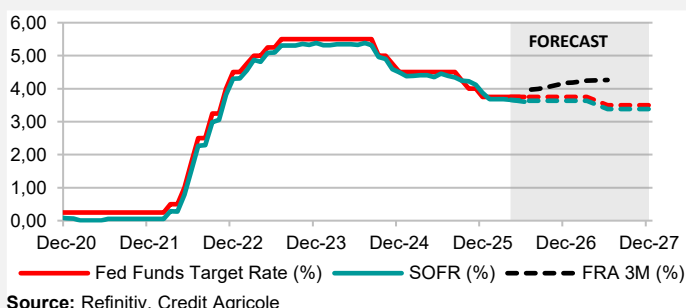


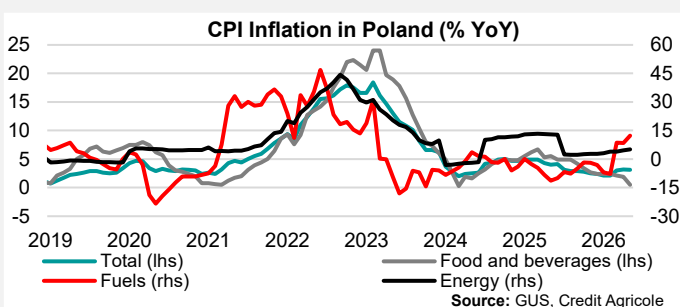
This week

Yesterday, Donald Trump announced that US and Iran had agreed to reopen the Strait of Hormuz and extend the ceasefire, and informed that the blockade of Iranian sea ports will be lifted. In turn, a representative of the Iranian Ministry of Foreign Affairs informed that the deal will be signed on Friday in Switzerland. The details of the agreement have not been made public yet, but the news that it was reached has already driven the global risk aversion, oil prices and inflation expectations down. Consequently, the deal will have a positive impact on the PLN and the prices of bonds. The news of the agreement coming soon has already been priced in by the market, though, so the reaction of investors to the signing will most probably be just moderate. More information about the potential end to the conflict might come in during the G7 summit starting today in Geneva.

The most important event in the US this week will be the FOMC meeting scheduled for Wednesday. We anticipate that the Federal Reserve will keep the target range for the Fed funds rate at 3.50-3.75%, thus prolonging the pause in the monetary policy easing cycle for the fourth consecutive time after a total of 75bp in cuts implemented towards the end of 2025. A decision to keep the rates unchanged would be consistent with market consensus. The meeting will be the first to be chaired by Kevin Warsh, succeeding Jerome Powell, whose stint as the Fed chief has ended after 8 years. Headline CPI inflation rose markedly over the last couple of months due to growing energy prices (see below), but the pricing pressures in core categories are still curbed, and we do not think they are a sufficient reason to quickly start tightening the monetary policy. We believe the Fed will rather focus on potential second-round effects and the risk of de-anchoring long-term inflation expectations. We anticipate that the press release published after the meeting will no longer suggest the Fed's readiness to ease the monetary policy, though there will be no clear indications of its readiness to tighten it, either. Although K. Warsh's recent statements were predominantly dovish, we think he will have to adopt a more hawkish stance during the press conference at which he will be expected to present the FOMC's assessment to reinforce his credibility as a member of the Open Market Committee. In our view, Fed's new macroeconomic projections will have a hawkish tone rather than dovish. The median of interest rates anticipated by FOMC members is most likely to go up, meaning that interest rates would stay as they are until the end of 2026. However, we anticipate that many individual members will forecast at least one hike for this year. We also still think the Fed will keep the interest rates unchanged until the end of 2026, and that the final cut will only be made in Q2 2027.



Poland's final inflation data for May will be released today. We expect it to come in line with the flash estimate released by Statistics Poland, in which CPI inflation edged down to 3.1% YoY, from 3.2% in April. We also forecast that core inflation edged up from 3.0% YoY in April to 3.1% in May, which would suggest that pricing pressures slowly increased. We expect the inflation to keep falling in the coming months until it reaches its local low in July, and then it will begin to rise again.



