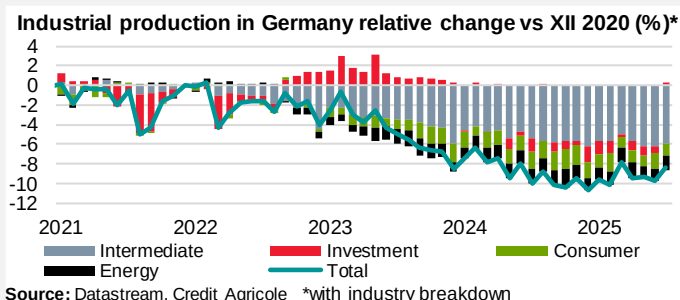
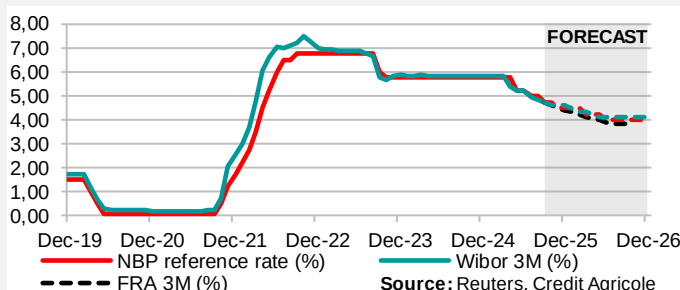


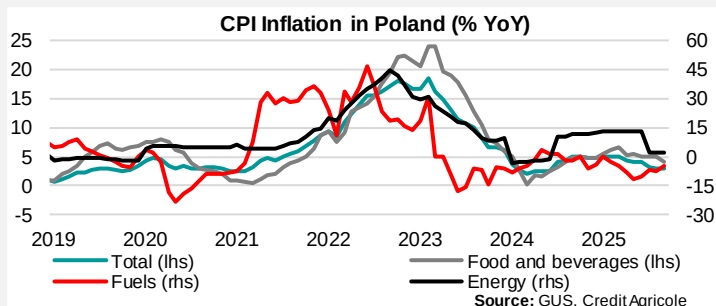
This week

- 
The most important event this week will be the Monetary Policy Council's meeting scheduled for Wednesday. We expect the MPC to keep the interest rates unchanged, which means that the NBP reference rate will stay at 4.75%. During September's post-meeting press conference, NBP Governor Adam Glapiński emphasised that the Council was adopting a cautious stance regarding further monetary easing, citing risk factors to the evolution of inflation, such as a loose fiscal policy and quick growth in public debt, persistently high wage growth and observed consumption recovery. Other MPC members have also kept a conservative stance since then. This is why we believe the MPC will not take any decision to cut the interest rates until November, and will wait for the new inflation projection to be released. However, we do not rule out the alternative scenario of monetary policy easing taking place this week. The analysts' opinions vary considerably in this respect. In accordance with the results of the survey presented by *Parkiet*, exactly half of the analyst teams anticipate a 25bp rate cut, while the other half expects the rates to stabilise. The NBP Governor's usual press conference will be held on Thursday, so it will shed more light on Poland's monetary policy prospects. In our view, the MPC's decision and press conference will add to volatility of the PLN and yields on Polish bonds.
- 
Minutes from the September FOMC meeting will be another important event this week. We believe they can bring us some important information in the light of substantial differences between Fed members as to their preferred scale of further monetary policy easing. The differences showed on the dot plot comparing Fed members' expectations about the future level of interest rates published along with the results of the September projection. In our view, the *Minutes* may add to the volatility of the PLN and yields on Polish bonds.
- 
Some important data from the US will be released this week. The preliminary University of Michigan index will be released on Friday. We expect it to go slightly down, from 55.1 pts in September to 54.0 pts in October. In our opinion, poorer consumer sentiment resulted from the so-called government shutdown in the US, where the operations of federal institutions temporarily stopped being financed due to the lack of agreement on budget matters in Congress. In our view, this week's sentiment data from the US will be neutral for financial markets. If the government shutdown ends, though, and the financing of federal institutions is resumed, some macroeconomic data from two weeks ago could also be published this week.
- 
Some data on German economy will be released this week. Tuesday will see the release of data on orders in the German industry (the consensus is that they went up by 1.5% MoM in August, compared with a 2.9% decline in July). The market expects the industrial production growth rate to have fallen from 1.3% MoM in July to -1.0% in August. The consensus is that the trade balance went up to EUR 15.2bn in August, from EUR 14.7bn in July. The aggregate data will indicate stagnation in the German industry, which will be consistent with not very optimistic results of the PMI survey (see MACROmap of 29/09/2025). We believe that the data from Germany will be neutral for financial markets.



