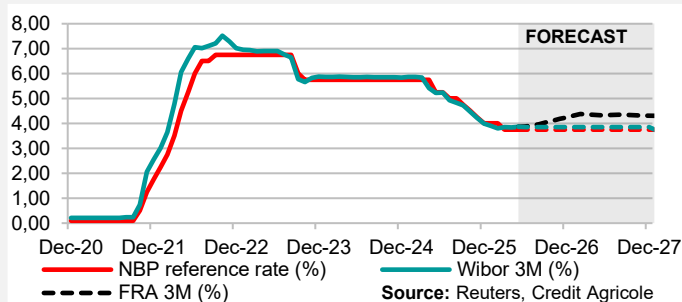


This week

➤ **The US-Iran conflict keeps increasing market volatility, with hopes for de-escalation growing stronger over the last couple of days.** Media reports suggest that the US and Iran are closer to reaching an agreement aimed at extending the ceasefire and securing the gradual reopening of the Strait of Hormuz, and entering into talks regarding sanctions and Iran's nuclear programme. Notably, the agreement has not been concluded yet: it still needs to be signed by US President D. Trump and confirmed by Iran. Iran's enriched uranium stocks, the status of the Strait of Hormuz, and how much the sanctions are to be lifted remain the key points of difference. The ceasefire and the opening of the Strait of Hormuz in the near future have already been priced in by the market, which was reflected in a sharp drop in oil prices and a decline in the yield on treasury bonds. However, it should be noted that the risk of negotiations failure, conflict escalation and agreement delay is still substantial. Its materialisation would most probably cause the oil prices and yields on bonds to go up again, and also weaken the PLN.

➤ **The Monetary Policy Council's meeting and NBP Governor's press conference will be held this week.**

We expect the MPC to keep interest rates unchanged, with reference rate standing at 3.75%. Such a decision would be consistent with MPC members' opinions voiced after the May's meeting, which were indicative



of their intention to maintain the “wait-and-see” approach amidst the elevated uncertainty related to the conflict in the Middle East and its impact on energy commodity prices. At the press conference after the May's meeting, A. Glapiński said that the NBP was highly unlikely to cut the rates, as opposed to hiking, but that did not mean that the rates would necessarily be increased. P. Litwiniuk shared his opinion, suggesting that the MPC will be ready to increase the interest rates if inflation expectations are unanchored, saying also that rate hikes can only be discussed after the July inflation projection is released. According to L. Kotecki and M. Zarzecki, keeping the reference rate on the present level is the most likely scenario at the moment, but they both noted that rate hikes could be made in the second half of the year, if inflation substantially rose. Markedly lower-than-expected inflation in May (see below) additionally decreases the likelihood of rate hikes in 2026. In our view, the NBP Governor will remain cautious during the press conference, emphasising that further decisions will depend on incoming data. This kind of message should be neutral for the PLN and yields on Polish bonds.

➤ **Full Q1 2026 GDP data for Poland will be released today.** We expect the GDP growth to print in line with the flash estimate (3.4% YoY in Q1 2026 vs. 3.8% in Q4 2025). In our view, the slowdown was caused primarily by harsh winter that hampered activity in the industry and the construction sector. GDP breakdown into main components will be the most important part of the publication, and investment growth rate data will be of particular interest. The data released so far suggests that the investment growth rate for businesses with at least 50 employees was moderately high in Q1 (see below), so the present uncertainty surrounding total investments is connected primarily with public investments and investments made by small and medium-sized enterprises.

