 48.6 pts from 48.4 pts, but remained below the 50-point threshold. The improvement in services (47.8 pts vs. 46.9 pts) was offset by a marked deterioration of the sentiment in manufacturing, where the PMI fell to 49.9 pts in May from 51.4 pts in April. Surveyed firms indicated that the conflict in the Middle East and restrictions on shipping through the Strait of Hormuz were pushing up energy, fuel, transport and raw material costs, while also exacerbating supply chain disruptions. At the same time, elevated prices were reducing customers' purchasing power and willingness to place new orders, especially in services. The PMI data therefore indicate that the Eurozone economy entered Q2 amid weakening activity, rising inflationary pressure and an increasingly difficult macroeconomic environment for ECB monetary policy.

April data from the Polish economy pointed to a normalisation of activity after its strong rebound in March (see MACROPulse of 21/05/2026). Industrial production increased by 3.1% YoY compared with 7.5% in March, following a downward revision from 9.4%, coming in below both our forecast and the market consensus, while in seasonally adjusted terms it declined by 2.6% MoM. The slowdown was partly due to a less favourable working-day effect, while industrial activity was supported by construction-related sectors and still-elevated production of intermediate goods, probably linked to inventory accumulation amid the prolonged conflict in the Middle East. Construction data was clearly better than expected: construction and assembly production increased by 4.5% YoY in April compared with 0.6% in March, while in seasonally adjusted terms it rose by 3.4% MoM, confirming that the rebound after the winter weakening in activity continued. Labour market data had a more negative tone: employment in the enterprise sector fell by 0.9% YoY, as in March, while wage growth slowed markedly to 5.4% YoY from 6.6%, and real wage fund growth declined to 1.1% YoY from 2.6%, reaching its lowest level since July 2023. In our view, "last week's data is consistent with our GDP growth forecast of 3.3% for 2026 and reduces the pressure for monetary policy tightening, supporting our forecast that NBP interest rates will remain stable at least until the end of 2027.



