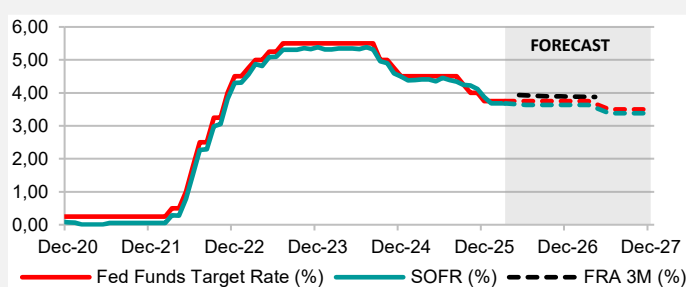


This week

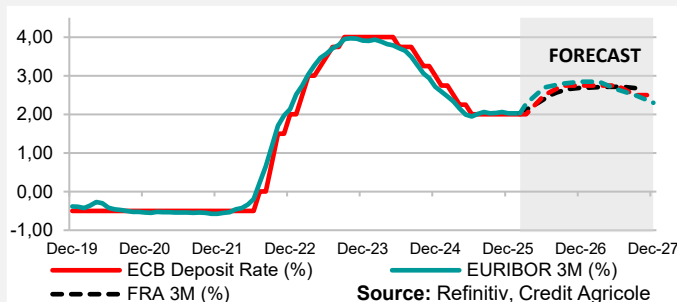
✓ **Developments in the conflict in the Middle East will remain the main risk factor for financial markets this week.** There has been no breakthrough despite the continued mediation from Pakistan and Oman, with Iran declaring no intention to resume direct negotiations with the US as long as the US naval blockade, which Tehran considers to be a violation of the truce, remains effective. D. Trump has cancelled the visit of US representatives to Pakistan, and declared that Iran may contact the US if they want to negotiate the terms of ending the conflict. Any further escalation this week would increase global risk aversion, and cause the USD to appreciate, the PLN to weaken, and the yields on Polish bonds to increase.

✓ **FOMC meeting will be held on Wednesday.** 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 third consecutive time after a total of 75bp in cuts implemented towards the end of 2025. A decision to keep the rates as they are would be consistent with market consensus, and in our view, it would be taken on grounds of persistently elevated uncertainty surrounding the inflation trajectory after the outbreak of war with Iran and stabilisation in the labour market after the employment rebound in March. Although headline CPI inflation in March went markedly up, driven by the energy prices, the price pressures in base categories are still much more constrained. Thursday will also see the release of PCE inflation data for March, which should confirm that the core price pressures grew only moderately: market consensus is that the headline PCE inflation grew from 2.8% YoY in February to 3.5% in March, with core PCE inflation going up from 3.0% YoY to 3.2%. Therefore, the Fed will most likely focus primarily on potential second-round effects and anchoring long-term inflation expectations. We do not expect the press release following the meeting to change substantially compared with the previous meeting, and during the press conference, J. Powell will repeat that the Fed is currently “well positioned” to wait for clarity regarding the impact of the energy shock on the economy. We still anticipate that the Fed will keep the interest rates unchanged until the end of 2026, and that the final cut will only be made in Q2 2027.



Source: Refinitiv, Credit Agricole

✓ **The ECB meeting will be held this Thursday.** In our view, the ECB will raise the deposit rate by 25bp this week, and then make two more hikes, in June and July, so the rate will finally stand at 2.75%. The scenario is consistent with our conclusion saying that core inflation in the Eurozone will stay markedly above the ECB target for a long time as a result of the energy shock, and that will require the monetary policy to be tightened. We believe that the rate hike scenario will also be underpinned by April's HICP inflation data for the Eurozone, which is due to be released this week. We expect the headline inflation to grow to 3.1% YoY, from 2.6% in March, mainly due to a strong rise in energy prices, with core inflation staying above the ECB inflation target (2.2% YoY vs. 2.3% in March). At the same time, we see a significant probability that the



