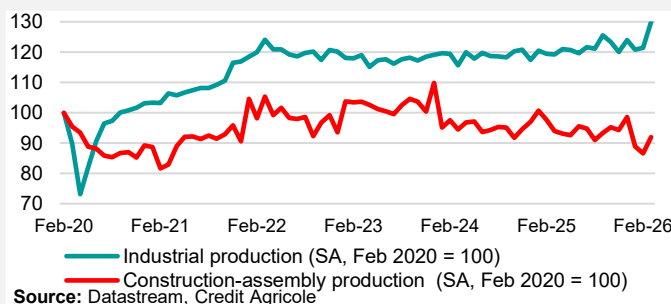
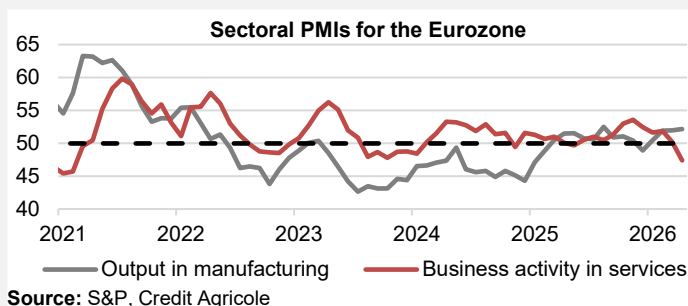


## This week

✓ **In Poland, a set of data from the Polish economy for April is due this week.** We believe that industrial production growth slowed to 4.3% YoY in April, from 9.4% in March, primarily due to negative calendar effects. We also estimate that construction and assembly production growth accelerated to 1.3% YoY, vs. 0.5% in March, which would mean that activity in the construction sector continued to gradually recover from disruptions caused by the harsh weather, despite the impact of negative calendar effects. Turning to the labour market, we expect wage growth in the enterprise sector to slow, from 6.6% YoY in March to 6.0% in April, mainly due to last year's high base effect and a stabilisation of the decline in employment at 0.9% YoY. Our forecast is similar to market consensus, so if it materialises, it will have no impact on the PLN and the yields on Polish bonds.



✓ **May's preliminary PMI business survey results for the Eurozone will be published on Wednesday.** The market expects the Composite PMI to edge up to 49.0 pts, from 48.8 pts in April, which would mean that the index would remain below the 50-point mark

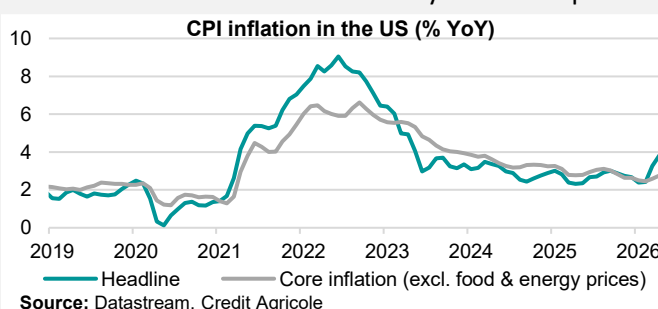
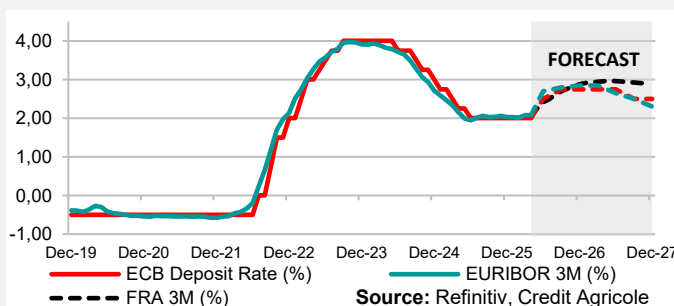


separating growth from contraction. Data breakdown is likely to show substantial differences between sectors again: the market consensus is that Services PMI will edge down from 47.6 pts to 47.5 pts, indicating a further contraction in activity in this sector, while manufacturing PMI will go down from 52.2 pts to 51.6 pts, but will remain above the 50-point mark. The Manufacturing PMI is supported by longer delivery times, which, due to the construction of the index, push the indicator up. Readings will be important to assess whether the negative effects of the energy shock, rising costs and supply-chain disruptions observed in previous months are intensifying and increasingly constraining economic activity in the Eurozone.

