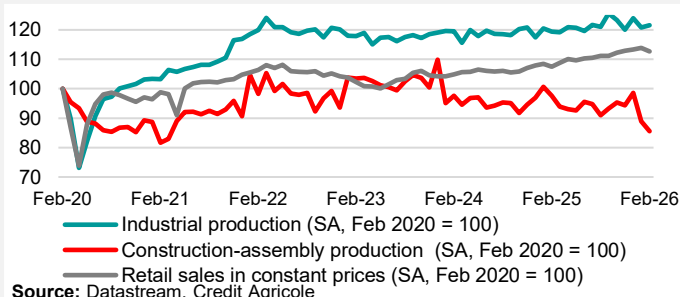


This week

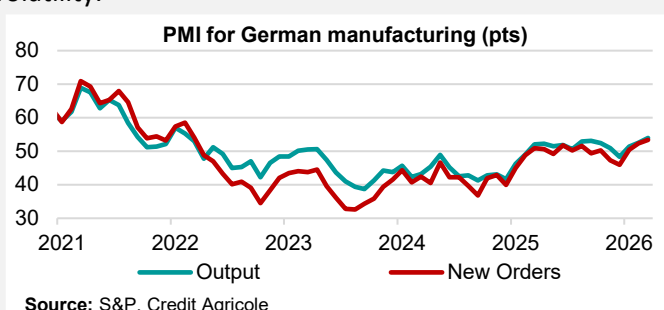
✓ **Developments in Iran and the Middle East will remain the main factor shaping financial market sentiment this week.** The sentiment improved markedly on Friday following Iran's declaration that the Strait of Hormuz will remain open for commercial vessels during the ceasefire. However, the starting point for the markets has become significantly worse after the weekend. On Sunday, Iran refused to take part in the new round of negotiations with the US, citing Washington's "excessive demands" and the continuation of the naval blockade of Iran, with D. Trump responding by threatening further attacks on Iranian civilian infrastructure, should Tehran fail to accept the US' terms. Furthermore, on Saturday, Iran reversed its Friday's decision to reopen the Strait, and the tensions were further elevated on Sunday by D. Trump proclaiming the capture by the US military forces of the Iranian cargo ship "Touska", which allegedly attempted to get past the US blockade in the Gulf of Oman. With the ceasefire ending on Tuesday, the escalation of tensions between the US and Iran will increase the global aversion to risk, and lead to PLN depreciation and an increase in the yield on Polish bonds.

✓ **A set of important data for Poland will be published this week.** We expect the industrial production growth to have accelerated from 1.5% YoY in February to 4.0% in March and the construction and assembly production decline to have slowed substantially, from -13.6% in February to -4.0% in March, which



we believe was largely due to favourable calendar effects and the easing of adverse weather conditions seen in February. At the same time, we anticipate that wage growth accelerated from 6.1% YoY in February to 6.5% in March, with employment decline stabilising at 0.8% YoY. Thursday will see the release of retail sales data, where we expect to see the sales at constant prices go up from 5.0% YoY in February to 6.0% in March. In our view, apart from the aforementioned favourable calendar effects and weather improvement after the weak February, also Easter falling earlier than in 2025 boosted the expenses of households in March, becoming an additional factor supporting the retail sales. Weaker-than-consensus industrial production and construction and assembly production data and better-than-consensus data on retail sales will add to PLN and Polish bond yield volatility.

✓ **Preliminary PMI business survey results for the Eurozone will be published on Thursday.** The market consensus is for the Eurozone Composite PMI to fall from 50.7 pts in March to 50.2 pts in April, with Services and Manufacturing PMIs going down from 50.2 pts to 49.8 pts and from 51.6 pts to 50.8 pts, respectively.



For Germany, Manufacturing PMI is pencilled in at 51.2 pts, down from 52.2 pts. The said data will be significant as it is going to show whether or not the impact of sentiment deterioration related to the war in the Middle East, growing energy prices and supply chain disruptions on the economic activity is increasing.

