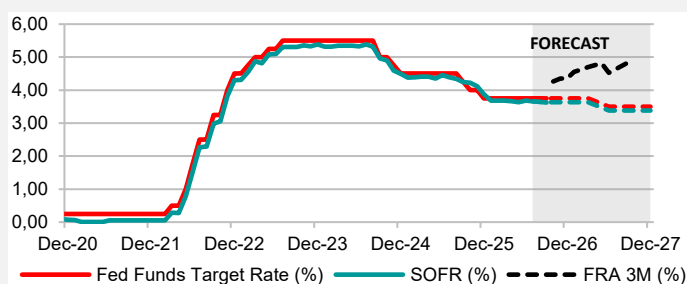


This week

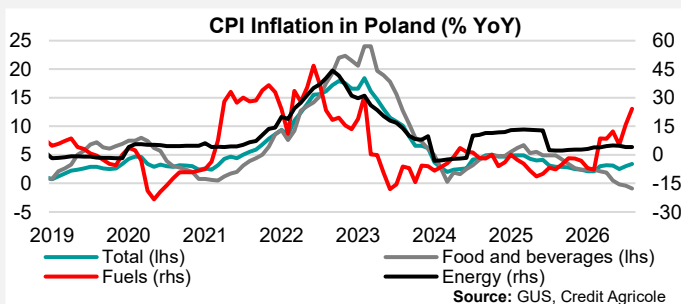
The FOMC meeting will be the most important event in the US this week. We anticipate that the Federal Reserve will keep the target range for the Fed funds rate at 3.50-3.75%, thus prolonging the pause in the monetary policy easing cycle for the sixth consecutive time after a total of 75bp in cuts implemented towards the end of 2025. However, we believe the likelihood of a rate hike is high, and persistently elevated inflation in August (see below) may prompt the FOMC to tighten monetary policy. While the current level of interest rates may be too low given ongoing inflationary pressures, we believe several factors argue against a quick reversal of the cuts delivered in late 2025. Wage pressures remain limited, the conflict in the Middle East is affecting mainly energy prices, and core CPI inflation remains low. Moreover, core PCE inflation is quite likely to overstate the extent of underlying price pressures. We also believe that Friday's inflation data (see below) had less hawkish implications than the market reaction would suggest. We expect the post-meeting press release to strike a hawkish tone, emphasising the Fed's determination to bring inflation back to target and signalling the possibility of rate hikes at subsequent meetings unless inflation data improves. At the press conference, Fed Chair K. Warsh is likely to again refrain from providing clear guidance on the future trajectory of interest rates, while maintaining the hawkish tone of his Jackson Hole speech. The updated macroeconomic projections will also provide important information on the views of FOMC members. We expect the GDP growth path projected by FOMC members to stay as it is. The PCE inflation projection is also unlikely to change materially, with Fed officials awaiting the forthcoming revision to the methodology used to estimate it. If rates are left unchanged in line with our scenario, we expect only limited changes to the median of FOMC members' projections for the federal funds rate, with the number of FOMC members expecting one rate hike in 2026 likely to be similar to the number projecting unchanged rates. The median interest rate projections will also continue to point to only very gradual monetary easing in subsequent years. If the Fed were to raise the rates, the move would be unlikely to be presented as a one-off adjustment, while the median FOMC projection could point to two rate hikes by the end of 2026. We also still think the Fed will keep the interest rates unchanged until the end of 2026, and that the first cut will take place in September 2027. However, we believe there is a material upside risk to our baseline scenario. The market has priced in a 25bp interest rate hike, in line with consensus.



Source: Refinitiv, Credit Agricole

August's final CPI inflation data for Poland will be released on Tuesday.

We expect it to come in line with the flash estimate released by Statistics Poland, in which CPI inflation went up to 3.4% YoY, from 3.0% in July. The pickup in inflation in August was driven primarily by faster fuel price growth and a rise in core inflation, which we estimate to have increased to approx. 3.4% YoY, from 3.1% in July. This points to growing inflationary pressures, with higher energy prices increasingly feeding through into core prices.



Source: GUS, Credit Agricole

Data on Poland's industrial production in August will be published this Friday. We forecast that industrial production growth picked up to 5.3% YoY in August, from 5.1% in July. In our view, the

acceleration in annual production growth was driven mainly by improving business conditions and a low base effect. Our forecast is below the market consensus (6.1%), and if it materialises, the materialisation will be conducive to PLN depreciation and a decrease in the yields on Polish bonds.