✓ **April data for China has been published today. It has shown a marked deterioration in economic activity, and once again increased the expectations regarding additional stimulation by the government.** Industrial production slowed from 5.7% YoY in March to 4.1% in April, reaching the lowest level in nearly three years, with retail sales growth slowing to 0.2% YoY in April vs. 1.7% in March, the poorest result since December 2022. Urban investments also disappointed, declining by 1.6% YoY in April compared with a 1.7% growth in March. Activity contraction was broad-based and resulted primarily from the continued decline in domestic demand. In our opinion, April's data increases the downside risk to achieving the GDP growth target of 4.5–5.0% in 2026 (our forecast: 5.1% YoY).

## Last week

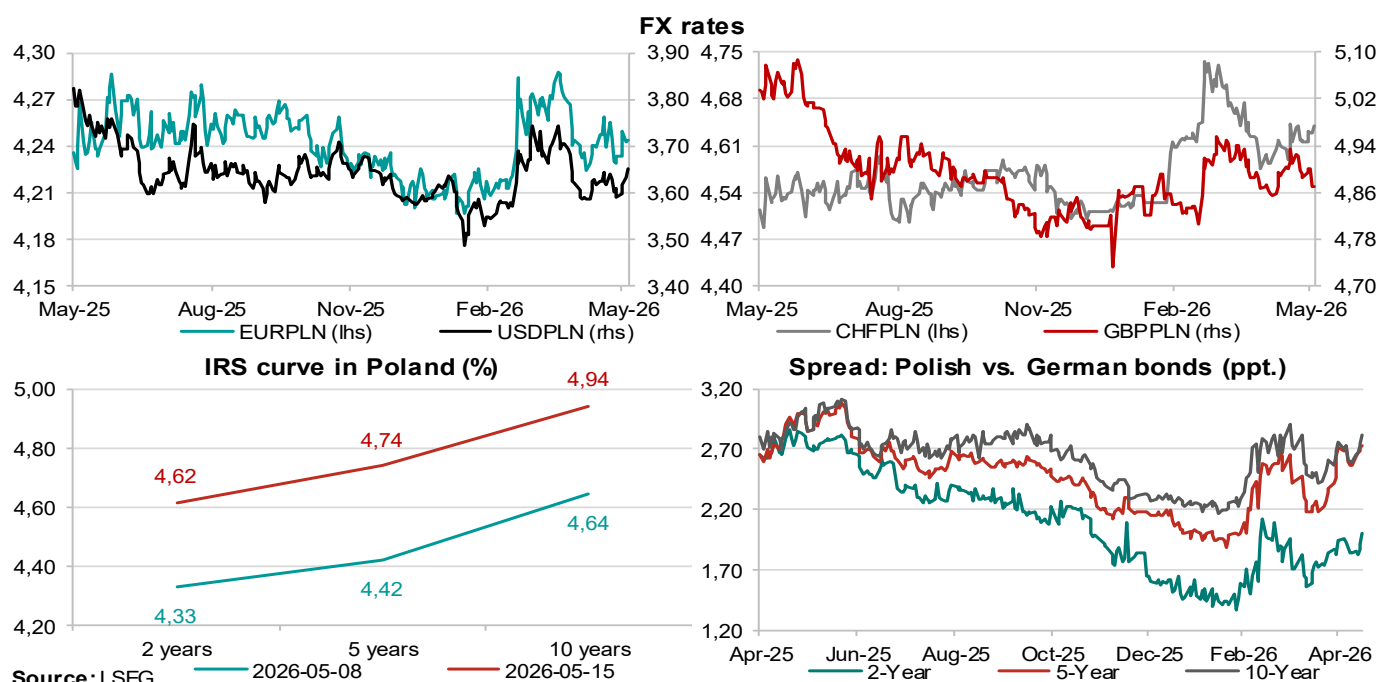
- 
**We have revised our scenario for ECB interest rates, pushing back the expected hikes following the central bank's decision to leave rates unchanged at its April meeting.** We still assume a total of three 25bp rate hikes this year, but we now expect them to take place at the June, September and December meetings, instead of April, June and July as previously assumed. We maintain a relatively hawkish scenario because we believe that the rise in energy commodity prices related to the conflict in the Middle East will push up the inflation path in the Eurozone, while core inflation will remain elevated for longer. At the same time, we acknowledge that uncertainty is very high and primarily concerns further developments in the Middle East, oil and gas prices, the strength of the pass-through from the energy shock to core inflation, and the ECB's reaction function in response to the deterioration in the growth outlook. In our scenario, the first hike in June is highly likely, while the greatest uncertainty concerns the timing of the second move. July remains possible, but in our forecast we more cautiously assume September.
- 
