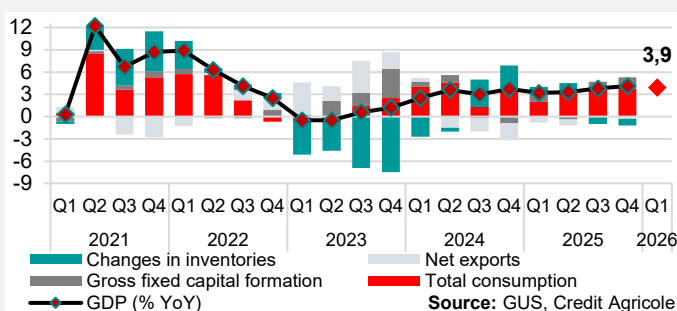


This week

✓ **The US-Iran conflict has been rather volatile over the last couple of days.** Initial signs of de-escalation and hold talks regarding an agreement were followed by an exchange of fire in the Strait of Hormuz. Then, towards the end of the week, Iran, through Pakistan, delivered its response to the US proposal to end the war. D. Trump, however, slammed Iran's response, dismissing it as "totally unacceptable". In our view, the risk of a renewed escalation of the conflict in the Middle East following the US' negative reaction to Iran's response has increased, which will push up global risk aversion, and will lead to PLN depreciation and cause the prices of Polish bonds to fall.

✓ **Poland's flash GDP estimate for Q1 will be released on Thursday.** We anticipate that the economic growth slowed from 4.1% YoY in Q4 2025 to 3.9% in Q1, but it will still come in ahead of market consensus (3.6%). In our opinion, this resulted primarily from a slowdown in investment activity, which had



been hampered by adverse weather conditions in January and February. Private consumption growth remained solid, though, limiting the scale of GDP growth slowdown. The materialisation of our higher-than-consensus forecast would be slightly positive for the PLN and yields on Polish bonds.

✓ **We expect US headline inflation to rise to 3.8% YoY in April vs. 3.3% in March and 2.4% in February.** Higher fuel prices remain the main factor behind the acceleration in inflation. At the same time, we expect the core inflation to have gone up from 2.6% YoY in March to 2.8% in April. We anticipate that headline CPI inflation will reach its local peak around 4.2% YoY in May, and then it will begin to go gradually down, though it will remain markedly above the Fed's target (2.0%) until the end of the year. We will also see the release of data on retail sales and industrial production this week. The consensus is that retail sales went up by 0.5% MoM in April vs. 1.7% in March, while industrial production went up by 0.3% MoM vs. -0.5% in March. In our opinion, the data cited above combined with last week's data on US labour market (see below) will back the scenario in which the Fed keeps interest rates unchanged.

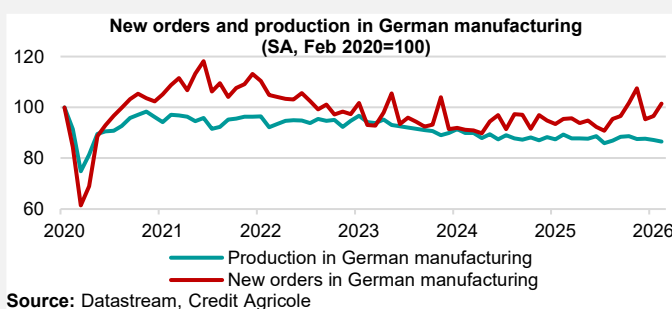
✓ **Final data on Poland's inflation in April will be published on Friday.** We expect it to come in line with the flash estimate released by Statistics Poland, which showed CPI inflation rising to 3.2% YoY, from 3.0% in March. We also forecast that core inflation went up from 2.7% YoY in March to 3.0% in April, which suggests that pricing pressures increased. We expect inflation to follow an upward trend in the months to come, and reach close to 4% YoY towards the end of the year.