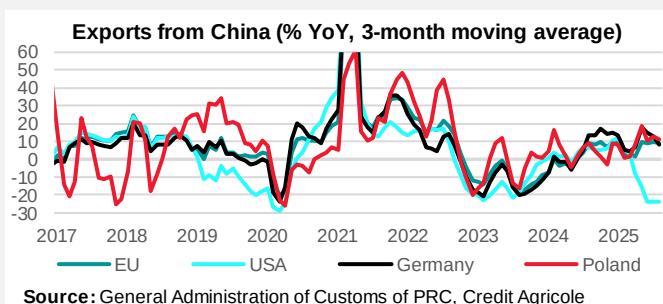
Last week

According to the flash estimate, CPI inflation in Poland remained flat between August and September, standing at 2.9% YoY, below market consensus (3.0%) and our forecast (3.1%). Statistics Poland (GUS) released partial data on the inflation breakdown, including



information about price growth in the “food and non-alcoholic beverages”, “energy”, and “fuels” categories. Inflation stabilised, with smaller price decline in “fuels” (-4.9% YoY in September vs. -7.7% in August) and higher dynamics in “energy” (2.4% vs. 2.3%) categories having been offset by slower growth in the “food and non-alcoholic beverages” category (4.2% vs. 4.9%). A slower growth in the prices of fruit and vegetables was the most likely reason behind the slowing growth in the “food and non-alcoholic beverages” category. Our conclusion is underpinned by the *Pre-Result Estimate of the Main Agricultural and Horticultural Crops in 2024* document published by Statistics Poland last week, which confirmed that this year’s harvest was good, with vegetables going up by 6% vs. 2024, fruit from trees by 10%, and fruit from bushes by 1%. In accordance with our estimates, core inflation did not change between August and September, and once again stood at 3.2%. At the same time, we estimate that core prices went up by 0.2% MoM, which is consistent with their seasonal pattern. This indicates that the inflationary pressure is easing compared with the previous months that saw the index value running above its seasonal pattern. The September inflation data carries a slight downside risk to our scenario, in which the average annual CPI inflation will edge up to 3.7% YoY in 2025, from 3.6% in 2024, and then go down to 2.9% in 2026. At the same time, inflation will run within the range of admissible deviations from the NBP inflation target (2.5% $\pm$ 1 pp.) across the entire horizon of our forecast (i.e. until the end of 2026).

Caixin PMI for Chinese manufacturing went up from 50.5 pts in August to 51.2 pts in September, coming in ahead of market expectations (50.3 pts). What pushed the index up was stronger contributions of 3 out of its 5 components (employment, new orders and current output), while a

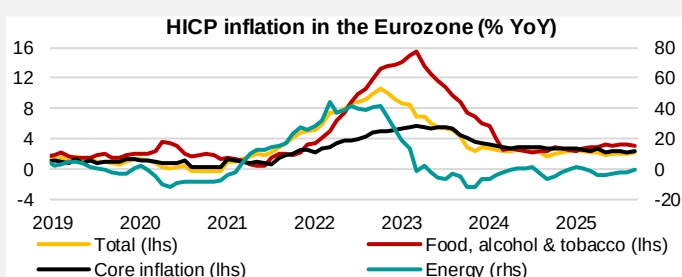


lower contribution of inventories and delivery times had the opposite effect. Notably, the increase in new (incl. export) orders has markedly accelerated: in September, the new export orders index went up above the 50-point mark for the first time since March 2025. It suggests that the Chinese exporters have adapted to the shock caused by US tariffs by increasing the sales on other markets (see MACROmap of 19/05/2025). Last week also saw the release of NBS PMI, which went up from 49.4 pts in August to 49.8 pts in September, which was above the market consensus (49.6 pts). Last week's results for the Chinese manufacturing PMI have no impact on our forecast, in which the Chinese GDP rose from 4.2% YoY in Q2 to 4.4% in Q3. We forecast that China’s GDP will grow by 4.8% in 2025 vs. 5.0% in 2024.