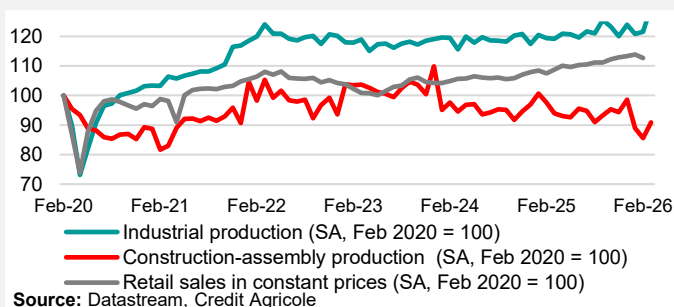
Source: Refinitiv, Credit Agricole

ECB will not decide to start the rate hike cycle as early as this week. This view is backed by energy commodity prices coming in lower than we initially anticipated, a great deal of uncertainty surrounding further developments in the Middle East, and the hitherto relatively balanced communication from the ECB representatives. The market also currently expects interest rates to remain unchanged at the upcoming meeting. Consequently, if interest rates do not change this week, this would not mean that the ECB abandoned its hawkish attitude. On the contrary, the first hike would just be postponed until the central bank has gathered more data regarding the potential persistence of the commodity shock and its impact on inflation.

✓ **Poland's flash inflation figures for April will be released on Thursday.** We expect CPI inflation to edge up to 3.1% YoY, from 3.0% in March. In our view, inflation was driven slightly up by stronger growth in the prices of food and non-alcoholic beverages and core inflation, which we estimate will go up from 2.7% YoY in March to 2.8% in April. Lower growth in fuel prices following the government's introduction of a price cap mechanism had the opposite effect.

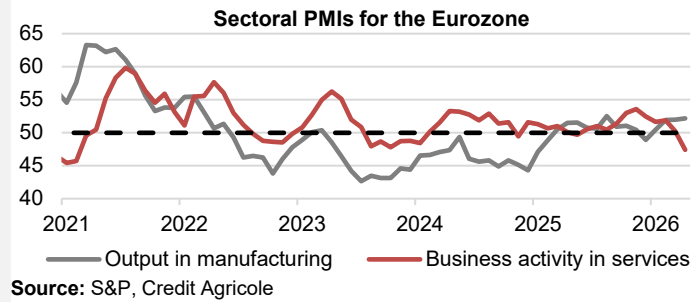
Last week

✓ Last week also saw the publication of March data from the Polish economy, which had a clearly positive tone, although it was partly supported by better weather conditions and favourable calendar effects (see **MACROPulses of 21/04/2026 and 23/04/2026**).

