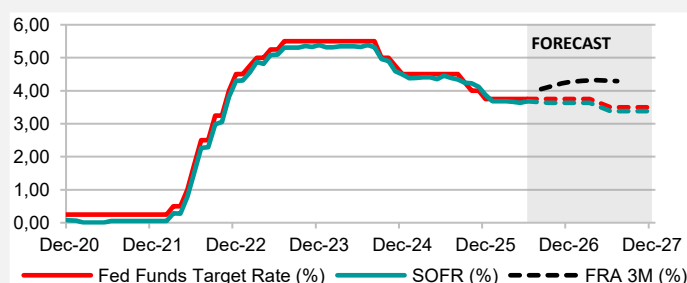


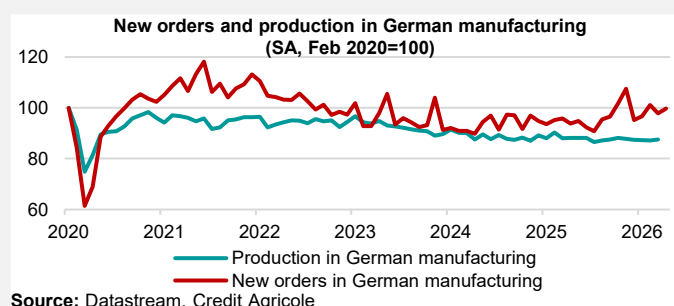
This week

- ✓ **We expect the MPC to keep interest rates unchanged on Wednesday, with the NBP reference rate left at 3.75%.** Such a decision would be consistent with the more dovish tone of the Council members' comments in June which, following lower-than-expected inflation data for May and the de-escalation of tensions in the Middle East, pointed to a reduction in the risk of interest rate hikes. This view is further underpinned by the lower-than-expected inflation reading for June. At the same time, the end of the government's intervention in the fuel market, the expected increase in inflation in the second half of this year and persistently elevated core inflation, in our view, leave little room for a swift return to interest rate cuts. Consequently, a "wait-and-see" approach remains the most likely scenario. Key for the assessment of the monetary policy outlook will be the July inflation projection, which is due to be published this week (see below), and the NBP Governor's customary press conference.

- ✓ **The Minutes of the June FOMC meeting will be released on Wednesday.** They will be particularly important following Fed Chair K. Warsh's speech in Sintra, which confirmed a change in the Fed's communication strategy – a move away from traditional *forward guidance* towards placing greater emphasis on data dependency. K. Warsh noted that inflation risks had eased in recent weeks, while at the same time reiterating the commitment to bringing inflation back to target and avoiding any specific guidance regarding the future interest rate path. Investors will therefore analyse the Minutes primarily for indications as to whether the majority of FOMC members view the recent decline in oil prices as an argument against further rate hikes or whether they remain concerned about elevated inflation becoming entrenched (for example, due to strong investment demand in the technology sector). Our baseline scenario remains unchanged. We still expect the Fed to keep rates unchanged in the coming months and believe that the degree of monetary policy tightening priced in by markets by year-end remains excessive, even though the scale of tightening priced in by markets has recently declined to around 25 bp.

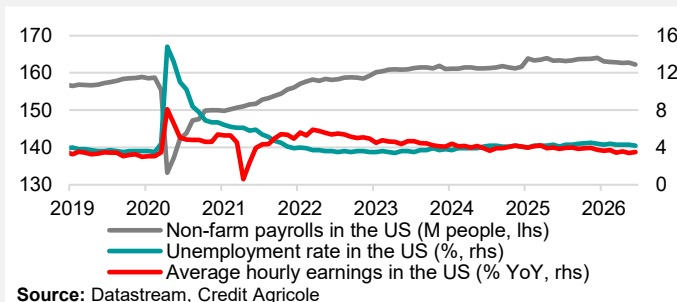
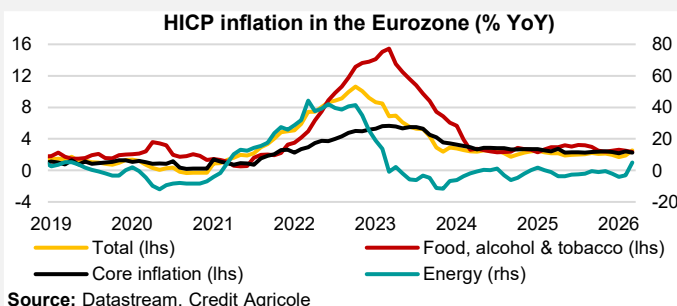