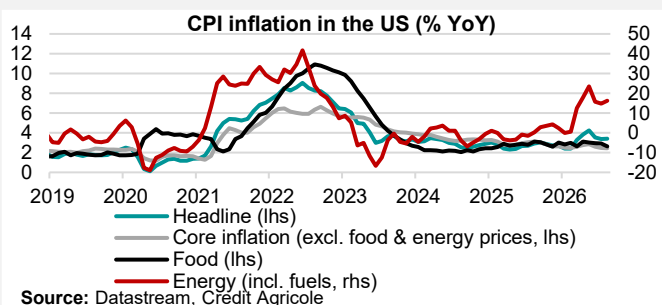
✓ **Some important data from the Chinese economy will be released this week.** We expect the industrial production growth rate to have risen from 4.5% YoY in July to 4.8% YoY in August. Despite continued adverse weather conditions, production was supported by strong activity in the high-tech sector, continued robust global demand for AI-related infrastructure and a low base effect. We also expect retail sales growth to have risen to 0.9% YoY in August, from 0.6% in July, supported by more favourable base effects and stronger jewellery sales amid rising gold prices. At the same time, we forecast that the year-to-date decline in investment deepened to 7.0% YoY in August, from 6.7% in July. However, the month-on-month decline in investment is likely to have moderated, most probably helped by an acceleration in fiscal spending following the July meeting of the Politburo of the Communist Party of China. The impact on investment activity may not become more visible until the coming months. The breakdown of the data is therefore likely to confirm the continued divergence between a relatively resilient industrial sector, supported by high-tech industries and external demand, and persistently weak domestic demand and investment activity.

✓ **Moody's will review Poland's sovereign rating on Friday, and we expect it to maintain the A2 rating with a negative outlook.** In its March report, the agency indicated that the rating was supported by solid economic growth prospects, a still-moderate level of public debt and a strong debt-servicing capacity. Meanwhile, deteriorating public finances, tensions between the government and the President, and the possibility of higher spending ahead of the 2027 election remained the main sources of risk. At the time, Moody's forecast a general government deficit of 6.6% of GDP in 2026 and 5.9% in 2027. The fiscal position has deteriorated further since then. However, in our view, this is already reflected in the negative outlook, and the rating itself is unlikely to be changed this week.

Last week

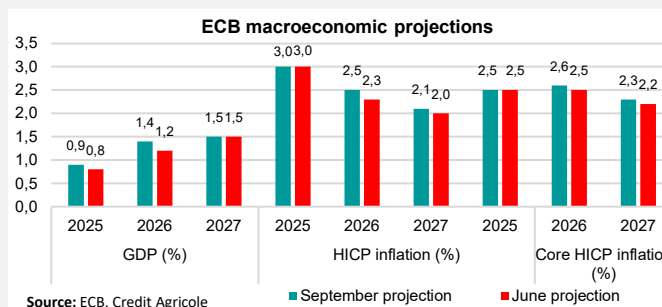
✓ **Last week, the situation in the Middle East remained the main source of volatility in financial markets.** At the start of the week, attacks on civilian vessels led to a decline in the number of tankers passing through the Strait of Hormuz. Tensions have also escalated in the Red Sea in recent days. Houthi rebels seized the city of Mocha and nearby positions in the immediate vicinity of the Bab el-Mandeb Strait, the southern gateway to the Red Sea. This raises the risk of disruption to shipping along the second most important route for transporting oil from the region. In addition, Saudi Arabia officially announced on Friday evening that it had closed the East-West Pipeline after sections of it were damaged in attacks. The pipeline had helped to partially maintain oil exports amid continued restrictions on oil shipments through the Strait of Hormuz. Last week, the Iranian authorities declared that "the era of proportionate responses is over", while D. Trump indicated on Wednesday that the war would not end before the US midterm elections on 03/11/2026. In our view, this was the clearest indication so far that the D. Trump administration may be unable to stem the recent rise in energy costs by taking steps to de-escalate tensions with Iran ahead of the elections. The factors outlined above, which point to a significant risk of lower oil supply in the coming months, pushed oil prices up from around USD 97 per barrel at the start of the week to around USD 104 per barrel on Friday. The rise in oil prices poses an upside risk to our near-term inflation scenario, under which inflation in Poland is forecast to increase to 4.5% YoY in Q4 from 3.4% in Q3.