Last week

✓ **The Monetary Policy Council left NBP interest rates unchanged last week, very much in line with our forecast and market expectations, keeping the reference rate at 3.75% (see MACROPulse of 06/05/2026).** In the press release, the Council once again pointed out that the global rise in the prices of fuels is a consequence of limited supplies caused by the conflict in the Middle East, and the outlook for activity and inflation is still affected by elevated geopolitical uncertainty. The MPC also noted that the CPI inflation rise in April resulted primarily from a

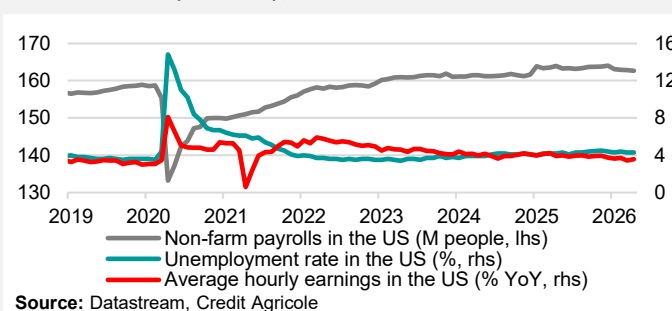
stronger growth in the prices of fuels, with fiscal policy, regulations concerning fuel prices, economic activity outlook and wage trends remaining the main risk factors for inflation. During the press conference, NBP Governor A. Głapiński admitted that interest rate hikes had become more likely, but they would be contingent on inflation going beyond the upper band for admissible deviations from the NBP target (3.5%), plus forecasts would have to indicate that the excess is projected to persist. However, last week's statement made by the MPC member L. Kotecki, who said that the most recent forecast shows that inflation will stay within the target range, underpins our scenario in which NBP interest rates will remain unchanged until the end of 2027. At the same time, the risk of a one-off, signaling rate hike in H2 2026 is still substantial due to higher core inflation, the risk of second-round effects, and uncertainty concerning the developments in the conflict in the Persian Gulf.

March data for German industry show a mixed picture regarding economic conditions. On the one hand, industrial orders went up by 5.0% MoM vs. 1.4% in February and market consensus of 1.0% MoM. This was supported by an improvement in the remaining



transport equipment and automotive categories, and orders being placed earlier than usual due to elevated uncertainty regarding the situation in the Middle East. On the other hand, the data has shown that stronger demand did not translate into a durable activity recovery. Industrial production went down by 0.7% MoM in March, following a 0.5% drop in February, with consensus standing at +0.4% MoM. At the same time, imports went up by 5.1% MoM in March, from 4.9% in February, while exports rose by 0.5% vs. 3.6% in February. Both indicators have exceeded market expectations (+0.8% and -1.7%, respectively).

Last week saw the release of US labour market data for April, which confirmed the relative resilience of the market despite the rise in energy prices related to the conflict in the Middle East. Non-farm payroll figures measured through the establishment survey went up by 115k vs. 185k in March, coming in markedly ahead of market consensus (65k). Employment rose predominantly in healthcare, transportation and warehousing, and retail trade, but kept falling in federal administration and information sector. However, the survey of households, which is used to determine the unemployment rate among other things, indicated a 226k employment drop in April, which shows that the details of the report were weaker than the non-farm payroll reading itself. The unemployment rate stayed at 4.3%, no change vs. March, while the labour force participation rate edged down from 61.9% to 61.8%. Average hourly earnings rose by 0.2% MoM, same as in March, while annual wage growth edged up to 3.6% in April, from 3.5% in March. In our opinion, the data underpin the scenario of Fed keeping the interest rates unchanged in the coming months.



