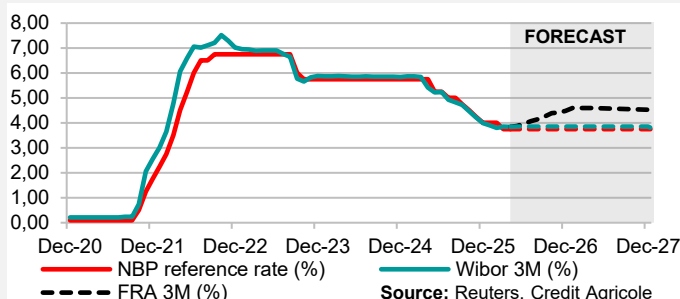


This week

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

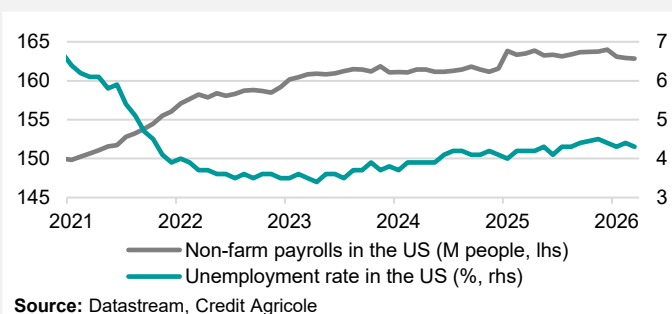
We expect the MPC to keep interest rates unchanged, with reference rate standing at 3.75%. Such a decision would be consistent with MPC members' opinions voiced after the April meeting, which were

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. After the April's meeting, A. Glapiński hinted he could see no option of cutting interest rates in the immediate future. W. Janczyk pointed out that the rates should remain unchanged in the coming quarters, with inflation staying within the range of admissible deviations from the NBP target, while L. Kotecki concluded that the rates are most likely to remain unchanged in the coming months until it is possible to assess the impact of the energy shock more precisely in the July NBP projection. Some members of the Council also indicated that they were ready to react should the inflationary pressures increase again. Stronger than expected rise in inflation in April (see below) could be interpreted by them as the first signal of such a risk. 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.



Friday will see the release of US labour market data for April.

The market expects a marked slowdown in non-farm payrolls rise, to 60k MoM vs. 178k in March, with unemployment rate stabilising at 4.3%. The data indicates that the labour market is still gradually cooling down, though things are nowhere near a rapid deterioration,



which would give Fed the arguments to keep the rates unchanged in the immediate future (see below).

This week will see the release of German industry data for March, the data being the first hard evidence of the impact the conflict in the Middle East and the related energy shock have on activity in Germany.

Contrary to PMI survey indicating a slowdown (see MACROmap of 27/04/2026), the market consensus points to an improvement, including a quicker growth in new orders in the industry (by 1.0% MoM vs. 0.9% in February) and in industrial production (by 0.5% MoM vs. -0.3% in February).

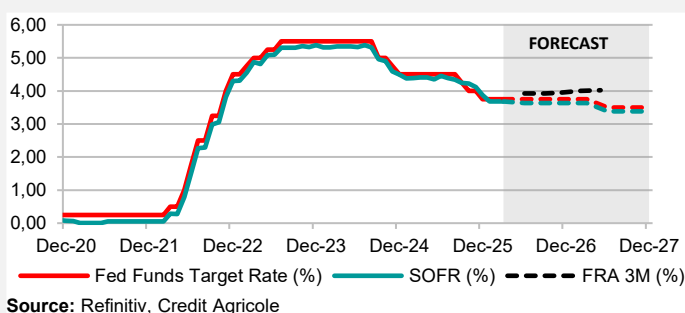
Poland's rating's review by S&P is scheduled for Friday. In its November 2025 credit assessment, S&P maintained Poland's long-term rating at A- and its stable outlook. On the one hand, the agency's decision reflected a poor fiscal outlook, including the expected growth in the general government debt. On the other hand, though, the rating was supported by quite a solid outlook for economic growth, access to EU funds, moderate private sector debt, and stable financial sector. S&P noted that the rating could be downgraded if the medium-term growth outlook deteriorated substantially, if macroeconomic imbalances grew, or if the war in Ukraine escalated. Conversely, a rating upgrade would require a significant reduction of the fiscal deficit, public debt growth reversion from the upward trajectory, and a lasting improvement in the

quality of the institutions. In our opinion, none of the factors mentioned above has materialised to the extent that would justify a change to Poland's credit rating, so we expect S&P to keep both the rating and the outlook unchanged this week. However, in our view, there is a risk that the outlook could be downgraded to negative in the wake of deterioration of Poland's fiscal standing in 2025.