✓ **US CPI inflation remained unchanged at 3.4% YoY in August, in line with both our forecast and the market consensus.** Core inflation edged down to 2.4% YoY, from 2.5% in July, its lowest level since 2021. However, on a monthly basis, it accelerated to 0.3% MoM from 0.2%, coming in above market expectations of 0.2%. The pickup in



monthly core inflation was driven largely by price increases in volatile categories, including air fares and hotel services, as well as higher wireless telephone service prices. Energy price inflation also accelerated again in August, to 16.3% YoY from 14.7% in July, driven primarily by higher fuel prices. Despite the relatively benign picture for underlying price pressures, the stronger-than-expected monthly core inflation reading increases the likelihood of a Fed rate hike at the September meeting (see above).

✓ **The European Central Bank raised interest rates by 25bp last week, in line with market expectations and our forecast.** The ECB's key interest rate was raised to 2.65%, while the deposit rate was increased to 2.50%. The post-meeting press release provided no clear guidance on the future path of interest rates, with the ECB maintaining its data-

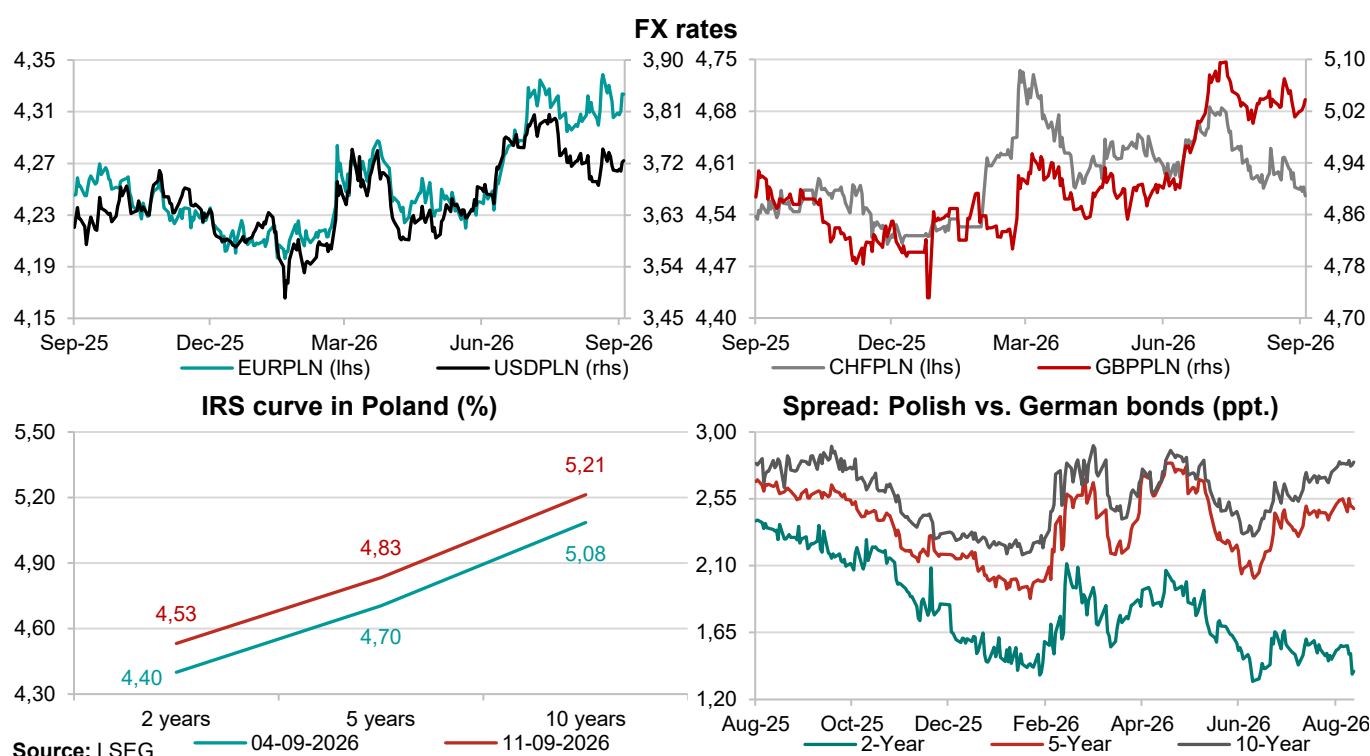


dependent, meeting-by-meeting approach. At the press conference, ECB President C. Lagarde avoided making any commitments on future decisions and noted that the Governing Council had not discussed further rate hikes. At the same time, she made no attempt to push back against increasingly hawkish market expectations, which imply that the deposit rate will rise above 3.3% in mid-2027. The key element of the meeting was the release of new macroeconomic projections, which included upward revisions to headline and core inflation trajectories, as well as to the economic growth forecasts, compared with the June projections. The ECB now expects Eurozone GDP to grow by 0.9% in 2026, 1.4% in 2027 and 1.5% in 2028, compared with previous forecasts of 0.8%, 1.2% and 1.5%, respectively. HICP inflation is pencilled in at 3.0% in 2026, 2.5% in 2027 and 2.1% in 2028, compared with 3.0%, 2.3% and 2.0%, respectively, in the June projections. Core inflation is expected to peak at 2.8% YoY in Q1 2027 before gradually easing to 2.3% in Q4 2028. The new projections remain consistent with our scenario of one further increase in the deposit rate, to 2.75% in December this year. However, the Eurozone economy's greater-than-expected resilience, higher energy prices and stronger second-round effects have tilted the balance of risks towards more extensive tightening or interest rates remaining elevated for a longer period of time. Nonetheless, we believe the current market pricing is overly hawkish, as a rate hike as early as October or an increase in the deposit rate above 3.0% would require a further marked rise in energy prices, continued economic resilience and a stronger pass-through of higher energy prices into core inflation