Polish manufacturing PMI rose from 46.6 pts in August to 48.0 pts in September, coming in ahead of market expectations, which were consistent with our forecast (47.0 pts). What pushed

the index up in September was a stronger contribution of 4 out of its 5 components (current output, new orders, employment, and inventories), while a lower contribution of delivery times had the opposite effect. Despite the growth recorded in September, the PMI has remained below the 50-point mark separating growth from contraction for 5 consecutive months. What is notable, production backlogs increased for the first time since April 2025, with the index rising above 50 pts. This is unusual as in recent quarters businesses proceeded with their operations, catching up on their outstanding orders, and this is only the second time since May 2022 that the backlogs have started to grow. In our view, the increase in production backlogs seen in September is unusual (production continues to fall, while backlogs are growing; see MACROPulse of 01/10/2025). Polish manufacturing PMI went down from 47.4 pts in Q2 to 46.8 pts in Q3. Nonetheless, we stand by our forecast that Poland's GDP growth accelerated to 3.8% YoY in Q3, from 3.4% in Q2, and will reach 3.6% in 2025, up from 2.9% in 2024. In our opinion, the slowdown in manufacturing was offset by heightened activity in services.

✓ **According to the flash estimate, Eurozone inflation rose from 2.0% YoY in August to 2.2% in September, in line with market expectations and our forecast.** The increase in inflation was primarily driven by higher energy price growth. Core inflation has remained unchanged since May at 2.3% YoY. The data also



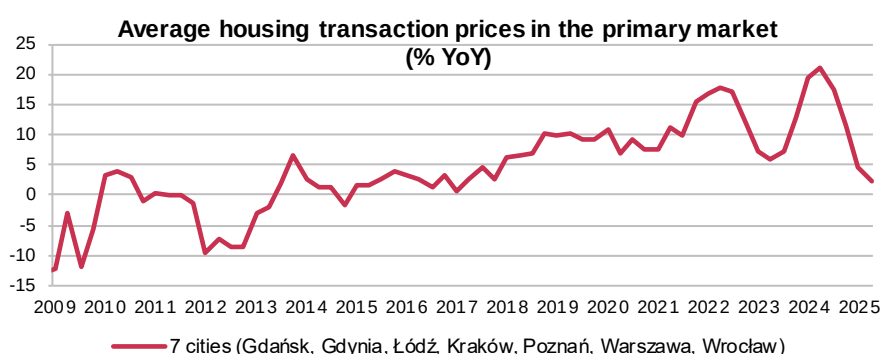
highlight the persistently relatively high growth rate of services prices. We expect core inflation to keep falling in the coming months, but the process will be slow and will reach 2.0% only in Q2 2026.

✓ **Last week also saw the release of US business survey results.** The ISM index increased from 48.7 pts in August to 49.1 pts in September, in line with market expectations. The increase reflected higher contributions from 3 of its 5 components (employment, output, and suppliers' delivery times), with lower contributions from new orders and stocks of purchases having the opposite effect. The data suggest August's rise in new orders was temporary (that component slipped back below the 50-point threshold). In contrast, the ISM services index dropped from 52.0 pts in August to 50.0 pts in September, performing well below market expectations (51.8 pts). The fall in the index is accounted for by weaker contributions from 2 out of its 4 components (new orders and business activity), partially offset by higher contributions from employment and stocks of purchases. The Conference Board consumer confidence index also pointed to a deterioration in consumer sentiment, falling from 97.8 pts in August to 94.2 pts in September, coming in below the market consensus of 96.0 pts. Meanwhile, the budget impasse in Congress triggered a government shutdown, i.e. a suspension of operations at some federal agencies. Consequently, last week's non-farm payrolls report was not published. Last week's data releases from the US economy support our scenario that in 2025 the Federal Reserve will cut interest rates by another 25bp (in December) and end the easing cycle.

✓ **Last week's parliamentary elections in the Czech Republic ended in a decisive victory for A.Babiš's populist ANO movement.** The party won 34.5% of the vote and 80 seats in the 200-member Chamber of Deputies, markedly outperforming pre-election polls (26-30%). The ruling Spolu coalition took just 23.4% of the vote and 52 seats, while several smaller parties also entered parliament – STAN (11.2%), the Pirates (9.0%), the far-right SPD (7.8%), and the new AUTO party (6.8%). Despite ANO's strong backing, it fell short of a majority. A. Babiš has therefore begun coalition talks with AUTO and SPD. Together with ANO the three parties would hold 108 seats – the narrowest possible majority. Babiš's campaign focused on broad-ranging fiscal promises, including higher public sector wages and pensions, cuts to CIT and VAT, new housing subsidies, expanded family benefits, and measures to lower energy and fuel costs. Full

implementation would likely widen the fiscal deficit by about 2 pp of GDP. Such a scenario would face significant constraints due to EU fiscal rules and potential opposition from the president and the Senate. We therefore expect only partial delivery on these electoral pledges. Even so, the increased probability of fiscal loosening materially affects the monetary policy outlook. Our baseline had assumed CNB rates would stabilise at 3.50% at least until the end of 2026. We now think the CNB's hawkish stance will be even more pronounced. Given the central bank's strong aversion to inflation, signals, or even a 25bp rate hike, cannot be ruled out if the fiscal easing proves larger than expected.

