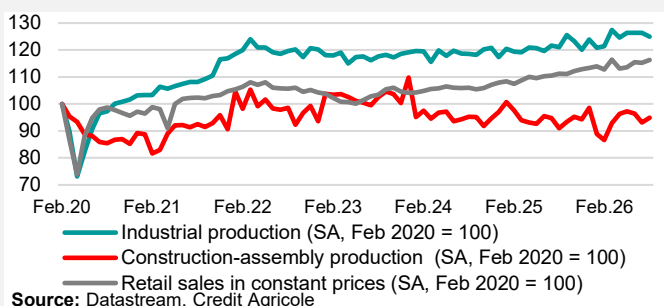


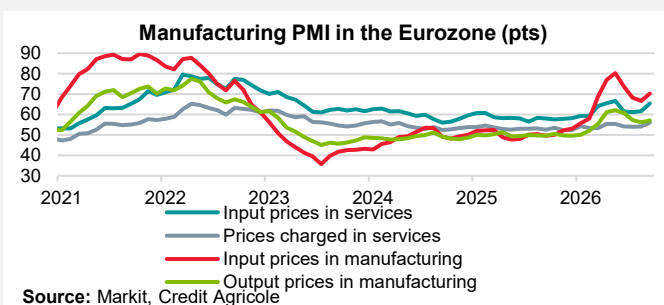
This week

✓ **September data on the Polish economy will be released this week.** Industrial production data will be released on Tuesday. We estimate that production growth slowed to 2.8% YoY in September from 4.3% in August. The main factor behind the slowdown was a high base effect from a year earlier.



At the same time, we expect a partial rebound in industrial activity following a weaker August, supported by favourable signals from PMI surveys. We also expect construction and assembly production growth to have slowed to 2.0% YoY in September from 6.7% in August, mainly due to last year's high base effect and an expected correction in monthly output following August's strong increase linked to the settlement of projects financed under the National Recovery Plan. Data on retail sales will be published on Thursday. We anticipate that retail sales growth at constant prices eased from 3.8% YoY in August to 3.0% in September. Although consumer sentiment improved, we believe the sharp increase in fuel prices following the end of the government's August intervention weighed on real sales growth. As regards the labour market data, we expect wage growth in the enterprise sector to have accelerated to 6.1% YoY in September from 5.6% in August, while the decline in employment is likely to have remained unchanged at 0.8% YoY. Our industrial production, construction and assembly production and retail sales forecasts are below market consensus, and their materialisation would slightly weaken the PLN and lower Polish bond yields.

✓ **Friday will see the release of preliminary PMI readings for the Eurozone and Germany.** The market expects the Eurozone Composite PMI to fall to 52.7 pts in October from 53.1 pts in September, when it reached its highest level in 41 months. Growth is expected to slow in both services (52.5 pts vs. 53.0 pts) and manufacturing (52.5 pts vs.



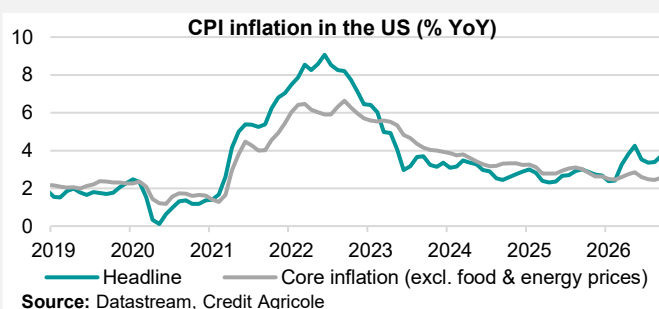
52.9 pts). At the same time, Germany's manufacturing PMI is expected to edge down to 53.5 pts in October, from 53.9 pts in September. If these forecasts materialised, it would suggest that economic activity in the Eurozone continues to expand at a moderately strong pace despite a slight deterioration in business conditions. We will pay particular attention to the new orders components, including new export orders, which pointed to a clear recovery in demand in September. Indicators of input costs and output prices will also be important, as they signalled renewed inflationary pressures last month linked to high energy commodity prices. If this trend persists alongside solid economic activity growth, it will support our scenario of further monetary tightening by the ECB.