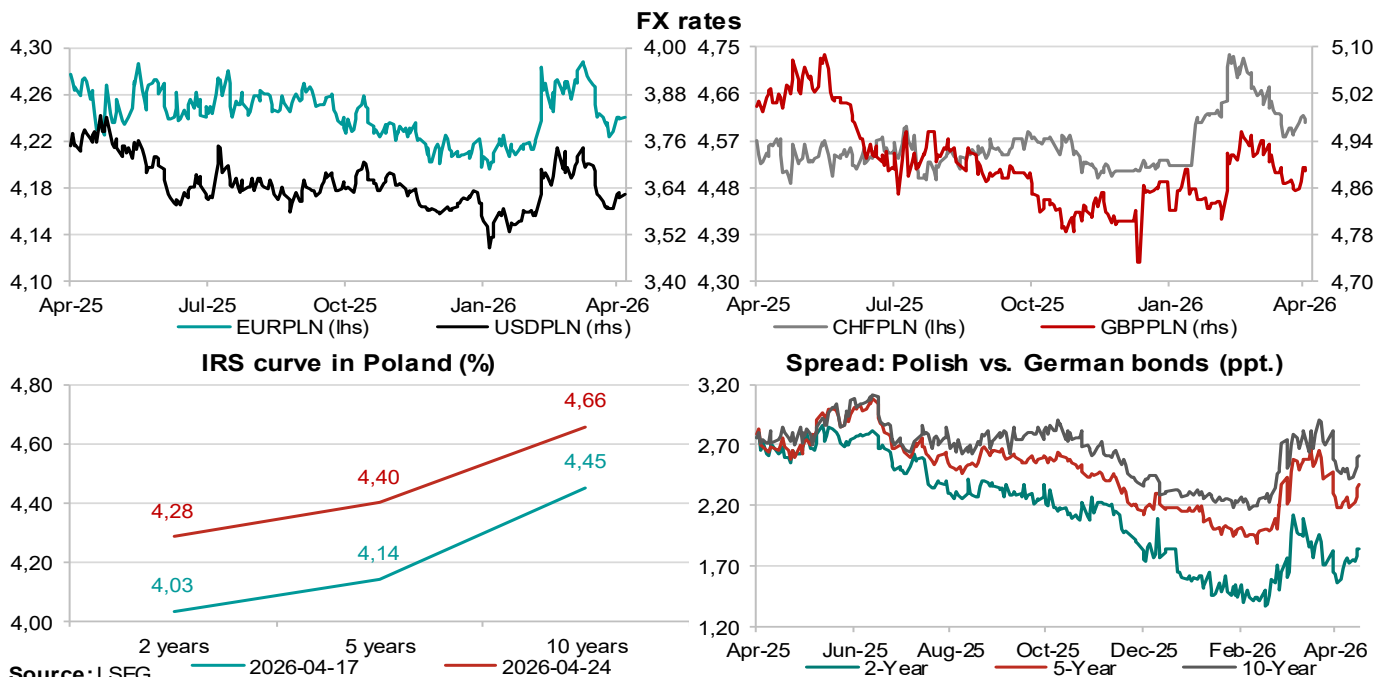


Industrial production increased by 9.4% YoY, compared with 1.3% in February, coming in significantly above our forecast and the consensus. After seasonal adjustment, it rose by as much as 7.0% MoM, reaching its highest level on record. The recovery was broad-based and covered both export-oriented industries and segments linked to construction, as well as non-export sectors. Construction and assembly production increased by 0.4% YoY, compared with a decline of 13.7% in February, and rose by 6.2% MoM after seasonal adjustment. However, construction activity still remained clearly below its level from the end of 2025, meaning that the sector only partially recovered the losses caused by the sharp winter decline. Retail sales data was also very strong: real retail sales growth increased to 8.7% YoY from 5.0% in February, supported by better weather, earlier Easter-related purchases, higher consumer mobility and increased fuel sales, partly linked to concerns about further price increases following the escalation of the conflict in the Middle East. Labour market data was more mixed. Wage growth in the enterprise sector increased to 6.6% YoY from 6.1% in February, but amid higher inflation real wage growth declined to 3.5% YoY from 3.9%, while employment fell by 0.9% YoY, compared with a decline of 0.8% in February. Overall, the March data signals upside risk to our GDP growth forecast for Q1 2026, although the further course of the conflict in the Middle East and its impact on commodity prices, inflation and external demand remain significant downside risks to activity in the coming quarters.

✓ Last week saw the publication of preliminary PMI indices for the Eurozone and Germany for April, which pointed to a clear deterioration in business conditions following the escalation of the conflict in the Middle East. In the Eurozone, the aggregate Composite PMI declined to 48.6 pts from 50.7 pts in March, falling below the 50-point mark for the first time in 16 months. The deterioration was concentrated in services, where the activity index fell to 47.4 pts in April from 50.2 pts in March. At the same time, manufacturing remained relatively resilient, with the manufacturing PMI rising to 52.2 pts in April from 51.6 pts in March, although this largely reflected inventory building in response to the risk of further price increases and supply disruptions. A similar picture emerged from Germany, where the Composite PMI declined to 48.3 pts in April from 51.9 pts in March, with both the manufacturing and services indices falling. The PMI data has a stagflationary tone: it points to weaker activity, especially in services, while also showing a strong increase in cost pressures and output prices, linked to higher energy, transport and commodity prices as well as deeper supply-chain disruptions. A similar signal came from the Ifo index, which fell to 84.4 pts in April from 86.3 pts in March, reaching its lowest level since May 2020. The deterioration affected both the assessment of the current situation and the expectations component, confirming that the war in Iran and the related increase in energy prices and uncertainty are weighing on sentiment among German companies.