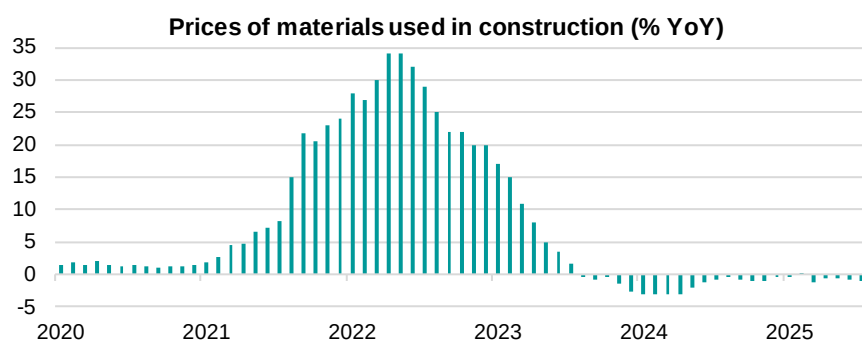
Housing price growth set to accelerate in 2026



Źródło: NBP, Credit Agricole

Wrocław) fell by 0.6% QoQ in Q1 2025, but then rose by the same magnitude in Q2. It is worth noting that price developments varied markedly across individual cities. In Q1, housing prices fell in Łódź, Poznań and Warsaw, while the remaining locations recorded further increases. In Q2, prices edged down slightly (by 0.1%) only in Warsaw. Below we present an update to our forecast.

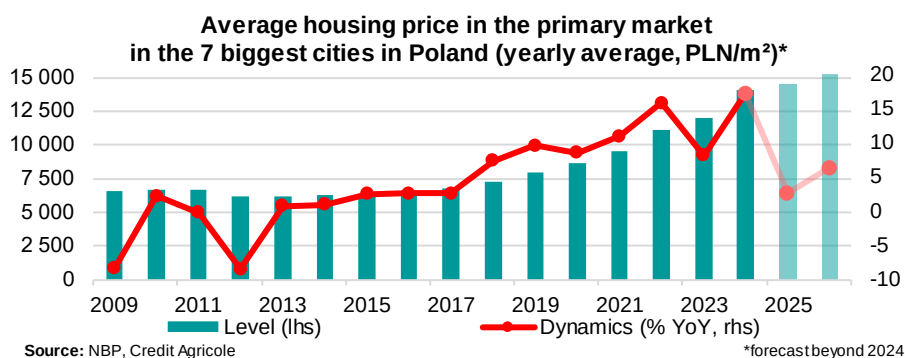
In the MACROmap of 10/03/2025 we presented our medium-term forecast for housing prices. At the time, we expected a slight decline in prices in H1 2025. That forecast materialised only partially. According to NBP data, the average transaction price on the primary market across Poland's seven largest cities (Gdańsk, Gdynia, Łódź, Kraków, Poznań, Warsaw, Wrocław)



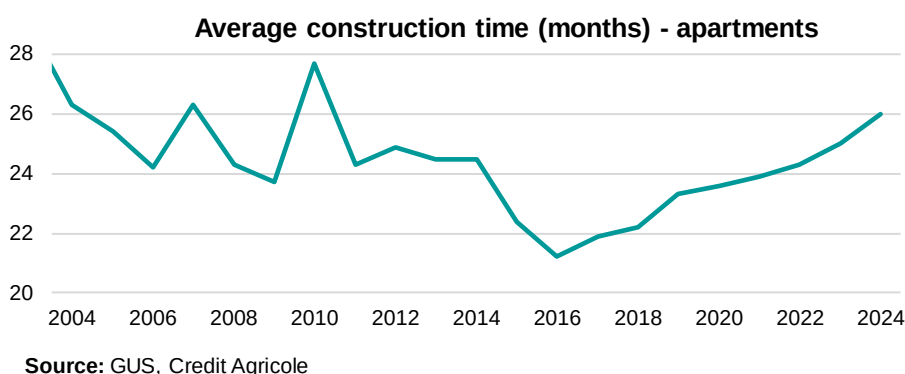
Source: PBS, Credit Agricole

household demand for housing affect prices. The unemployment rate simultaneously captures many labour-market determinants of housing demand such as wage growth, credit capacity and job loss concerns, etc. The third variable is building materials prices, which illustrate construction costs reflected in final property prices. Notably, building materials prices have been falling since August 2023, which will hold back the rise in housing prices in the coming months. This effect is, however, limited. Firstly, the declines have been small, as over the past year they have not exceeded 1% YoY. Secondly, our modelling indicates that a 10% drop in materials prices translates into only about a 3% decline in housing prices.