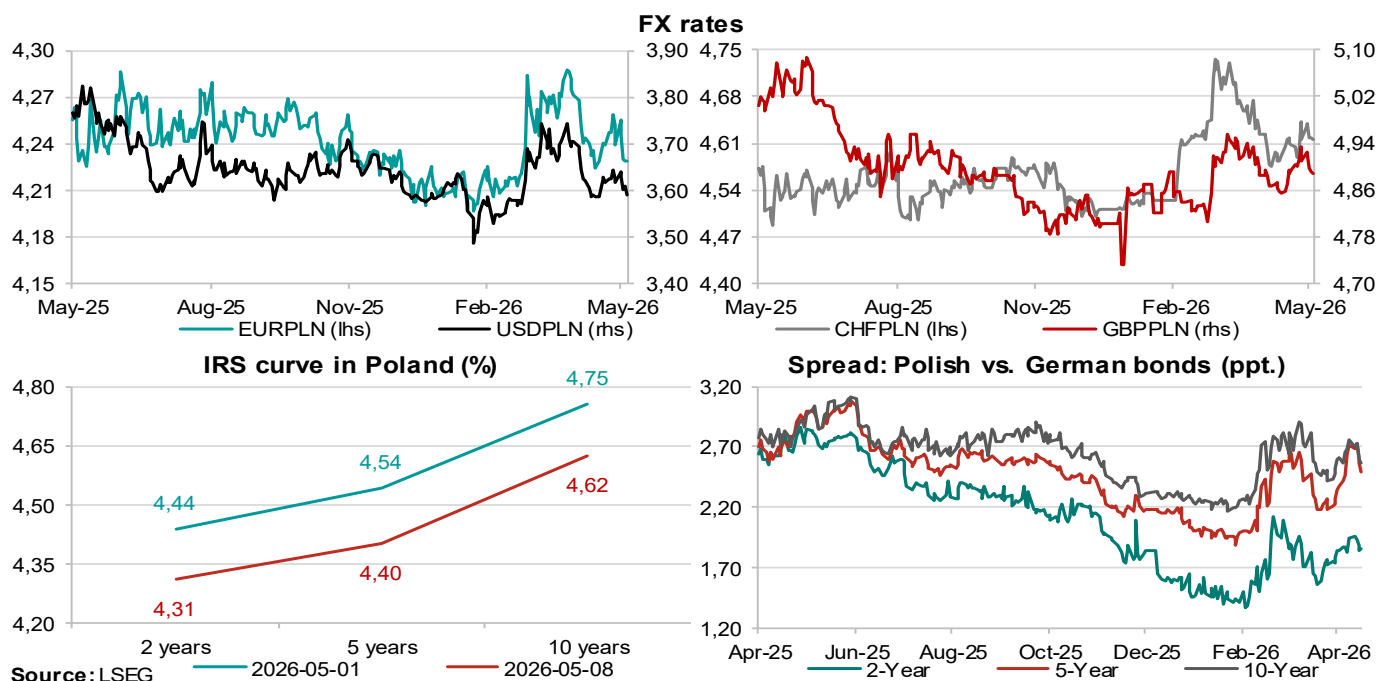
Employment rose predominantly in healthcare, transportation and warehousing, and retail trade, but kept falling in federal administration and information sector. However, the survey of households, which is used to determine the unemployment rate among other things, indicated a 226k employment drop in April, which shows that the details of the report were weaker than the non-farm payroll reading itself. The unemployment rate stayed at 4.3%, no change vs. March, while the labour force participation rate edged down from 61.9% to 61.8%. Average hourly earnings rose by 0.2% MoM, same as in March, while annual wage growth edged up to 3.6% in April, from 3.5% in March. In our opinion, the data underpin the scenario of Fed keeping the interest rates unchanged in the coming months.

China's foreign trade figures were released over the weekend. Export growth accelerated to 14.1% YoY vs. 2.5% in March, coming in markedly ahead of market expectations (7.9%), confirming that Chinese manufacturing is still highly competitive, particularly in advanced

technology sectors such as electronics, machinery, cars, or ships. At the same time, imports rose by 25.3% YoY, compared with a 27.8% growth in March, mirroring both growing commodity prices and a certain improvement in domestic demand. Consequently, trade surplus went up from USD 51.1bn in March to USD 84.8bn in April. The data shows that the Chinese export sector is still resilient to trade tensions and the impact of war in Iran, but also points to growing cost-side risks: higher energy commodity prices and disruption of supply transport through the Strait of Hormuz may have a negative impact on margins and activity of enterprises operating in sectors dependent on petrochemicals in the coming months.