✓ **The Monetary Policy Council left NBP interest rates unchanged last week, very much in line with our forecast and market expectations, keeping the reference rate at 3.75% (see MACROPulse of 09/09/2026).** Thursday's press conference by the NBP Governor struck a moderately hawkish tone. A. Głapiński indicated that interest rates were unlikely to change any time soon, noting that they are currently at an appropriate level and, in his view, are likely to remain unchanged until the middle of next year. Nevertheless, the NBP Governor noted that

MPC members see a risk of inflation rising above the upper band for deviations from the inflation target in the coming months, which would prompt the Council to reconsider the case for raising interest rates. According to the NBP Governor, the MPC will “respond immediately” if the risk of higher inflation becoming entrenched increases. We maintain our scenario of a 25 bp increase in the reference rate in Q4 2026, most likely following the publication of the new inflation projection in November. With inflationary pressures expected to ease in H2 2027, the MPC is likely to reverse this move, cutting the reference rate by 25 bp in both Q3 and Q4 2027, to a target level of 3.50%.

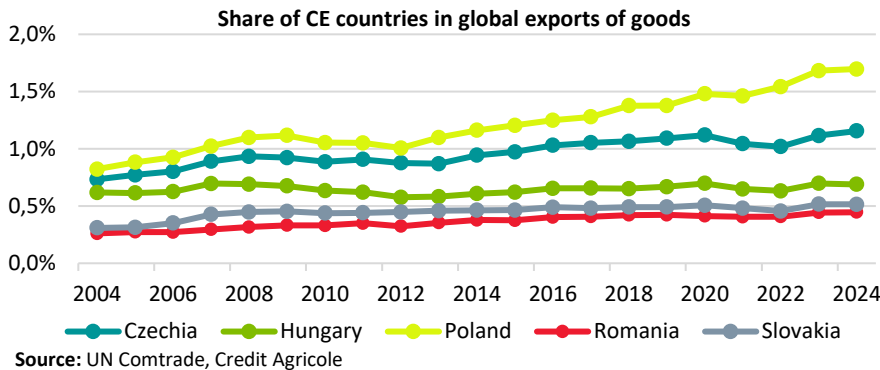
Geopolitics and US data remain key market drivers



Last week, the financial markets were shaped primarily by the further escalation of the conflict in the Middle East (see above) and rising energy commodity prices. Heightened tensions in the Strait of Hormuz, Houthi rebel activity in the Red Sea and D. Trump’s comments suggesting that the war was unlikely to end before the November midterm elections combined to push the Brent crude price markedly higher. Rising energy commodity prices added to global inflation expectations and increased yields on bonds. On Thursday, the moderately hawkish tone of the NBP Governor’s press conference and the ECB’s rate hike provided further upward pressure on Polish bond yields. On Friday, the higher-than-expected monthly core inflation reading in the US led to a significant increase in the market-implied probability of a Fed rate hike and put further upward pressure on bond yields. This was particularly evident in the case of long-term bonds. The yield on 30-year US Treasuries rose to ca. 5.34% on Friday, its highest level since 2007. As a result, the EURPLN increased from ca. 4.30 at the start of the week to ca. 4.32 on Friday, while the yields on Polish bonds rose across the curve.

