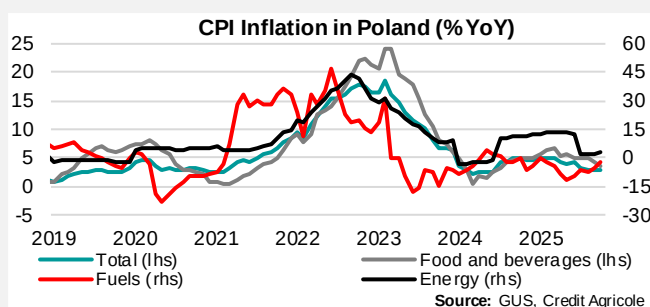
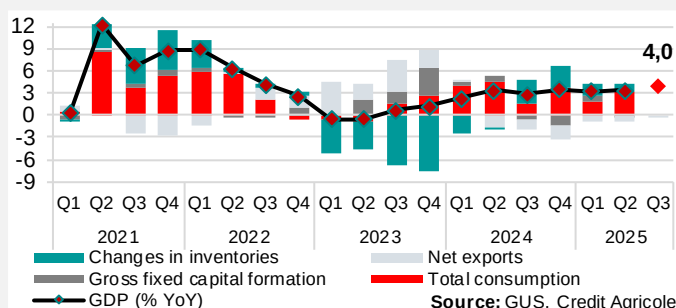


This week

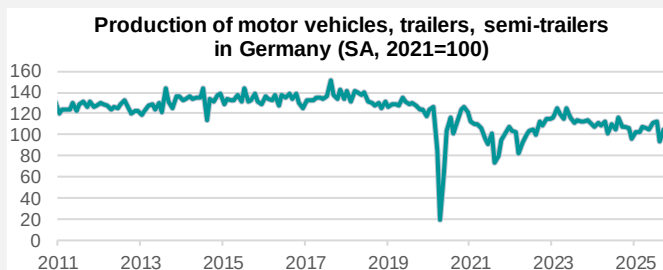
- 
The most important event this week will be the release of Poland's flash Q3 GDP figures planned for Thursday. We forecast that GDP growth accelerated to 4.0% YoY, from 3.3% in Q2. A rebound in investments was the main booster of economic growth between Q2 and Q3. Additionally, in our view, consumption momentum was still relatively strong. Our forecast is above market consensus (3.7%), so if it materialises, it will have a positive effect on the PLN and the yields on Polish bonds.
- 
Important data from China will be published this week. We expect it to show that the economic activity in that country is still slowing down. In accordance with our forecast, retail sales growth in October slowed to 2.6% YoY vs. 3.0% in September, with industrial production slowing to 5.4% vs. 6.5% and urban investments declining from -0.5% YoY in September to -0.9% in October. The slowdown in activity results, among other factors, from the fading effect of programmes boosting consumption and investment, from consumers' persistent cautiousness amidst a slower growth in wages, and a downturn in the real estate market. In our opinion, a positive impact of fiscal policy, which has become more expansionary over the last couple of months will only be visible in the quarters to come. We believe that data from China will have limited impact on the PLN and the yields on Polish bonds.
- 
The standard data publication schedule envisaged data from the US being released this week, including data on CPI inflation and retail sales. However, their publication is most likely to be delayed in the wake of ongoing government shutdown. In the absence of new macroeconomic data, the market will focus on statements made by Fed's representatives, mostly in the second half of the week, and look for hints signalling the end of government shutdown.
- 
Final inflation data for Poland will be released on Friday. We expect the data to mirror the flash estimate published by GUS, so inflation in October will come in at 2.8% YoY vs. 2.9% in September. In accordance with the preliminary data, inflation was driven down by a slower growth in the prices of food and non-alcoholic beverages and by lower core inflation, which we estimate to have gone down from 3.2% YoY in September to 2.9% in October. In our opinion, the final data on inflation will be neutral for the PLN and the yields on Polish bonds.
- 
Data on Poland's balance of payments will also be published on Friday. We forecast that the deficit in the current account shrank from EUR 3,087m in August to EUR 2,190m in September, primarily due to the increase in the balance on trade in goods. We anticipate that the exports growth accelerated to 4.7% YoY in September, from -1.4% in August, and so did the imports growth (8.8% vs. -1.2%), mainly due to a favourable difference in the number of working days. In our opinion, the data on the balance of payments will be neutral for the PLN and the yields on Polish bonds.