- ✓ **Data on new orders in German industry for May were released this morning.** Orders rose by 1.9% MoM in May, coming in ahead of the consensus forecast of a 1.5% increase, following a 3.2% decline in April (upward revision from -3.8%). In annual terms, order growth accelerated to 6.2% YoY from 2.1% in April. The release points to improving conditions in German manufacturing, although the underlying picture is somewhat less positive, as the headline increase was boosted by large orders. Excluding these, orders rose by 1.0% MoM. The increase was driven primarily by orders in the *other transport equipment* category, as well as the *machinery and equipment* and *electrical equipment* sectors, while orders in the automotive and electronics industries exerted a negative impact. Later this week, data on German industrial production and foreign trade for May will also be released.



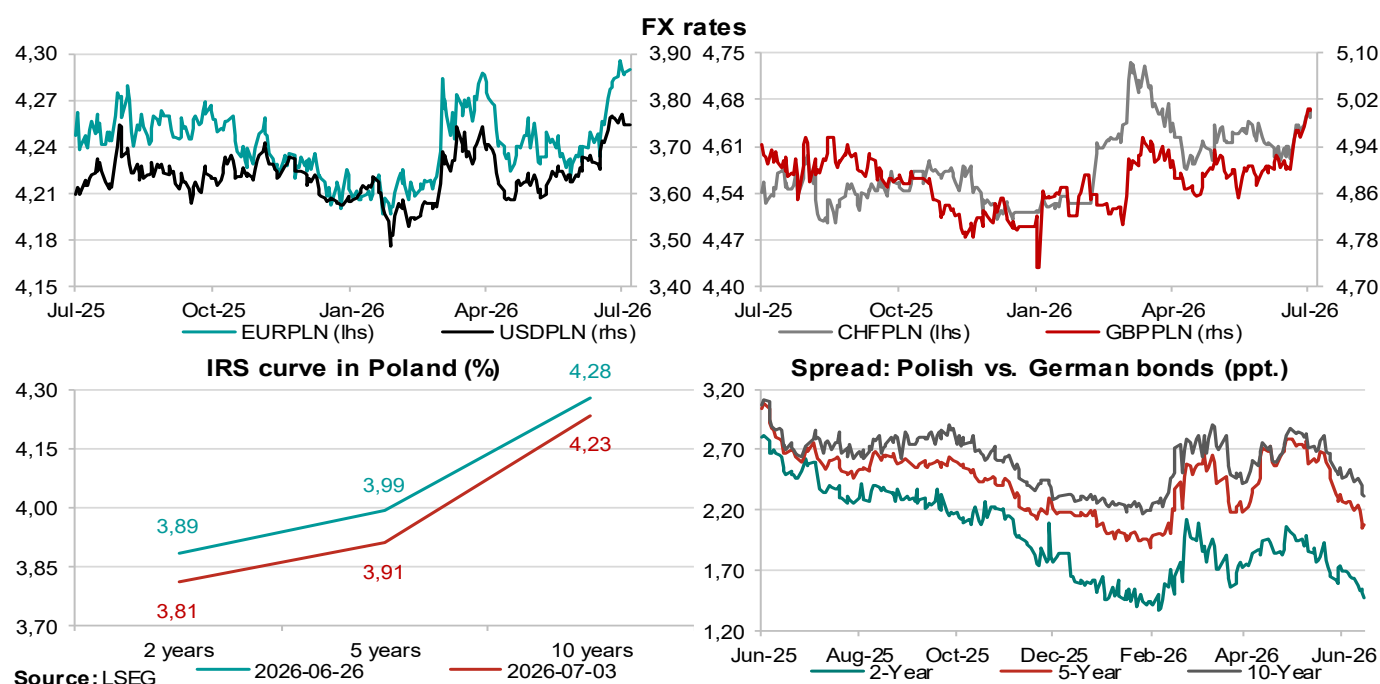
Last week

- Headline Eurozone HICP inflation eased to 2.8% YoY in June, from 3.2% in May, coming in below the market consensus of 3.0%, while core inflation declined to 2.4% YoY from 2.6% in May.** At the same time, energy price growth remained elevated at 8.7% YoY, compared with 10.8% in May. Given the latest data, we expect inflation to stand at approx. 2.9% YoY at the end of 2026, and decline towards 2.0% by the end of 2027, alongside a gradual easing in core inflation. The June data do not yet alter our ECB monetary policy scenario, which assumes two additional interest rate hikes this year. However, the weaker-than-expected inflation reading and lower starting point suggest that the scope for further tightening may be more limited than previously expected.
- US labour market data released last week came in weaker than expected.** Non-farm payrolls rose by just 57k in June, after a downwardly revised increase of 129k in May, coming in markedly below market expectations of 110k. In addition, data for April and May were revised downwards by a cumulative 74k, which further weakens the overall picture presented by the report. As regards the data breakdown, employment continued to increase in professional and business services, social assistance and healthcare, while declines were recorded in leisure and hospitality. At the same time, the unemployment rate edged down to 4.2% in June, from 4.3% in May, although this was driven primarily by a decline in the labour force participation rate to 61.5% from 61.8% in May rather than any substantial improvement in labour market conditions. Meanwhile, average hourly wage growth edged higher, to 3.5% YoY in June from 3.4% in May. The data point to a gradual cooling of the US labour market and reduce the risk of further monetary policy tightening by the Fed in the near future, supporting our scenario of FOMC rates remaining unchanged until Q1 2027.