Our econometric model, which explains the annual growth rate of housing prices, primarily incorporates demand-side and cost/price factors. Its explanatory variables include lagged price growth, which reflects the housing market's inertia. The second variable is the LFS (BAEL) unemployment rate, which in the model represents how changes in

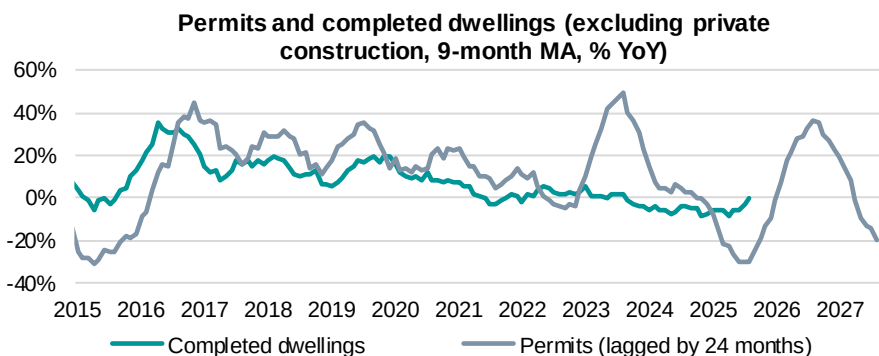


lending grew in May-August 2025 at rates exceeding 30% YoY. We expect this trend to accelerate with the further rate cuts by the NBP we forecast for Q4 2025 and H1 2026. However, substantial inventories of unsold units on the primary market will curb the scale of price increases by strengthening buyers' bargaining power. The earlier slowdown in price growth also curbs speculative demand. Nevertheless, in 2026 we expect housing price growth to accelerate on the back of a favourable macroeconomic backdrop (a clear economic upturn, strong wage growth and low unemployment), which fundamentally supports housing demand. Another factor cushioning any potential price declines is the still low level of housing needs satisfaction. Despite an increase in the number of units available in the market in recent years, the number of dwellings per 1,000 people in Poland remains well below the EU average. In addition, rising construction costs, amid higher absorption of EU funds, will push prices up. Costs will increase both because of higher materials prices and rising wages driven by labour shortages. Moreover, increasingly stringent regulatory and technical requirements are systematically pushing construction costs higher. The new technical standards include, among others, stricter energy-efficiency, accessibility and safety requirements, often necessitating more expensive materials and technologies. These factors require higher capital expenditure and raise break-even points for primary market projects, exerting upward pressure on prices. In summary, we forecast an average annual housing price growth of 2.6% YoY in 2025 and 6.3% in 2026 (see chart).



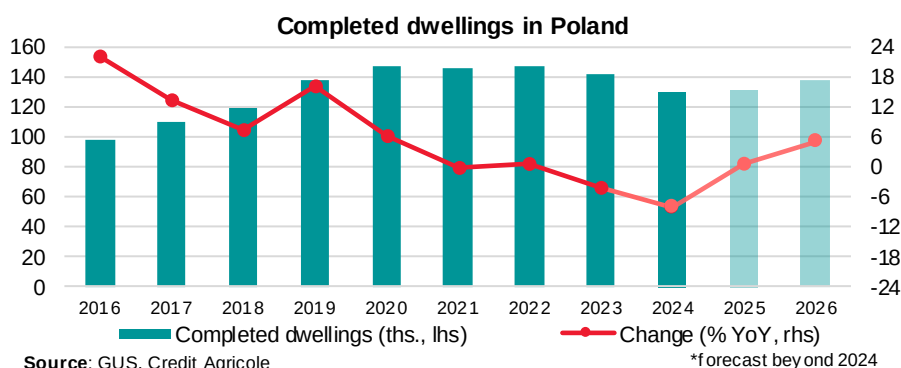
supply of new units, i.e. the number of completed dwellings, can be estimated based on the number of housing starts. According to Statistics Poland (GUS), the average construction time for multi-family buildings completed in the past five years was close to 2 years. Notably, since 2016 this duration has been steadily lengthening and in 2024 reached its highest level since 2010 (26 months, see chart). Knowing the approximate construction time allows us to estimate at what lag issued building permits will be reflected in the number of completed dwellings, i.e. in the supply of new units. Further in this analysis, we focus on data excluding private construction (mainly self-build homes).