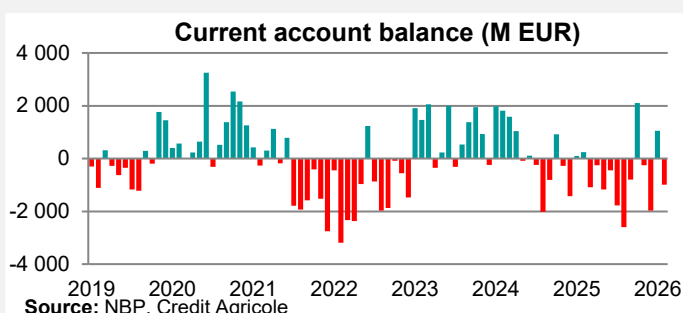
✓ **We expect the retail sales in the US (data to be released tomorrow) to go up by 1.1% MoM compared with a 0.6% growth in February, but in our view, this strong growth will be largely related to the fuels prices going up in the wake of escalation of the conflict with Iran (the data published is the data in nominal terms).** At the same time, we forecast that the growth in sales

excluding cars and fuels merely edged up by 0.1% MoM, which is indicative of a slowdown in terms consumer spending. The data would thus be consistent with our forecast of slowdown of annualised real consumption growth, to 1.0% in Q1 2026 vs. 1.9% in Q4 2025.

Last week

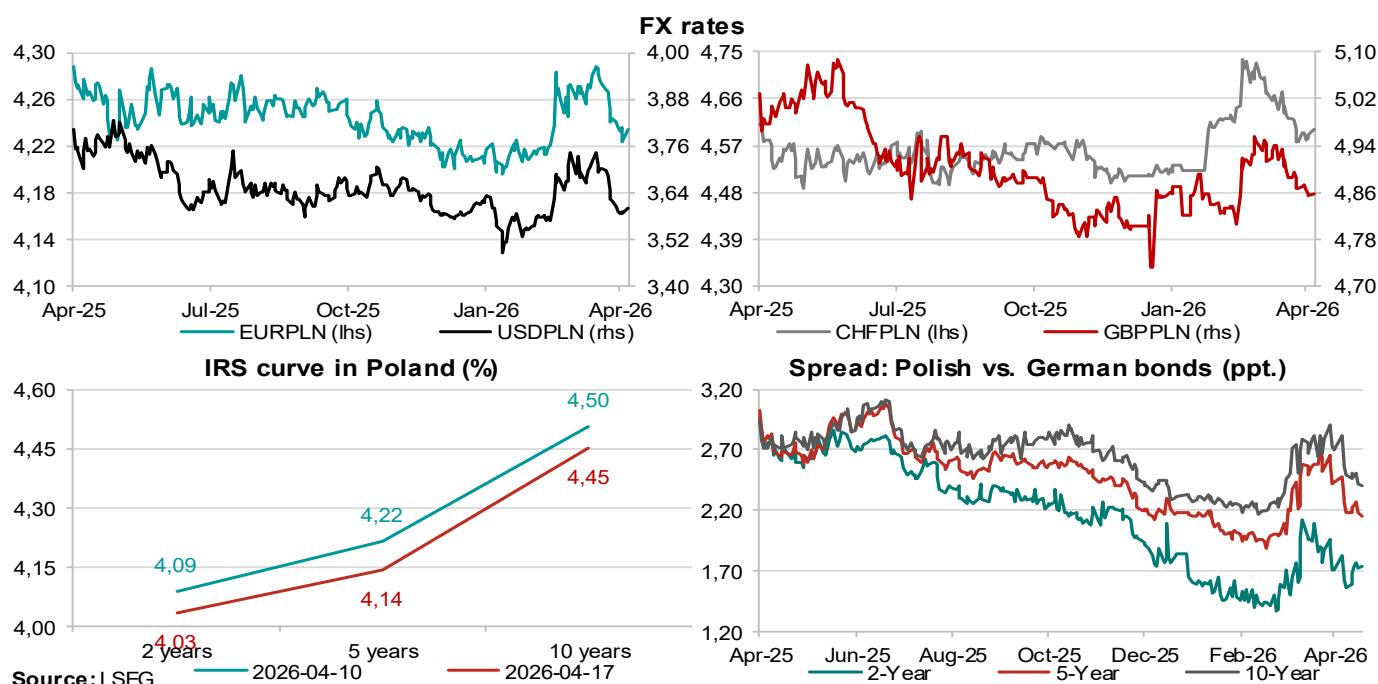
✓ **Data released in China last week confirmed a very strong start to the year, but also showed that the recovery remains uneven.** GDP growth accelerated to 5.0% YoY in Q1 2026 from 4.5% YoY in Q4 2025, while on a quarterly basis it edged up to 1.3% QoQ from 1.2% QoQ, supported mainly by strong activity in advanced technology sectors and services. At the same time, the monthly data for March was mixed. Industrial production slowed to 5.7% YoY in March from 6.3% in January-February, but remained relatively strong thanks to high-tech industries, while retail sales growth eased to 1.7% YoY in March from 2.8%, indicating that consumption remained subdued after the effect of the extended Lunar New Year had faded. Investment growth also slowed, to 1.7% YoY in March from 1.8% in January-February, due to weaker investment activity in the real estate market. Also noteworthy was the sharp slowdown in export growth to 2.5% YoY from 21.8% in January-February, alongside an increase in import growth to 27.8% YoY from 13.8%, suggesting the first effects of weaker external demand and higher energy and transport costs. Taken together, this data indicates that the Chinese economy remains on a path of relatively solid growth, but the outlook for the coming quarters is subject to significant downside risks related to the war in Iran.