- Polish Manufacturing PMI fell to 46.1 pts in June, from 49.4 pts in May, printing markedly below our forecast (49.0 pts) and market consensus (49.7 pts).** The deterioration was broad-based and reflected lower contributions from all major index components, including current output, new orders, employment, delivery times, and inventories (see MACROPulse of 01/07/2026). However, of particular concern was the sharp drop in the index measuring output expectations over the next 12 months, with the largest month-on-month decline seen since March 2020, which signals a marked deterioration in the outlook for Polish manufacturing and a downside risk to our GDP growth forecast for 2026.
- The flash estimate of Poland's CPI inflation for June, released last week, came in weaker than expected once again.** Inflation fell to 2.5% YoY from 3.1% in May, coming in below both our forecast (2.8%) and the market consensus (2.7%). The decline in inflation was driven primarily by lower food and fuel prices. In month-on-month terms, food prices fell more sharply than we had expected, with annual food price inflation turning negative for the first time since 2015. According to our estimates, core inflation declined to approx. 3.0% YoY in June, from 3.1% in



May, confirming limited inflationary pressure and the absence of any pronounced second-round effects. It should be noted that we have revised our forecast for average annual inflation in Poland and now expect CPI inflation to average 2.8% in 2026 and 3.2% in 2027 (see below).

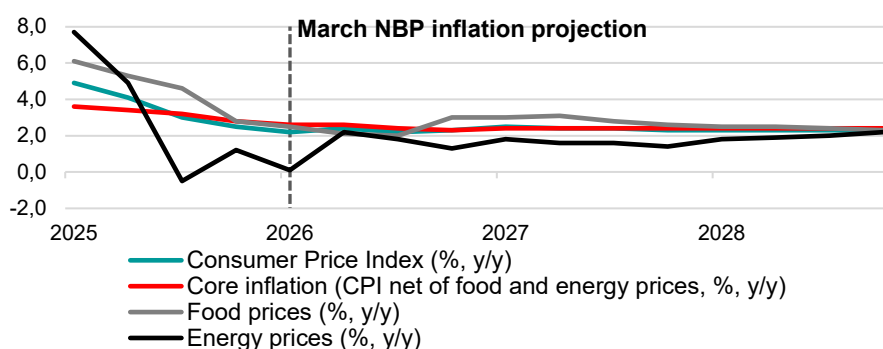
Market sentiment improves



Financial market sentiment improved gradually last week, supported by the decline in oil prices towards USD 70-72 per barrel, weaker-than-expected US labour market data and lower-than-forecast inflation readings in both Poland and the Eurozone. The start of the week was relatively calm, with EURPLN remaining close to 4.29. However, following the surprisingly low CPI inflation reading in Poland, the exchange rate briefly moved towards 4.30 as expectations of NBP rate hikes eased. At the same time, bond yields and IRS rates declined, with the downward move in the curve also supported by lower Eurozone HICP inflation, more dovish statements from K. Warsh in Sintra, and weaker ADP and ISM data from the US. The trend gathered momentum on Thursday following the release of the weak US labour market report. On Friday, financial markets did not change much due to the US holiday.