Last week

Some important data on German economy was released last week.

Industrial production increased by 1.3% MoM in September compared to a 3.7% decline in August, running markedly below market expectations (+2.9%). The growth resulted from a stronger performance in manufacturing and

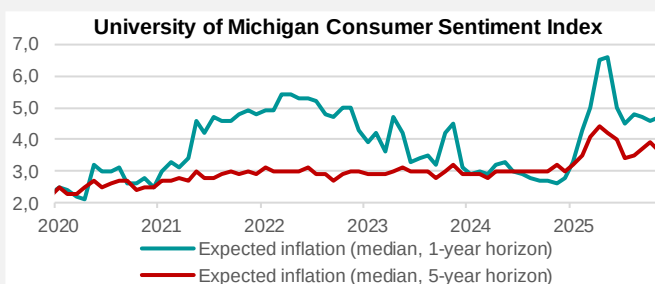


Source: Datastream, Credit Agricole

energy sectors, with an opposite impact coming from poorer production results in the construction sector. Production in the manufacturing sector was driven up primarily by a marked acceleration in the “vehicles, trailers and semi-trailers” category (+14.7% MoM) due to last month’s low base effects connected with summer shutdowns at factories and retooling of production lines (see MACROmap of 13/10/2025). Last week also saw the release of Germany’s manufacturing orders figures, which show that growth in orders picked up to 1.1% MoM in September vs. -0.4% in August, which was slightly above the market expectations (1.0%). This resulted from a stronger growth in the number of foreign orders, although the number of domestic orders went down. Notably, foreign orders were driven up by bigger orders from both Eurozone and non-Eurozone countries. Data on German foreign trade was also released last week, showing that the foreign trade balance fell to EUR 15.3bn in September, from 16.9bn in August (EUR 17.2bn before the revision), which was markedly below the market expectations (EUR 16.9bn). At the same time, both exports (1.4% MoM vs. -0.8%) and imports (3.1% vs. -1.4%) rose between August and September, exceeding market expectations of 0.5% for each. Particularly noteworthy about the data are the increasing imports from China, which is consistent with our view that China is redirecting its exports to other markets amidst increasingly strained trade relationships with the US (see MACROmap of 19/05/2025). Last week’s data from the German economy has no impact on our forecast, under which Germany’s quarterly GDP growth is set to rise to 0.1% in Q4 vs. 0.0% in Q3. We forecast that German GDP will grow by 0.1% in 2025 vs. -0.5% in 2024.

Last week also saw the release of business survey results for the US.

ISM went down from 49.1 pts in September to 48.7 pts in October, coming in below the market expectations (49.5 pts). The decline in the index resulted from a lower contribution of 3 out of its 5 components (new orders,



Source: Datastream, Credit Agricole

employment and delivery times), while a stronger contribution of current output and inventories had the opposite effect. Notably, growth in prices of intermediate goods is slowing, but historically, it is still high. The said growth notably accelerated in Q2 2025 in the wake of tightening of the trade policy by the US. Consequently, the data might indicate that the pro-inflationary impact of tariffs on cost pressure in the US industry is gradually easing. In turn, the services ISM went up from 50.0 pts in September to 52.4 pts in October, printing ahead of market expectations (50.7 pts). What pushed the index up was a stronger contribution of 3 out of its 4 components (current activity, new orders and employment), while a lower contribution of delivery times had the opposite effect. In services, the cost pressure keeps growing: in October,

the index for prices of intermediate goods reached the highest level since October 2022. Last week saw the release of the ADP report, which showed that non-farm private sector employment in the US went up by 42.0k in October vs. a 29.0k decline in September (upward revision from -32.0k). Given the absence of updates on non-farm payrolls in the US due to the *government shutdown*, the report is the main source of information about the situation on the US labour market. The incoming partial data from the US labour market is indicative of the presence of restructuring processes, including those aimed at launching AI-based solutions, and carries a risk to our scenario assuming that the Fed's interest rate cutting cycle came to an end in October 2025. The risk, however, is mitigated by the fact that many recent declarations in the business sector concerning planned layoffs have not translated into actual redundancies so far. Consumer confidence survey results were also released last week. The preliminary University of Michigan Index went down to 50.3 pts in November, from 53.6 pts in October, coming in markedly below the market expectations (53.2 pts). The drop reflected declines in both the 'current situation' and 'expectations' sub-indices, but it was the current situation component that had a decisive impact on the decline. The sentiment has worsened largely due to the continued *government shutdown*. The median for inflation expected over the next 12 months released alongside the University of Michigan index went up to 4.7% in November from 4.6% in October (the January-October average was 4.9%, versus 2.9% for full-year 2024). We have made no changes to our annualised US GDP trajectory forecast, in which the annualised GDP growth in the US will go up from 1.1% in Q3 to 1.5% in Q4, but also will go down to 1.7% in 2025, from 2.8% in 2024.