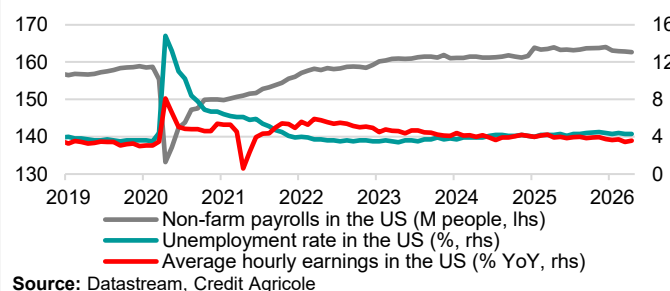
➤ **May's HICP inflation data for the Eurozone will be released on Tuesday.** In our view, it went up to 3.2% YoY, from 3.0% in April, driven primarily by the growing prices of services. We expect core inflation to have gone up from 2.2% YoY in April to 2.5% in May, due to a low base effect,

calendar effects, and growing prices of aviation fuel driving the prices of airfares up. Consequently, May is the third consecutive month to have seen the prices of goods and services growing at a rate that exceeds the ECB inflation target (2.0%). We believe that due to an indirect impact of higher prices of commodities on the prices of final goods, core inflation will not return to the inflation target at least until the end of 2027. In our view, the impact of second-round effects will be initially limited, so they will only be fully seen in Q4 2026 and H1 2027.

✓ **Friday will see the release of US labour market data for May.**

We expect non-farm payrolls to have risen by 80k in May vs. 115k in April, with unemployment rate stabilized at 4.3%. The data would thus suggest a stabilisation of the labour market. Combined with growing inflationary pressures (see below), it

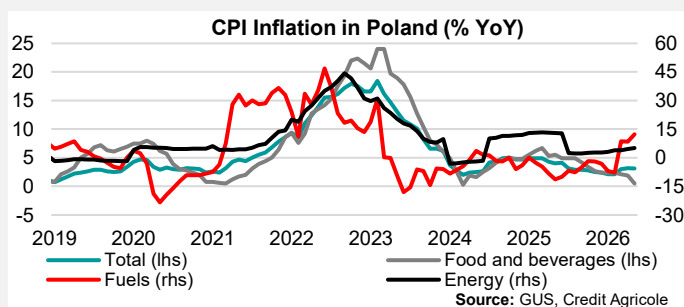
would underpin the scenario in which the Fed does not change its interest rates in the near future.



Last week

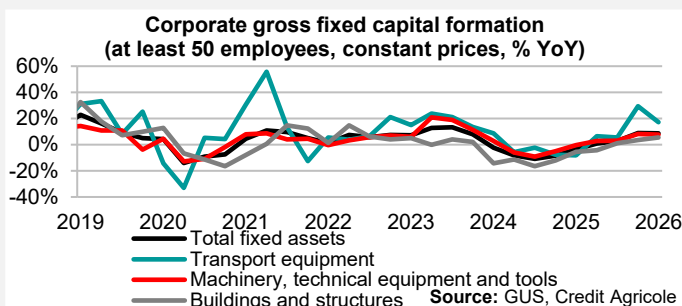
✓ **According to the preliminary estimate, CPI inflation in Poland fell to 3.1% YoY in May from 3.2% YoY in April, coming in significantly below market expectations (3.7%) and our forecast (3.8%).**

The decline in inflation was driven by slower growth in prices of food and non-alcoholic beverages, which fell to 0.5% YoY in May from 1.9% YoY in April, reflecting a historically strong 1.0% MoM decline in prices. We believe that the fall in prices in this category was largely driven by numerous food price promotions in grocery stores, including a particularly sharp drop in butter prices. On the other hand, inflation in May was pushed up by an increase in fuel price growth to 12.3% YoY in May from 8.4% YoY in April and an increase in price growth in the “electricity, gas and other fuels” category to 5.0% YoY from 4.6% YoY. We estimate that core inflation excluding food and energy prices rose to 3.1% YoY in May from 3.0% YoY in April. The significantly lower-than-expected inflation reading for May lowers the starting point for the NBP’s July inflation projection and reduces the risk of a “signalling” interest rate hike in H2 2026, although it does not eliminate it completely.



✓ **Real retail sales growth in Poland fell to 1.3% YoY in April from 8.7% YoY in March, coming in below expectations (see MACROPulse of 25/05/2026).** The slowdown was due to the earlier timing of Easter, the fading of pent-up demand after the cold winter and unfavourable calendar effects. The retail sales data supports our revised forecast for private consumption growth in Q1 at 3.8% YoY, down from 4.2% in Q4.