✓ **GDP growth in China accelerated to 4.5% YoY in Q3, from 4.3% in Q2, exceeding the market consensus of 4.4%.** In January-September, GDP grew by 4.6% YoY, which is consistent with meeting the government's 2026 growth target of 4.5–5.0%. September monthly data also pointed to an improvement in economic activity. Industrial production growth accelerated to 5.5% YoY, from 5.2% in August, while retail sales growth accelerated to 1.1% YoY in September from 0.4% in August. At the same time, urban fixed-asset investment continued to decline by 7.2% YoY. The breakdown of the data suggests that economic growth continues to be driven

primarily by strong exports and industrial activity, benefiting among other factors from the global increase in investment in AI-related technologies, while domestic demand remains relatively weak. The stronger-than-expected data increases the likelihood that the lower end of this year's growth target will be achieved without the need for a substantial additional stimulus package. Nevertheless, the continued downturn in the property market and weak investment activity suggest that further fiscal support, particularly measures aimed at boosting domestic demand, will be needed to ensure that the recovery remains sustainable in the coming quarters.

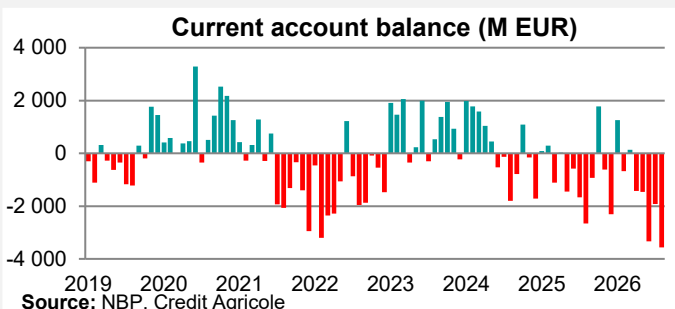
Last week

✓ **US CPI inflation data surprised to the upside, pointing to renewed inflationary pressures.** Headline inflation rose to 3.7% YoY in September, from 3.4% in August, printing above our forecast consistent with the market consensus (3.6%). At the same time, core inflation increased to 2.6% YoY



in September from 2.4% in August. The rise in headline inflation was driven primarily by higher energy prices. Despite the stronger-than-expected inflation reading, we continue to expect the Fed to keep interest rates unchanged in October and then raise rates by 25 bp in both December 2026 and March 2027, taking the target range to 4.25-4.50%. This scenario is supported by the earlier downward revisions to PCE inflation and by the fact that part of the September CPI upside surprise reflected price increases in categories characterised by high volatility.

✓ **Poland's balance of payments data pointed to a marked widening of the current account deficit, to EUR 3.6bn in August from EUR 1.9bn in July.** The deterioration was driven primarily by a wider goods trade deficit, which increased to EUR 3.0bn from EUR 1.4bn in July. Growth in exports expressed in EUR