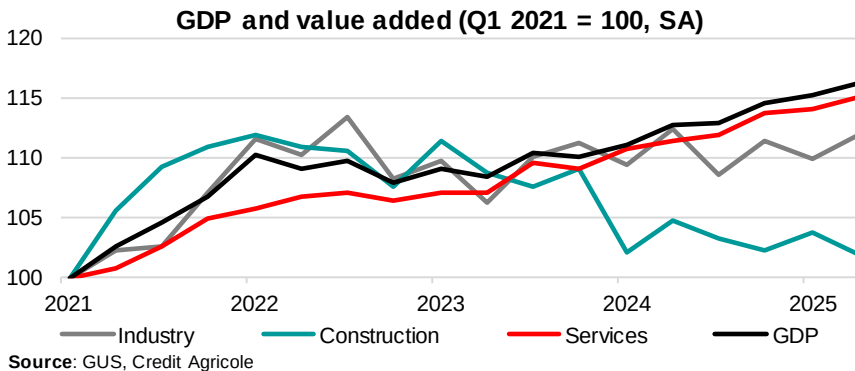
✓ **Polish Manufacturing PMI rose from 48.0 pts in September to 48.8 pts in October, coming in slightly above the market expectations (48.6 pts), which were consistent with our forecast.** The increase in October reflected stronger contributions from 4 out of its 5 sub-indices (current output, new orders, delivery times and inventories), with a lower contribution from employment having the opposite effect. Despite the growth recorded in October, the PMI has remained below the 50-point mark separating growth from contraction for 6 consecutive months (see MACROmap of 03/11/2025). According to the underlying press release, some firms reported a higher number of client enquiries and expected sales to improve soon. This was reflected in an increase in the sub-index for total new orders (including export orders). The Polish manufacturing PMI averaged 48.8 pts in October, compared with 46.8 pts in Q3. This, however, has no impact on our forecast, in which Polish GDP will grow at 3.8% YoY in Q4 vs. 4.0% in Q3, while in 2025, it will accelerate to 3.6% vs. 2.9% in 2024.

✓ **Last week, the Monetary Policy Council decided to cut interest rates by 25bp, with the NBP reference rate now standing at 4.25%.** The MPC's decision was consistent with market expectations and our forecast. In explaining its move, the Council pointed to lower inflation and improved inflation outlook over the coming quarters. Once again, the MPC cited three main risk factors to low inflation: "fiscal policy, recovery of demand in the economy and elevated wage growth". In our view – similarly to October – the tone of the press release following the Council's November meeting is ambiguous, and the MPC's policy stance remains unclear. Last week also saw the publication of the November inflation projection. The expected inflation for 2026-2027 has not changed materially compared with the July projection, despite likely lower fuel price assumptions reflecting the decline in oil prices seen in recent months. The 2026 GDP forecast was raised slightly (see MACROPulse of 5/11/2025). In our view, the room for further rate cuts in the coming quarters remains limited, as the November projection points to inflation stabilising in 2026-2027 at a level close to the MPC's target. We thus maintain our scenario in which the target NBP reference rate consistent with macroeconomic balance is 4.00%. Accordingly, we expect one more, and final, 25bp cut in Q1 2026. Additional support for our scenario comes from NBP Governor Adam Glapiński's remarks at last week's press conference, where he suggested that interest rates are already close to an ideal level and that subsequent decisions will not go beyond a small calibration. In his opinion the existing interest rate level is well aligned with the

