

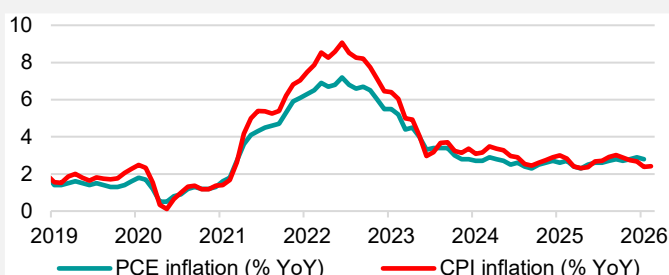
This week

✓ **Conflict in the Middle East remains at the centre of financial market attention.** Today marked the expiry of the ultimatum issued by D. Trump to Iran, requiring it either to conclude an agreement ending the hostilities or to reopen the Strait of Hormuz. The lack of any information that Iran has complied with the ultimatum signals a significant increase in the risk of an escalation of the conflict in the Persian Gulf. Iran rejecting the ultimatum would also mean an increased likelihood of US attacks on Iranian energy infrastructure and a ground assault. If the conflict escalates, there will be fair reasons to believe that the prices of oil and the yields on bonds will go up, inflation rise expectations will grow stronger, and the PLN will weaken again. The escalation of the conflict would therefore carry an upside risk to our revised scenario for inflation and interest rates in Poland, which currently takes into consideration a drop in the prices of fuels following the VAT and excise tax reduction along with the adoption of a cap on prices (see below).

✓ **The most important event this week will be the Monetary Policy Council's meeting planned for Thursday.** We expect the MPC to keep the interest rates unchanged, very much in line with the Council members' statements made over the last couple of weeks, which were clearly indicative of the "wait and see" policy being their preferred approach. The MPC members made it clear that the escalation of the conflict in the Middle East and the related risk of increase in the prices of energy commodities are narrowing the room for further monetary policy easing. In our view, also Governor A. Glapiński will remain cautious during the press conference on Friday, and he will indicate that any further MPC decisions will largely depend on potential persistence of the commodity shock and its impact on Poland's inflation trajectory. Taking expected inflation trends into account, we have revised our interest-rate forecast and do not currently expect the monetary policy easing cycle to be resumed before the end of 2027 (see below).

✓ **A set of important macroeconomic data from the US will be released this week, though the market will concentrate primarily on inflation.**

The March CPI reading will be the first release to show the impact of higher prices of oil after the outbreak of war with Iran. We expect headline inflation to go



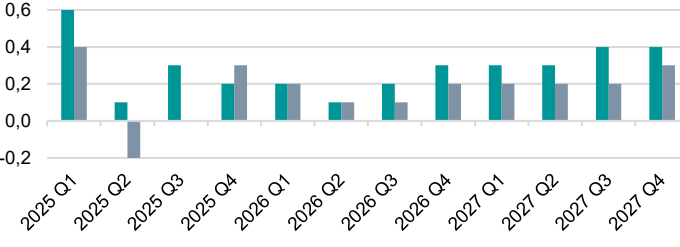
Source: Datastream, Credit Agricole

markedly up, from 2.4% YoY in February to 3.3% in March, primarily due to a strong growth in energy prices. At the same time, the impact of this shock on core inflation should still be limited (we forecast that core inflation will go up from 2.5% YoY to 2.7%). In turn, PCE inflation data for February will not reflect the impact of the conflict in the Middle East yet, but we expect the figures to print relatively high again: PCE core inflation will do nothing more but edge down, from 3.1% YoY to 3.0%, while headline inflation will stabilise at 2.8%. The data will underpin our scenario of the Fed keeping the interest rates unchanged in the months to come. Other publications will include the release of data on durable goods orders, where a 2.5% MoM drop is anticipated for February after stabilisation in January, mainly due to high volatility in the civil aircraft category, while the data on orders for capital goods will keep indicating that the investment activity of the enterprises is relatively solid. Wednesday will also see the release of the Minutes from the March FOMC meeting, which are likely to confirm that most Committee members believe the current monetary policy stance to be adequate, and see no need to take any urgent actions.