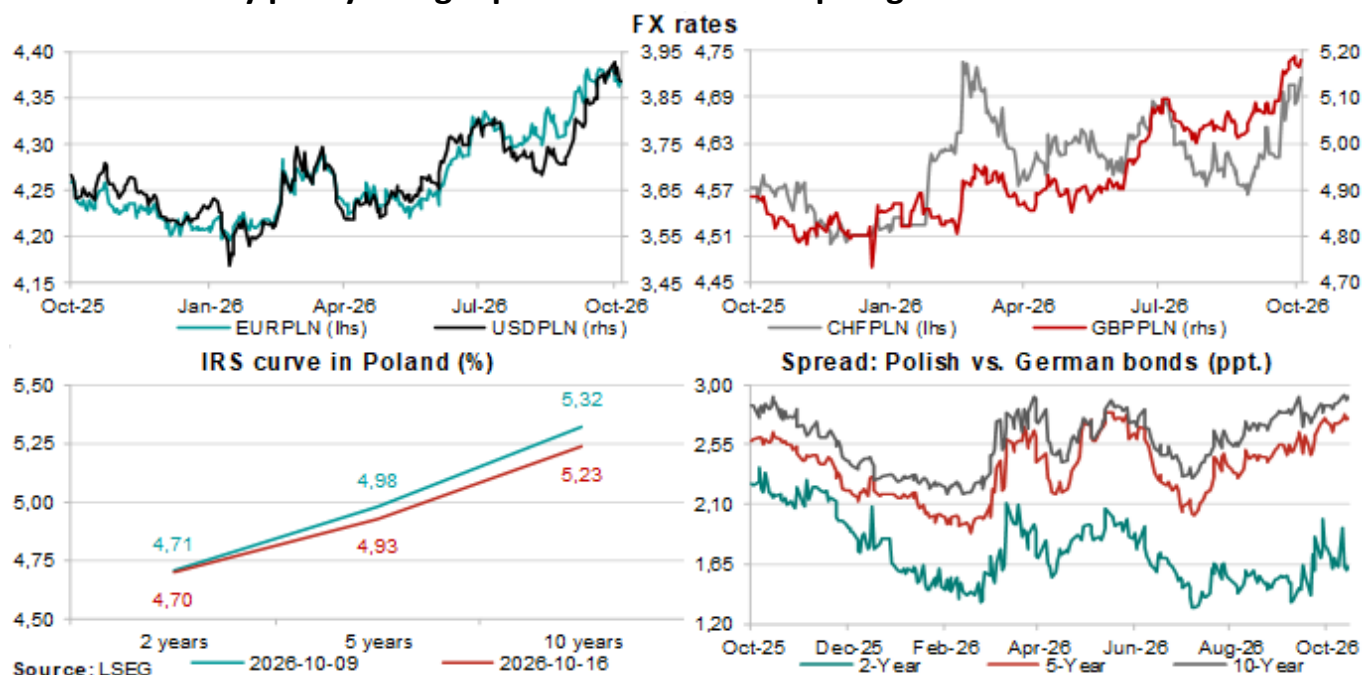


accelerated to 13.2% YoY in August, from 11.2% in July, while imports increased by 15.4% YoY compared with 12.0% in July. Strong growth in trade flows reflected, to a large extent, rising prices in international trade, particularly for energy commodities, as well as rapidly growing trade in computer equipment, supported by global investment in AI-related infrastructure. At the same time, exports from the automotive and furniture industries remained weak.

✓ **Final CPI inflation data for Poland showed inflation rising to 4.1% YoY in September from 3.4% in August, slightly above the flash estimate of 4.0% (see MACROPulse of 14/10/2026).** The main factor behind the increase was faster fuel price growth, which accelerated to 36.1% YoY from 24.2% after the end of the government's intervention in the retail fuel market. At the same time, energy price inflation increased to 4.9% from 4.1%, while food price inflation rose to -0.4% from -0.9%. Core inflation eased to 3.1% YoY in September, from 3.3% in August, indicating that the transmission of the energy shock to other prices in the economy remains limited. The "Lower Fuel Prices" programme relaunched on 3 October, which includes reductions in VAT and excise duty as well as the introduction of caps on retail fuel prices, should contribute to a decline in inflation to 3.3% YoY in October. Recent comments by MPC members also suggest that the Council's appetite for rapid monetary tightening is limited. I. Dąbrowski and P. Litwiniuk view

stable interest rates until the end of 2026 as the most likely scenario, while G. Masłowska considers a rate hike possible in December at the earliest, should inflation risks intensify. These comments support our scenario of no rate hike in November and a one-off 25 bp tightening in January 2027, bringing the reference rate to 4.00%. Our expectation of core inflation rising to 3.8% YoY in December supports the case for a rate hike at the start of next year, as it could heighten MPC concerns about the emergence of second-round effects.