**US CPI inflation rose to 3.8% YoY in April from 3.3% in March, coming in slightly above our forecast, which was in line with the market consensus of 3.7%.** Core inflation increased to 2.8% YoY in April from 2.6% in March, while in monthly terms it accelerated to 0.4% MoM from 0.2%. This increase was largely related to a technical rebound in rents and owners' equivalent rent following earlier disruptions in data collection. The inflation breakdown also showed a further increase in energy price growth to 17.9% YoY in April from 12.5% in March. This release does not change our monetary policy scenario for the Fed, with interest rates expected to remain stable until Q1 2027. The Minutes of the latest FOMC meeting will be published this week and should not significantly change the monetary policy outlook either.
- 
**Last week saw the publication of CPI inflation data for April (see MACROPulse of 15/05/2026) and the flash GDP estimate for Q1 (see MACROPulse of 14/05/2026).** Inflation rose to 3.2% YoY from 3.0% in March, in line with the preliminary estimate, driven mainly by faster price growth in the "information and communication" and "electricity, gas and other fuels" categories. This was partially offset by slower growth in prices of food and non-alcoholic beverages, as well as fuels. According to our estimates, core inflation increased to 3.0% YoY in April from 2.7% in March, pointing to mounting price pressures, including as a result of higher energy and transport costs being passed through to services prices. At the same time, GDP growth slowed to 3.4% YoY in Q1 from 4.1% in Q4 2025, coming in below our forecast and market expectations, while seasonally adjusted growth slowed to 0.5% QoQ from 1.0%. In our view, the main source of the slowdown was the cold winter, which weighed on activity in industry and construction, especially infrastructure investment, while consumption most likely remained the key growth driver. We maintain our scenario of inflation rising gradually in the coming months, with a local peak of 4.1%