Last week

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In accordance with the flash estimate published by Statistics Poland, inflation in Poland rose to 3.0% YoY in March, from 2.1% in February, coming in below our forecast (3.1%) and market expectations (3.2%). Inflation was driven up primarily by stronger growth in the prices of fuels (+8.5% YoY in March vs. -7.8% in February). At the same time, growth in prices of food and non-alcoholic beverages slowed from 2.4% YoY to 2.0%, with growth in the “electricity, gas and other fuels” category staying at 3.9% YoY. We estimate that core inflation excluding the prices of food and energy rose from 2.5% YoY in February to 2.7% in March, which indicates that in addition to the direct impact of the fuel shock, moderate price pressure is also building. In our revised scenario, the average annual inflation in 2026 will come in at 3.2% YoY, down from 3.6% in 2025 (see below).
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We have revised our economic growth forecast for the Eurozone and Germany. Our GDP growth forecast for the Eurozone was adjusted downwards, from 1.2% YoY to 0.8% for 2026, and from 1.3% to 1.1% for 2027. For Germany, we have revised the GDP growth downwards as well, from 0.9% YoY to 0.5% for 2026, and from 1.5% to 0.8% for 2027. The changes mirror the negative impact of higher energy commodity prices, weaker external demand and increased geopolitical uncertainty on economic activity in Europe.

GDP (% QoQ, SA)



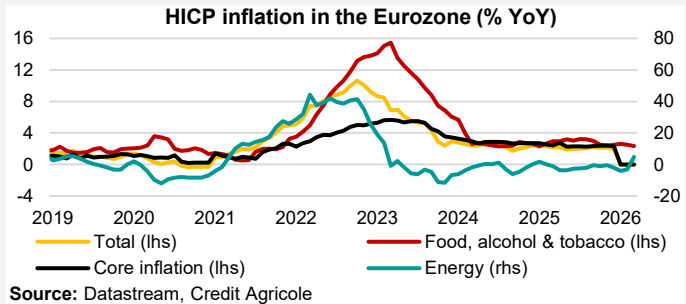
Quarter	Eurozone (%)	Germany (%)
2025 Q1	0.55	0.40
2025 Q2	0.10	-0.10
2025 Q3	0.30	0.20
2025 Q4	0.20	0.30
2026 Q1	0.20	0.20
2026 Q2	0.10	0.10
2026 Q3	0.20	0.10
2026 Q4	0.30	0.20
2027 Q1	0.30	0.20
2027 Q2	0.30	0.20
2027 Q3	0.40	0.20
2027 Q4	0.40	0.30

Source: Datastream, Crédit Agricole
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Polish Manufacturing PMI went up from 47.1 pts in February to 48.7 pts in March, printing markedly ahead of our forecast and market expectations. A particularly notable feature of the breakdown is that the output sub-index rose above the 50-point mark for the first time since April 2025. In our view, PMI data for March indicates that the impact of geopolitical developments on activity in the Polish manufacturing sector has been limited so far, but the cost pressures have begun to grow, which could translate into an inflation rise in the months to come (see MACROPulse of 01/04/2026).
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Last week also saw the release of the US labour market report for March, which at first glance came in clearly stronger than expected. Non-farm payrolls, as measured by the establishment survey, increased by 178k, against market expectations of 65k. This marks a clear rebound after a very weak February reading, which was revised further down to -133k. At the same time, January data was revised up, meaning that the combined revision for the two months was only slightly negative, while the three-month average increase in employment rose to 68k in March from 3k in February. However, the labour market picture was less favourable than the headline figure suggests, because the household survey released at the same time, which is used to calculate, among other things, the unemployment rate, showed a decline in the number of employed persons by 64k. This divergence reflects methodological differences between the two surveys, whose results may differ in the short term. The unemployment rate fell to 4.3% in March from 4.4% in February, but this was largely due to a decline in the labour force participation rate to 61.9% in March from 62.0% in February. Average hourly earnings rose by 0.2% MoM in March, while annual wage growth slowed to 3.5% from 3.8% in February. In our view, the March report confirms that conditions in the US labour market are stabilising.