✓ **Last week, the NBP released balance of payments data for February, which showed a current account deficit of EUR 990m compared with a surplus of EUR 1,053m in January, accompanied by a deterioration in the trade balance to -EUR 1,025m from EUR 254m a month earlier.** The deterioration was driven primarily by faster growth in imports than exports. According to the NBP, the value of goods exports rose by 1.9% YoY in February following a 2.6% decline in January, while imports increased by 3.3% YoY after falling by 6.3% in January, driven mainly by higher imports of investment goods and transport equipment, including passenger cars.



✓ **CPI inflation in Poland rose to 3.0% YoY in March from 2.1% in February, in line with our expectations and the market consensus (see MACROPuls of 15/04/2026).** The main driver of the increase was the acceleration in fuel price growth to 8.6% YoY from -7.8%, reflecting the sharp rise in oil prices following the escalation of the conflict in the Middle East. Core inflation excluding food and energy rose to 2.7% YoY in March from 2.5% in February, indicating that moderate inflationary pressures still persist. We maintain our view that inflation will remain on an upward trend in the coming months and reach a local peak of around 4.1% YoY in December

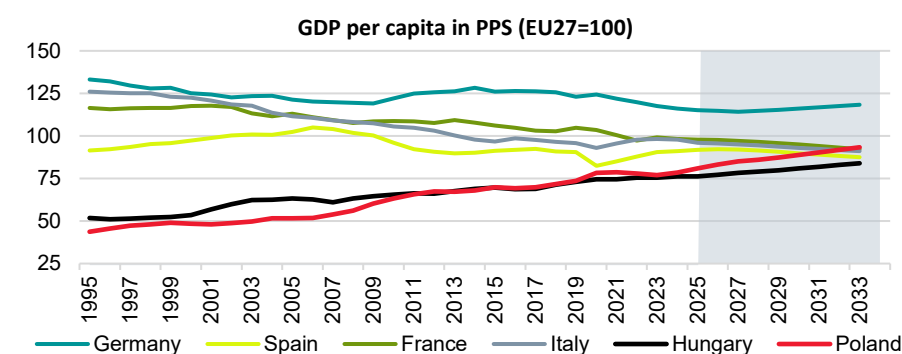
Renewed escalation of the conflict in the Middle East



Over the past week, sentiment in financial markets remained relatively upbeat, although it was still driven chiefly by incoming news from the Middle East. At the start of the week, investors remained cautious following the breakdown of the weekend talks between the US and Iran and the US blockade of Iranian ports, although the market reaction proved limited. In the following days, sentiment improved as negotiations resumed, supporting gains in equity markets, a weaker dollar and an appreciation of regional currencies. As a result, EURPLN declined to around 4.23–4.24, while EURUSD remained close to 1.18. In the domestic rates market, we initially saw a decline in yields on government bonds and IRS rates, supported by improving global sentiment and a fall in oil prices to around USD 95 per barrel. On Friday, sentiment improved further after Iran declared that the Strait of Hormuz would remain open to commercial shipping during the ceasefire, with Brent crude falling to around USD 90 per barrel and the USD depreciating markedly.

In the coming week, developments in the conflict involving Iran will remain the main factor shaping financial markets, although after the weekend the starting point is somewhat less favourable than at Friday's close. Tehran announced that no date had been set for the next round of talks with the US, tightened its control over the Strait of Hormuz once again, some vessels received notices banning transit, and two ships reported coming under fire, increasing the risk of a renewed rise in risk aversion and a rebound in oil prices. Aside from geopolitics, investors will focus primarily on US retail sales, flash PMI readings and the hearing of Fed Chair nominee Kevin Warsh. For the PLN and the domestic debt market, however, the key issue will remain whether tensions between the US and Iran begin to escalate again and push up the risk premium.