✓ Middle East weighs on markets again



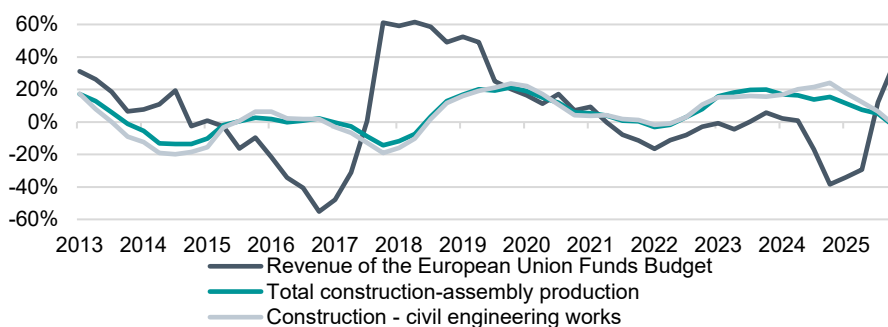
Last week, financial markets were dominated by an increase in risk aversion related to renewed tensions around Iran, the prolonged blockade of the Strait of Hormuz and the lack of a breakthrough in peace talks, which pushed oil prices markedly higher – from around USD 95 per barrel at the beginning of the week to

over USD 100 in its second half. In this environment, EURUSD declined and the PLN weakened. At the same time, the domestic debt market saw a clear increase in Treasury bond yields and IRS rates, driven not only by global factors and higher inflation expectations related to more expensive oil, but also by very strong domestic data for March. Thus, although the very good domestic data limited the scale of the PLN weakening, they were not enough to prevent a further sell-off in bonds and an increase in IRS rates during the week.

This week, the market's focus will be on the decisions of the Fed and the ECB, with keeping interest rates unchanged being the baseline scenario in both cases. Inflation data from the Eurozone, the US and Poland will be equally important. For the PLN and the domestic debt market, information from the Middle East will also remain key.

Construction on the verge of recovery

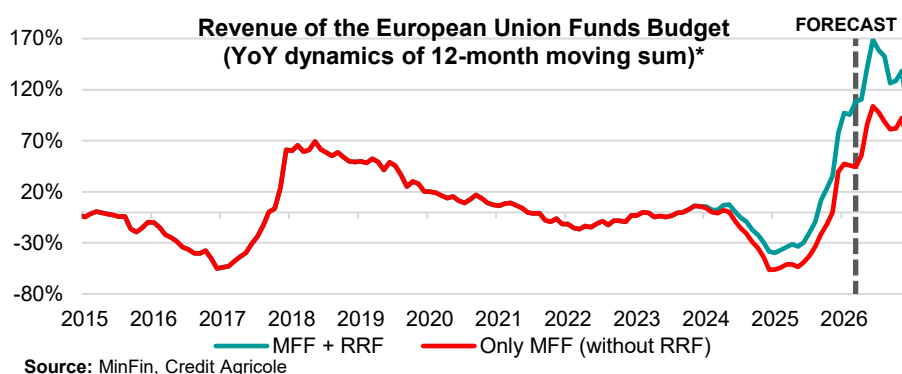
A key component of the moderately strong economic growth we expect in 2026 will be the recovery in construction we forecast. However, construction and assembly production data for January-February did not inspire optimism. Due to the cold winter, production fell by 9.8% MoM in seasonally adjusted terms in January and by a further 3.8% in February. It was only the March data published last week that signalled a partial rebound in this area, with production increasing by 6.2% MoM (see MACROPulse of 21/04/2026). Below, we present our scenario for construction in the coming months, broken down into its three key segments.



* all lines show YoY dynamics calculated based on 1-year rolling sums of nominal data
Source: MinFin, GUS, Credit Agricole

One of the main determinants of construction and assembly production is the pace of EU funds absorption as these funds account for a large share of the financing sources for public investment. Given the nature of the projects implemented, largely infrastructure projects, the growth rate of revenue of the budget for European funds under the

Cohesion Fund has shown a strong correlation over the past decade with construction and assembly production in the civil engineering segment, as well as with total construction and assembly production (see chart).