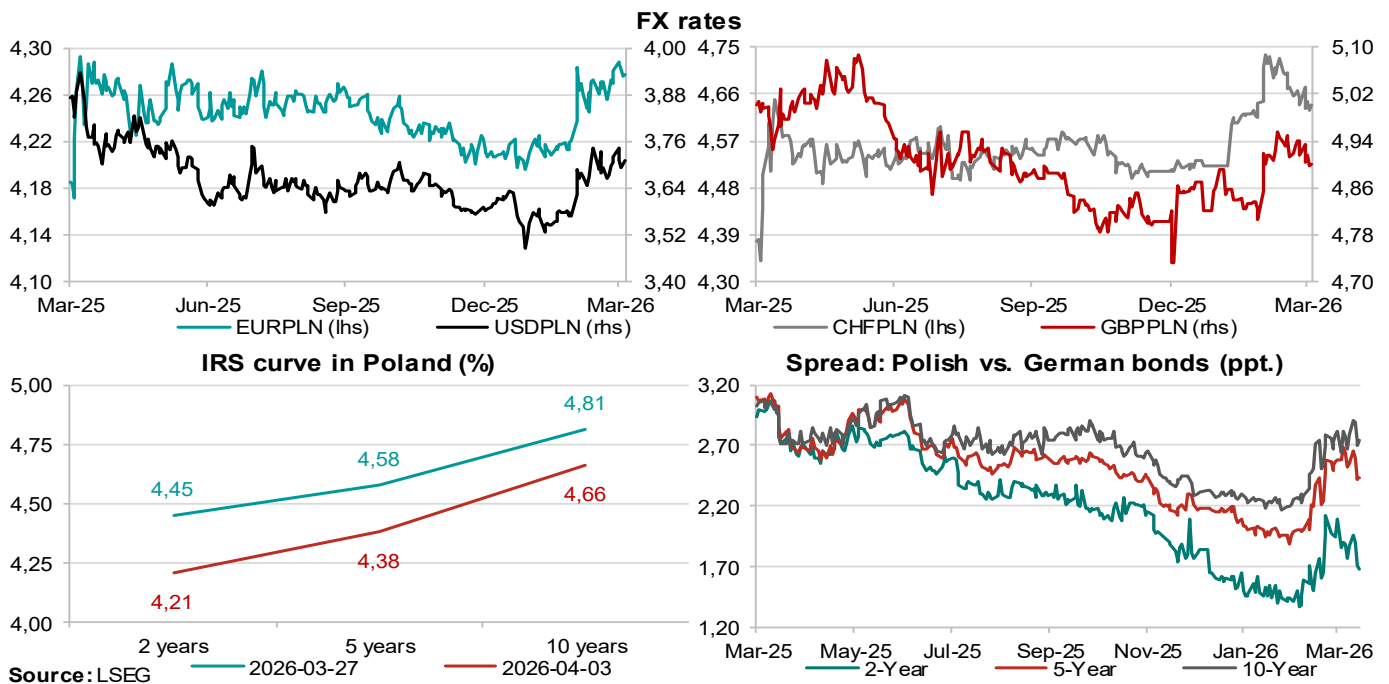
following the temporary deterioration seen at the start of the year.

Last week also brought the release of preliminary HICP inflation data for the Eurozone. Annual consumer price growth accelerated to 2.5% YoY in March from 1.9% in February, but came in below market expectations of 2.6%. The rise in headline inflation was driven

primarily by a strong increase in energy prices. Despite the energy shock, there has so far been no clear increase in core inflation. On the contrary, it edged down to 2.3% YoY in March from 2.4% in February. That said, the prolonged conflict in the Middle East increases the risk of stronger second-round effects emerging in the coming months.



Geopolitics and energy commodity prices remain in the market spotlight



Financial markets remained highly volatile last week, with developments in the Middle East and their impact on oil prices continuing to be the main driver of market pricing. Early in the week, sentiment deteriorated. As Brent crude rose to around USD 110 per barrel, the USD strengthened, EUR/PLN moved close to 4.29, and the yield on Poland's 10-year government bonds approached 6%. In the following days, however, sentiment improved markedly, supported by D. Trump's comments suggesting that military action could end within a few weeks, as well as a lower-than-expected inflation reading in Poland. As a result, PLN recovered some of its losses, EUR/PLN stabilised near 4.28, and the domestic debt market saw a clear decline in both government bond yields and IRS rates. This picture remained broadly unchanged on Friday, as most major markets were closed for Good Friday.