YoY in December, and NBP interest rates remaining stable until the end of 2027, although the risk of a “signalling” rate hike in H2 this year is increasing. The weaker-than-expected GDP reading, in turn, points to slight downside risk to our full-year 2026 economic growth forecast of 3.3%, especially amid persistent uncertainty related to the conflict in the Middle East.

✓ **According to NBP data, the current account deficit narrowed to EUR 234m in March from EUR 1,034m in February, driven mainly by a reduction in the goods trade deficit to EUR 497m from EUR 1,043m a month earlier.** In annual terms, exports increased by 7.4% in March compared with 1.9% in February, while imports rose by 3.8% compared with 3.4% in February. Turnover was supported by a higher number of working days and an increase in prices of some products. On the export side, growth was visible, among others, in sales of intermediate goods, copper, silver and computers, while imports were boosted by higher fuel prices and the rebuilding of fuel reserves. We estimate that the cumulative current account balance for the last four quarters relative to GDP improved to -0.8% in Q1 from -0.9% in Q4 2025, while for 2026 as a whole it will amount to -1.3%. At the same time, we see downside risk to our forecast in connection with elevated oil prices, which are pushing up imports in nominal terms.

## Market sentiment deteriorates again



Last week, sentiment in financial markets remained under pressure from the ongoing stalemate in US–Iran talks and elevated oil prices. At the beginning of the week, the lack of progress in negotiations and the US rejection of Iran’s fuelled an increase in risk aversion and a weakening of the PLN, while Brent crude once again rose above USD 100 per barrel. In the domestic interest rate market, rates increased for most of the week, supported by more expensive oil and rising yields in core markets. On Thursday, sentiment partially improved following Donald Trump’s meeting with Xi Jinping and expectations that China could support efforts to unblock the Strait of Hormuz. The stabilisation of oil prices supported equity market gains, a slight strengthening of the PLN against the EUR, and a decline in bond yields and IRS rates. On Friday, the improvement in sentiment broadly continued, although oil prices rose again following reports that China was interested in buying larger volumes of crude from the US.

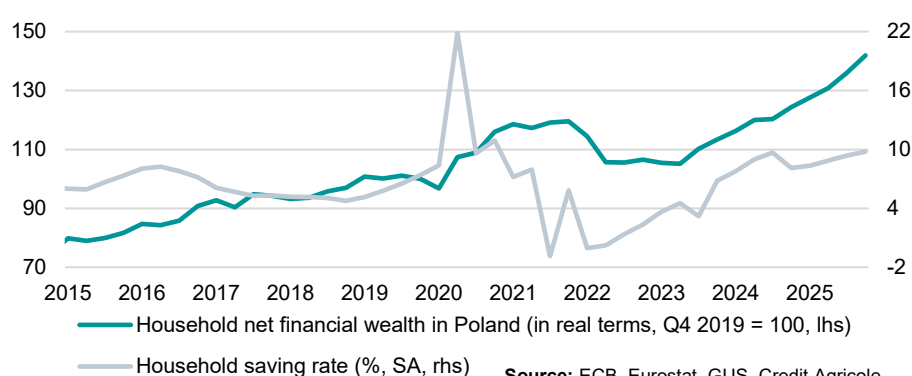
This week, market sentiment will continue to be chiefly driven by developments around Iran and the Strait of Hormuz and their impact on oil prices, the USD and global risk aversion. A lack of progress towards de-escalation would support continued pressure on the PLN and the domestic debt market. Domestic data on production and the labour market should be neutral for the market, while the preliminary PMI data from the Eurozone will show whether the energy shock is increasingly weighing on economic activity in the single currency area.

## Surplus of deposits over loans set to increase

**In recent years, Poland's banking sector has seen a growing excess liquidity. This trend is reflected in the steady increase in the ratio of PLN deposits to PLN loans (i.e. excluding foreign-currency assets and liabilities). According to NBP data, in March this ratio exceeded 160%, reaching its highest level since 1999. In the analysis below, we outline the expected trends in deposits and loans over the coming quarters.**

Recent quarters have seen a clear recovery in corporate lending. This was supported by the gradual decline in funding costs following earlier interest rate cuts by the NBP. The NBP survey shows that in Q1 2026 banks once again eased their lending criteria for businesses, reduced margins and non-interest lending costs, while at the same time reporting higher demand from both large enterprises and SMEs. In the coming quarters, we expect corporate loans to continue to grow. Demand for bank financing will be supported by the expected improvement in economic conditions and the gradual acceleration in investment activity (see MACROmap of 11/05/2026). However, the situation in the Middle East remains a risk factor, as higher energy commodity prices may increase companies' operating costs, erode demand prospects and heighten investment uncertainty.

In the household segment, 2025 and the beginning of 2026 also saw faster growth in consumer and mortgage loans, supported by the favourable labour market situation, wage growth, improved creditworthiness and the easing of banks' lending policies. In the coming quarters, we expect this trend to continue, with loan growth slowing slightly due to high base effects.