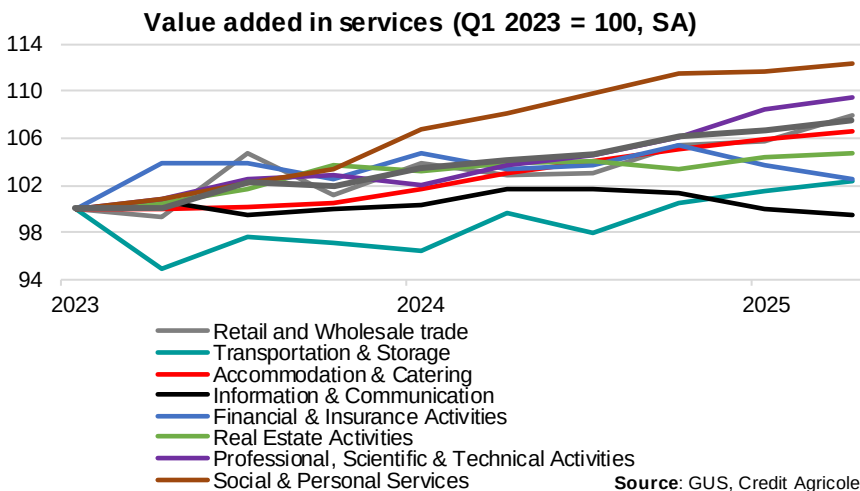
current situation. He also expressed his personal view that a target rate of 4.00% would be appropriate for the Polish economy.

- ✓ **China's foreign trade figures were released last week.** The trade surplus narrowed in October to USD 90.1bn from USD 90.5bn in September, coming in below market expectations (USD 95.5bn). Imports and exports both declined sharply, with import growth slowing to 1.0% YoY in October (vs. 7.4% in September) and exports falling by 1.1% (vs. +8.3%). A key driver of the marked slowdown in trade growth was last year's high base, linked to stronger bilateral trade between China and the United States ahead of the US presidential election and amid rising trade tensions between the two countries. The data suggest that although China is working to reorient its exports, it is struggling to offset weaker sales to the US. These figures do not alter our forecast that China's GDP will grow by 4.8% in 2025, down from 5.0% in 2024.
- ✓ **S&P Global Ratings affirmed Poland's long-term sovereign credit rating at 'A-' with a stable outlook.** The agency expects that in 2026 the general government deficit will narrow only slightly – to around 6.5% of GDP, compared to 6.9% this year. The report highlights that persistently high general government deficits – driven in part by defense spending of around 4–5% of GDP and rising social expenditure – will lead to a gradual increase in general government debt, from 59.8% of GDP in 2025 to around 72.3% in 2028. According to S&P, even though the deficit will remain well above 3% of GDP throughout the forecast horizon, the public expenditure path remains aligned with the new EU fiscal rules, which are defined by net expenditure limits. At the same time, S&P emphasizes that Poland remains the fastest-growing economy in terms of per-capita GDP growth among the developed sovereigns it rates. The agency notes that this expansion is not fiscally driven nor accompanied by a buildup of macroeconomic imbalances, but rather reflects resilient domestic demand, strong absorption of EU funds, and increasing public investment, including that financed through the Recovery and Resilience Facility (RRF). S&P also assesses that, despite elevated defense spending, the Polish economy remains unaffected by hybrid or lower-level attacks, such as drone incursions, and the agency's baseline scenario does not assume an escalation of the Russia-Ukraine war into NATO territory, including Poland. The report further notes that Poland's ability to meet its high borrowing requirements remains solid, supported by a highly liquid domestic financial system, pension funds and insurance companies increasing their holdings of government debt, as well as sizeable government liquidity buffers. The government also intends to tap international markets and expand retail bond issuance, complemented by favorable funding from EU facilities, including the SAFE program, reflecting Poland's strategic role in Europe's defense agenda. S&P indicates that an upgrade could occur if the deficit is reduced on a sustained basis and fiscal policy is stabilized, while a downgrade could occur if debt increases faster than currently projected, or if growth prospects weaken due to external shocks. Given that markets had largely priced in a scenario in which S&P would revise the outlook to negative, maintaining the existing rating and outlook is likely to be modestly supportive for the złoty as well as Polish government bond prices this week.