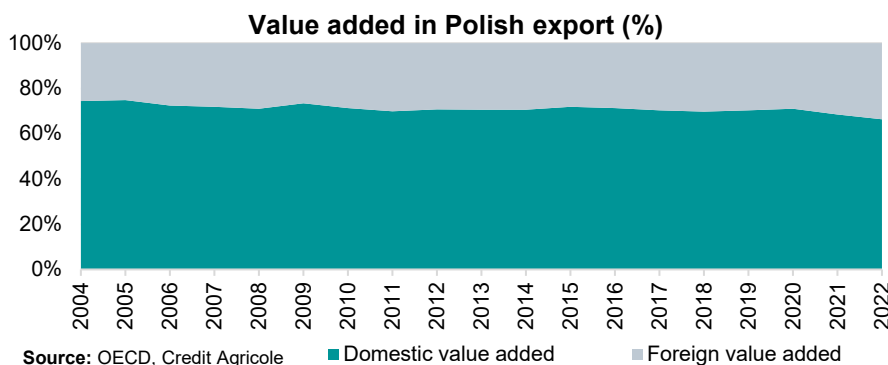
This week, markets will focus primarily on Wednesday’s FOMC meeting and further developments in the Middle East. We expect the Fed to leave interest rates unchanged, although the higher-than-expected monthly core inflation reading for August points to a substantial risk of a rate hike. Friday’s release of Polish industrial production data for August is likely to be slightly negative for the PLN and the yields on Polish bonds. We expect Moody’s decision on Poland’s rating to be neutral for the PLN and the debt market.

Is Poland moving up global value chains?

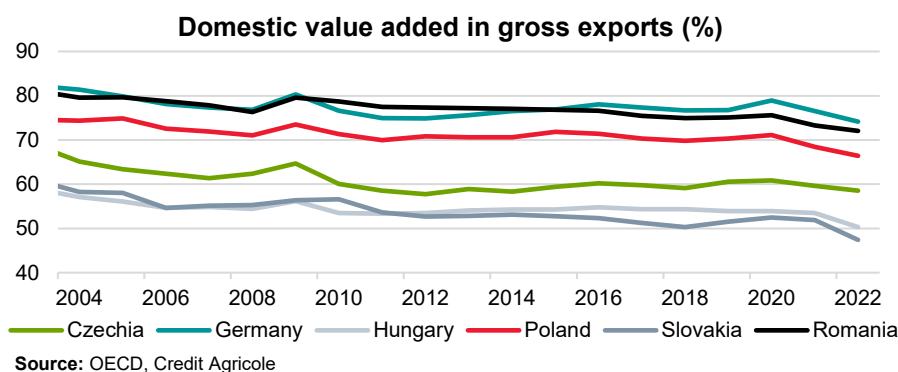


regarded as allies). However, a question arises whether the growth in exports translated into Poland moving up global value chains. It is worth noting that a country may rapidly increase its exports, and yet remain nothing more than a place for the final assembly of products designed and sold by foreign companies. The following analysis is an attempt to address this issue.

In our previous analyses (see MACROmaps of 15/04/2024 and 14/10/2024), we showed that Poland was among the countries whose shares of global exports increased the most after 2019 (see chart). This might suggest that Poland benefited from shorter supply chains, nearshoring (moving operations closer to their target markets) and friendshoring (moving operations to countries