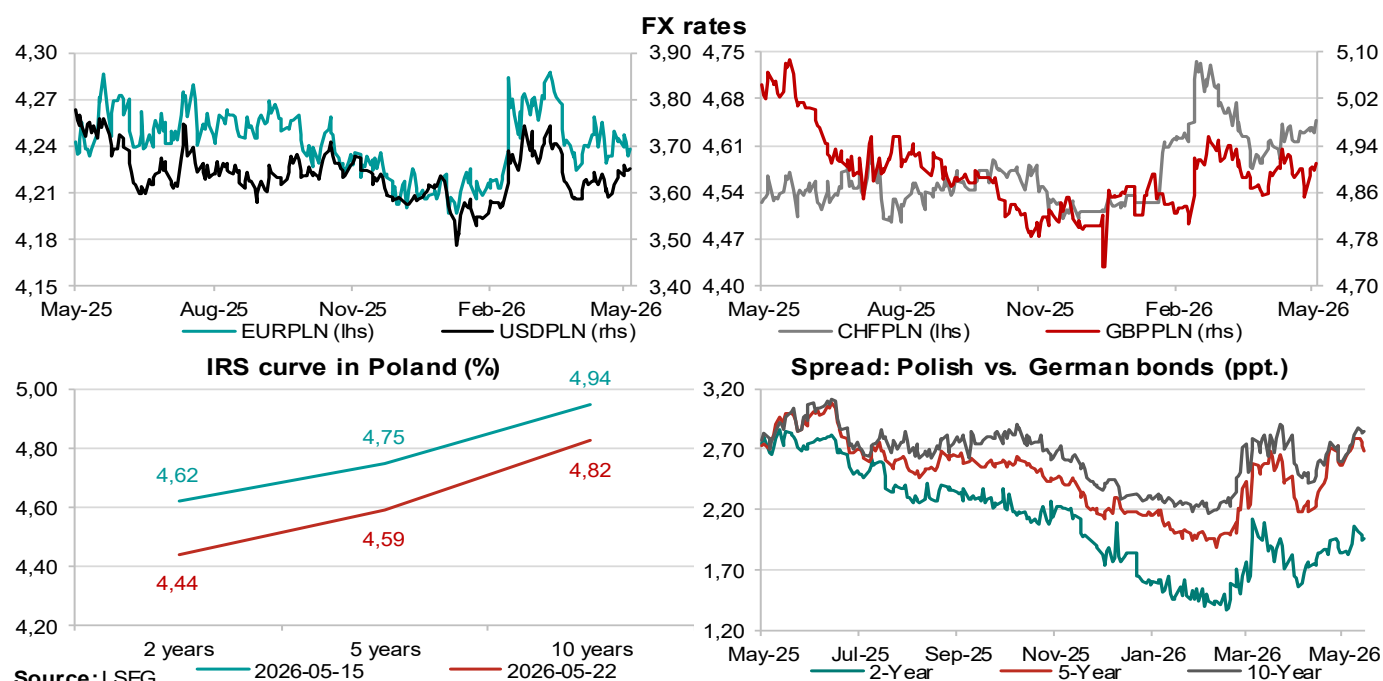
Source: Markit, Credit Agricole

*the lower the index value, the higher the intensity of problem



Source: Datastream, Credit Agricole

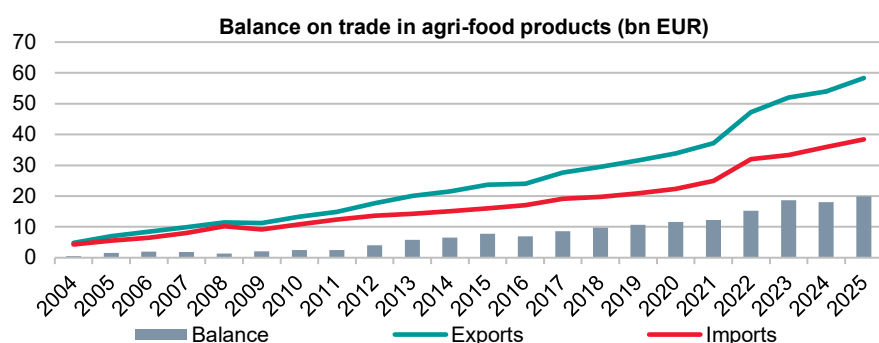
Slight improvement in market sentiment



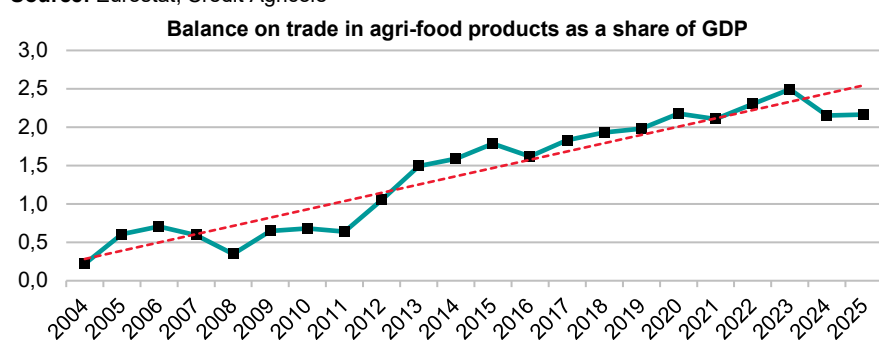
Last week, financial markets remained highly volatile and continued to be driven primarily by news on the US-Iran conflict. At the beginning of the week, the PLN was relatively stable and bond yields edged lower after reports that Donald Trump had suspended the planned attack on Iran. However, on Tuesday, the lack of progress in negotiations once again increased risk aversion, pushing EURPLN towards 4.25. At the same time, pressure on the domestic bond market persisted amid high oil prices, inflation concerns and rising yields in core markets, with the yield on 10-year Polish treasury bonds temporarily exceeding 6%. Sentiment reversed on Wednesday, when lower oil prices following more optimistic signals on US-Iran negotiations supported risk assets. As a result, the PLN strengthened and bond yields declined in the second half of the week.

This week, market developments will continue to be driven mainly by US-Iran negotiations and their impact on oil prices. Investor activity may be limited at the beginning of the week due to the US holiday, while in the domestic market attention will focus on today's retail sales data from Poland, where the materialisation of our below-consensus forecast would be negative for the PLN. Later in the week, the key releases will be US PCE inflation data and Poland's preliminary CPI reading.