This week, the key factor shaping financial market conditions will remain developments in the conflict in the Middle East and their impact on energy commodity prices, although the MPC meeting will also be in

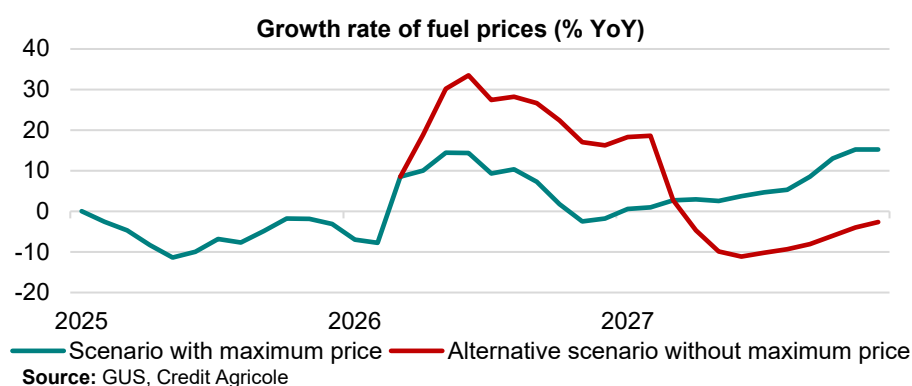
focus for the domestic market. We expect the Council to leave interest rates unchanged, while publications from the US may support a cautious stance among investors towards PLN and the domestic debt market.

Intervention in the fuel market will smooth inflation until the end of 2027

Last week, the government introduced a new intervention mechanism in the fuel market aimed at limiting the pass-through of the oil shock to retail prices in Poland. The core of this package is a statutory cap on liquid fuel prices at petrol stations, combined with a temporary reduction in VAT on fuels. Each day, the minister publishes in *Monitor Polski*, Poland's official gazette for government notices and other official acts, the maximum price for individual fuel types, effective from the following day. The maximum price is calculated as the arithmetic average of the previous business day's wholesale selling prices charged by the five producers or traders with the largest shares in the domestic market, plus excise duty and the fuel surcharge, and then increased by a fixed amount of PLN 0.30 per litre to cover operating costs. At the same time, the government reduced the VAT rate on fuels from 23% to 8% and also temporarily cut excise duty on petrol and diesel. The measures introduced by the government will have a significant impact on fuel price developments and, consequently, on headline inflation. Below, we present our updated inflation scenario and the corresponding interest rate scenario for Poland.

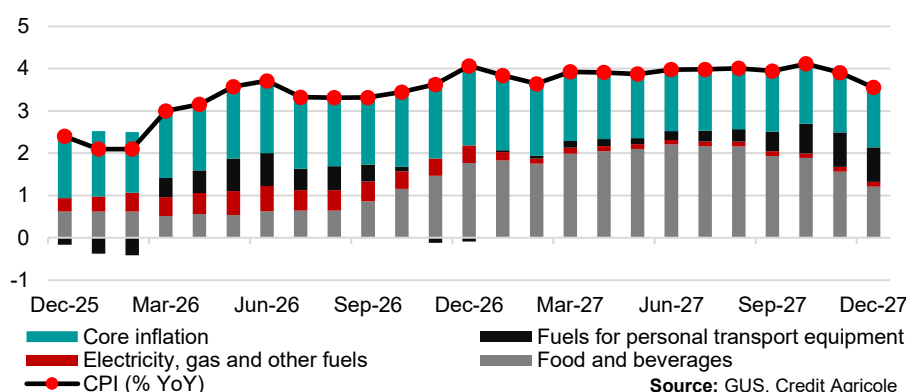
Under the current legal framework, the price cap mechanism is temporary, as its duration is directly linked to the period during which the reduced VAT rate on fuels remains in force, i.e. until the end of April this year. In our scenario, however, we assume that the government will decide to keep the intervention in place until the end of February 2027, possibly in a partially modified format. This assumption implies that fuel prices would be liberalised in March 2027 and, given the strong increase in fuel prices recorded in March 2026 (high base effect), the impact on annual price growth in this category would initially be relatively limited. In other words, the direct effect of price liberalisation would be cushioned to a large extent by the high base effect.