Market volatility may remain elevated this week, with the FOMC Minutes and the MPC's policy decision likely to be the key events for financial markets.

July projection key for the interest rate outlook



Source: NBP, Credit Agricole

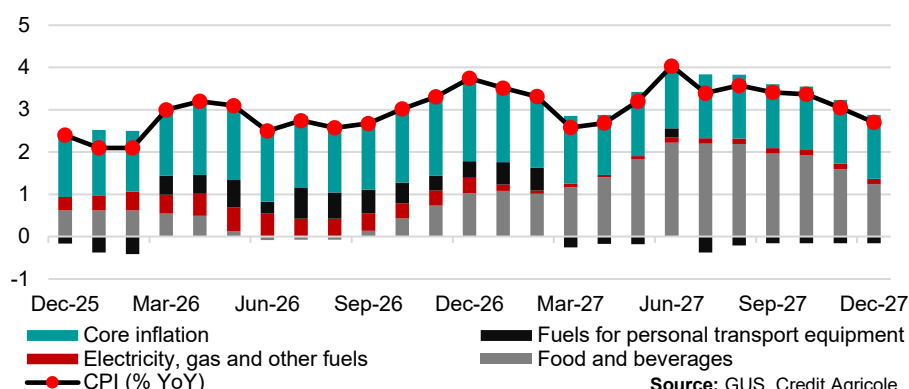
The NBP's March projection outlined a highly favourable scenario from the central bank's perspective, although it offered only limited guidance on the balance of risks to monetary policy. The central inflation path remained slightly below the NBP inflation target throughout the projection horizon, at 2.3–2.4% in 2026–2028, alongside stable core inflation, moderate food price growth and low energy price growth. Such an inflation profile reflected the assumption of a gradual slowdown in wage growth and general macroeconomic equilibrium, without significant demand- or supply-side shocks. Of key importance, however, was the date on which work on the projection was completed, namely 19 February, meaning that it did not incorporate the subsequent rise in geopolitical tensions in the Middle East and its impact on energy commodity prices. As a result, the March projection primarily presented a “smooth” scenario of a stable domestic and external environment rather than a test of inflation's resilience to the materialisation of a commodity price shock (see MACROmap of 09/03/2026).

Since then, communication from MPC members has evolved markedly. Immediately after the March 25bp rate cut, the outbreak of the conflict in the Middle East reduced the room for further monetary policy easing. At the time, the dominant message from Council members was that any further rate cuts should be postponed until the impact of the commodity price shock on inflation, the PLN and economic activity could be assessed more accurately. In May and early June, some MPC members even suggested that, should fuel prices rise persistently and inflationary pressures become entrenched, the Council might be forced to consider interest rate hikes.

Following the June decision, however, the tone of communication became noticeably more dovish. NBP Governor A. Głapiński indicated that the current level of interest rates was appropriate and that lower-than-expected inflation data had reduced the likelihood of rate hikes. Similar signals came from some MPC members. I. Dąbrowski assessed that, based on incoming data, a rate cut was currently more likely than a hike, although the chances of such a move this year remained limited. G. Masłowska likewise indicated that rate cuts were more likely than hikes, while making such a scenario conditional on the absence of further escalation in the Middle East conflict and inflation remaining within the tolerance band around the target. L. Kotecki, in turn, stressed that the de-escalation in the Middle East and lower oil prices were favourable for the inflation outlook, but did not imply an automatic return to the rate-cutting cycle. In his view, the most likely scenario remains a wait-and-see approach, with rates left unchanged until greater certainty emerges regarding the durability of the de-escalation and the inflation path.