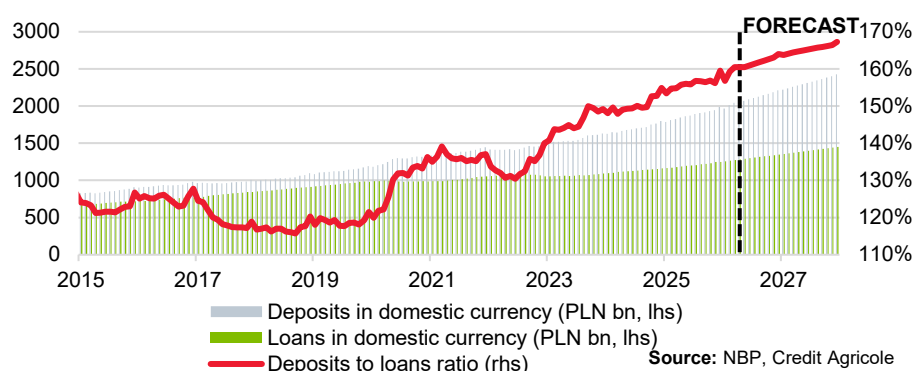


At the same time, recent years have seen an increase in household deposits, driven by several factors. First, until recently, saving was supported by the high level of interest rates. Second, households used a period of relatively rapid wage growth amid low inflation to accumulate capital. Growth in disposable income was supported not only by rapid wage growth,

including increases in the minimum wage, but also by higher social and family benefits, including the indexation of the 500+ benefit in 2024. As a result, the household saving rate reached 9.8% in Q4 2025 and, excluding the COVID-19 pandemic period, was at its highest level since 2014. In the coming quarters, we expect the pace of household deposit growth to slow slightly. The decline in interest rates to date will curb the propensity to save, as it reduces the attractiveness of bank deposits and other safe forms of saving, such as retail treasury bonds. In addition, the increase in inflation linked to the conflict in the Middle East will encourage households to use part of the savings accumulated earlier to smooth consumption. At the same time, the still favourable labour market situation and wage growth will continue to support further deposit growth. We therefore assume only a gradual decline in their growth rate rather than a sharp slowdown.

In the case of enterprises, deposit growth should be attributed primarily to companies' relatively good income position and rapid lending growth (see above). The recovery in lending supports growth in corporate deposits, as newly granted loans create additional liquidity in the corporate sector. In the coming quarters, we expect corporate deposits to continue to grow, supported by moderately rapid economic growth. At the same time, due to high base effects, the growth rate of corporate deposits should gradually decline.

In the context of corporate deposit trends, an important factor will be the SAFE programme, under which Poland signed a loan agreement with the European Commission last week. Poland is the largest beneficiary of this instrument and is set to receive EUR 43.7bn, or approx. PLN 190bn, to strengthen military security, modernise the armed forces and develop the domestic defence industry. The first tranche is to be an advance payment amounting to 15% of the total allocation, i.e. approx. EUR 6.5bn. According to the available information, these funds should reach Poland in May 2026. The next tranche is to be transferred in October 2026, while in subsequent years Poland is expected to apply for disbursements twice a year – in April and October – with the size of individual tranches depending on progress in project implementation. We believe that a significant share of these funds will go to domestic enterprises, in particular companies from the defence sector and their subcontractors. According to government declarations, 89% of the funds are expected to support Polish industry.



Taking into account the trends in deposits and loans outlined above, we expect the ratio of PLN deposits to PLN loans to continue to rise. We forecast that it will increase to 164% at the end of this year and to 167% at the end of 2027. This means that despite the expected recovery in lending, particularly in corporate and housing loans, deposit growth will remain stronger than the increase in the loan portfolio.

Persistently high excess liquidity will put downward pressure on deposit interest rates. Lower deposit rates will, in turn, reduce households' propensity to save and support a shift of part of their income and previously accumulated funds towards consumption. Combined with the favourable labour market situation and expected real wage growth, this creates favourable conditions for private consumption in the coming years. As a result, we expect 2026-2027 to be a period of moderately rapid growth in consumer spending, at 2.6% YoY in 2026 and 3.2% in 2027, although the scale of this growth will depend on the path of inflation and the level of geopolitical uncertainty.