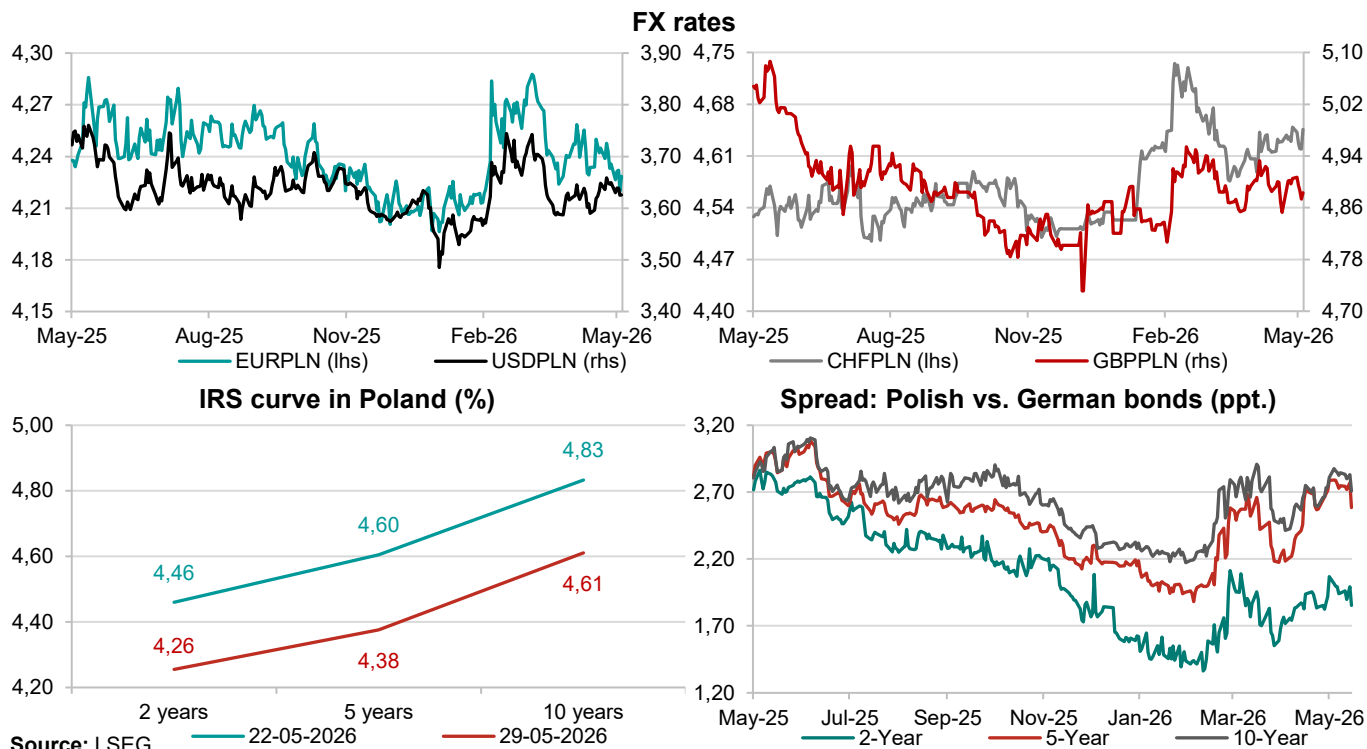
✓ **Data on corporate gross fixed capital formation at companies with at least 50 employees in Q1 2026 was published last week.** In constant prices, investment growth in this group edged down to 8.7% YoY from 8.8% YoY in Q4 2025. The slight slowdown mainly reflected weaker growth in investment in