Beyond price trends, an important issue for the real estate market is the number of completed dwellings in the coming quarters. This, for example, is important for household demand for durable goods (see MACROmap of 01/09/2025). The greater the housing supply, the higher the demand for furniture from households moving into new homes. Over the medium term, the



Source: GUS, Credit Agricole

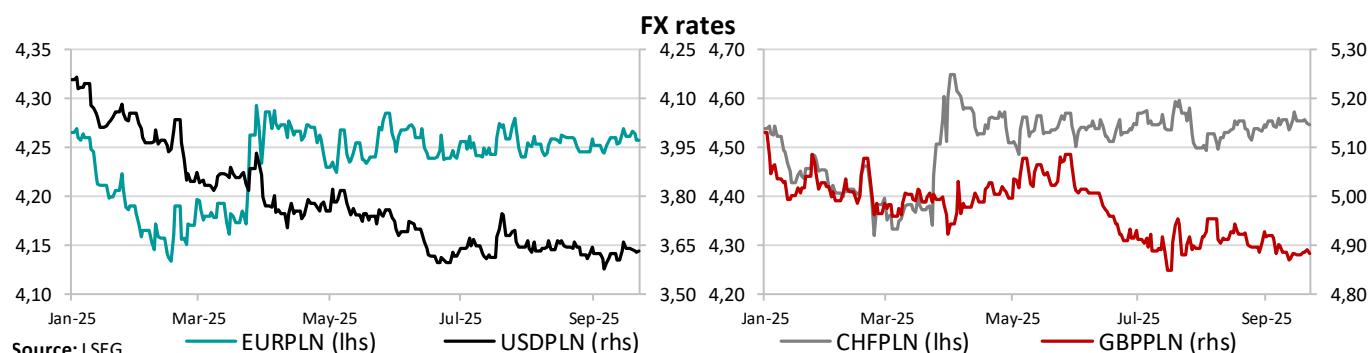
Until early 2023, the annual growth rate of building permits (lagged by 24 months) showed a strong positive correlation with the current growth rate of completed dwellings. In our analysis we use 9-month moving averages to smooth out data noise. However, in 2023 this correlation weakened significantly. Given the leading nature of this dependency, one would expect a sharp increase in the supply of dwellings (i.e. completed units) on the primary market in 2023-2024. However, this scenario did not materialise. Between 2022 and 2024 there were frequent shocks that lengthened construction times. The outbreak of war in Ukraine resulted in an outflow of migrant workers from construction sites. It also drove the prices of construction materials strongly up and increased uncertainty. In turn, high inflation increased wage pressures, adding further financial strain to construction projects. Rising interest rates drove the demand for apartments down, while at the same time pushing up debt-servicing costs for construction companies, leading to a deterioration in developers' financial standing. In response, some of them delayed projects on already-permitted plots or switched to a phased development approach, progressing as units were sold, which extended construction times. Against this backdrop, some developers adopted a wait-and-see strategy, slowing their construction projects down amid concerns over demand for dwellings, unpredictable and rising construction costs, and the slowdown in real property price growth. Restricting the supply was also aimed at preserving high margins. The slowdown was compounded by a shrinking availability of readily developable plots in major cities, forcing a move to locations less favourable to developers. As a result, the number of completed dwellings fell by 4.0% YoY in 2023, by 8.0% in 2024, and by 2.8% in H1 2025.



Source: GUS, Credit Agricole

To forecast the supply of new units, we used the econometric model presented in MACROmap of 23/09/2024, which explains the annual growth of completed dwellings (smoothed with a 9-month moving average). The key variable is growth in housing starts lagged by 24 months, capturing the fundamental timing link between starting and finishing construction, a relationship that has historically been the main driver of the number of completed dwellings. We believe that this correlation may temporarily shorten or lengthen under the influence of other factors captured in the model by the other two explanatory variables. One is growth in construction and assembly production prices for building construction, lagged by 12 months, whose increase in 2022-2023 slowed project execution and was correlated with expected interest rate levels, thereby affecting construction times. The third variable is GDP growth, lagged by 4 quarters, reflecting overall economic conditions in Poland during project execution and influencing developers' decisions and construction activity. Based on the results of the econometric model, we expect dwelling completions to rise by 0.8% in 2025 compared with 2024 and by a further 5.2% YoY in 2026. A limited supply of new dwellings will support the housing price increases outlined above.