End of economic stagnation in Hungary



Source: Eurostat, Crédit Agricole

Hungary's parliamentary elections delivered a decisive victory for the opposition TISZA Party, which secured 137 of 199 seats according to preliminary results, while Prime Minister Viktor Orbán's ruling Fidesz won 56 seats. The result indicates that TISZA has surpassed the 133-seat threshold required for a constitutional supermajority, enabling it to amend the

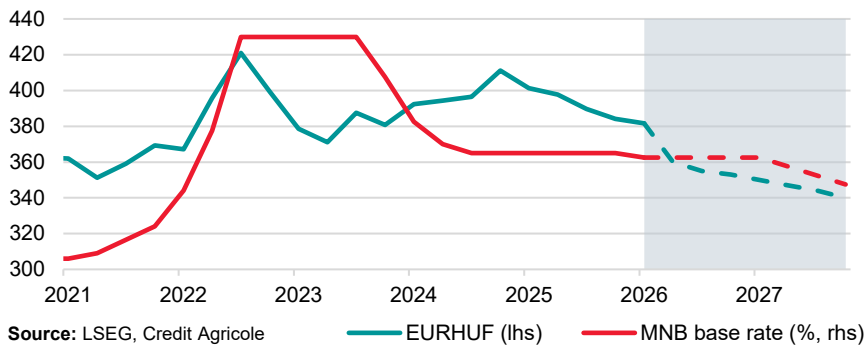
constitution and cardinal laws, and to enact key legislation necessary for broader institutional reforms and alignment with EU rule-of-law standards. In our view, this materially increases the likelihood of unlocking suspended EU funding under the Cohesion Policy framework and the Recovery and Resilience Facility (RRF).

We estimate that currently suspended EU funds available to Hungary across the Multiannual Financial Framework, RRF, and SAFE defence loan facilities amount to 17.2% of GDP. The phased absorption of these funds should provide a meaningful medium-term tailwind to economic growth, while also contributing to stronger domestic demand and upward pressure on inflation. We maintain our GDP growth forecasts for 2026 and 2027 at 2.0% and 2.3%, respectively, following an modest expansion of 0.4% in 2025. Materialization of our medium-term scenario would imply that 2026 marks the inflection point following a period of subdued growth, with GDP expanding by 0.7% in 2024 and 0.4% in 2025 after the 0.8% contraction recorded in 2023. As a result, cumulative GDP growth over 2023–2025 remained broadly flat, effectively halting the real convergence process of the Hungarian economy, as reflected in the stagnation of GDP per capita in purchasing power standards (PPS) relative to the EU average.

We expect that Péter Magyar, leader of TISZA and the likely next Prime Minister of Hungary, will seek to negotiate with the European Commission an extension of the RRF implementation deadline from 2026 to at least 2027. Another potential medium-term implication of the election outcome is a policy shift toward euro adoption, which continues to enjoy support from a strong majority of Hungarian society. However, we do not expect TISZA to make any binding commitments on this issue in the near term.

TISZA's decisive electoral victory had been largely priced in by markets, as evidenced by the marked appreciation of the HUF in April despite elevated global risk aversion related to tensions in the Middle East. Looking ahead, we expect the HUF to remain supported by a favourable short-term interest rate differential, which has become more attractive amid a decline in the risk premium. In addition, a substantial increase in EU fund inflows should improve Hungary's combined current and capital account balance, which currently posts a cumulative four-quarter surplus of 1.6% of GDP. Accordingly, we have revised our EUR/HUF forecast profile and now anticipate a stronger HUF path, with EUR/HUF declining toward 353 by year-end and 340 by end-2027.

We leave our National Bank of Hungary base rate forecast unchanged at 6.25% and continue to expect the resumption of monetary easing in Q1 2027. In our view, the central bank is likely to remain patient and cautious, rather than respond to FX strength alone. While a stronger HUF improves the inflation outlook at the margin, we continue to expect a meaningful rebound in inflation from Q3 2026, with headline CPI rising above 4% and thus remaining above the tolerance band (3.0% $\pm$ 1pp) through Q2 2027.