Poland strengthens its position in agri-food trade

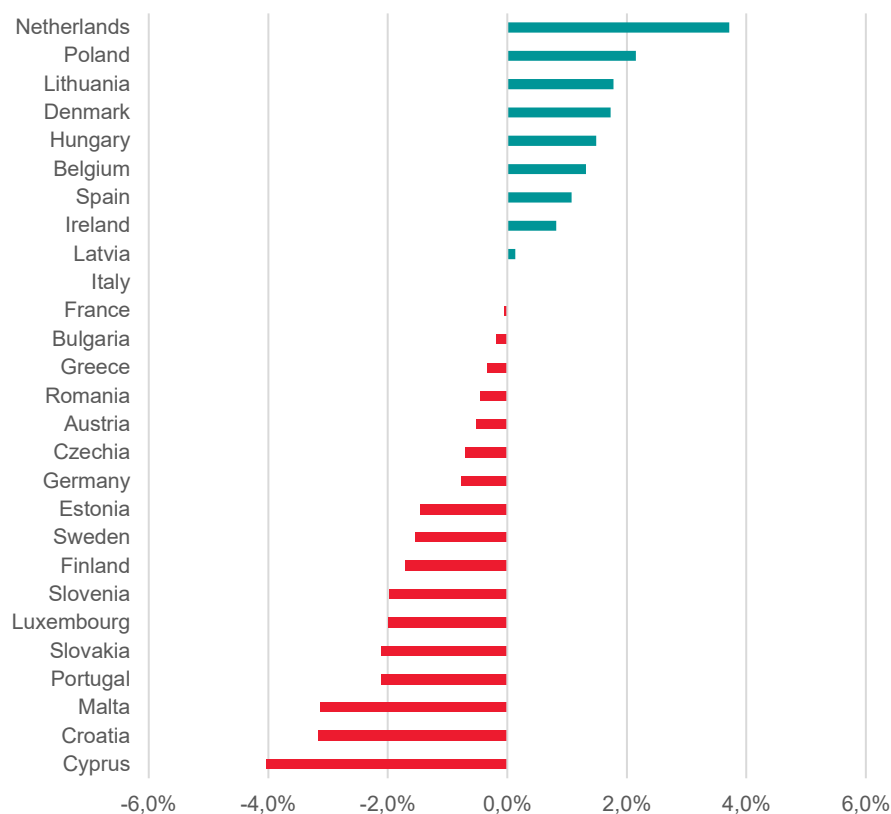


Source: Eurostat, Crédit Agricole



Source: Eurostat, Crédit Agricole

Balance on trade in agri-food products as a share of GDP in 2025



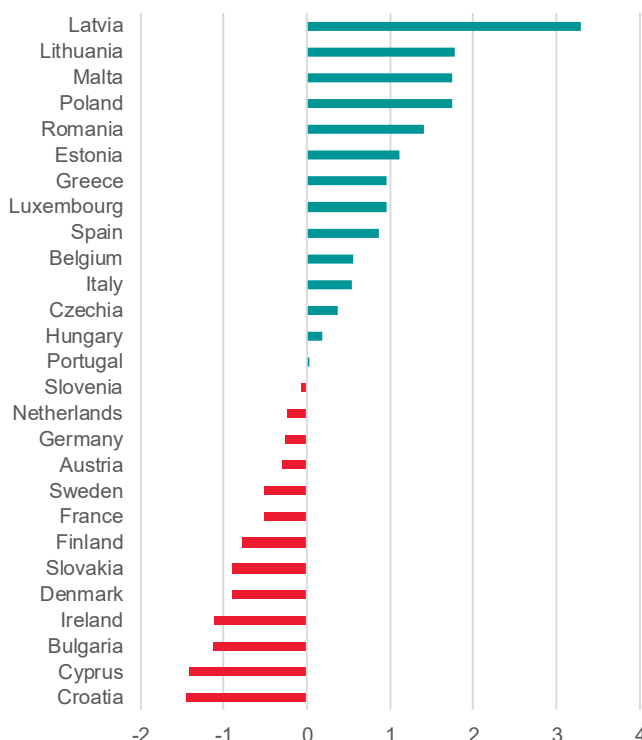
Source: Eurostat, Crédit Agricole

The value of Polish exports of agri-food products increased to EUR 58.5bn in 2025, from EUR 53.9bn in 2024. Over the same period, the value of imports rose to EUR 38.6bn, from EUR 35.9bn. As a result, Poland's surplus in agri-food trade reached a record level of approximately EUR 19.9bn. This means that it reached 2.2% of GDP, compared with just 0.2% in 2004, pointing to Poland's growing competitiveness in the production of agri-food products. The purpose of the analysis below is to verify this hypothesis based on data for the other EU countries.