- ✓ **The PMI for Polish manufacturing increased to 48.8 pts in April from 48.7 pts in March, coming in slightly below our forecast of 49.0 pts and above market expectations of 48.6 pts.** The increase in the index in April was driven by higher contributions from 2 of its 5 components (suppliers' delivery times and stocks of purchases), while the components for output, new orders and employment declined (see below).

Last week

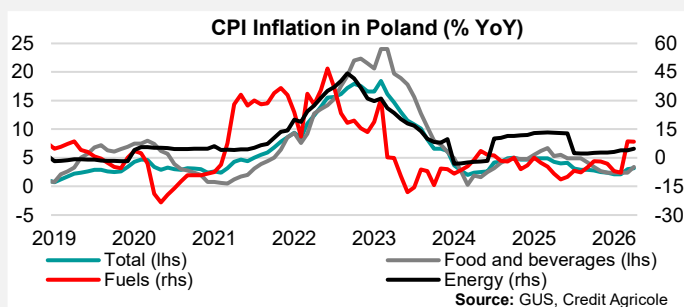
- ✓ **Last week also saw an FOMC meeting, at which the Fed – in line with expectations – left interest rates unchanged, keeping the federal funds rate target range at 3.50-3.75%.** This was the third consecutive decision to keep rates stable after three 25 bp cuts at the end of 2025. The press release itself changed only slightly: the Fed continued to describe economic activity as solid, the labour market as relatively stable, and inflation as elevated, although this time it placed greater emphasis on the impact of energy prices and uncertainty related to the situation in the Middle East. The decision was accompanied, however, by unusual dissenting votes – one FOMC member favoured a 25 bp rate cut, while three regional Fed presidents supported keeping rates unchanged but opposed retaining language in the statement suggesting that the next move could be a monetary policy easing. J. Powell's remarks had a slightly hawkish tone: he stressed that the Fed is currently well placed to continue monitoring the data, while persistently elevated inflation and the risk of higher oil prices feeding through to core inflation argue against a rapid return to rate cuts. In our view, the meeting supports the scenario of Fed rates remaining unchanged until the end of 2026, with the balance of risks in Fed communication shifting slightly more towards concerns about inflation persistence than a deterioration in the labour market.
- ✓ **As expected, the ECB left interest rates unchanged at last week's meeting.** The post-meeting press release was relatively balanced: the ECB pointed both to an increase in upside risks to inflation and downside risks to economic growth, which was initially interpreted by the market as a fairly dovish message. However, C. Lagarde's press conference had a more hawkish tone. The ECB President acknowledged that a rate hike had been discussed, while the decision to keep rates unchanged was mainly due to still insufficient information on the persistence of the fuel shock and its impact on inflation and economic activity. At the same time, she clearly suggested that the coming weeks would be crucial for assessing the situation, which in our view means a very high probability that a rate-hike cycle will begin as early as June. We maintain our view that the ECB will deliver two 25 bp rate hikes at the next meetings, i.e. in June and July, while a third hike may follow later this year, in Q4, once the impact of higher commodity prices on core inflation has been better assessed.