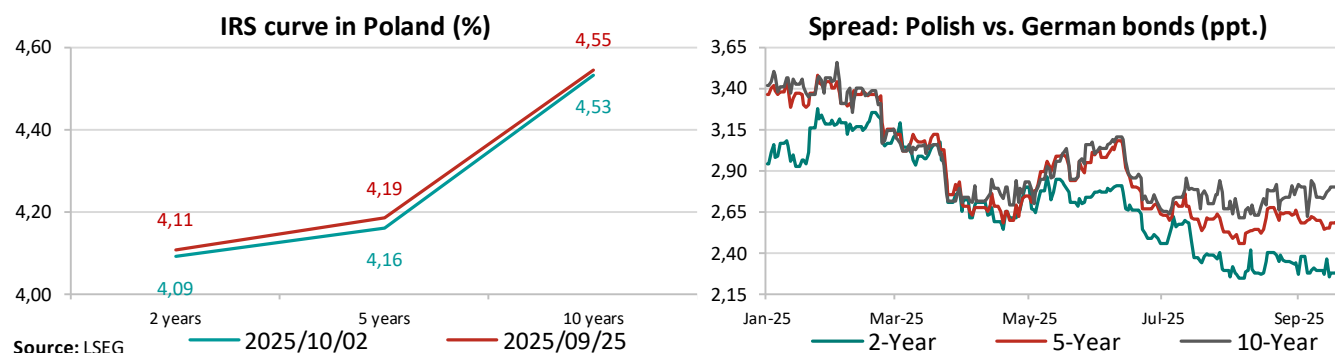
MPC decision in the spotlight



Last week, the EURPLN rate fell to 4.2571 (strengthening of the PLN by 0.1%). Throughout last week, the EURPLN exchange rate was in a mild downward trend. In our view this represented a correction following its rise in the second half of September. By contrast, the EURUSD pair was relatively stable despite the US budget impasse that led to a government shutdown (a temporary suspension of some federal agencies' operations).

This week, the key events for the PLN will be the MPC's interest rate decision and the NBP Governor A. Glapiński's usual press conference. We believe they may add to the volatility of the PLN. Another potential source of currency market volatility may be Wednesday's release of the Minutes from the September FOMC meeting.

Publication of FOMC Minutes may add to IRS rate volatility



Last week, 2-year IRS rates fell to 4.09 (down by 3bp), 5-year rates dropped to 4.16 (down by 5bp) and 10-year rates decreased to 4.53 (down by 4bp). Last week, IRS rates exhibited very low volatility compared to recent weeks, despite a notable rise in uncertainty among some investors concerning the outlook for Polish debt following the Ministry of Finance's release of the public finance sector debt management strategy. It assumes an increase in public debt to 75.3% by 2029, a substantial upward revision compared with last year's strategy.