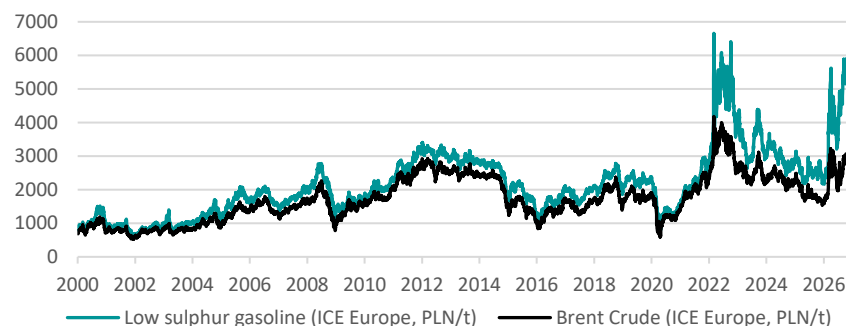
Monetary policy and geopolitical risks in the spotlight



Financial markets last week were driven primarily by shifts in expectations for Fed policy, persistently high oil prices and concerns about the outlook for the US technology sector. On Monday, tensions in the Middle East and concerns about France's fiscal position supported the USD, while the EURPLN remained close to 4.38, with Polish bond yields and IRS rates edging slightly up. On Tuesday, lower US Treasury yields and a weaker USD, combined with slightly lower oil prices, supported a strengthening of the PLN towards 4.37 against the EUR, while the domestic debt market remained broadly stable. On Wednesday, the higher-than-expected US CPI inflation reading initially increased expectations of an October Fed rate hike, pushing US Treasury yields higher and strengthening the USD. However, this move was reversed later in the day following more cautious comments from Fed officials and increased demand for safe-haven assets amid growing concerns about the debt burden of companies operating in the artificial intelligence sector. On Thursday, US Treasury yields continued to fall and the USD weakened further, supporting declines in Polish bond yields and IRS rates and a slight strengthening of the PLN. On Friday, sentiment on European equity markets improved somewhat, contributing to a modest strengthening of the PLN.

This week, developments in the Middle East and the resulting movements in oil prices will remain key drivers of financial markets, alongside expectations regarding further monetary tightening by the major central banks. In Poland, investors will focus on Tuesday's releases of industrial production, construction and assembly production and labour market data, as well as Thursday's retail sales data. Our forecasts for activity in industry, construction and retail trade are below the market consensus, and their materialisation could weigh slightly on the PLN and lower Polish government bond yields. Friday's Moody's review of France's sovereign rating will also be a source of risk for European financial markets, given ongoing concerns about France's fiscal position.

Will rising fuel prices drive up food prices?



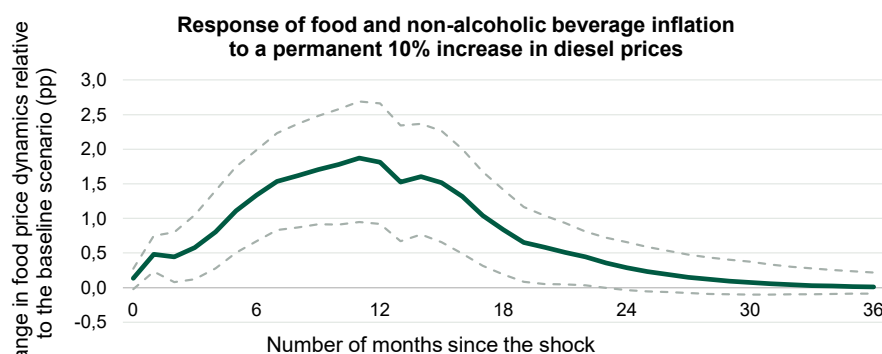
Source: Refinitiv, Credit Agricole

The renewed escalation of the conflict in the Middle East is weighing on the supply of crude oil and refined petroleum products on global markets. At the same time, the spread between diesel prices and Brent crude prices (the so-called diesel crack spread) has widened. Diesel prices play an important role in shaping food prices. Against this backdrop, we examine how higher diesel prices affect food and non-

alcoholic beverage inflation in Poland, and how long it takes for those effects to materialise.