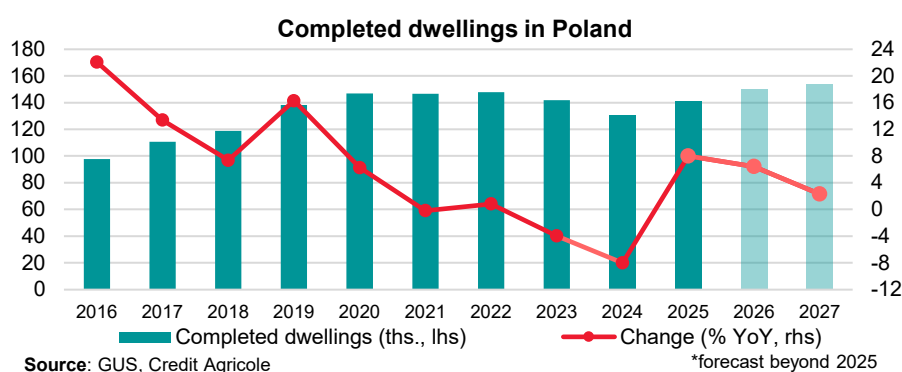


Source: MinFin, Credit Agricole

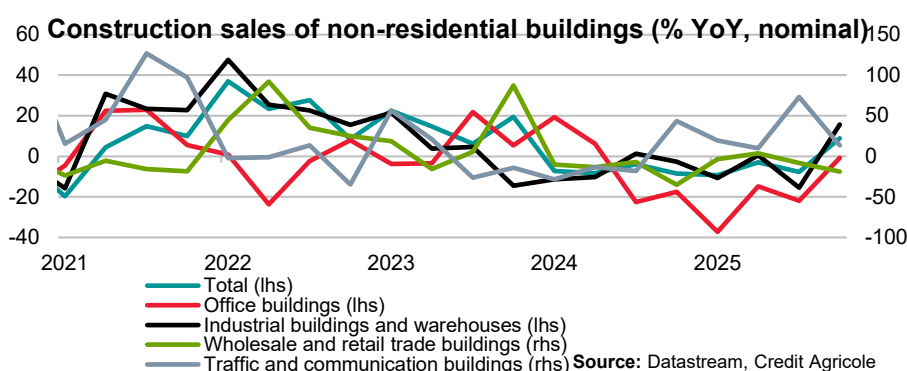
In 2025, EU funds absorption increased due to the overlap of financial flows under the Multiannual Financial Framework and the National Recovery and Resilience Plan. Based on the Ministry of Finance's plans presented in the 2026 Budget Act, in the section on revenue of the European Union Funds Budget, we can forecast how the inflow of EU funds will evolve over the coming

months. We expect around PLN 117bn in EU funds, or around 3.0% of GDP, to flow into Poland this year, twice as much as in 2025. It is worth noting that these amounts refer only to the EU-funded part of project

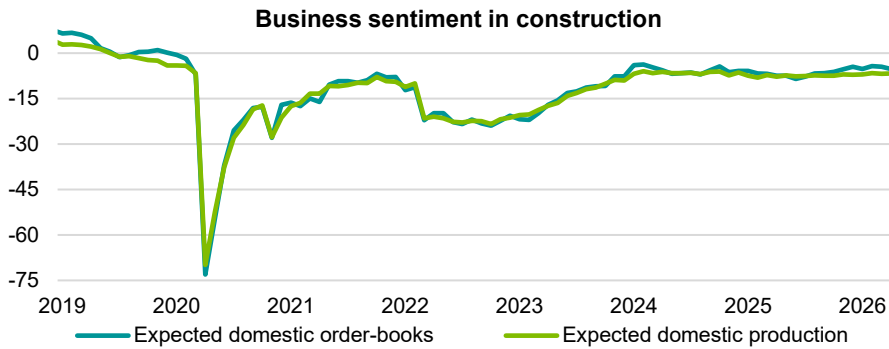
financing, excluding the domestic contribution. EU funds inflows will therefore provide a significant impulse for public investment and construction and assembly production growth this year. We described our EU funds inflow forecast in detail in the MACROmap of 19/01/2026.



Beyond infrastructure investment trends, another important issue for the construction sector is the number of dwellings completed in the coming quarters. To forecast the supply of new units, we used the econometric model presented in MACROmap of 23/09/2024, which explains the annual growth in the number of completed dwellings (smoothed with a 9-month moving average). The key variable in the model is the growth rate of housing starts lagged by 24 months. In the model, this represents the basic time relationship between the start and completion of construction, which has historically been the main determinant of the number of completed dwellings. We believe that this relationship may temporarily shorten or lengthen under the influence of other factors captured in the model by the other two explanatory variables. One is growth in construction and assembly production prices for building construction, lagged by 12 months, whose increase in 2022-2023 slowed project execution and was correlated with expected interest rate levels, thereby affecting construction times. The third variable is GDP growth, lagged by 4 quarters, reflecting overall economic conditions in Poland during project execution and influencing developers' decisions and construction activity. Based on the results of our econometric modelling, we expect the number of completed dwellings to increase by 6.4% in 2026 compared with 2025 and by a further 2.3% YoY in 2027. Residential construction will therefore be the second driver of construction and assembly production growth this year, after infrastructure investment.