Inflation data released in recent months have shifted the balance of risks to our forecast near-term CPI trajectory to the downside. Inflation fell to 3.1% YoY in May from 3.2% in April, supported by a surprisingly sharp decline in food prices. The June reading came in even lower, at 2.5% YoY, exactly in line with the NBP inflation target. It was 0.3 pp below our forecast, mainly due to lower-than-expected food prices. This lower starting point, combined with a more favourable food price outlook, points to a downward revision of our expected inflation path in the coming quarters. In our view, improving agrometeorological conditions and continued favourable supply conditions in parts of the agricultural sector limit the risk of a sharp increase in food prices in the second half of this year. At the same time, the de-escalation in the

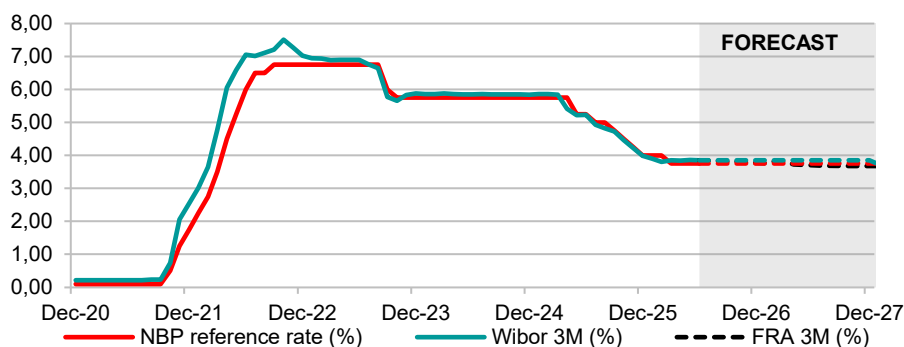
Middle East and lower energy commodity prices reduce the risk of significant second-round inflationary effects in core categories.



The impact of more favourable food price data has, however, been partly offset by the end of government intervention in the fuel market. From the beginning of July, the measures limiting retail fuel prices ceased to apply, including the retail price cap and the reduced VAT rate. The original excise duty rate on fuels had also been reinstated earlier. As a result, fuel prices at filling stations

increased by more than 10%, which will contribute to higher inflation in the coming months. This does not, however, materially alter the medium-term inflation outlook. The lower starting point following the June CPI reading and the more favourable food price scenario lower the projected inflation path over the next 12 months, while higher fuel prices in H2 2026 will have the opposite effect. As a result, we have revised our forecast for average annual inflation in Poland. We currently anticipate that CPI inflation will come in at 2.8% in 2026 and 3.2% in 2027. This means that we have revised down our forecasts for 2026 and 2027 by 0.1 pp and 0.3 pp, respectively, compared with the previous scenario.

We believe that the NBP's July projection will present an inflation outlook broadly consistent with our current forecast, with the CPI path most likely revised up in 2026–2027 relative to the scenario presented in March. This will primarily be driven by a higher starting point (with inflation averaging 2.9% in April–June versus 2.4% projected for Q2 in the March projection), as well as second-round effects of the earlier rise in energy commodity prices. Even so, we do not believe that the new projection will point to a lasting de-anchoring of inflation from the NBP target. According to our forecast, CPI inflation will rise temporarily to 3.4% YoY in Q4 2026 and 3.5% in Q3 2027, before declining to 3.0% in Q4 2027. In 2028, inflation should once again come in close to the NBP target. The outlook for core inflation is even more favourable. Our forecast, and likely the NBP's July projection as well, suggests that from 2027 onwards core inflation will be only slightly higher than in the March projection while remaining close to the inflation target. We expect core inflation to increase to 3.2% YoY in Q4 2026, before falling to 2.9% in Q1 2027 and subsequently stabilising at 2.6% in Q2–Q4 2027.