To estimate these relationships, we developed VARX models describing price responses at successive stages of the food supply chain (agricultural commodity prices, producer prices and retail prices) across eight categories: bread and cereal products, meat, dairy products (excluding butter), eggs, vegetable oils and fats, butter, fruit and vegetables. In our analysis, Polish diesel prices are used as the exogenous variable representing the fuel market shock. As a result, the set of endogenous variables includes only prices observed in the Polish market. This way we can avoid a situation in which domestic diesel prices are used to explain movements in global cocoa or coffee prices. As a result, the categories we have analysed do not fully cover the entire inflation basket. All models were estimated using monthly data from August 2015 to July 2026. Polish diesel prices were included in the model with lags ranging from zero to six months. The retail price equations also account for changes in the VAT rate on basic food products introduced in February 2022 and April 2024.

In our analysis, we examine the response to a one-off 10% increase in diesel prices, with prices remaining permanently 10% above the baseline path. We then aggregated the response paths of the eight categories using the 2026 CPI basket weights. These categories account for 72.4% of spending on food and non-alcoholic beverages. To extend the results to overall food inflation, we assumed that the remaining categories, which were not covered by the models demonstrate the same response to the diesel shock as the weighted basket of the eight analysed categories. This is a significant simplification, reflecting the difficulty of modelling highly heterogeneous categories whose prices are often driven by agricultural commodities that are not produced in Poland. Since most products in these categories are relatively highly processed and fuel costs typically account for a smaller share of their retail prices, this assumption may lead us to overestimate the impact of higher diesel prices on food and non-alcoholic beverage inflation.

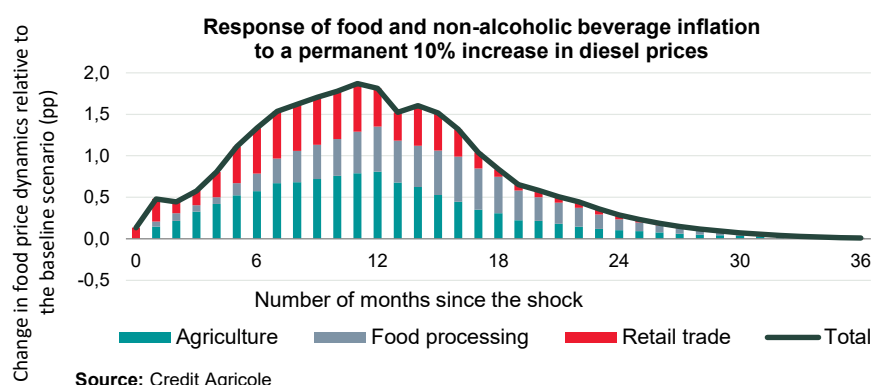


Source: Credit Agricole *Dashed lines represent the 95% confidence interval

With such a baseline model, a 10% increase in diesel prices is associated with a maximum increase in annual food and non-alcoholic beverage inflation of 1.87 pp after 11 months. After 12 months, the effect eases to 1.81 pp. The impact on annual food inflation gradually moderates thereafter, although the price level remains elevated: by approx. 2.0% after one year and by approx. 2.3% after 36 months relative to the no-

shock scenario. Results differ across categories, both in terms of magnitude and timing. After 12 months, the strongest response is observed for vegetable oils and fats, bread and cereal products, dairy products excluding

butter, and meat. A somewhat weaker response is observed for eggs, vegetables and butter, while fruit shows the smallest response.



We have also broken down the estimated food inflation response into three components by the impact exerted by the fuel shock at different stages of the supply chain. After 12 months, of the total increase in food inflation of 1.81 pp, around 0.81 pp is attributable to the impact of the diesel price shock at the agricultural commodity stage, 0.54 pp at the food processing stage and 0.46 pp at the retail stage. This indicates that the largest contribution to the food inflation response comes from the impact of the fuel shock on agricultural commodities, followed by processing and retail trade. It should be noted, however, that the estimated contributions also capture further transmission of price changes between successive stages of the supply chain.