Consequently, average annual CPI inflation in Poland will fall to 2.8% YoY in 2026, and then go up to 3.8% in 2027.

✓ **Data on Poland's industrial production in May will be published this Friday.** We forecast that industrial production growth picked up to 3.5% YoY in May from 3.1% in April. In our view, annual production growth accelerated primarily due to a rebound after the strong MoM drop recorded in April. Our forecast is markedly ahead of market consensus (2.5%), so its materialisation will lead to the PLN appreciation and increase the yield on Polish bonds.

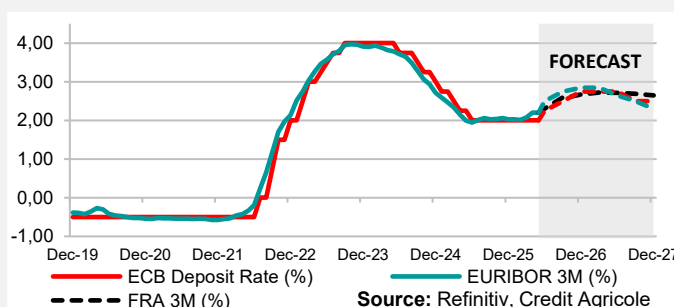
✓ **May's data from the US will be published this week.** We expect retail sales to have grown by 0.6% MoM in May vs. a 0.5% growth in April. Sales growth was accelerated primarily by stronger sales of cars and rising prices of fuels. At the same time, we forecast that retail sales excluding cars and fuels grew by 0.3% MoM vs. 0.5% in April, and this would mean that spending on consumption was growing at a slower rate. In our view, industrial production grew by 0.4% MoM in May vs. 0.7% in April, while production in industrial manufacturing went up by 0.2% MoM in May vs. 0.6% in April, indicating that the sector is still resilient to elevated uncertainty and supply chain disruptions related to the conflict in the Middle East.

✓ **May's data for China will be published this Tuesday.** We expect the industrial production growth to have accelerated to 4.3% YoY, from 4.1% in April, with retail sales growth slowing down from 0.2% YoY in April to -0.5% in May, this being the first negative result since December 2022. Stronger activity in AI and new technology sectors kept boosting the industrial production, mitigating the negative impact of energy shocks and international trade disruptions. However, the benefits of the recovery were transferred to other segments of the economy only to a limited extent, and they were not sufficient to boost the domestic demand in China, which remains weak. In our view, urban investments declined from -1.6% YoY in April to -2.8% in May. Investments in manufacturing and high tech sector services keep growing, but the growth is not sufficient to reverse the broad-based decline of investment demand caused by elevated uncertainty. Investments are also driven down by the scale of fiscal support, particularly from local authorities, which is smaller than in the previous year.

Last week

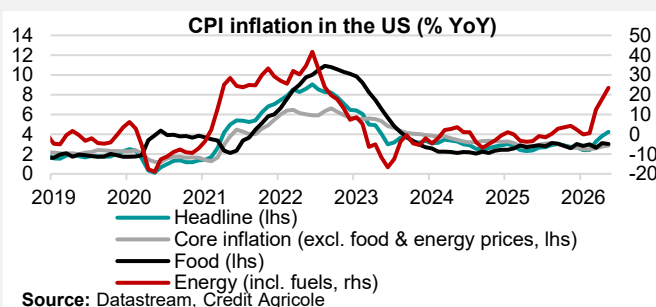
✓ **The European Central Bank held its meeting last week.** The ECB raised interest rates by 25 bp, in line with market expectations and our forecast. The ECB's main refinancing rate now stands at 2.40%, while the deposit rate is 2.25%. The post-meeting statement had a neutral tone: the ECB pointed both to

stronger upside risks to inflation and to downside risks to economic growth in connection with the conflict in Iran and the sharp rise in energy prices. As a result, the ECB did not commit to a specific path of interest rate hikes, maintaining its meeting-by-meeting approach to decision-making. During the post-meeting press conference, ECB President C. Lagarde suggested that further interest rate hikes remained possible, without indicating either their number or a specific timetable. Based on her remarks, we believe that the most likely scenario is a pause at the July meeting followed by another rate hike in September. The expected paths of inflation and core inflation were revised up in the June macroeconomic projection, while the economic growth path was revised slightly down. According to the baseline scenario, core inflation will reach its local



peak of 2.7% YoY in Q1 2027 and then gradually decline to 2.1% YoY at the end of 2028. Headline inflation, in turn, will remain at its current level, in the range of 3.2%-3.4%, over the next 12 months, before returning to the ECB's inflation target of 2% in the second half of 2027. We maintain our assessment that the ECB will opt for two further interest rate hikes this year, in September and December, each by 25 bp.