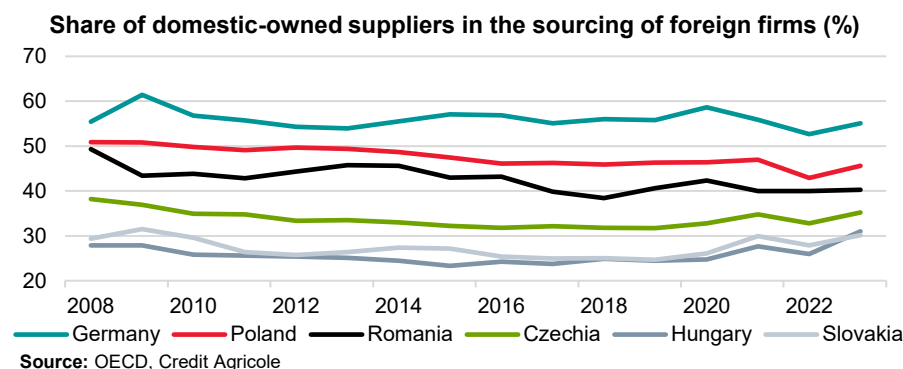


We have defined moving up global value chains as an increase in the share of domestic value added in exports. However, OECD data pointed that the trend in Poland was quite the opposite. Between 2004 and 2022, the share of foreign value added expanded from 25.6% to 33.6%, while the corresponding domestic share shrank from 74.4% to 66.4%.



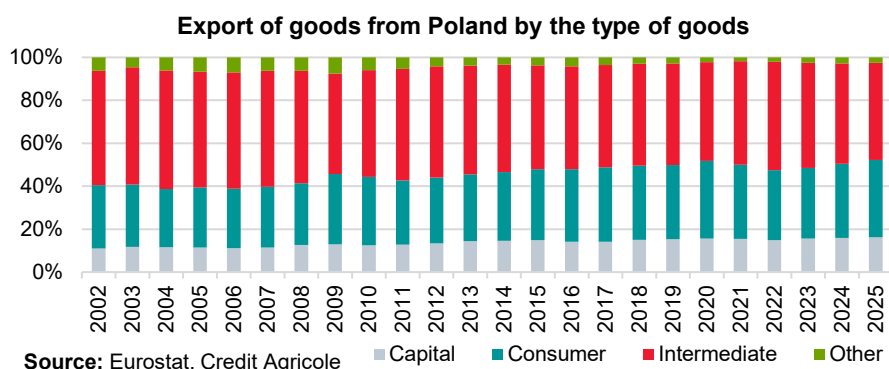
individual production stages increasingly spread across different countries. This is partly a natural consequence of greater specialisation. Modern companies do not seek to produce every component in a single country, but instead source from the best suppliers across a range of economies. Imports of advanced components, software or machinery may improve productivity and the quality of the final product. At the same time, the share of domestic value added in Polish exports remains relatively high compared with other countries in the region. In 2022, it stood at 66.4%, compared with 58.5% in the Czech Republic, 50.3% in Hungary and 47.4% in Slovakia.

Over the past two decades, though, the share of domestic value added in exports has declined not only in Poland, but also in other countries in the region and in Germany (see chart). This suggests that the trend is largely universal and reflects, among other factors, growing international competition and changes in how companies organise their production processes, with



sources have provided early indications that Poland's position in global value chains may have gradually improved since 2022. In particular, it is worth examining the sourcing patterns of foreign-owned companies, which account for a significant share of Polish exports. Historically, their business model was characterised by increasing reliance on foreign suppliers, with the share of intermediate goods sourced from suppliers based in Poland falling from 54.6% in 2008 to 42.9% in 2022. Notably, the share of domestic firms in supplies to foreign-owned companies rose to 45.9% in 2023, breaking the previous downward trend. Although a single year is not sufficient to establish a lasting reversal of the trend, this may be an early indication of the growing role of domestic suppliers in the production chains of foreign-owned companies operating in Poland.

It is worth noting that the OECD data only covers the period up to and including 2022, and therefore does not yet capture the effects of nearshoring, the expansion of the battery sector or defence programmes, whose impact on the composition of value added can only be assessed once future editions of the study become available. Meanwhile, other data



from 14.9% to 16.2% and that of consumer goods from 32.5% to 36.1%, while the share of intermediate goods declined from 50.5% to 45.2%. This means that finished products are becoming increasingly important in Poland's export mix, including machinery, equipment, means of transport and other capital goods used in production processes in other countries. This shift, however, should not be interpreted automatically as clear evidence of technological upgrading, as final goods may still be produced largely from imported components, while technologically advanced products may be classified as intermediate goods. Taken together, Poland's growing share of global exports, the greater involvement of domestic suppliers in the supply chains of foreign-owned companies in 2023 and the changing composition of exports provide a further indication that the economy is gradually moving beyond its traditional focus on basic assembly.