It is also worth noting the lags in transmission across different stages of the supply chain. The contribution to retail inflation from the shock in the agricultural commodity price equations peaks earlier, after around 11-12 months, whereas the contribution from the shock in the manufacturing price equations continues to build and reaches its maximum after around 15-16 months. This pattern reflects the role of contracts, inventories and gradual price adjustment in food processing.

We tested the robustness of our findings using an alternative aggregated VARX model comprising the overall CPI index for food and non-alcoholic beverages, the PPI index for food and beverage production, and an index covering seven commodity groups observed in the Polish market: cereals, meat, milk, eggs, oils, fruit and vegetables. Following the application of the same sample period and the same diesel price shock, the aggregated model indicates a peak increase in annual food inflation of 1.98 pp after 12 months. This result is close to the 1.87 pp obtained from the sectoral aggregation despite the different structure of the two approaches, underpinning the conclusions stemming from our analysis.

Our findings, however, should be interpreted with caution. Changes in diesel prices are correlated with changes in the prices of other energy commodities, fertilisers and agricultural commodities, as well as with exchange rate movements. For example, following the outbreak of the war in Ukraine, grain and fuel prices rose simultaneously, while the PLN weakened. Using commodity prices observed in Poland in the model improves the economic consistency of the analysis but does not eliminate the influence of shared price drivers. Consequently, the results obtained for a one-off 10% shock should not be mechanically scaled up to assess much larger and more prolonged changes in diesel prices. This is particularly important in the current environment of heightened tensions in the fuel market, where changing prospects for ending the conflict in the Middle East are contributing to alternating sharp increases and declines in oil prices.

The results of our analysis underpin our forecast for food and non-alcoholic beverage prices in Poland. Under our scenario, we expect a marked acceleration in food price growth in 2027 after a period of temporary food price deflation in 2026. We forecast food inflation to increase from 0.9% YoY in 2026 to 5.1% in 2027, reaching a local peak of 6.8% in H2 2027.

Forecasts of the monthly macroeconomic indicators

Selected monthly macroeconomic indicators in Poland														
Indicator	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	Oct-26
NBP reference rate* (%)	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	3,75
EURPLN*	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,23	4,30	4,31	4,32	4,36	4,35
USDPLN*	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,63	3,76	3,73	3,72	3,85	3,84
CHFPLN*	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,65	4,66	4,61	4,60	4,61	4,59
CPI inflation (% YoY)	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	3,1	2,5	3,0	3,4	4,1	
Core inflation (% YoY)	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	3,1	3,0	3,1	3,3	3,1	
Industrial production (% YoY)	7,6	3,2	-1,1	7,3	-1,5	1,3	7,5	2,9	4,1	7,4	4,9	4,3	2,8	
Constr. and assembly prod. (% YoY)	0,3	4,2	0,1	4,4	-12,8	-13,8	0,6	4,6	3,9	5,1	-2,3	6,7	2,0	
PPI inflation (% YoY)	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	1,2	2,1	2,4	1,9	3,1	4,2	5,7	
Retail sales (% YoY)	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,8	4,4	6,8	5,3	6,4	6,6	
Corporate sector wages (% YoY)	7,5	6,6	7,1	8,6	6,1	6,1	6,6	5,4	5,8	5,9	6,8	5,6	6,1	
Employment (% YoY)	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	-0,9	-0,9	-0,8	-0,8	-0,8	
Unemployment rate* (%)	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	5,9	5,8	5,8	5,8	5,8	
Current account (M EUR)	-932	1779	-610	-2313	1256	-677	134	-1424	-1460	-3340	-1925	-3567		
Exports (% YoY EUR)	6,6	4,9	2,1	9,0	-1,8	2,8	8,2	6,2	5,0	11,7	11,1	13,2		
Imports (% YoY EUR)	8,1	2,8	3,0	9,9	-5,7	4,0	4,4	7,6	3,6	16,7	12,0	15,4		