✓ **CPI inflation in the US increased to 4.2% YoY in May from 3.8% in April, in line with the market consensus and slightly below our forecast of 4.3%.** Core inflation rose to 2.9% YoY in May from 2.8% in April, while in monthly terms it slowed to 0.3% MoM from 0.4%. This reflected the fading of the technical rebound in



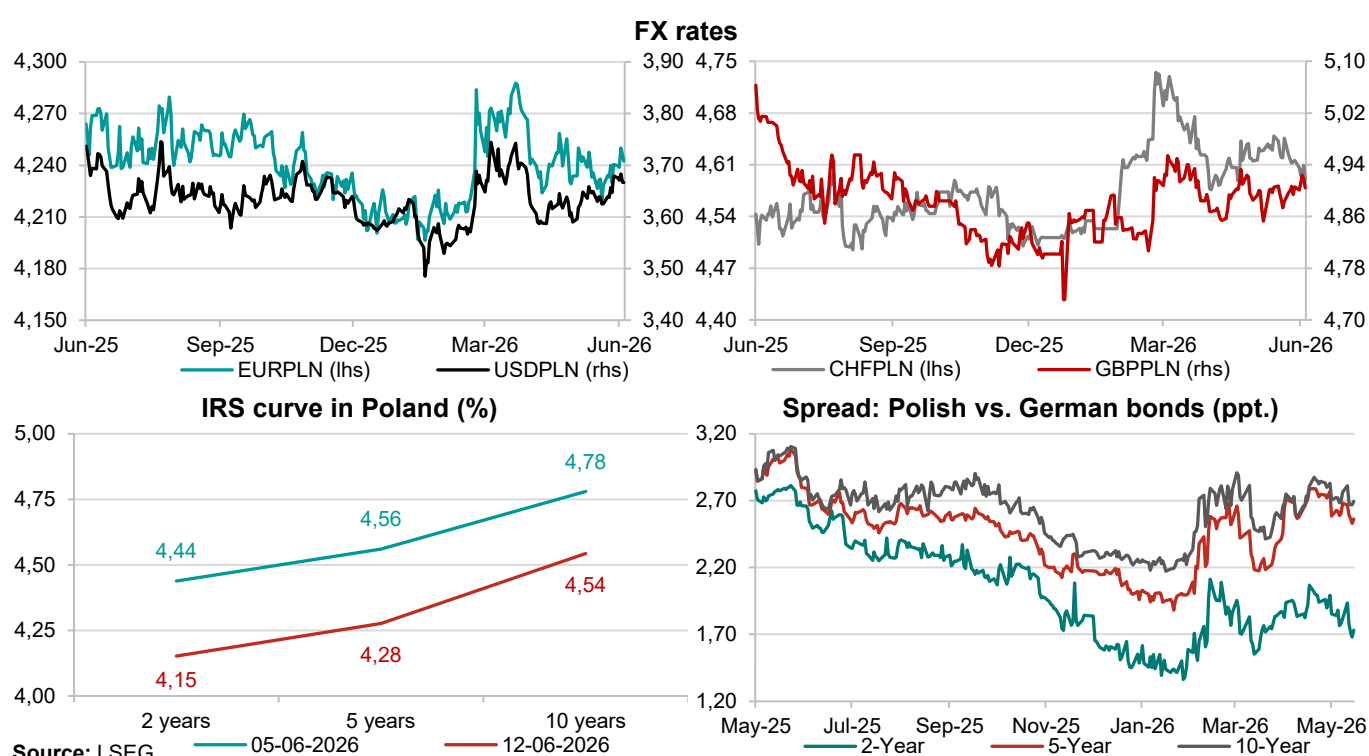
rents and owners' equivalent rent observed in the previous month. The inflation breakdown also showed a particularly sharp further increase in energy price growth, to 23.5% YoY in May from 17.9% in April, driven mainly by rising fuel prices, which increased by 40.9% YoY in May compared with 29.1% in April. Despite the increase in energy prices, core inflation data indicates that, except for a strong rise in airfares, second-round effects remain limited, reducing pressure on the Fed to tighten monetary policy. The University of Michigan consumer sentiment index rose to 48.9 pts in June from 44.8 pts in May, coming in above the market consensus of 45.5 pts and our forecast of 46.8 pts. This points to a moderate improvement in consumer sentiment. At the same time, inflation expectations declined: short-term expectations fell to 4.6% in June from 4.8% in May, while long-term expectations decreased to 3.4% from 3.9% in May, limiting the negative implications of the May inflation data.