In the case of corporate investment in buildings and structures, forecasting trends for 2026 is particularly difficult, as this category covers many segments with different outlooks: production buildings, warehouses and logistics facilities, offices, retail and service facilities, hotels, data centres, energy facilities and other specialised buildings. We expect aggregate activity in this area to grow gradually, although the rebound will be clearly less uniform than in public infrastructure and residential construction. We see the best prospects in the warehouse and logistics segment. After the earlier strong increase in new warehouse supply, developers are now more cautious and are less likely to start construction without pre-let agreements signed with tenants. However, demand is supported by e-commerce, nearshoring and Poland's resilience as a logistics hub. Retail parks and data centres will also stand out positively. By contrast, the office segment will remain weak, with new supply constrained by the entrenchment of the hybrid working model, high construction costs and competition from more profitable residential projects.



Source: GUS, Credit Agricole

We expect construction and assembly production to continue its upward trend in the coming months, as it did in March. This scenario is supported by high readings of indicators for expected production and the expected order book in business sentiment surveys among construction companies conducted by Statistics Poland (GUS). As a result, we

expect a clear recovery in construction in H2 2026. The situation in the Middle East remains a significant source of uncertainty, as it may increase the risk premium and intensify supply-chain disruptions. We also see downside risks to this scenario related to supply-side constraints. Amid high capacity utilisation and strong demand, project delays and cost increases may occur.

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	4,24
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	3,62
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	4,61
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	1,3	9,4	
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	-13,7	0,4	
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	-2,0	-0,8	
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	9,8	
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	6,6	
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	-0,9	
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	6,1	
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	1,5
	Investments (pp)	1,0	1,6	1,3	1,7	0,9	1,0	1,0	1,3	0,8	1,4
	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)	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 28/04/2026						
15:00	USA	Case-Shiller Index (% MoM)	Feb	0,2		0,2
16:00	USA	Richmond Fed Index	Apr	0,0		
16:00	USA	Consumer Confidence Index	Apr	91,8		89,2
Wednesday 29/04/2026						
10:00	Eurozone	M3 money supply (% MoM)	Mar	3,0		3,1
11:00	Eurozone	Business Climate Indicator (pts)	Apr	-0,27		
14:00	Germany	Preliminary HICP (% YoY)	Apr	2,8		3,00
14:30	USA	Durable goods orders (% MoM)	Mar	-1,3		-1,0
14:30	USA	Building permits (k)	Mar	1386		1390
14:30	USA	Housing starts (k MoM)	Mar	1487		1400
20:00	USA	FOMC meeting (%)	Apr	3,75	3,75	3,75
Thursday 30/04/2026						
3:30	China	NBS Manufacturing PMI (pts)	Apr	50,4		50,1
3:45	China	RatingDog Manufacturing PMI (pts)	Apr	50,8		51,0
9:30	Poland	Flash CPI (% YoY)	Apr	3,0	3,1	2,9
10:00	Germany	Preliminary GDP (% QoQ)	Q1	0,3	0,2	0,2
11:00	Eurozone	Preliminary GDP (% QoQ)	Q1	0,2	0,2	0,2
11:00	Eurozone	Preliminary HICP (% YoY)	Apr	2,6	3,1	2,9
11:00	Eurozone	Unemployment rate (%)	Mar	6,2		6,2
13:00	UK	BOE rate decision (%)	Apr	3,75		3,75
14:15	Eurozone	EBC rate decision (%)	Apr	2,15	2,15	2,15
14:30	USA	PCE core inflation (% YoY)	Mar	3,0		3,2
14:30	USA	PCE Inflation (% YoY)	Mar	2,8		3,5
14:30	USA	Real private consumption (% MoM)	Mar	0,1		
14:30	USA	Preliminary estimate of GDP (% YoY)	Q1	0,5		2,2
15:45	USA	Chicago PMI (pts)	Apr	52,8		53,0
Friday 01/05/2026						
15:45	USA	Flash Manufacturing PMI (pts)	Apr	54,0		
16:00	USA	ISM Manufacturing PMI (pts)	Apr	52,7		53,0

*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