transport equipment and a small decline in growth of investment in machinery, technical equipment and tools. Despite this moderation, corporate gross fixed capital formation at companies with at least 50 employees remained solid, which is consistent with our medium-term scenario for corporate investment (see MACROmap of 11/05/2026), according to which the recovery in corporate investment can be expected to continue in the coming quarters. This will be supported by pressure to modernise and improve efficiency, resulting from growing competition from Asian producers and rising labour, energy and other production costs. Growth in public investment related to the inflow of EU funds will be another factor stimulating corporate investment activity in the coming quarters. It is worth noting that in recent quarters investment growth among companies employing fewer than 50 people has been significantly lower than among companies with at least 50 employees. This means that overall corporate investment growth is most likely lower than investment growth among companies with at least 50 employees. It is also worth noting that recent months have seen a significant recovery in investment loans to small and medium-sized enterprises, suggesting a gradual rebound in investment growth in this segment and a narrowing of the gap in investment growth rates between segments. The published data on corporate gross fixed capital formation at companies with at least 50 employees points to upside risk to our forecast for total investment in Q1 2026 (3.0% YoY compared with 6.6% YoY in Q4 2025).

✓ **US data was released last week.** PCE inflation rose to 3.8% YoY in April from 3.5% YoY in March, while core PCE inflation increased to 3.3% YoY in April from 3.2% in March. In both cases, the figures were in line with market expectations, which matched our forecast. According to the second estimate, annualised US GDP growth rose to 1.6% in Q1 2026 from 0.5% in Q4 2025, slightly below the 2.0% shown in the first estimate. The downward revision to GDP growth compared with the first estimate reflected lower contributions from private consumption and investment. Despite this revision, investment growth remained strong in Q1, supported to a significant extent by investment expenditure related to AI. This set of data supports our scenario in which US interest rates remain unchanged in the coming months and the Fed continues its cautious wait-and-see approach.

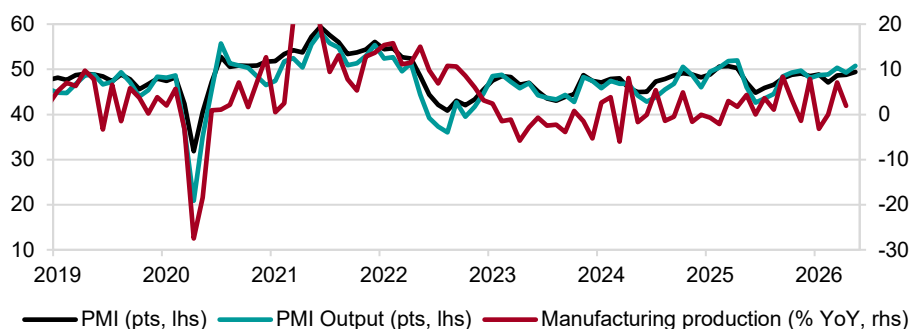
Markets price in rising chances of a ceasefire



Last week, the situation in financial markets remained largely dependent on news concerning US-Iran negotiations. At the beginning of the week, risk aversion remained elevated amid uncertainty over progress in ceasefire talks and the potential terms of an agreement. This temporarily weakened the PLN, but in the second half of the week the Polish currency strengthened again to around EUR/PLN 4.23. At the same time, lower oil prices, optimistic reports of progress in peace talks and the low preliminary reading of CPI inflation for May led to a significant decline in IRS rates and bond yields.

In the coming week, the course of negotiations between the US and Iran, and their impact on oil prices, will be the main factor shaping the situation in financial markets. Domestically, the key events will be the MPC meeting and the press conference by the NBP Governor. Preliminary HICP inflation data for the Eurozone and Friday's US labour market data are likely to be neutral for the domestic debt market and the PLN exchange rate.