✓ **According to NBP data, the current account deficit widened to EUR 1,558m in April from EUR 234m in March.** This was driven mainly by a widening of the goods trade deficit to EUR 1,995m from EUR 497m a month earlier. In annual terms, exports increased by 6.6% YoY in April, compared with 7.4% in March, while imports rose by 7.8%, compared with 3.8% in March. The increase in the value of exports was supported mainly by higher exports of supply goods and computers, as well as by higher copper and raw silver prices. At the same time, export growth was weighed down by the automotive industry and durable consumer goods. Import growth, meanwhile, continued to be supported by rising fuel prices and higher imports of computers, immunological products and passenger cars. Lower imports of automotive parts once again weighed on import growth. April balance-of-payments data signals downside risk to our forecast for the ratio of the cumulative current account balance over the last four quarters to GDP, which stands at -1.0% in Q2 of this year, compared with -0.8% in Q1.

✓ **April data from Germany was released last week.** Industrial production rose by 0.4% MoM in April, following a 0.1% decline in March (revised up from -0.7%), against a consensus forecast of) +0.5% MoM. The increase in production was recorded in intermediate goods and consumer goods, while capital goods output fell for the fifth consecutive month. Combined with the deterioration in new order inflows (see MACROmap of 08/06/2026), this points to weak prospects for investment in German industry. In the automotive sector, April saw both a decline in production in the category "manufacture of motor vehicles, trailers and semi-trailers" and an increase in the production of other transport equipment. This is consistent with the persistent problems faced by the German automotive industry, stemming from higher production costs, rising tensions in global trade and competition from Chinese car manufacturers. Germany's furniture industry recorded a slight increase in production in April, although output remains

around 28% lower than in 2021. Production in the “manufacture of chemicals and chemical products” category also increased, reaching its highest level in a year. By contrast, German clothing production declined further, falling to its lowest level in the available data, excluding April 2020. German imports rose by 1.2% MoM in April, compared with a 4.5% increase in March (revised down from 5.1%), while exports increased by 0.9%, compared with a 0.3% rise in March (revised down from 0.5%). Both indicators came in above market expectations, which stood at -1.4% and -0.3%, respectively.

✓ Easing tensions in the Middle East support lower yields

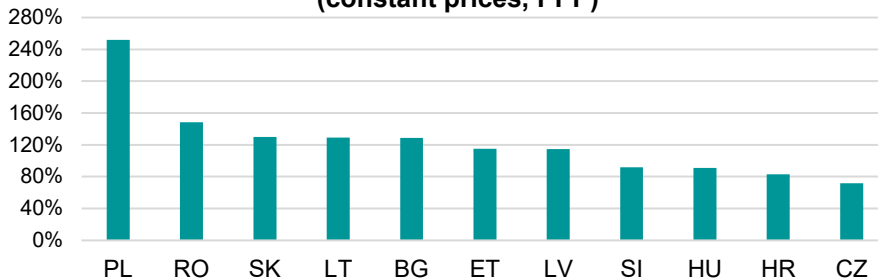


Financial markets were highly volatile last week, with trading driven mainly by the European Central Bank meeting and news on US-Iran negotiations. The beginning of the week brought an increase in risk aversion following reports of a possible escalation in military action, which pushed Polish bond yields higher. On Thursday, the ECB meeting added to volatility in the FX market, while on Friday financial markets were driven by reports that a new agreement between the US and Iran was close. As a result, over the week as a whole EURPLN remained around 4.24-4.25, while government bond yields and IRS rates fell markedly.