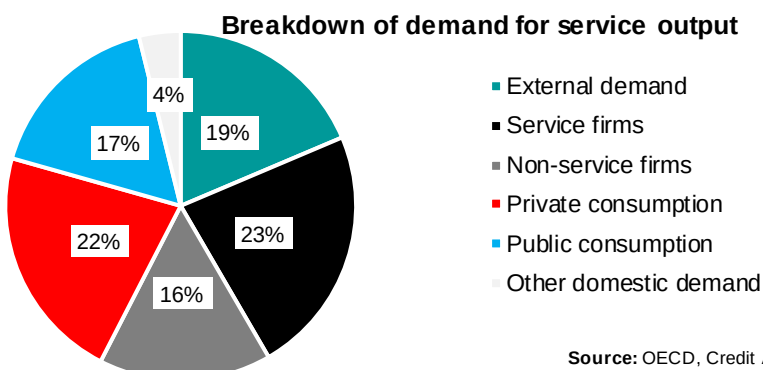
Activity in services boosts GDP growth



contrast to stagnation in industry and a decline in construction activity, value added in services has increased steadily. This trend has intensified since 2023.



Changes in value added in services can also be presented in more detail by looking at activity across individual sectors. It is notable that activity in most of these sub-categories has evolved in a similar way over the past two years (see chart). Standing out positively against other sectors is the increase in value added in services mainly linked to the public sector “public administration and defence; compulsory social security; education; human health and social work”, which rose by 12.3% between Q1 2023 and Q2 2025 (vs. 7.5% for services overall). By contrast, the “Information and communication” category stands out negatively, with weaker activity mainly connected to the fading of the post-COVID-19 boom in IT services. It is also worth noting that, due to interest-rate cuts by the MPC, value added in “financial and insurance activities” also declined in the first half of this year. Below, we analyse the factors behind the strong increase in value added in services overall in 2023-2025.



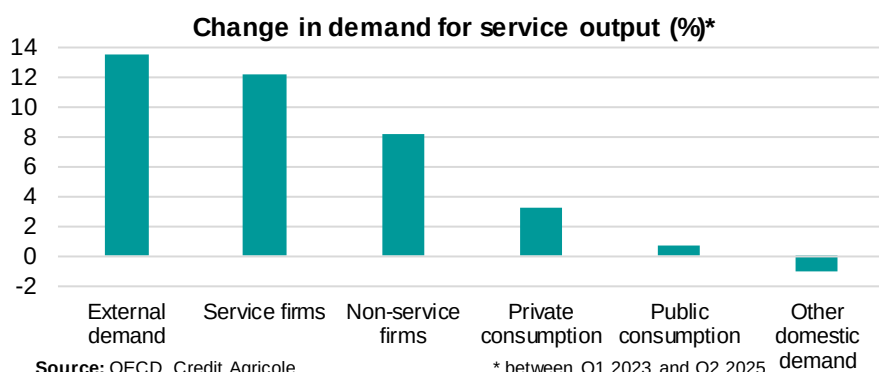
According to the OECD, 22% of services output is consumed by Polish households (e.g., culture and

According to our estimates, the annual growth rate of value added in services rose to 3.8% YoY in Q2 from 2.6% a quarter earlier, which was the main factor behind the acceleration in GDP growth. It is worth noting that the services sector has played an important role in generating value added and GDP not only in Q2 of this year, but also over the past several years. In

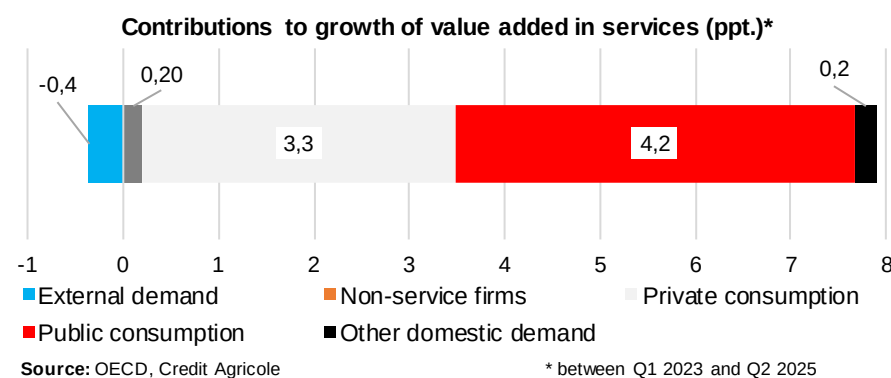
Changes in value added in services can also be presented in more detail by looking at activity across individual sectors. It is notable that activity in most of these sub-categories has evolved in a similar way over the past two years (see chart). Standing out positively against other sectors is the increase in value added in services mainly linked to the public sector “public administration and defence; compulsory social security; education; human health and social