✓ **S&P kept Poland's long-term rating at A- with a stable outlook.** On the one hand, the agency's decision reflects a favourable outlook for economic growth underpinned by households' growing real income and investments co-financed with EU funds, including the peak of absorption of KPO funds expected in 2026. S&P forecasts that Poland's GDP will grow by 3.3% in 2026 vs. 3.6% in 2025, and will stay around 3% in subsequent years. On the other hand, the agency noticed the poor fiscal standing, noting that the general government deficit will remain high at 6.9% of GDP in 2026 (7.3% in 2025), and then will go down, but only gradually, to 6.4% in 2027, 5.7% in 2028 and 5.3% in 2029. Consequently, S&P believes that the public debt will be growing quickly, and will stand at 75% of GDP towards the end of the decade. The rating could be upgraded if actions were taken to reduce the deficit and stop the growth of public debt in a durable manner, and also to continue the improvement of institutions' quality to keep the inflow of EU funds and foreign investments. On the other hand, a downgrade could be possible in the event of significant deterioration in medium-term growth prospects, the accumulation of macroeconomic imbalances, or stronger negative effects of geopolitical conflicts, in particular the escalation of Russia's war with Ukraine or more lasting effects of the war in the Middle East. In our view, S&P's decision is neutral for Polish assets, but suggests that the fiscal standing remains a key risk factor for the assessment of Poland's creditworthiness.

No change in the Middle East

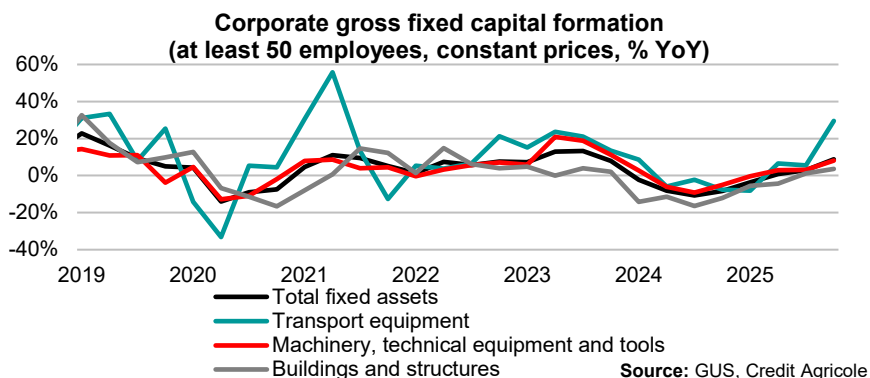


The situation in financial markets was volatile last week. Early in the week, the sentiment was still subdued: as tensions surrounding Iran escalated again, Brent oil went up above USD 110 per barrel, the USD appreciated, the EURPLN moved towards 4.25-4.26, and yields on treasury bonds went up, as well as IRS rates. A breakthrough came on Wednesday, when D. Trump's statements concerning advanced peace talks with Iran drove oil prices markedly down, improved global sentiment and increased the demand for high-risk assets. Consequently, the PLN appreciated substantially, while in the domestic rate market, bond yields and IRS rates fell sharply. On Thursday, the market picture became slightly more complex again, due to the exchange of fire between the US and Iran, which cooled down the previous optimism arising from the ongoing talks regarding a possible agreement. Better-than-expected US labour market data did not exert a lasting impact on Polish assets, and thereby the PLN remained stronger over the entire week's horizon, while bond yields and IRS rates were lower compared with the start of the week.

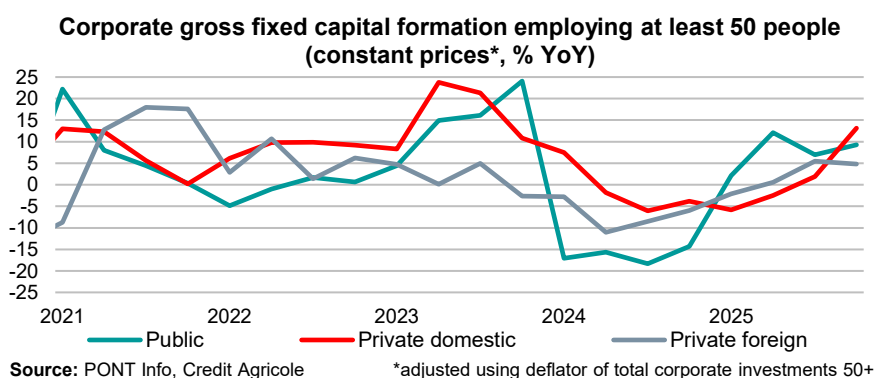
Turning to the week ahead, the relations between the US and Iran and their impact on the prices of oil will remain the main factor influencing the market sentiment, but with D. Trump's negative reaction to Iran's response to the US agreement proposal, the risk of another conflict escalation has increased again. Such a scenario would lead to an increase in global aversion to risk, USD appreciation, PLN depreciation, and a decline in prices of Polish bonds. Furthermore, Poland's Q1 GDP flash estimate will also be important for the markets, as we expect to see a stronger-than-consensus economic growth, which would be slightly positive for the PLN and the Polish debt market.