This week, the market spotlight will be on the MPC meeting and NBP Governor A. Glapiński's usual press conference. In our opinion, they will add to the volatility of IRS rates. The publication of the FOMC Minutes may also add to that volatility.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
NBP reference rate (%)	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,25	5,25	5,00	5,00	4,75	4,75
EURPLN*	4,28	4,35	4,30	4,27	4,21	4,19	4,19	4,27	4,24	4,24	4,27	4,26	4,26	4,26
USDPLN*	3,85	4,00	4,06	4,13	4,06	4,04	3,87	3,77	3,74	3,60	3,74	3,64	3,63	3,63
CHFPLN*	4,54	4,64	4,60	4,54	4,46	4,46	4,38	4,56	4,54	4,53	4,60	4,55	4,56	4,56
CPI inflation (% YoY)	4,9	5,0	4,7	4,7	4,9	4,9	4,9	4,3	4,0	4,1	3,1	2,9	2,9	
Core inflation (% YoY)	4,3	4,1	4,3	4,0	3,7	3,6	3,6	3,4	3,3	3,4	3,3	3,2	3,2	
Industrial production (% YoY)	-0,5	4,7	-1,3	0,3	-0,9	-1,8	2,5	1,3	4,0	-0,4	3,0	0,7	6,0	
Constr. and assembly prod. (% YoY)	-9,0	-9,6	-9,4	-8,0	4,2	-0,1	-1,1	-4,2	-2,8	2,1	0,7	-6,9	-2,9	
PPI inflation (% YoY)	-6,2	-5,1	-3,8	-2,7	-1,0	-1,3	-1,0	-1,6	-1,5	-1,5	-1,3	-1,2	-1,1	
Retail sales (% YoY)	-2,2	2,3	3,4	2,7	6,1	0,6	0,6	7,9	4,3	2,1	4,8	3,0	4,9	
Corporate sector wages (% YoY)	10,3	10,2	10,5	9,8	9,2	7,9	7,7	9,3	8,4	9,0	7,6	7,1	7,3	
Employment (% YoY)	-0,5	-0,5	-0,5	-0,6	-0,9	-0,9	-0,9	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	
Unemployment rate* (%)	5,0	4,9	5,0	5,1	5,4	5,4	5,3	5,2	5,0	5,2	5,4	5,5	5,6	
Current account (M EUR)	-1160	654	-492	-1450	-66	93	-1209	-596	-1838	651	-1335	-34		
Exports (% YoY EUR)	1,5	2,6	-2,6	0,4	1,9	0,4	3,1	-1,9	4,2	1,9	2,7	2,6		
Imports (% YoY EUR)	5,6	6,2	-0,8	3,4	9,8	3,4	10,0	5,5	5,2	-0,2	3,0	-3,5		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland											
Indicator	2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	3,2	3,4	3,8	3,8	3,7	3,5	3,2	3,0	2,9	3,6	3,3
Private consumption (% YoY)	2,5	4,4	4,0	3,5	2,7	2,8	3,1	3,3	3,1	3,6	3,0
Gross fixed capital formation (% YoY)	6,3	-1,0	5,5	7,5	8,6	10,9	7,2	6,5	-2,2	4,9	8,0
Export - constant prices (% YoY)	1,1	1,5	2,2	2,8	4,5	5,8	5,8	5,3	2,0	1,9	5,4
Import - constant prices (% YoY)	3,5	2,6	2,9	2,8	5,0	6,1	6,5	6,1	4,2	2,9	6,0
GDP growth contributions	Private consumption (pp)	1,6	2,6	2,3	1,7	1,7	1,8	1,6	1,7	2,0	1,7
	Investments (pp)	0,8	-0,2	0,9	1,7	1,1	1,6	1,1	1,5	-0,4	0,8
	Net exports (pp)	-1,1	-0,4	-0,3	0,1	-0,1	0,1	-0,2	-0,2	-1,1	-0,1
Current account (% of GDP)***	-0,7	-0,9	-0,2	-0,2	-0,2	-0,1	-0,1	0,0	0,2	-0,2	0,0
Unemployment rate (%)**	5,3	5,2	5,6	5,4	5,6	5,4	5,3	5,2	5,1	5,4	5,2
Non-agricultural employment (% YoY)	0,0	0,2	-0,5	-0,5	-0,5	-0,5	-0,5	-0,5	0,7	-0,2	-0,5
Wages in national economy (% YoY)	10,0	8,8	7,5	6,5	5,8	5,9	6,1	6,2	13,7	8,2	6,0
CPI Inflation (% YoY)*	4,9	4,1	3,0	2,9	2,7	3,0	3,0	3,0	3,6	3,7	2,9
Wibor 3M (%)**	5,84	5,23	4,72	4,60	4,35	4,10	4,10	4,11	5,84	4,60	4,11
NBP reference rate (%)**	5,75	5,25	4,75	4,50	4,25	4,00	4,00	4,00	5,75	4,50	4,00
EURPLN**	4,19	4,24	4,26	4,28	4,27	4,26	4,25	4,24	4,27	4,28	4,24
USDPLN**	3,87	3,60	3,63	3,66	3,68	3,74	3,79	3,85	4,13	3,66	3,85

* quarterly average

** end of period

***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 10/06/2025						
10:30	Eurozone	Sentix Index (pts)	Oct	-9,2		-8,5
11:00	Eurozone	Retail sales (% MoM)	Aug	-0,5		0,1
Tuesday 10/07/2025						
8:00	Germany	New industrial orders (% MoM)	Aug	-2,9		1,4
Wednesday 10/08/2025						
8:00	Germany	Industrial production (% MoM)	Aug	1,3		-1,0
20:00	USA	FOMC Minutes	Sep			
	Poland	NBP rate decision (%)	Oct	4,75	4,75	4,63
Thursday 10/09/2025						
8:00	Germany	Trade balance (bn EUR)	Aug	14,7		15,2
16:00	USA	Wholesale inventories (% MoM)	Aug	-0,2		-0,2
16:00	USA	Wholesale sales (% MoM)	Aug	1,4		
Friday 10/10/2025						
14:00	Poland	MPC Minutes	Sep			
16:00	USA	Initial U. of Michigan Sentiment Index (pts)	Oct	55,1	54,0	54,6

*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