We believe that this set of data supports our scenario of stable NBP interest rates at least until the end of 2027. On the one hand, the latest inflation data, the de-escalation of tensions in the Middle East and the downward revision to our CPI path reduce the risk of interest rate hikes. On the other hand, the expected increase in inflation in the second half of this year, with

inflation peaking in 2027, persistently elevated core inflation and uncertainty regarding the durability of food price disinflation do not, in our view, create scope for a swift return to rate cuts. Consequently, a “wait-and-see” approach remains the most likely scenario, with the MPC keeping interest rates unchanged while assessing whether inflation, after temporary fluctuations caused by fuel and food prices, will settle sustainably close to the NBP target.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
NBP reference rate (%)	5,25	5,00	5,00	4,75	4,50	4,25	4,00	4,00	4,00	3,75	3,75	3,75	3,75	3,75
EURPLN*	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,23	4,30	4,27
USDPLN*	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,63	3,76	3,74
CHFPLN*	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,65	4,66	4,60
CPI inflation (% YoY)	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	3,1	2,5	
Core inflation (% YoY)	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	3,1	3,0	
Industrial production (% YoY)	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,3	7,5	2,9	4,1	8,0	
Constr. and assembly prod. (% YoY)	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,8	0,6	4,6	3,9	4,1	
PPI inflation (% YoY)	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	1,2	2,1	2,4	1,9	
Retail sales (% YoY)	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,8	4,4	5,6	
Corporate sector wages (% YoY)	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,6	5,4	5,8	5,8	
Employment (% YoY)	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	-0,9	-0,9	
Unemployment rate* (%)	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	5,9	5,8	
Current account (M EUR)	-445	-1780	-2593	-797	1767	-402	-2194	1312	-632	272	-1558	-1986		
Exports (% YoY EUR)	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,1	2,5	7,9	6,6	5,8		
Imports (% YoY EUR)	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-5,9	3,8	4,2	7,8	7,3		

*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	3,0	3,2	3,3	2,7	2,9	3,1	3,0	3,6	3,3	3,0
Private consumption (% YoY)	3,3	2,8	2,0	2,1	2,8	3,3	3,3	3,0	3,7	2,5	3,2
Gross fixed capital formation (% YoY)	2,4	10,3	7,8	7,5	6,8	6,1	5,9	5,5	4,4	7,3	6,4
Export - constant prices (% YoY)	5,6	4,9	4,5	5,0	5,2	5,4	5,5	5,5	5,5	5,0	5,6
Import - constant prices (% YoY)	6,1	5,5	5,6	5,9	5,2	6,1	6,5	6,1	6,8	5,8	6,3
GDP growth contributions	Private consumption (pp)	2,0	1,6	1,1	1,0	1,7	1,9	1,9	1,5	2,1	1,8
	Investments (pp)	0,3	1,6	1,3	1,7	0,9	1,0	1,0	1,3	0,8	1,1
	Net exports (pp)	0,0	-0,1	-0,4	-0,3	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	0,5	0,2	0,0	-0,5	-0,5	-0,5	-0,5	0,4	0,2	-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	2,9	2,7	3,4	3,2	3,4	3,5	3,0	3,6	2,8	3,3
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	4,30	4,23	4,20	4,18	4,17	4,16	4,15	4,21	4,20	4,15
USDPLN**	3,71	3,76	3,71	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 06/07/2026						
8:00	Germany	New industrial orders (% MoM)	May	-3,8		1,5
10:30	Eurozone	Sentix Index (pts)	Jul	-13,4		-10,0
11:00	Eurozone	PPI (% YoY)	May	4,9		5,7
11:00	Eurozone	Retail sales (% MoM)	May	-0,4		0,3
16:00	USA	ISM Non-Manufacturing Index (pts)	Jun	54,5		54,0
Tuesday 07/07/2026						
8:00	Germany	Industrial production (% MoM)	May	0,4		0,2
Wednesday 08/07/2026						
	Poland	NBP rate decision (%)	Jul	3,75	3,75	3,75
16:00	USA	Wholesale inventories (% MoM)	May	0,3		0,3
16:00	USA	Wholesale sales (% MoM)	May	2,0		
20:00	USA	FOMC Minutes	Jun			
Thursday 09/07/2026						
3:30	China	PPI (% YoY)	Jun	3,9		4,2
3:30	China	CPI (% YoY)	Jun	1,2		1,1
8:00	Germany	Trade balance (bn EUR)	May	14,5		15,0
16:00	USA	Existing home sales (M MoM)	Jun	4,17	4,08	4,20

*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