In the coming week, financial market sentiment will be shaped primarily by developments in the Middle East and Wednesday's Fed meeting. Domestic production data may also have a significant, albeit smaller, impact on the PLN exchange rate and the yield curve. If our forecast materialises, the data will support PLN appreciation and higher bond yields.

Poland still among EU's convergence leaders

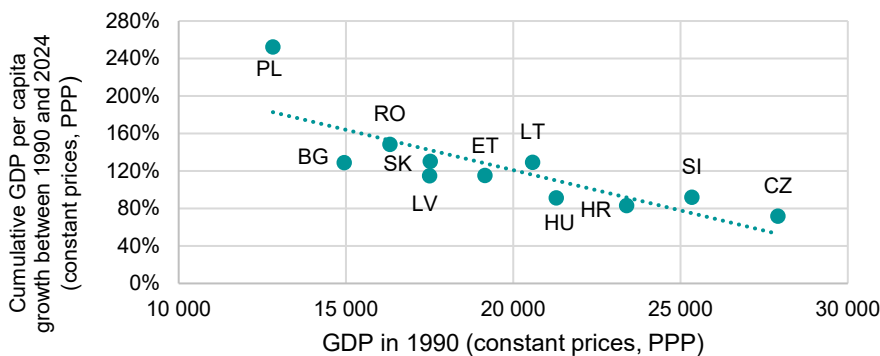
**Cumulative GDP per capita growth between 1990 and 2024
(constant prices, PPP)**



Source: World Bank, Credit Agricole

affluent, unemployment fell significantly, a strong private sector emerged, and the Polish economy became deeply integrated with the European Union's Single Market. Against this backdrop, phrases such as "golden age", "European tiger" and "the rise of Poland" have entered public debate both in Poland and abroad, symbolising the country's rapid growth. The popularity of such terms has increased in recent years, largely due to the protracted economic slowdown in Western and Southern Europe. In the article below, we revisit our analysis of this issue from last year (see MACROmap of 23/06/2025) and examine how Poland's situation has changed, as well as how the comparison would look if Poland's accession to the European Union were taken as the starting point.

Poland's economic development since 1989 is now often described as an "economic miracle". This assessment is based primarily on GDP per capita growth that has significantly outpaced that recorded in the other countries of the former Eastern Bloc (see chart). This period also saw major structural changes in the Polish economy: society became more

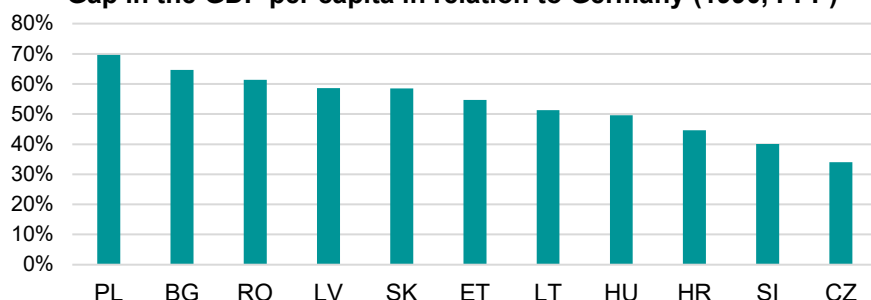


Source: World Bank, Credit Agricole

between these two variables is well illustrated by the chart above. This means that a significant part of Poland's higher cumulative GDP per capita growth reflected the convergence effect and a low base effect. Nevertheless, Poland significantly exceeded the trend observed for the countries of the region (see chart), which suggests that the strong growth of the Polish economy was not solely a function of its low starting point. This, to some extent, strengthens the argument that the Polish economy delivered exceptionally strong results.