More and more signs of a recovery in corporate investment

According to data from GUS, real investment by enterprises employing at least 50 people increased by 8.8% YoY in Q4 of last year, compared with a 2.9% growth in Q3. This marked the third consecutive quarter in which annual growth was recorded. In the analysis below, we discuss current trends in corporate investment and assess their medium-term prospects.

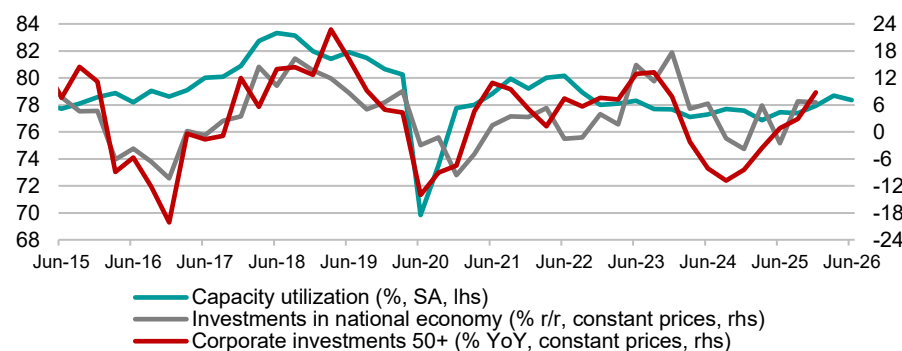


An acceleration in the growth of business investment was recorded across all major categories: “buildings and structures” (3.6% YoY in Q4 compared with 1.2% in Q3), “machinery, technical equipment and tools” (8.1% compared with 3.1%) and “means of transport” (29.5% compared to 5.6%), with the latter two categories making the largest (and similar) contributions to total investment growth in Q4.



We also saw a broad-based increase in investment in real terms when broken down by the ownership structure of enterprises. According to data from PONT Info, in constant prices, the acceleration in investment growth was recorded in both enterprises with a dominant public sector share (9.3% in Q4 compared with 7.0% in Q3), domestic private companies (13.1% compared with 1.9%), while

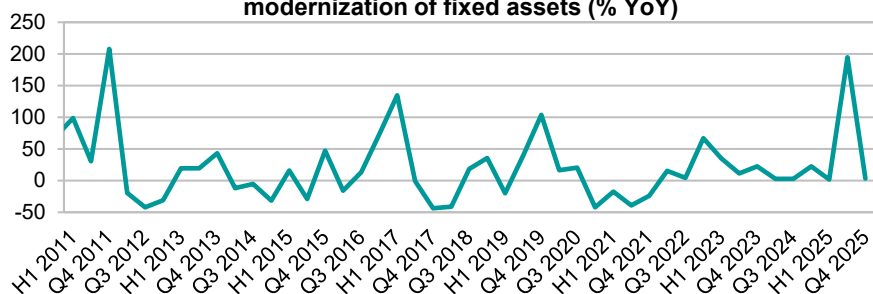
investment growth in foreign private companies declined slightly (4.8% compared with 5.5%). It is worth noting that corporate investment in all three segments was supported in 2025 by the low base effect from 2024, which was partly linked to reduced absorption of EU funds between the 2014-2020 and 2021-2027 financial frameworks. These effects will largely fade away in Q1 2026, which will act as a constraint on investment growth.