The anticipated reacceleration in Q3 2026 should be driven primarily by the expiry of margin caps on food and selected drugstore products, alongside the removal of fuel price caps. Against this backdrop, we believe that easing monetary policy in response to HUF strength shortly before a renewed inflation upswing would risk undermining the credibility of the National Bank of

Hungary. Moreover, any monetary easing by the NBH would be at odds with the expected change in monetary conditions in the Eurozone, where we expect the ECB to deliver three rate hikes (75bp in aggregate) across April, June, and July. Nevertheless, we see downside risk to our policy rate path stemming from developments in the Middle East. Should the current ceasefire evolve into a durable peace agreement, resulting in a larger-than-expected decline in oil prices in H2 2026, the National Bank of Hungary could modestly front-load the easing cycle. However, we would not expect such a scenario to trigger a material shift in the broader monetary policy stance.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	Mar-25	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
NBP reference rate (%)	5,75	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
EURPLN*	4,19	4,27	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,28
USDPLN*	3,87	3,77	3,74	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,72
CHFPLN*	4,38	4,56	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,63
CPI inflation (% YoY)	4,9	4,3	4,0	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	
Core inflation (% YoY)	3,6	3,4	3,3	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	
Industrial production (% YoY)	2,5	1,3	4,0	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,5	4,0	
Constr. and assembly prod. (% YoY)	-1,1	-4,2	-2,8	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,6	-4,0	
PPI inflation (% YoY)	-1,0	-1,6	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,3	-1,7	
Retail sales (% YoY)	0,6	7,9	4,3	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	6,5	
Corporate sector wages (% YoY)	7,7	9,3	8,4	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,5	
Employment (% YoY)	-0,9	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,8	
Unemployment rate* (%)	5,4	5,2	5,1	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,0	
Current account (M EUR)	-1091	-252	-1168	-445	-1780	-2593	-797	2103	-250	-1975	1053	-990		
Exports (% YoY EUR)	4,9	-0,2	6,0	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,6	1,9		
Imports (% YoY EUR)	11,5	8,1	7,9	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-6,3	3,3		

*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)	3,5	2,9	3,3	3,4	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)	7,2	10,4	7,8	7,5	6,6	6,1	5,9	5,5	4,4	8,1	6,4
Export - constant prices (% YoY)	4,8	4,0	4,5	5,0	5,2	5,4	5,5	5,5	5,5	4,6	5,7
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	1,2	1,0	1,8	1,9	1,9	1,5	2,1	1,8
	Investments (pp)	1,0	1,6	1,3	1,7	0,9	1,0	1,0	1,3	0,8	1,1
	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 (%)**	5,9	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)	7,5	6,5	6,1	6,0	6,0	6,0	6,0	6,0	8,7	6,5	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**
Tuesday 21/04/2026						
9:30	Poland	Corporate sector wages (% YoY)	Mar	6,1	6,5	6,3
9:30	Poland	Employment (% YoY)	Mar	-0,8	-0,8	-0,8
9:30	Poland	Industrial production (% YoY)	Mar	1,5	4,0	4,1
9:30	Poland	PPI (% YoY)	Mar	-2,3	-1,7	0,0
9:30	Poland	Construction and assembly production (% YoY)	Mar	-13,6	-4,0	-1,8
11:00	Germany	ZEW Economic Sentiment (pts)	Apr	-0,5		-5,0
14:30	USA	Retail sales (% MoM)	Mar	0,6	1,1	1,4
16:00	USA	Business inventories (% MoM)	Feb	-0,1		0,3
Wednesday 22/04/2026						
16:00	Eurozone	Consumer Confidence Index (pts)	Apr	0,0		
Thursday 23/04/2026						
9:30	Poland	Retail sales - current prices(% YoY)	Mar	4,3	6,5	5,7
9:30	Poland	Retail sales - constant prices (% YoY)	Mar	5,0	6,0	5,2
9:30	Germany	Flash Manufacturing PMI (pts)	Apr	52,2		51,3
10:00	Eurozone	Flash Services PMI (pts)	Apr	50,2		49,8
10:00	Eurozone	Flash Manufacturing PMI (pts)	Apr	51,6		50,8
10:00	Eurozone	Flash Composite PMI (pts)	Apr	50,7		50,2
14:00	Poland	M3 money supply (% YoY)	Mar	10,6	11,3	10,7
15:45	USA	Flash Manufacturing PMI (pts)	Apr	52,3		52,5
Friday 24/04/2026						
9:30	Poland	Registered unemployment rate (%)	Mar	6,1	6,0	6,0
10:00	Germany	Ifo business climate (pts)	Apr	86,4		85,5
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Apr	47,6	49,5	48,0

*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