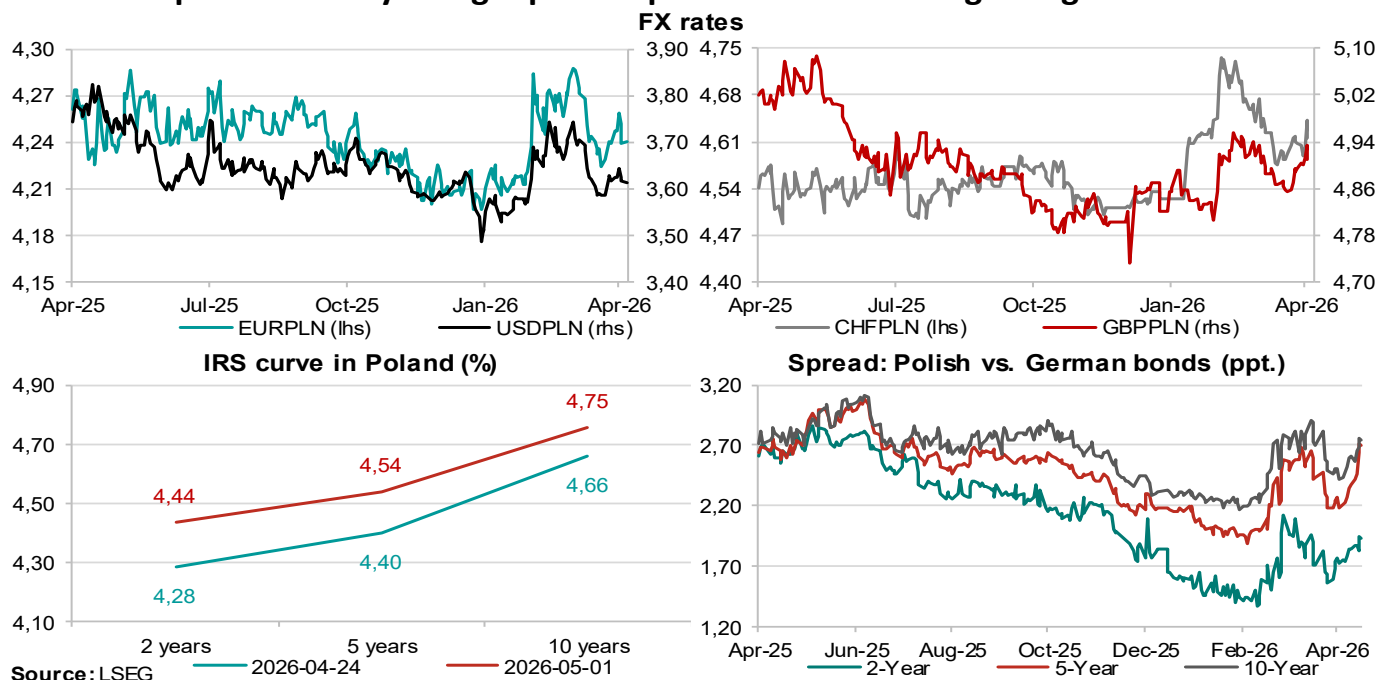
✓ According to the flash estimate, CPI inflation in Poland rose to 3.2% YoY in April from 3.0% in March, coming in above market expectations of 2.9% and our forecast of 3.1%. Annual growth in prices of food and non-alcoholic beverages declined to 1.9% YoY in April from 2.1% in March, while fuel price growth eased to 8.4%

YoY from 8.6%. At the same time, growth in energy prices accelerated to 4.7% YoY in April from 3.9% in March. The biggest surprise, however, was core inflation, which according to our estimates rose to 3.0% YoY from 2.7% in March, pointing to mounting price pressure. We expect inflation to follow an upward trend and reach close to 4% YoY towards the end of the year. In our view, higher-than-expected inflation in April and its expected further increase in the coming months raise the risk of a “signalling” interest rate hike in H2 2026.

✓ **Some important data on German economy were released last week.** Monthly growth in orders in German manufacturing accelerated in December to 7.8% MoM, from 5.7% in November (upward revision from 5.6%), coming in markedly ahead of market expectations (-2.5%). Both domestic and foreign orders contributed to a stronger growth in new orders. The pickup in new foreign orders was driven by higher growth in non-Eurozone orders, while the growth in orders from the single currency area slightly slowed. Nonetheless, it should be emphasised that new orders in Germany grew for the fourth month running, with December marking the second consecutive month with growth exceeding 5% month-on-month. The data for December also shows a new record high in terms of value of new orders in the “weapons and ammunition” category (see diagram). This growth is likely due to the acceleration of orders within the Bundeswehr modernisation programme and the usual end-of-year concentration of formal bookings of large defence contracts. Industrial production in Germany fell by 1.9% MoM in December, following a 0.2% growth in November, coming in markedly below market expectations of -0.3%. Given the data on orders in industry and exports (a 4.0% MoM growth in December vs. a 2.5% drop in November) and improvement in manufacturing mirrored by rising PMIs (see MACROmap of 26/01/2026), we believe that the decline in industrial production was a one-off event.



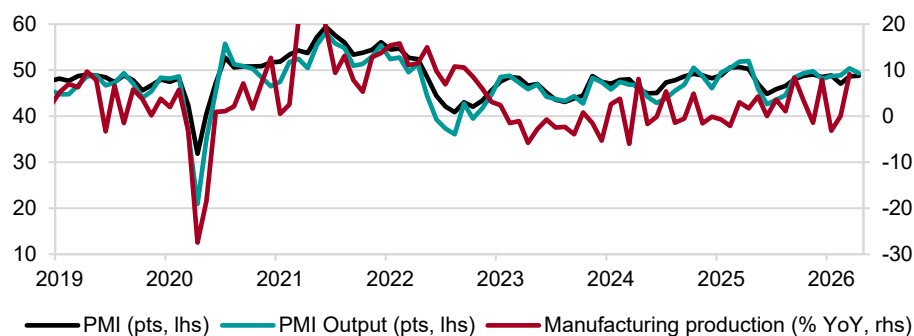
Oil price volatility and geopolitics push risk aversion higher again