Compared with other post-communist economies, Poland has stood out over the last thirty-five years for its exceptionally strong cumulative GDP per capita growth. However, any interpretation of this growth must take into account the starting point in 1990, which in Poland was the lowest among all post-communist countries that later joined the EU. The relationship

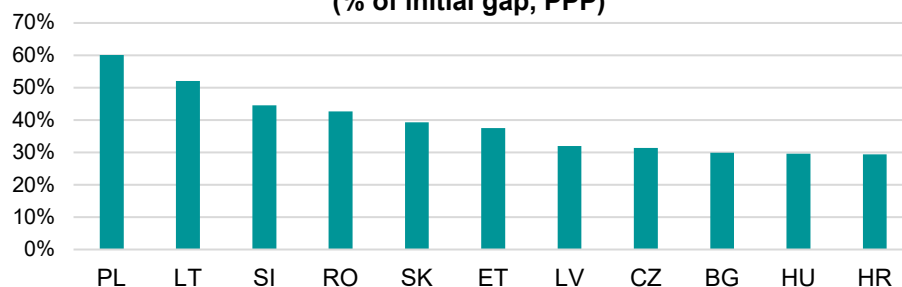
Gap in the GDP per capita in relation to Germany (1990, PPP)



Source: World Bank, Credit Agricole

growth through the absorption of existing technologies, capital inflows and the adoption of solutions already tested in more advanced economies. At the same time, it is worth noting that convergence is not automatic and requires the establishment of appropriate institutional conditions. Belarus is one example: in 1990, it started from a level of GDP per capita similar to Poland's, whereas in 2024 its level was 36% lower. Hungary is another emblematic example: in 1990, its GDP per capita was 66% higher than Poland's, whereas in 2024 it was already 10% below Poland's level.

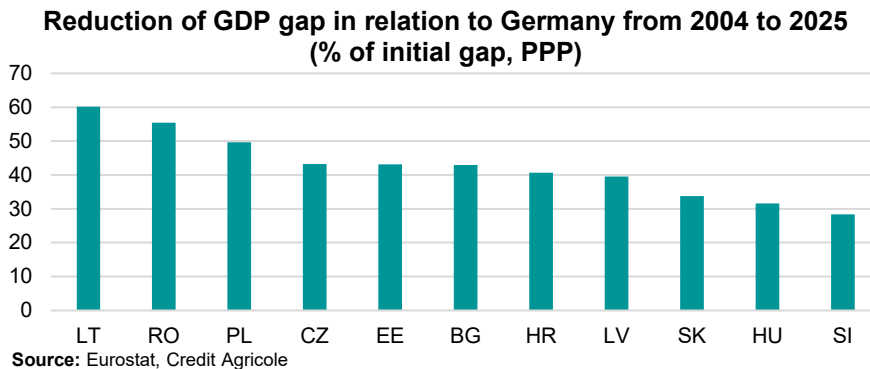
Reduction of GDP gap in relation to Germany from 1990 to 2024 (% of initial gap, PPP)



Source: World Bank, Credit Agricole

closed since the beginning of the transformation. Poland started from a very low level, but at the same time recorded strong income per capita growth over the following decades. By comparison, Czechia had a much smaller gap to close, but its growth was slower, which limited the pace of convergence. The data indicates that Poland reduced its gap relative to more affluent economies to the greatest extent, which is consistent with the results of last year's analysis. At the same time, the inclusion of data for 2024 means that the degree of gap reduction is markedly higher for the countries analysed. This was due to relatively strong economic growth in most of them, accompanied by a decline in GDP per capita in Germany. However, it is important to note that our analysis is sensitive to the choice of the starting point. In order to account for differences in the course of the so-called transition recession, as in the previous analysis, we also estimated the reduction in the gap not relative to 1990, as above, but relative to the reference point in 1990-1995 when the gap for a given country was at its widest. As in last year's analysis, once differences in the depth of the transition recession are taken into account, Poland ranks second after Lithuania.