Precise quarterly information on the end-users of services output is not available. A useful approximation is the input-output table compiled by the OECD. It records transaction values between 50 industries across 81 countries, enabling a very detailed analysis of inter-sector transactions. However, these data are published with a long delay – the latest edition covers 2016-2022.

recreation, restaurants and hotels), 17% by the public sector (e.g., education, healthcare, public administration), and 19% is exported (e.g., international transport, IT services). In addition, 16% of services produced in Poland are purchased by firms outside the services sector (e.g., transport services, trade, administration) and 23% by other service firms (e.g., accounting services). A further 4% of service output goes to other domestic final users (these transactions are primarily recorded as investment).



approximated demand for services from domestic enterprises (both services and non-services) with “costs of external services” from the PONT Info database for firms with at least 10 employees. We expressed changes in these costs over time in constant prices using the GDP deflator. We observe that the largest increase in demand for services between Q1 2023 and Q2 2025 came mainly from the public sector (up 13.6%), households (up 8.2%) and service enterprises (up 12.2%). At the same time, demand from other users (foreign demand, domestic non-service enterprises and other domestic final users) did not change significantly over this period.

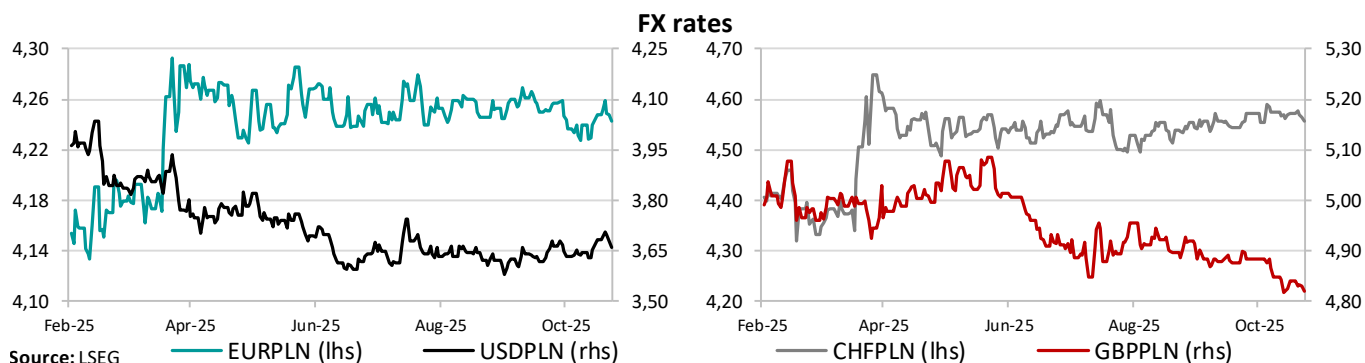


“intermediate consumption” in the production process. In other words, when one service firm buys a service from another, the value of that transaction is already reflected in output sold to final users (e.g., households, non-services firms, or the public sector). To avoid double counting, we therefore exclude them from the analysis of user group contributions to growth in services value added. Recall that value added in services increased by 7.5% between Q1 2023 and Q2 2025. Using the above data, we estimate that the increase in demand from the public sector contributed 4.2 pp to this rise (largely due to pay increases in the budgetary sphere), while households contributed 3.3 pp. Other users had a limited impact on changes in services value added. Notably, lower services exports actually reduced it (by around 0.4 pp) over the past two years. Furthermore, the contribution of public-sector demand was greatest around the turn of 2023-2024 and has weakened in recent quarters.

We forecast that in Q3 the GDP growth rate accelerated to 4.0% YoY from 3.3%, with services contributing the most on the value-added side. From the demand side, the rebound in GDP and services value added is consistent with our forecast of still-strong consumption growth (4.0% in Q3 versus 4.5% in Q2). In subsequent quarters, as consumption slows (as we expect) and investment growth picks up (due to higher

absorption of EU funds), the role of services as a driver of GDP growth will weaken slightly in favour of construction and manufacturing.