As a first step, we analysed data on the balance of agri-food trade relative to GDP in individual EU countries. This ratio serves as an approximation of competitiveness in food exports. The data indicates that in 2025 Poland recorded the second-highest result in the entire EU. The largest share of the agri-food trade surplus in GDP was recorded in the Netherlands (at 3.7%). It is worth noting, however, that the result for the Netherlands reflects both relatively large agricultural production (mainly livestock production and greenhouse crops) and significant re-exports. The Netherlands' specialisation in re-exports is supported by the presence of Europe's largest port, Rotterdam, through which a significant share of EU agri-food imports passes. At the same time, the group of countries with the largest agri-food trade surplus relative to GDP is not homogeneous as it includes both old and new EU Member States. However, it is dominated by relatively small countries with small populations and relatively high agricultural production intensity, such as Lithuania, Denmark, Hungary and Ireland. Poland and Spain are the only relatively large countries in this group.

Balance on trade in agri-food products as a share of GDP


Source: Eurostat, Crédit Agricole

**Balance on trade in agri-food products as a share of GDP
(change in years 2004-2025, pp)**


As a second step, we analysed data on the balance of agri-food trade relative to GDP in individual EU countries over time. The data indicates that Poland was among the countries that improved their food export performance the most. This group is much more homogeneous and is dominated by new EU Member States. By contrast, the countries that recorded the strongest deterioration in export performance included Ireland, Denmark, France, Germany and the aforementioned Netherlands. These are countries that for years had enjoyed strong advantages in exports of agri-food products. This suggests that agri-food production generally tends to concentrate in countries with low production costs. This is consistent with the diminishing economies of scale observed in this sector, which favour investment in locations where production is not yet highly developed.