## 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   | -1034  | -234   |        |        |
| 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    | 7,4    |        |        |
| Imports (% YoY EUR)                             | 8,1    | 7,9    | 2,4    | 2,7    | -1,0   | 7,4    | 2,7    | 2,9    | 9,8    | -6,3   | 3,4    | 3,8    |        |        |

\*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)          | 3,9                      | 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  | 1,5  | 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)       | 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                      | 3,5  | 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.<br>VALUE | FORECAST* |             |
|----------------------|----------|----------------------------------------------|--------|----------------|-----------|-------------|
|                      |          |                                              |        |                | CA        | CONSENSUS** |
| Monday 18/05/2026    |          |                                              |        |                |           |             |
| 4:00                 | China    | Retail sales (% YoY)                         | Apr    | 1,7            |           | 2,0         |
| 4:00                 | China    | Urban investments (% YoY)                    | Apr    | 1,7            |           | 1,6         |
| 4:00                 | China    | Industrial production (% YoY)                | Apr    | 5,7            |           | 5,9         |
| 14:00                | Poland   | Core inflation (% YoY)                       | Apr    | 2,7            | 3,0       | 3,0         |
| Wednesday 20/05/2026 |          |                                              |        |                |           |             |
| 11:00                | Eurozone | HICP (% YoY)                                 | Apr    | 3,0            |           | 3,0         |
| 20:00                | USA      | FOMC Minutes                                 | Apr    |                |           |             |
| Thursday 21/05/2026  |          |                                              |        |                |           |             |
| 9:30                 | Poland   | Corporate sector wages (% YoY)               | Apr    | 6,6            | 6,0       | 6,1         |
| 9:30                 | Poland   | Employment (% YoY)                           | Apr    | -0,9           | -0,9      | -0,9        |
| 9:30                 | Poland   | Industrial production (% YoY)                | Apr    | 9,4            | 4,3       | 4,2         |
| 9:30                 | Poland   | PPI (% YoY)                                  | Apr    | -0,8           | 0,1       | -0,1        |
| 9:30                 | Poland   | Construction and assembly production (% YoY) | Apr    | 0,5            | 1,3       | 1,3         |
| 9:30                 | Germany  | Flash Manufacturing PMI (pts)                | May    | 51,4           |           | 51,0        |
| 10:00                | Eurozone | Current account (bn EUR)                     | Mar    | 24,9           |           |             |
| 10:00                | Eurozone | Flash Services PMI (pts)                     | May    | 47,6           |           | 47,7        |
| 10:00                | Eurozone | Flash Manufacturing PMI (pts)                | May    | 52,2           |           | 51,9        |
| 10:00                | Eurozone | Flash Composite PMI (pts)                    | May    | 48,8           |           | 48,8        |
| 14:30                | USA      | Building permits (k)                         | Apr    | 1363           |           | 1388        |
| 14:30                | USA      | Housing starts (k MoM)                       | Apr    | 1502           |           | 1410        |
| 14:30                | USA      | Philadelphia Fed Index (pts)                 | May    | 26,7           |           | 18,8        |
| 15:45                | USA      | Flash Manufacturing PMI (pts)                | May    | 54,5           |           | 53,8        |
| 16:00                | Eurozone | Consumer Confidence Index (pts)              | May    | -20,6          |           | -21,0       |
| Friday 22/05/2026    |          |                                              |        |                |           |             |
| 8:00                 | Germany  | Final GDP (% QoQ)                            | Q1     | 0,3            | 0,3       | 0,3         |
| 10:00                | Germany  | Ifo business climate (pts)                   | May    | 84,4           |           | 84,2        |
| 16:00                | USA      | Final U. of Michigan Sentiment Index (pts)   | May    | 48,2           |           | 48,2        |

\*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