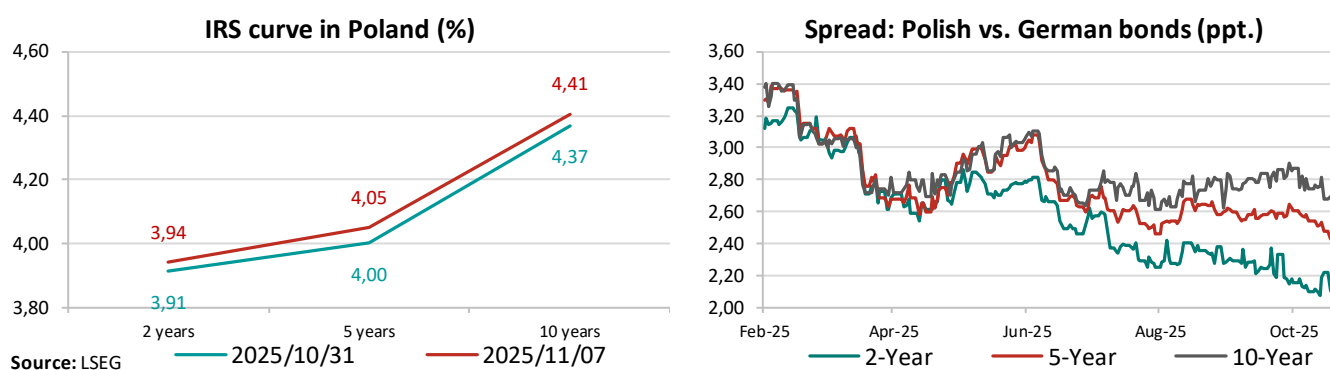
Flash GDP data for Poland may lead to PLN appreciation



Last week, the EURPLN rate fell to 4.2425 (a 0.1% appreciation of the PLN). Early in the week, the PLN slightly weakened against the EUR, following the trend started two weeks before. However, on Wednesday, the downward trend reversed, and the EURPLN gradually fell, following an increase in the EURUSD. Neither the MPC's decision nor the statements made by NBP Governor A. Glapiński at the usual press conference had any material impact on the market. EURUSD growth accelerated on Friday, a reaction to the publication of lower-than-expected preliminary University of Michigan index.

Last week's decision of S&P is slightly positive for PLN. Turning to the week ahead, the release of preliminary GDP data for Poland planned for Thursday will be of key importance for the PLN. If our forecast, which exceeds the market consensus, proves accurate, the GDP data may lead to a strengthening of the Polish currency. We believe that other macroeconomic publications planned for this week will be neutral for the PLN.

Poland's GDP data in the spotlight



Last week, the 2-year IRS rates increased to 3.94 (up by 3bp), 5-year rates to 4.05 (up by 5bp), and 10-year rates to 4.41 (up by 4bp). Early in the week, IRS rates went down ahead of the MPC meeting. Some investors expected the MPC rhetorics to become somewhat more dovish. Thursday and Friday saw adjustments, and the IRS rates went up, which may be linked to a decline in market expectations for further substantial monetary easing in Poland(see above).

Last week's decision of S&P is slightly positive for the prices of Polish government bonds. This week, the release of preliminary GDP data for Poland will be in the spotlight. We believe the publication may drive