Last week, sentiment in financial markets gradually deteriorated, with rising oil prices and the continuing stalemate over the conflict in the Middle East remaining the main sources of pressure. At the beginning of the week, the market reaction was still relatively limited – despite the lack of a breakthrough in US-Iran talks, EURPLN stayed slightly below 4.25, EURUSD remained close to 1.17, while yields on Polish government bonds and IRS rates rose moderately. In the following days, as concerns over a prolonged blockade of the Strait of Hormuz intensified and the price of Brent crude rose from around USD 107-108 to over USD 120 per barrel, risk aversion increased markedly, the US strengthened, EURPLN moved up towards 4.26, and the domestic market saw further increases in yields on government bonds and IRS rates. Thursday's trading did not materially change this picture, while Friday was a public holiday on the domestic market.

In the coming week, the main factor shaping the situation in financial markets will remain developments in the conflict surrounding Iran and their impact on oil prices. For the domestic market, however, the key events will be the MPC meeting and the press conference by the NBP Governor, as well as Friday's US labour market data and S&P's scheduled review of Poland's rating on the same day.

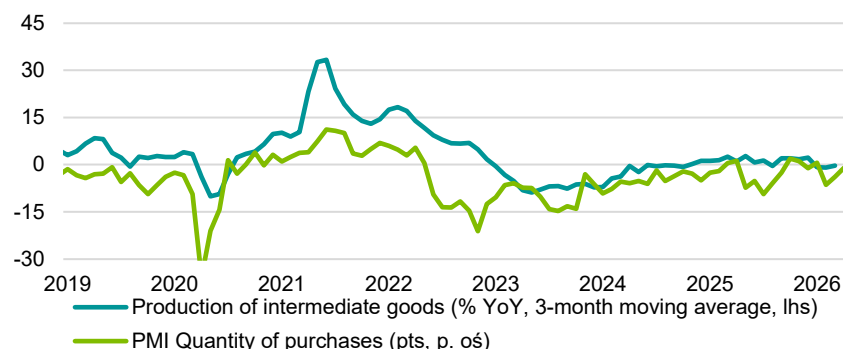
Polish manufacturing under pressure from the conflict in the Middle East



The PMI for Polish manufacturing increased to 48.8 pts in April from 48.7 pts in March, coming in slightly below our forecast of 49.0 pts and above market expectations of 48.6 pts. The increase in the index in April was driven by higher contributions from 2 of its 5 components (suppliers' delivery times and stocks of purchases), while the components for output,

new orders and employment declined. The PMI has remained below the 50-point threshold separating expansion from contraction for 12 consecutive months.

Notably, the suppliers' delivery times sub-index has dropped to its lowest level since June 2022, which indicates a significant increase in delivery times. This is due to supply chain disruptions linked with the armed conflict in the Middle East. According to the survey methodology, longer delivery times tend to push the PMI index upward. Excluding this effect, the PMI would have been 0.1 pts lower, and therefore unchanged from March.

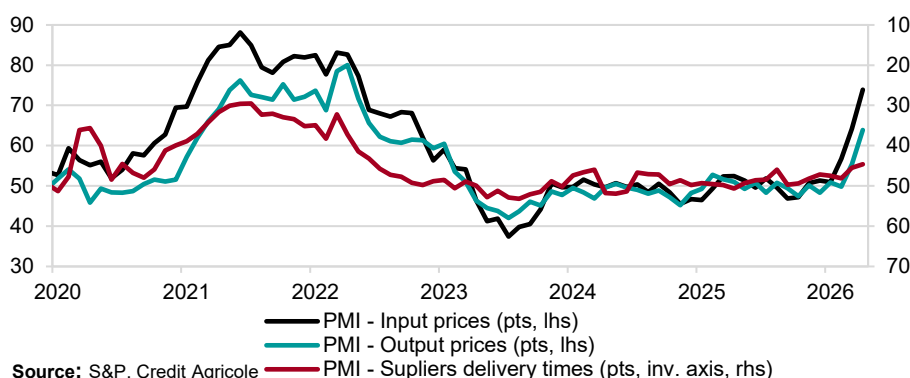


Source: S&P, GUS, Credit Agricole

As order lead times lengthened, producers built up stocks of raw materials to protect themselves against potential shortages. As a result, April saw increases in the components for purchases and stocks of inputs. Given the positive correlation between the PMI index for purchases of inputs and industrial production growth in intermediate goods (see chart),

elevated activity in this segment of manufacturing can be expected to continue in April. This supports our forecast of moderately fast growth in total industrial production, at 4.3% YoY in April versus 9.4% in March.