A more comprehensive analysis of Poland's success requires looking not only at the pace of growth, but also at the actual scale of the narrowing of the gap relative to more developed countries. In other words, the key question is what proportion of the initial income gap relative to the reference economy, in this case Germany, has been



gap, behind Lithuania at 60% and Romania at 55%. The smallest reductions in the gap were recorded in Slovenia at 28%, which was the wealthiest of the countries that joined the EU in 2004, as well as in Hungary at 32% and Slovakia at 34%. Third place slightly weakens the narrative of an “economic miracle”. Nevertheless, Poland’s success is still reflected in the reduction of its gap relative to Germany from 58% in 2004 to 29% in 2025, the narrowing of Czechia’s lead over Poland in GDP per capita from 56% in 2004 to 14% in 2025, and Poland’s overtaking of Hungary and Slovakia on this measure.

The results of our analysis, conducted using the latest data, confirm that Poland has realised its convergence potential to a greater extent than most countries in the region. Compared with the previous analysis, it is worth noting that the degree of convergence among the countries of the region has increased significantly, although this is due largely to the persistent economic slowdown in Western Europe. Poland’s position in the rankings used in the analysis has not changed.

Another noteworthy reference point is 2004, when Poland, Czechia, Hungary, Romania, Slovenia, Lithuania, Latvia and Estonia joined the European Union. In this approach, we analyse the degree to which the GDP per capita gap relative to Germany was reduced between 2004 and 2025. From this perspective, Poland falls to third place, with a 50% reduction in the

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	-1558		
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	6,6		
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	7,8		

*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)	3,5	3,0	3,2	3,3	2,7	2,9	3,1	3,0	3,6	3,3	3,0
Private consumption (% YoY)	3,3	2,8	2,0	2,1	2,8	3,3	3,3	3,0	3,7	2,5	3,2
Gross fixed capital formation (% YoY)	2,4	10,3	7,8	7,5	6,8	6,1	5,9	5,5	4,4	7,3	6,4
Export - constant prices (% YoY)	5,6	4,9	4,5	5,0	5,2	5,4	5,5	5,5	5,5	5,0	5,6
Import - constant prices (% YoY)	6,1	5,5	5,6	5,9	5,2	6,1	6,5	6,1	6,8	5,8	6,3
GDP growth contributions	Private consumption (pp)	2,0	1,6	1,1	1,0	1,7	1,9	1,9	1,5	2,1	1,8
	Investments (pp)	0,3	1,6	1,3	1,7	0,9	1,0	1,0	1,3	0,8	1,2
	Net exports (pp)	0,0	-0,1	-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	3,0	2,6	3,3	3,3	3,9	4,2	3,8	3,6	2,8	3,8
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 15/06/2026						
9:30	Poland	CPI (% YoY)	May	3,2	3,1	3,1
11:00	Eurozone	Industrial production (% MoM)	Apr	0,2		0,2
14:30	USA	NY Fed Manufacturing Index (pts)	Jun	19,6		14,0
15:15	USA	Capacity utilization (%)	May	76,1		76,2
15:15	USA	Industrial production (% MoM)	May	0,7	0,4	0,3
Tuesday 16/06/2026						
4:00	China	Retail sales (% YoY)	May	0,2	-0,5	0,0
4:00	China	Urban investments (% YoY)	May	-1,6	-2,8	-2,0
4:00	China	Industrial production (% YoY)	May	4,1	4,3	4,3
14:00	Poland	Core inflation (% YoY)	May	3,0	3,1	3,1
14:30	USA	Building permits (k)	May	1423		1420
14:30	USA	Housing starts (k MoM)	May	1465		1430
Wednesday 17/06/2026						
11:00	Eurozone	HICP (% YoY)	May	3,2		3,2
14:30	USA	Retail sales (% MoM)	May	0,5		0,5
16:00	USA	Business inventories (% MoM)	Apr	0,9		0,5
20:00	USA	FOMC meeting (%)	Jun	3,75	3,75	3,75
Thursday 18/06/2026						
9:30	Switzerland	SNB rate decision %)	Q2	0,00		0,00
10:00	Eurozone	Current account (bn EUR)	Apr	14,9		
13:00	UK	BOE rate decision (%)	Jun	3,75		3,75
14:30	USA	Philadelphia Fed Index (pts)	Jun	-0,4		12,0
Friday 19/06/2026						
9:30	Poland	Industrial production (% YoY)	May	3,1	3,5	2,5

*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