Slight improvement in Polish manufacturing conditions

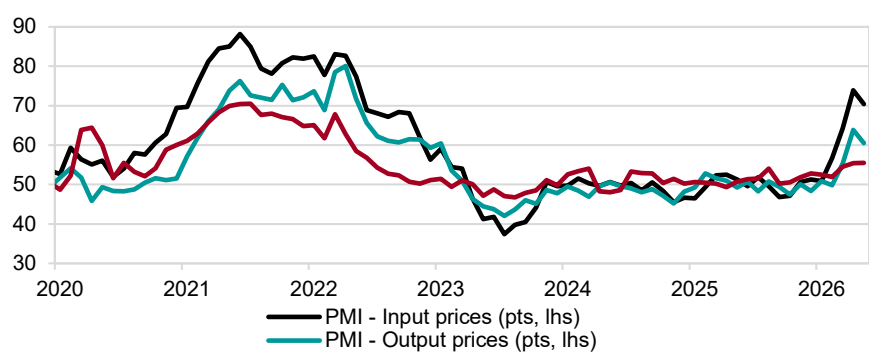


The PMI for Poland's manufacturing sector came in at 49.4 pts in May, up from 48.8 pts in April, above our forecast of 48.5 pts and the market consensus of 48.6 pts. The improvement in the index in May was driven by an increase in the contributions from 4 of its 5 components: output, new orders, employment and suppliers' delivery times, while the contribution from the stocks of purchases subindex declined. The PMI has now remained below the 50-point threshold, which separates expansion from contraction in economic activity, for 13 consecutive months.

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In the structure of the May PMI, the increase in the output component to its highest level since April 2025 is particularly noteworthy. The component stood at 50.8 pts, signalling a slight increase in output. According to the surveyed companies, the rise in output reflected “tentative signs of recovery in market conditions, improved availability of certain raw materials, and the opening of new stores”. Output was also supported by companies’ working through previously accumulated backlogs of work, which declined in May at a slightly slower pace than in April.

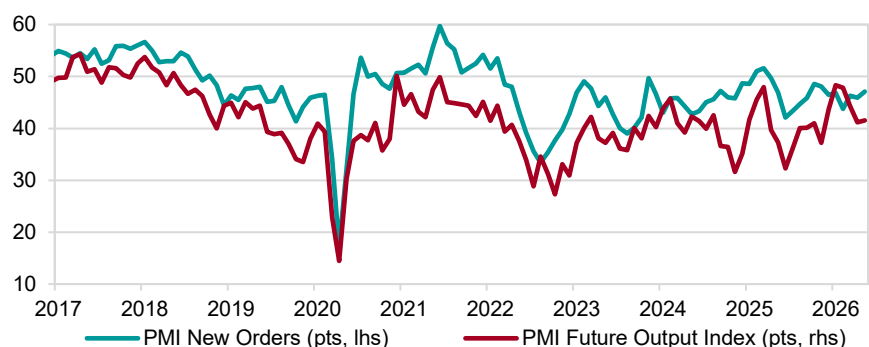
May also saw a slight decline in the PMI component for suppliers’ delivery times, which reached its lowest level since June 2022. This points to a further lengthening of delivery times, reflecting disruptions in global supply chains related to the conflict in the Middle East. Despite longer order fulfilment times, companies sought to replenish their inventories, as indicated by the first increase in purchases of new inputs in four months. This signals that supply chain disruptions related to the conflict in the Middle East, which are increasing uncertainty over delivery timeliness and the availability of intermediate goods, have had a limited impact on production stability in Polish manufacturing.



Source: S&P, Crédit Agricole

10 Strong cost pressure in Polish manufacturing persisted in May. The input price index, which in April had reached its highest level since May 2022, declined slightly in May, but its level continued to signal rapid growth in prices of intermediate goods used in production. This was driven by a strong increase in raw material prices and transport costs caused by the conflict in the Middle

East. In May, companies continued to take steps to pass higher costs on to end customers, which was reflected in the continued rapid increase in prices of finished goods. This signals significant upward pressure on consumer goods prices. It supports our scenario of a gradual increase in inflation in the coming months, although preliminary data on May inflation point to significant downside risk to our forecast (see above).