We are of the opinion that low capacity utilisation remains an important factor constraining corporate investment activity. This assessment is supported by data from GUS, which shows that seasonally adjusted capacity utilisation in the manufacturing sector has remained relatively stable at around 78% since mid-2022 (for comparison, this stood at

80.7% before the outbreak of the pandemic). This means that companies are not facing the barrier of high capacity utilisation, which in the past was the main factor prompting companies to increase capital expenditure (i.e. typically aimed at boosting production capacity).

**Estimated value of investments started:
modernization of fixed assets (% YoY)**

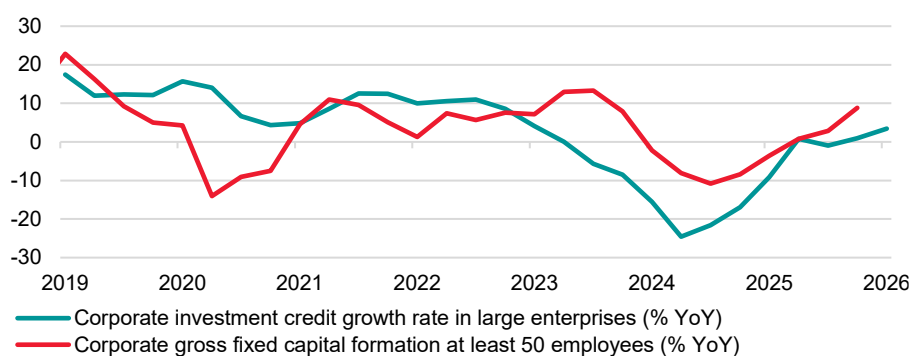


Source: GUS, Credit Agricole

It should be emphasised, however, that changes in capacity utilisation have less of an impact on the level of expenditure by enterprises aimed at modernising existing fixed assets. According to data on the estimated value of investments commenced, the modernisation of fixed assets accounted for 58% of all investments in H2 2025, which was the highest share recorded in the

history of available data (i.e. since 2009). The total estimated value of investments commenced is, in other words, the value of expenditure on fixed assets commenced during the reporting period, as derived from design and cost estimate documentation. This indicator signals trends in investments actually carried out by companies approximately 2-3 quarters in advance. Such trends are consistent with the results of the business survey published by the NBP in July last year (NBP Quick Monitoring Survey), according to which 60% of enterprises felt the need at that time to introduce innovations or modernise their companies' technologies and production methods, and three-quarters of them planned to undertake such measures. Moreover, over a third of businesses (36%) intended to increase the scale of robotisation/automation in the near future. In our view, this process will continue in the medium term. It will be driven by growing competitive pressure from manufacturers in China and other Asian economies, which is forcing domestic companies to improve cost efficiency and quality. An additional factor favouring the modernisation of machinery and the automation of production processes will be the continuing rise in labour costs, as well as high energy prices and other production costs. In such conditions, investments aimed at increasing productivity, reducing the labour intensity of production and improving energy efficiency will, in our view, become an increasingly important element of corporate strategy.

Another factor supporting corporate investment activity in the coming quarters will be the increased inflow of EU funds that we anticipate, which will boost public investment (see MACROmap of 27.04.2026). This increase in investment should contribute to a rise in expenditure on fixed assets by private enterprises linked to the cycle of public investment. These are primarily: construction, the manufacture of machinery and equipment (including tools and industrial machinery), the manufacture of electrical equipment (e.g. cables, lighting), the chemical industry (e.g. paints, varnishes, adhesives), the manufacture of metal products (e.g. metal structures) and products from other non-metallic mineral products (e.g. asphalt, cement, gypsum). In our opinion, the revival of corporate investment linked to higher public outlays will be most evident in the sectors mentioned, although it will not be limited solely to these categories. A thesis present in the academic literature holds that, in developing economies, an increase in public investment leads to a rise in private investment through the "crowding-in" effect (see MACROmap of 20.07.2015). In emerging economies, public investment complements business investment (such as the construction of petrol stations in response to the building of a motorway - see MACROmap of 13.02.2017). Greater use of public funds also increases the availability of infrastructure for businesses, which raises the rate of return on private investment and contributes to an increase in its growth rate.