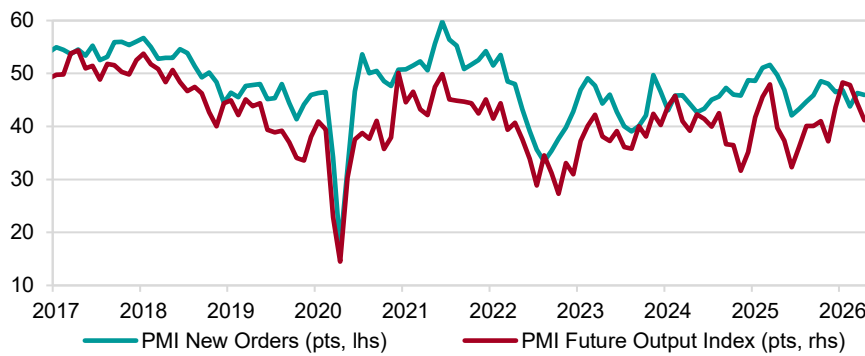
Excluding output aimed at inventory accumulation, the PMI pointed to a slight deterioration in manufacturing conditions. After a temporary increase in March, partly linked to improved weather conditions, current output declined again, while the fall in new orders deepened. According to the PMI report, some respondents linked the latest decline to weak market conditions, uncertainty, shortages of raw materials, higher oil prices, market volatility and the impact of the war in the Middle East. Against this backdrop, businesses worked through previously accumulated production backlogs, which decreased in April at the fastest pace since July 2025.



Source: S&P, Credit Agricole

Within the April PMI, the marked increase in the input prices index is particularly noteworthy, as it rose to its highest level since May 2022, reflecting a strong increase in raw material prices and transport costs following the conflict in the Middle East. At the same time, companies sought to pass higher production costs on to end customers, which was reflected in the fastest rise in

finished goods prices since June 2022. This signals significant upward pressure on consumer goods and services prices, in line with our forecast of a gradual increase in inflation in the coming months (see above).



Source: S&P, Crédit Agricole

deterioration in the outlook. The PMI index for expected output over the next 12 months declined in both March and April, but remains above its average level recorded in 2025. This points to limited pessimism among firms regarding output over the one-year horizon

Both the level of the April PMI and its structure indicate that the conflict in the Middle East is having an adverse, but so far limited, impact on the activity of Polish manufacturing firms. We believe these negative effects will become increasingly visible in the coming months. It is worth noting, however, that the April PMI data does not signal a significant

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 04/05/2026						
9:00	Poland	Manufacturing PMI (pts)	Apr	48,7	49,0	48,6
9:55	Germany	Final Manufacturing PMI (pts)	Apr	51,2	51,2	51,2
10:00	Eurozone	Final Manufacturing PMI (pts)	Apr	52,2	52,2	52,2
10:30	Eurozone	Sentix Index (pts)	May	-19,2		-21,0
16:00	USA	Factory orders (% MoM)	Mar	0,0		0,5
Tuesday 05/05/2026						
16:00	USA	New home sales (k)	Mar	587		650
16:00	USA	ISM Non-Manufacturing Index (pts)	Apr	54,0		53,7
Wednesday 06/05/2026						
	Poland	NBP rate decision (%)	May	3,75	3,75	3,75
10:00	Eurozone	Services PMI (pts)	Apr	47,4	47,4	47,4
10:00	Eurozone	Final Composite PMI (pts)	Apr	48,6	48,6	48,6
11:00	Eurozone	PPI (% YoY)	Mar	-3,0		1,6
14:15	USA	ADP employment report (k)	Apr	62		99
Thursday 07/05/2026						
8:00	Germany	New industrial orders (% MoM)	Mar	0,9		1,0
11:00	Eurozone	Retail sales (% MoM)	Mar	-0,2		-0,3
14:30	USA	Initial jobless claims (k)	w/e	189		
Friday 08/05/2026						
8:00	Germany	Industrial production (% MoM)	Mar	-0,3		0,5
8:00	Germany	Trade balance (bn EUR)	Mar	19,8		
14:30	USA	Unemployment rate (%)	Apr	4,3		4,3
14:30	USA	Non-farm payrolls (k MoM)	Apr	178		60
16:00	USA	Wholesale inventories (% MoM)	Mar	1,4		
16:00	USA	Wholesale sales (% MoM)	Mar	2,7		
16:00	USA	Initial U. of Michigan Sentiment Index (pts)	May	49,8		49,5

*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