To estimate the impact of the government's intervention on the fuel price path in Poland, we prepared two alternative scenarios. In the first, we assume that the price cap mechanism remains in place and model the fuel price path in two stages. First, we model the transmission of Brent crude prices expressed in PLN to domestic wholesale petrol and diesel prices, using historical relationships between these variables. Then, based on the projected wholesale prices, we derive retail prices in line with the statutory price cap mechanism, taking into account the structure of the administrative price ceiling, which is based on the wholesale price, indirect taxes and a fixed cost component. In the second scenario, we assume no administrative intervention and directly model the pass-through of changes in global oil prices to retail fuel prices on the basis of historically observed relationships.



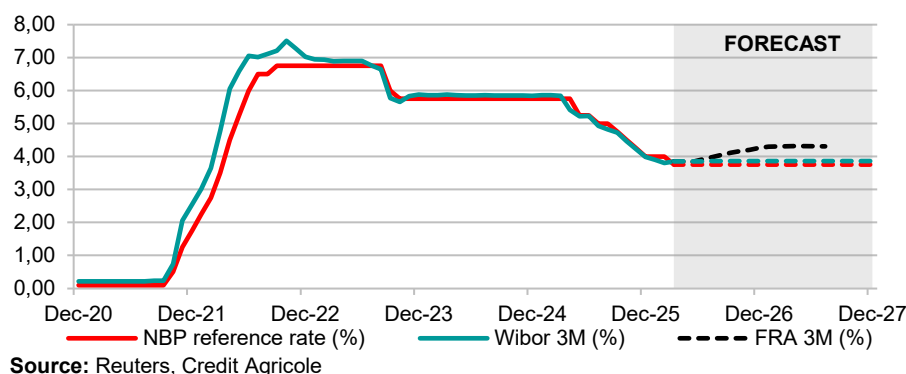
A comparison of the two scenarios shows that the price cap mechanism does not eliminate the impact of the oil shock on fuel price growth, but primarily alters its profile over time. In the scenario without a price cap, fuel price growth in 2026 would be very sharp, with the annual rate exceeding 30% in Q2 and remaining in double digits until

the end of the year, reflecting the rapid and full pass-through of higher oil prices to retail prices. By contrast, in the price cap scenario, fuel price growth in 2026 is markedly weaker, with the peak limited to around 14% YoY in May and June. At the same time, from April 2027 onwards, the difference between the two paths reverses. In the no-intervention scenario, the high base from 2026 leads to clearly negative fuel price growth for most of the year, whereas in the price cap scenario, the earlier administrative suppression of prices results in a strong low-base effect once the mechanism expires. As a result, fuel price growth accelerates again and exceeds 15% YoY by the end of 2027, showing that the intervention lowers inflation in the short term but raises it in the medium term. We estimate that the introduction of the price cap mechanism will reduce average annual headline CPI inflation by 1.0 pp in 2026 and raise it by 0.4 pp in 2027 compared with a scenario involving full pass-through of higher oil prices to retail fuel prices.



Before the government announced the new intervention mechanism in the fuel market, we had forecast that average annual CPI inflation in Poland would amount to 3.9% YoY in 2026 and 3.6% in 2027 (see the MACROmap of 23/03/2026). We are now revising this path and expect inflation to fall to 3.2% in 2026 before rising to 3.9% in 2027.

Given the lower starting point, we have also revised down our projected path for food prices. We currently think that the average annual price growth in the “food and non-alcoholic beverages” category will decline to 3.2% YoY in 2026 (3.4% before the revision) vs. 4.7% in 2025, and then go up to 7.4% in 2027 (7.8% before the revision). Although we still do not know the detailed breakdown of the data, we believe that the main reason why food prices rose more slowly than we had expected in March was weaker price growth in the “meat” and “oils and fats” categories. We maintain our assessment that, if elevated energy prices persist due to the conflict in the Middle East, growth in food and non-alcoholic beverage prices will reach a local peak in Q2 2027 at around 8.2% YoY. In addition, we assume that disinflation in the Eurozone will be slower than we had previously expected (see the MACROmap of 30/03/2026), which will add to inflation persistence in Poland in 2027.