Source: S&P, Crédit Agricole

80 The level and structure of the May PMI suggest that the conflict in the Middle East continues to have a strong negative impact on the activity of Polish manufacturing companies. However, the PMI survey results indicate that the impact of this factor eased slightly in May. In addition, the May PMI results point to a slight improvement in the sector’s outlook. The subindex

reflecting output expectations over the next 12 months increased in May for the first time since January, remaining above the average level observed in 2025. The surveyed companies intended to expand into new markets, launch new products, increase production capacity and improve supplies of raw materials. This means that companies remain moderately optimistic about output over the one-year horizon.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	May.25	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
NBP reference rate (%)	5,25	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
EURPLN*	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,23	4,27
USDPLN*	3,74	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,63	3,75
CHFPLN*	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,65	4,59
CPI inflation (% YoY)	4,0	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	3,1	
Core inflation (% YoY)	3,3	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	3,1	
Industrial production (% YoY)	4,0	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,3	7,5	3,1	3,5	
Constr. and assembly prod. (% YoY)	-2,8	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,8	0,6	4,5	6,5	
PPI inflation (% YoY)	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	1,2	1,9	2,6	
Retail sales (% YoY)	4,3	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,8	5,2	
Corporate sector wages (% YoY)	8,4	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,6	5,4	6,0	
Employment (% YoY)	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	-0,9	
Unemployment rate* (%)	5,1	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	5,9	
Current account (M EUR)	-1168	-445	-1780	-2593	-797	2103	-250	-1975	1053	-1034	-234	-104		
Exports (% YoY EUR)	6,0	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,6	1,9	7,4	5,8		
Imports (% YoY EUR)	7,9	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-6,3	3,4	3,8	3,4		

*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)	3.9	2.9	3.2	3.3	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)	3.0	10.3	7.8	7.5	6.5	6.1	5.9	5.5	4.4	7.4	6.3
Export - constant prices (% YoY)	4.8	4.0	4.5	5.0	5.2	5.4	5.5	5.5	5.5	4.6	5.6
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	1.1	1.0	1.7	1.9	1.9	1.5	2.1	1.8
	Investments (pp)	0.4	1.6	1.3	1.7	0.9	1.0	1.0	1.3	0.8	1.1
	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)	0.9	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	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**
Monday 01/06/2026						
3:45	China	RatingDog Manufacturing PMI (pts)	May	52,2		51,6
9:00	Poland	Manufacturing PMI (pts)	May	48,8	48,5	48,6
9:55	Germany	Final Manufacturing PMI (pts)	May	49,9	49,9	49,9
10:00	Poland	Final GDP (% YoY)	Q1	3,80	3,4	3,40
10:00	Eurozone	M3 money supply (% MoM)	Apr	3,2		3,2
10:00	Eurozone	Final Manufacturing PMI (pts)	May	51,4	51,4	51,4
11:00	Eurozone	Unemployment rate (%)	Apr	6,2		6,2
15:45	USA	Flash Manufacturing PMI (pts)	May	55,3		
16:00	USA	ISM Manufacturing PMI (pts)	May	52,7		53,0
Tuesday 02/06/2026						
	Poland	NBP rate decision (%)	Jun	3,75	3,75	3,75
11:00	Eurozone	Preliminary HICP (% YoY)	May	3,0	3,2	3,2
Wednesday 03/06/2026						
10:00	Eurozone	Services PMI (pts)	May	46,4	46,4	46,4
10:00	Eurozone	Final Composite PMI (pts)	May	47,5	47,5	47,5
11:00	Eurozone	PPI (% YoY)	Apr	2,1		4,8
14:15	USA	ADP employment report (k)	May	109		110
16:00	USA	Factory orders (% MoM)	Apr	1,5		4,6
16:00	USA	ISM Non-Manufacturing Index (pts)	May	53,6	53,3	53,7
Thursday 04/06/2026						
11:00	Eurozone	Retail sales (% MoM)	Apr	-0,1		-0,3
Friday 05/06/2026						
11:00	Eurozone	Employment (% YoY)	Q1	0,5		0,5
11:00	Eurozone	Revised GDP (% QoQ)	Q1	0,1	0,1	0,1
11:00	Eurozone	Final GDP (% YoY)	Q1	0,8	0,8	0,8
14:30	USA	Unemployment rate (%)	May	4,3	4,3	4,3
14:30	USA	Non-farm payrolls (k MoM)	May	115	80	85

*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