*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)	3,7	4,1	3,7	3,5	2,8	2,7	3,1	3,0	3,8	3,7	3,0	
Private consumption (% YoY)	3,3	2,8	3,1	2,5	2,8	3,3	3,3	3,0	4,0	2,9	3,2	
Gross fixed capital formation (% YoY)	3,1	8,5	9,6	8,1	7,2	6,3	4,5	5,9	4,9	7,5	6,4	
Export - constant prices (% YoY)	6,2	8,1	7,5	5,5	5,2	5,4	5,5	5,5	5,5	7,3	5,7	
Import - constant prices (% YoY)	6,3	7,5	8,0	6,2	5,2	6,1	6,5	6,1	7,1	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	2,2	1,7	1,8
	Investments (pp)	0,4	1,3	1,6	1,8	0,9	1,0	0,8	1,4	0,8	1,3	1,1
	Net exports (pp)	0,2	0,5	-0,1	-0,2	0,2	-0,2	-0,4	-0,2	-0,6	0,1	-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	3,5	3,5	3,9	4,1	3,5	3,0	3,6	3,3	3,7	
Wibor 3M (%)**	3,85	3,85	3,85	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	3,75	4,00	4,00	3,75	3,50	4,00	3,75	3,50	
EURPLN**	4,29	4,30	4,36	4,32	4,32	4,32	4,31	4,30	4,21	4,32	4,30	
USDPLN**	3,71	3,76	3,85	3,82	3,82	3,79	3,72	3,68	3,58	3,82	3,68	

* quarterly average

** end of period

***cumulative over the last four quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 19/10/2026						
4:00	China	GDP (% YoY)	Q3	4,3		4,4
4:00	China	Retail sales (% YoY)	Sep	0,4		0,6
4:00	China	Urban investments (% YoY)	Sep	-7,2		-7,3
4:00	China	Industrial production (% YoY)	Sep	5,2		5,5
Tuesday 20/10/2026						
9:30	Poland	Industrial production (% YoY)	Sep	4,3	2,8	3,1
9:30	Poland	Construction and assembly production (% YoY)	Sep	6,7	2,0	3,4
9:30	Poland	Corporate sector wages (% YoY)	Sep	5,6	6,1	6,0
9:30	Poland	Employment (% YoY)	Sep	-0,8	-0,8	-0,8
9:30	Poland	PPI (% YoY)	Sep	4,2	5,7	5,7
10:00	Eurozone	Current account (bn EUR)	Aug	27,6		
11:00	Germany	ZEW Economic Sentiment (pts)	Oct	34,7		32,0
14:30	USA	Building permits (k)	Sep	1403	1375	1400
14:30	USA	Housing starts (k MoM)	Sep	1275	1281	1300
Thursday 22/10/2026						
9:30	Poland	Retail sales - current prices(% YoY)	Sep	6,4	6,6	7,1
9:30	Poland	Retail sales - constant prices (% YoY)	Sep	3,8	3,0	3,6
14:00	Poland	M3 money supply (% YoY)	Sep	11,3	11,5	11,5
14:30	USA	Initial jobless claims (k)	w/e	199		
16:00	Eurozone	Consumer Confidence Index (pts)	Oct	-16,5		-17,0
Friday 23/10/2026						
9:30	Germany	Flash Manufacturing PMI (pts)	Oct	53,9		53,5
9:30	Poland	Registered unemployment rate (%)	Sep	5,8	5,8	5,8
10:00	Eurozone	Flash Services PMI (pts)	Oct	53,0		52,5
10:00	Eurozone	Flash Manufacturing PMI (pts)	Oct	52,9		52,5
10:00	Eurozone	Flash Composite PMI (pts)	Oct	53,1		52,7
15:45	USA	Flash Manufacturing PMI (pts)	Oct	55,9		
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Oct	46,3	46,3	

*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