Until now, we had assumed that in 2027, as the effects of the oil shock faded, room would emerge for monetary easing to resume in Poland, allowing the NBP reference rate to be cut to 3.50% in Q2 2027. However, keeping the fuel price cap mechanism in place until the end of February 2027, followed by its expiry and the associated strong low-base effects, will mean that inflation remains above the upper bound of permissible deviations from the NBP target throughout 2027. This means that the Monetary Policy Council will have no strong arguments in favour of cutting interest rates. This assessment is reinforced further by a less favourable external environment, especially interest rate hikes in the Eurozone, which also limit the scope for

monetary easing in Poland. As a result, we now assume that the NBP reference rate will remain at 3.75% until the end of 2027.

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	1153	399		
Exports (% YoY EUR)	4,9	-0,2	6,0	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,8	2,4		
Imports (% YoY EUR)	11,5	8,1	7,9	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-6,9	0,4		

*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	4,3	8,1	6,4
Export - constant prices (% YoY)	4,8	4,0	4,5	5,0	5,2	5,4	5,5	5,5	4,5	4,6	5,7
Import - constant prices (% YoY)	4,9	4,3	5,6	5,9	5,2	6,1	6,5	6,1	5,6	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	0,7	1,4
	Net exports (pp)	0,1	0,0	-0,4	-0,3	0,2	-0,2	-0,4	-0,2	-0,4	-0,2
Current account (% of GDP)***	-0,8	-1,0	-1,1	-1,3	-1,4	-1,5	-1,4	-1,3	-0,7	-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	3,86	3,86	3,86	3,86	3,86	3,86	3,99	3,86	3,86
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 06/04/2026						
16:00	USA	ISM Non-Manufacturing Index (pts)	Mar	56,1	54,5	55,0
Tuesday 07/04/2026						
10:00	Eurozone	Services PMI (pts)	Mar	50,1	50,1	50,1
10:00	Eurozone	Final Composite PMI (pts)	Mar	50,5	50,5	50,5
10:30	Eurozone	Sentix Index (pts)	Apr	-3,1		-9,0
14:30	USA	Durable goods orders (% MoM)	Feb	0,0	-2,5	-1,0
Wednesday 08/04/2026						
8:00	Germany	New industrial orders (% MoM)	Feb	-11,1		2,0
11:00	Eurozone	PPI (% YoY)	Feb	-2,1		-3,0
11:00	Eurozone	Retail sales (% MoM)	Feb	-0,1		-0,2
20:00	USA	FOMC Minutes	Mar			
Thursday 09/04/2026						
	Poland	NBP rate decision (%)	Apr	3,75	3,75	3,75
8:00	Germany	Industrial production (% MoM)	Feb	-0,5		0,9
8:00	Germany	Trade balance (bn EUR)	Feb	21,2		18,5
14:30	USA	Final GDP (% YoY)	Q4	0,7	0,7	0,7
14:30	USA	PCE core inflation (% YoY)	Feb	3,1	3,0	3,0
14:30	USA	PCE Inflation (% YoY)	Feb	2,8	2,8	2,8
14:30	USA	Real private consumption (% MoM)	Feb	0,1		
16:00	USA	Wholesale inventories (% MoM)	Feb	0,0		
16:00	USA	Wholesale sales (% MoM)	Feb	0,5		
Friday 10/04/2026						
3:30	China	PPI (% YoY)	Mar	-0,9		0,4
3:30	China	CPI (% YoY)	Mar	1,3		1,2
14:30	USA	Core CPI (% MoM)	Mar	0,2	0,3	0,3
14:30	USA	CPI (% MoM)	Mar	0,3	0,9	0,9
16:00	USA	Factory orders (% MoM)	Feb	0,1		0,0
16:00	USA	Initial U. of Michigan Sentiment Index (pts)	Apr	53,3	53,0	52,0

*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