Poland's continued gains in global export market share may also point to an improving position in global value chains since 2022, as discussed at the outset. This interpretation is also consistent with the long-term shift in the composition of Polish exports broken down by the end use of products. Between 2022 and 2025, the share of capital goods increased

Evidence from other economies points to a range of different paths up global value chains. South Korea moved away from low-cost production to developing its own technologies and global brands, primarily through the growth of domestic companies and very high levels of research and development spending. Taiwan achieved similar progress in a different way, with domestic firms specialising in selected, technologically advanced stages of global value chains, which are very difficult to replace, the most prominent example being semiconductor manufacturing. The Czech Republic, in turn, has shown that moving up the value chain can also take place within a foreign-owned group. Following its acquisition by Volkswagen, Škoda retained and expanded its engineering, design and R&D functions in the Czech

Republic and, in selected areas, carries out development work for the group as a whole. Ireland's experience shows, however, that attracting advanced foreign investment alone is not sufficient. Lasting progress also requires domestic companies to be capable of absorbing knowledge and technology and taking on increasingly complex business functions. What these examples have in common is a gradual move away from competing on cost and carrying out basic production tasks towards developing domestic technological, design and organisational capabilities.

In our view, the most realistic model for Poland over the longer term is one that combines continued inflows of foreign investment with the development of domestic suppliers and Polish companies operating in international markets. Moving production closer to European end markets may increase exports and employment, but does not in itself mean that the highest value-added functions, such as research and development, product design, intellectual property management or the organisation of global sales, will also be located in Poland. However, the relatively weak innovation base remains the main constraint on further progress. Research and development spending in Poland amounted to 1.41% of GDP in 2024, compared with 2.24% in the EU. Without an increase in research and development spending and closer cooperation between businesses and research institutions, it will be difficult to move from absorbing foreign technologies to developing them domestically. We will discuss innovation in the Polish economy in greater detail in the next issue of our MACROmap.

Forecasts of the monthly macroeconomic indicators

Selected monthly macroeconomic indicators in Poland														
Indicator	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
NBP reference rate* (%)	5,00	4,75	4,50	4,25	4,00	4,00	4,00	3,75	3,75	3,75	3,75	3,75	3,75	3,75
EURPLN*	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,23	4,30	4,31	4,32	4,28
USDPLN*	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,63	3,76	3,73	3,72	3,75
CHFPLN*	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,65	4,66	4,61	4,60	4,55
CPI inflation (% YoY)	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	3,1	2,5	3,0	3,4	
Core inflation (% YoY)	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	3,1	3,0	3,1	3,4	
Industrial production (% YoY)	0,7	7,6	3,2	-1,1	7,3	-1,5	1,3	7,5	2,9	4,1	7,4	5,1	5,3	
Constr. and assembly prod. (% YoY)	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,8	0,6	4,6	3,9	5,1	-2,4	10,0	
PPI inflation (% YoY)	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	1,2	2,1	2,4	1,9	2,8	3,9	
Retail sales (% YoY)	3,0	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,8	4,4	6,8	5,3	5,4	
Corporate sector wages (% YoY)	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,6	5,4	5,8	5,9	6,8	6,5	
Employment (% YoY)	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	-0,9	-0,9	-0,8	-0,8	
Unemployment rate* (%)	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	5,9	5,8	5,8	5,8	
Current account (M EUR)	-2593	-797	1767	-402	-2194	1312	-632	272	-1541	-1071	-2216	-3310		
Exports (% YoY EUR)	-1,3	5,9	5,2	2,4	9,4	-2,1	2,5	7,9	6,7	5,5	12,3	7,2		
Imports (% YoY EUR)	-1,0	7,4	2,7	2,9	9,8	-5,9	3,8	4,2	7,8	3,7	16,9	10,9		