Source: GUS, Credit Agricole

It is worth noting that, according to the results of a survey of chairpersons of credit committees, in Q1 2026 banks eased the criteria and terms for granting loans to enterprises, including, among other things, lowering loan margins and non-interest loan costs, as well as extending the maximum lending period. At the same time, we have observed an acceleration in the

growth of investment lending to businesses in recent months. At present, this is mainly materialising in the small and medium-sized enterprise segment, but lending to large companies is also showing a slight upward trend (see chart). In our opinion, increased lending will be another factor supporting a recovery in business investment in the coming quarters.

Data on business investment for Q1 will not be released until the end of May. In our view, it will point to a slowdown in corporate investment activity, which will be mainly linked to the negative impact of the adverse weather conditions experienced in January and February. The scale of the recovery in investment in Q2 may also be limited due to the deterioration in the investment climate linked to uncertainty surrounding the conflict in the Middle East. Nevertheless, we should see an improvement in this regard in H2 of this year. This assessment is consistent with the results of the NBP business survey (Quick Monitoring Survey, April 2026), according to which in Q1 there was a decline in planned quarterly investment growth among companies, while forecasts for annual growth in investment outlays improved. Such a scenario is consistent with our forecast for total investment, according to which it will increase by 7.4% in 2026, compared with growth of 4.4% in 2025.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	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	May-26
NBP reference rate (%)	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	3,75
EURPLN*	4,27	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,25
USDPLN*	3,77	3,74	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,64
CHFPLN*	4,56	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,62
CPI inflation (% YoY)	4,3	4,0	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	
Core inflation (% YoY)	3,4	3,3	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	
Industrial production (% YoY)	1,3	4,0	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,5	9,4	4,3	
Constr. and assembly prod. (% YoY)	-4,2	-2,8	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,6	0,5	1,3	
PPI inflation (% YoY)	-1,6	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	-0,8	0,1	
Retail sales (% YoY)	7,9	4,3	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,9	
Corporate sector wages (% YoY)	9,3	8,4	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,6	6,0	
Employment (% YoY)	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	
Unemployment rate* (%)	5,2	5,1	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	
Current account (M EUR)	-252	-1168	-445	-1780	-2593	-797	2103	-250	-1975	1053	-990	-1601		
Exports (% YoY EUR)	-0,2	6,0	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,6	1,9	10,0		
Imports (% YoY EUR)	8,1	7,9	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-6,3	3,3	9,0		

*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)	0,5	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**
Monday 11/05/2026						
3:30	China	PPI (% YoY)	Apr	0,5		1,6
3:30	China	CPI (% YoY)	Apr	1,0		0,9
16:00	USA	Existing home sales (M MoM)	Apr	3,98		4,06
Tuesday 12/05/2026						
11:00	Germany	ZEW Economic Sentiment (pts)	May	-17,2		-19,8
14:30	USA	Core CPI (% MoM)	Apr	0,2	0,4	0,3
14:30	USA	CPI (% MoM)	Apr	0,9	0,6	0,6
Wednesday 13/05/2026						
11:00	Eurozone	GDP flash estimate (% YoY)	Q1	0,8	0,8	0,8
11:00	Eurozone	Preliminary GDP (% QoQ)	Q1	0,1	0,1	0,1
11:00	Eurozone	Industrial production (% MoM)	Mar	0,4		0,2
Thursday 14/05/2026						
9:30	Poland	Flash GDP (% YoY)	Q1	4,1	3,9	3,6
14:30	USA	Retail sales (% MoM)	Apr	1,7		0,5
16:00	USA	Business inventories (% MoM)	Mar	0,4		0,3
Friday 15/05/2026						
9:30	Poland	CPI (% YoY)	Apr	3,0	3,2	3,2
14:00	Poland	Current account (M EUR)	Mar	-990	-1601	-1050
14:30	USA	NY Fed Manufacturing Index (pts)	May	11,0		7,5
15:15	USA	Capacity utilization (%)	Apr	75,7		75,9
15:15	USA	Industrial production (% MoM)	Apr	-0,5		0,3

*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

** According to Thomson Reuters, Bloomberg or Parkiet daily