Despite the growing surplus of Polish agri-food exports relative to GDP, in the coming years the performance of Polish exporters will come under increasing cost pressure, mainly due to rising labour and energy costs, as well as growing competition from Mercosur countries and Ukraine (see MACROmap of 13/03/2026). Regulatory pressure is also a significant threat to Polish export performance. One example is the ongoing work on the revision of the Tobacco Excise Directive, whose aim is to significantly increase excise duty on tobacco products in the EU. Poland is one of the EU's largest producers and exporters of tobacco products. Poland's trade surplus in tobacco products amounted to as much as EUR 4.2bn in 2025, representing 21.2% of Poland's total surplus in agri-food trade. Taking the above factors into account, we see a high probability that the share of the agri-food trade surplus in Poland's GDP will decline in the coming years.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
NBP reference rate (%)	5,75	5,25	5,25	5,00	5,00	4,75	4,50	4,25	4,00	4,00	4,00	3,75	3,75	3,75
EURPLN*	4,27	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,24
USDPLN*	3,77	3,74	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,66
CHFPLN*	4,56	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,65
CPI inflation (% YoY)	4,3	4,0	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	
Core inflation (% YoY)	3,4	3,3	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	
Industrial production (% YoY)	1,3	4,0	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,5	7,5	3,1	
Constr. and assembly prod. (% YoY)	-4,2	-2,8	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,6	0,6	4,5	
PPI inflation (% YoY)	-1,6	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	1,2	1,9	
Retail sales (% YoY)	7,9	4,3	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,9	
Corporate sector wages (% YoY)	9,3	8,4	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,6	5,4	
Employment (% YoY)	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	
Unemployment rate* (%)	5,2	5,1	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	
Current account (M EUR)	-252	-1168	-445	-1780	-2593	-797	2103	-250	-1975	1053	-1034	-234		
Exports (% YoY EUR)	-0,2	6,0	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,6	1,9	7,4		
Imports (% YoY EUR)	8,1	7,9	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-6,3	3,4	3,8		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland											
Indicator	2026				2027				2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	3,9	2,9	3,2	3,3	2,7	2,9	3,1	3,0	3,6	3,3	3,0
Private consumption (% YoY)	3,8	2,5	2,0	2,1	2,8	3,3	3,3	3,0	3,7	2,6	3,2
Gross fixed capital formation (% YoY)	3,0	10,3	7,8	7,5	6,5	6,1	5,9	5,5	4,4	7,4	6,3
Export - constant prices (% YoY)	4,8	4,0	4,5	5,0	5,2	5,4	5,5	5,5	5,5	4,6	5,6
Import - constant prices (% YoY)	4,9	4,3	5,6	5,9	5,2	6,1	6,5	6,1	6,8	5,2	6,3
GDP growth contributions	Private consumption (pp)	2,4	1,5	1,1	1,0	1,7	1,9	1,9	1,5	2,1	1,5
	Investments (pp)	0,4	1,6	1,3	1,7	0,9	1,0	1,0	1,3	0,8	1,2
	Net exports (pp)	0,1	0,0	-0,4	-0,3	0,2	-0,2	-0,4	-0,2	-0,5	-0,2
Current account (% of GDP)***	-0,8	-1,0	-1,1	-1,3	-1,4	-1,5	-1,4	-1,3	-0,9	-1,3	-1,3
Unemployment rate (%)**	6,1	5,5	5,5	5,6	5,8	5,4	5,4	5,5	5,7	5,6	5,5
Non-agricultural employment (% YoY)	0,5	0,2	0,1	0,0	-0,5	-0,5	-0,5	-0,5	0,4	0,1	-0,5
Wages in national economy (% YoY)	6,7	6,5	6,1	6,0	6,0	6,0	6,0	6,0	8,7	6,4	6,0
CPI Inflation (% YoY)*	2,4	3,5	3,3	3,7	3,8	3,9	4,0	3,9	3,6	3,2	3,9
Wibor 3M (%)**	3,85	3,85	3,85	3,85	3,85	3,85	3,85	3,85	3,99	3,85	3,85
NBP reference rate (%)**	3,75	3,75	3,75	3,75	3,75	3,75	3,75	3,75	4,00	3,75	3,75
EURPLN**	4,29	4,27	4,23	4,20	4,18	4,17	4,16	4,15	4,21	4,20	4,15
USDPLN**	3,71	3,75	3,78	3,72	3,70	3,66	3,59	3,55	3,58	3,72	3,55

* quarterly average

** end of period

***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 25/05/2026						
9:30	Poland	Retail sales - current prices(% YoY)	Apr	9,8	2,9	3,0
9:30	Poland	Retail sales - constant prices (% YoY)	Apr	8,7	2,0	3,0
14:00	Poland	M3 money supply (% YoY)	Apr	11,5	10,3	11,2
Tuesday 26/05/2026						
9:30	Poland	Registered unemployment rate (%)	Apr	6,1	6,0	6,0
15:00	USA	Case-Shiller Index (% MoM)	Mar	-0,1		0,1
16:00	USA	Consumer Confidence Index	May	92,8	93,0	92,0
Wednesday 27/05/2026						
16:00	USA	Richmond Fed Index	May	3,0		
Thursday 28/05/2026						
11:00	Eurozone	Business Climate Indicator (pts)	May	-0,28		
14:30	USA	Initial jobless claims (k)	w/e	209		
14:30	USA	Second estimate of GDP (% YoY)	Q1	2,0	2,0	2,1
14:30	USA	Durable goods orders (% MoM)	Apr	0,8	4,5	3,0
14:30	USA	PCE core inflation (% YoY)	Apr	3,2	3,3	3,3
14:30	USA	PCE Inflation (% YoY)	Apr	3,5	3,8	3,8
14:30	USA	Real private consumption (% MoM)	Apr	0,2		
16:00	USA	New home sales (k)	Apr	682	658,0	665
Friday 29/05/2026						
9:30	Poland	Flash CPI (% YoY)	May	3,2	3,8	3,7
14:00	Germany	Preliminary HICP (% YoY)	May	2,9		2,9
15:45	USA	Chicago PMI (pts)	May	49,2		

*The forecasts of macroeconomic indicators for Poland were prepared by Credit Agricole Bank Polska S.A. The forecasts of foreign indicators were prepared by Crédit Agricole Corporate and Investment Bank

** According to Thomson Reuters, Bloomberg or Parkiet daily