*end of month

Forecasts of the quarterly macroeconomic indicators

Selected macroeconomic indicators in Poland											
Indicator	2026				2027				2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	3,5	3,9	3,7	3,5	2,8	2,7	3,1	3,0	3,6	3,7	3,0
Private consumption (% YoY)	3,3	2,8	3,1	2,5	2,8	3,3	3,3	3,0	3,7	2,9	3,2
Gross fixed capital formation (% YoY)	2,4	8,4	9,6	8,1	7,2	6,3	4,5	5,9	4,4	7,5	6,4
Export - constant prices (% YoY)	5,6	10,8	7,5	5,5	5,2	5,4	5,5	5,5	5,5	7,3	5,7
Import - constant prices (% YoY)	6,1	10,4	8,0	6,2	5,2	6,1	6,5	6,1	6,8	7,7	6,4
GDP growth contributions	Private consumption (pp)	2,0	1,6	1,8	1,2	1,7	1,9	1,9	1,5	2,1	1,8
	Investments (pp)	0,3	1,3	1,6	1,8	0,9	1,0	0,8	1,4	0,8	1,1
	Net exports (pp)	0,0	0,5	-0,1	-0,2	0,2	-0,2	-0,4	-0,2	-0,5	-0,2
Current account (% of GDP)***	-0,7	-1,0	-1,1	-1,3	-1,4	-1,5	-1,4	-1,3	-0,9	-1,3	-1,3
Unemployment rate (%)**	6,1	5,8	5,8	5,9	6,1	5,7	5,7	5,8	5,7	5,9	5,8
Non-agricultural employment (% YoY)	0,9	0,0	-0,1	-0,3	-0,5	-0,5	-0,5	-0,5	0,4	0,0	-0,5
Wages in national economy (% YoY)	6,7	5,5	5,7	6,0	6,0	6,0	6,0	6,0	8,7	6,3	6,0
CPI Inflation (% YoY)*	2,4	2,9	3,4	4,5	4,0	4,3	3,6	3,0	3,6	3,3	3,7
Wibor 3M (%)**	3,85	3,85	3,98	4,10	4,10	4,10	3,73	3,60	3,99	4,10	3,60
NBP reference rate (%)**	3,75	3,75	3,75	4,00	4,00	4,00	3,75	3,50	4,00	4,00	3,50
EURPLN**	4,29	4,30	4,28	4,25	4,23	4,21	4,19	4,17	4,21	4,25	4,17
USDPLN**	3,71	3,76	3,75	3,76	3,74	3,69	3,61	3,56	3,58	3,76	3,56

* quarterly average

** end of period

***cumulative over the last four quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 14/09/2026						
14:00	Poland	Current account (M EUR)	Jul	-2216	-3310	-2341
Tuesday 15/09/2026						
4:00	China	Retail sales (% YoY)	Aug	0,6	0,9	0,8
4:00	China	Urban investments (% YoY)	Aug	-6,7	-7,0	-7,2
4:00	China	Industrial production (% YoY)	Aug	4,5	4,8	4,8
9:30	Poland	CPI (% YoY)	Aug	3,0	3,4	3,4
11:00	Germany	ZEW Economic Sentiment (pts)	Sep	34,2		40,0
14:30	USA	NY Fed Manufacturing Index (pts)	Sep	20,6		14,8
Wednesday 16/09/2026						
11:00	Eurozone	Industrial production (% MoM)	Jul	0,0		-0,4
11:00	Eurozone	Wages (% YoY)	Q2	3,4		
14:00	Poland	Core inflation (% YoY)	Aug	3,1	3,4	3,2
14:30	USA	Retail sales (% MoM)	Aug	-0,6	0,7	0,9
16:00	USA	Business inventories (% MoM)	Jul	0,0		0,8
20:00	USA	FOMC meeting (%)	Sep	3,75	3,75	4,00
Thursday 17/09/2026						
11:00	Eurozone	HICP (% YoY)	Aug	2,9		3,3
13:00	UK	BOE rate decision (%)	Sep	3,75		3,75
14:30	USA	Initial jobless claims (k)	w/e	206		
14:30	USA	Building permits (k)	Aug	1433		1410
14:30	USA	Housing starts (k MoM)	Aug	1239		1305
14:30	USA	Philadelphia Fed Index (pts)	Sep	47,4		32,5
Friday 18/09/2026						
9:30	Poland	Industrial production (% YoY)	Aug	5,1	5,3	6,1
10:00	Eurozone	Current account (bn EUR)	Jul	35,1		
15:15	USA	Capacity utilization (%)	Aug	76,3		76,4
15:15	USA	Industrial production (% MoM)	Aug	0,2	0,4	0,3

*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

** Consensus based on Thomson Reuters, Bloomberg or Parkiet daily