the IRS rates up. In our view, other macroeconomic publications planned for this week will not have any significant impact on the curve.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	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	Nov-25
NBP reference rate (%)	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,25	5,25	5,00	5,00	4,75	4,50	4,25
EURPLN*	4,35	4,30	4,27	4,21	4,19	4,19	4,27	4,24	4,24	4,27	4,26	4,26	4,25	4,25
USDPLN*	4,00	4,06	4,13	4,06	4,04	3,87	3,77	3,74	3,60	3,74	3,64	3,63	3,68	3,66
CHFPLN*	4,64	4,60	4,54	4,46	4,46	4,38	4,56	4,54	4,53	4,60	4,55	4,56	4,57	4,52
CPI inflation (% YoY)	5,0	4,7	4,7	4,9	4,9	4,9	4,3	4,0	4,1	3,1	2,9	2,9	2,8	
Core inflation (% YoY)	4,1	4,3	4,0	3,7	3,6	3,6	3,4	3,3	3,4	3,3	3,2	3,2	2,9	
Industrial production (% YoY)	4,7	-1,3	0,3	-0,9	-1,8	2,5	1,3	4,0	-0,4	3,0	0,7	7,4	1,8	
Constr. and assembly prod. (% YoY)	-9,6	-9,4	-8,0	4,2	-0,1	-1,1	-4,2	-2,8	2,1	0,7	-7,0	0,2	1,0	
PPI inflation (% YoY)	-5,1	-3,8	-2,7	-1,0	-1,3	-1,0	-1,6	-1,5	-1,5	-1,3	-1,3	-1,2	-1,7	
Retail sales (% YoY)	2,3	3,4	2,7	6,1	0,6	0,6	7,9	4,3	2,1	4,8	3,0	6,6	4,0	
Corporate sector wages (% YoY)	10,2	10,5	9,8	9,2	7,9	7,7	9,3	8,4	9,0	7,6	7,1	7,5	7,4	
Employment (% YoY)	-0,5	-0,5	-0,6	-0,9	-0,9	-0,9	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	
Unemployment rate* (%)	4,9	5,0	5,1	5,4	5,4	5,3	5,2	5,0	5,2	5,4	5,5	5,6	5,6	
Current account (M EUR)	918	-281	-1427	-35	115	-1136	-424	-1004	-194	-1168	-3087	-2190		
Exports (% YoY EUR)	2,9	-2,3	0,7	2,7	1,2	3,9	-1,2	4,9	2,7	3,0	-1,4	4,7		
Imports (% YoY EUR)	6,5	-0,4	3,9	10,4	4,0	10,5	6,3	6,1	0,6	2,6	-1,2	8,8		

*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	3,3	4,0	3,8	3,7	3,5	3,2	3,0	3,0	3,6	3,3
Private consumption (% YoY)	2,6	4,5	4,0	3,5	2,7	2,8	3,1	3,3	2,9	3,6	3,0
Gross fixed capital formation (% YoY)	6,4	-0,7	5,5	7,4	8,6	10,9	7,2	6,5	-0,9	5,0	7,9
Export - constant prices (% YoY)	2,1	1,9	2,2	2,8	4,5	5,8	5,8	5,3	2,0	2,3	5,4
Import - constant prices (% YoY)	4,3	3,4	2,9	2,8	5,0	6,1	6,5	6,1	4,5	3,3	6,0
GDP growth contributions											
	Private consumption (pp)	1,6	2,6	2,3	1,7	1,7	1,7	1,8	1,6	1,7	1,7
	Investments (pp)	0,8	-0,1	0,9	1,7	1,1	1,7	1,2	1,5	-0,2	0,8
	Net exports (pp)	-0,9	-0,7	-0,3	0,1	-0,1	0,0	-0,2	-0,2	-1,2	-0,4
Current account (% of GDP)***	-0,4	-0,7	-1,1	-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	2,6	2,3	2,8	2,9	3,5	3,6	3,7	2,9
Wibor 3M (%)**	5,84	5,23	4,72	4,35	4,10	4,10	4,10	4,11	5,84	4,35	4,11
NBP reference rate (%)**	5,75	5,25	4,75	4,25	4,00	4,00	4,00	4,00	5,75	4,25	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 11/10/2025						
10:30	Eurozone	Sentix Index (pts)	Nov	-5,4		-4,0
Tuesday 11/11/2025						
11:00	Germany	ZEW Economic Sentiment (pts)	Nov	39,3		40,5
Thursday 11/13/2025						
10:00	Poland	Flash GDP (% YoY)	Q3	3,3	4,0	3,7
11:00	Eurozone	Industrial production (% MoM)	Sep	-1,2		0,8
Friday 11/14/2025						
3:00	China	Retail sales (% YoY)	Oct	3,0	2,6	2,8
3:00	China	Urban investments (% YoY)	Oct	-0,5	-0,9	-0,8
3:00	China	Industrial production (% YoY)	Oct	6,5	5,4	5,5
10:00	Poland	CPI (% YoY)	Oct	2,9	2,8	2,8
11:00	Eurozone	GDP flash estimate (% YoY)	Q3	1,3	1,3	1,3
11:00	Eurozone	Preliminary GDP (% QoQ)	Q3	0,2	0,2	0,2
14:00	Poland	Current account (M EUR)	Sep	-3087	-2190	-1422
16:00	USA	Wholesale inventories (% MoM)	Aug	-0,2		-0,2
16:00	USA	Wholesale sales (% MoM)	Aug	1,4		0,4

*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