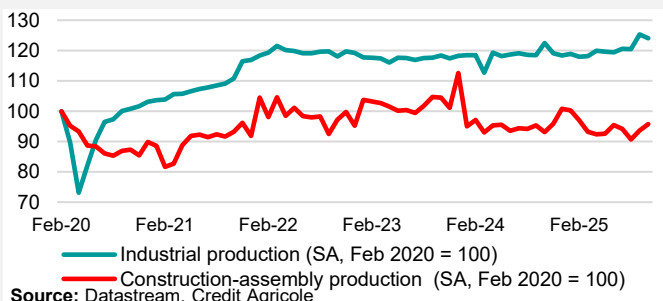


This week

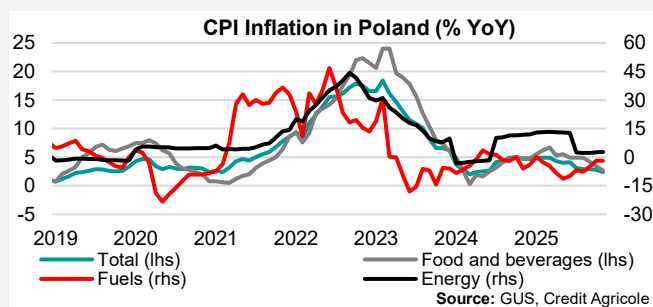
- 
The most important event this week will be Thursday's release of industrial production, and construction and assembly production data. Despite the improvement in manufacturing, we anticipate that the industrial production growth slowed to 1.5% YoY in November, from 3.2% in October, due to unfavourable calendar effects. We also anticipate that the aforementioned statistical effects combined with the high base effect drove the construction and assembly production down by 2.0% YoY compared with a 4.2% growth in October. The materialisation of our lower-than-consensus forecasts will thus be slightly negative for the PLN and yields on Polish bonds.
- 
Another important event this week will be the ECB meeting planned for Thursday. We anticipate that the central bank will keep the monetary policy parameters unchanged. Our baseline scenario does not provide for further easing in the quarters to come, and in our view, the next decision the ECB will take will be to raise the interest rates by 25bp in Q1 2027 (see MACROmap of 08/12/2025). In our view, the tone of the press conference will be balanced, and the conference itself will not provide any information that would significantly alter the interest rate trajectory that we have forecast. At the same time, the ECB will update macroeconomic projections. We do not expect any significant revisions for the years 2026-2027 vs. the September projection. First projections for 2028 will appear. In our view, headline inflation in 2028 will reach 2.0% YoY, with core inflation at 1.9%. In our opinion, the ECB President Ch. Lagarde will repeat that both headline and core inflation will return somewhere around the inflation target in the medium-term perspective. Despite the favourable economic outlook, we do not think that the topic of future monetary policy tightening in the Eurozone will be mentioned during the meeting or the press conference. In our opinion, the ECB meeting will have a limited impact on the PLN and the yields on Polish bonds.
- 
Tomorrow's publication of the preliminary results of the PMI survey of key European economies will be another important event this week. The market expects the aggregated PMI for the Eurozone to go up from 52.8 pts in November to 53.0 pts in December. The survey results will point to a continued recovery in services and stagnation in manufacturing. As regards the German manufacturing PMI, the market expects it to grow from 49.6 pts in November to 49.9 pts in December. Wednesday will see the release of the Ifo index reflecting the sentiments of German businesses operating in the manufacturing, construction, trade, and services, and providing additional insight into Germany's economic conditions. The market expects the index to have increased from 88.1 pts in November to 88.3 pts in December. In our opinion, the publication of business survey results for the Eurozone, including Germany, will be neutral for financial markets.
- 
Some important data from the US will be released this week. We expect the non-farm payrolls to have gone up by 65k in November, compared with an 80k drop in October. In October, the number of employed fell due to government administration staff layoffs initiated earlier by the Department of Government Efficiency. In our view, the unemployment rate did not change between September and November, and stood at 4.4%. The rate for October will not be published, with the usual labour market survey not having been conducted due to the *government shutdown* involving a temporary break in financing the federal administration operations. Notably, the *government shutdown* will not translate into any drop in employment figures for October and November. In accordance with the methodology of the survey, the



government administration staff who received their wages with a delay (i.e. after the *government shutdown* had ended) have been classified as employed. We anticipate that headline CPI inflation did not change between September and November, and stood at 3.0% YoY (data for October will not be released). In our view, the data on existing-home sales (4.15m in November vs. 4.15m in December) will show that the activity in the US housing market is still subdued. The final University of Michigan index (54.5 pts in December vs. 51.0 pts in November) will also be released this week, and it will confirm that the US consumers' sentiment has improved, also thanks to the end of the *government shutdown*. Overdue retail sales data will also be published on Tuesday. We expect nominal retail sales to have shrunk by 0.3% MoM in October vs. a 0.2% growth in September. The release of US data will be neutral for the PLN and the debt market in our view.

✓ **Data on employment and average wages in Poland's business sector for November will be released on Thursday.** We expect the employment to have dropped from -0.8% YoY in October to -0.9% in November. We believe the drop was driven by restructuring processes in the manufacturing sector and retiring employees' departures. As for average wages, we anticipate that their growth slowed from 6.6% YoY in October to 6.3% in November. We expect the release of data on employment and the average wage in the business sector to be neutral for the PLN and the debt market.

✓ **Poland's final inflation data will be released today.** We expect the data to mirror the flash estimate published by the GUS, so inflation in November will come in at 2.4% YoY vs. 2.8% in October. 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 3.0% YoY in October to 2.7% in November. In our opinion, the final data on inflation will be neutral for the PLN and the yields on Polish bonds.



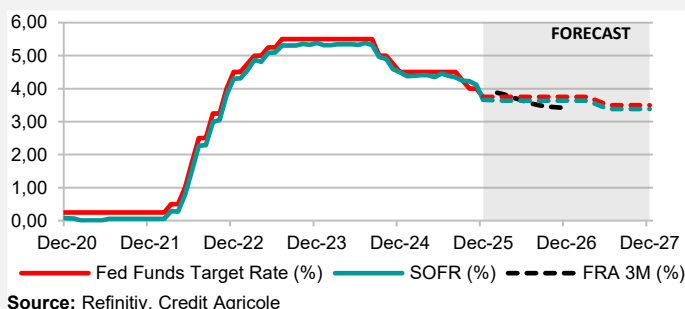
✓ **Data on Poland's balance of payments will also be published today.** We expect the current account balance to have increased from EUR -725m in September to EUR 196m in October thanks to a lower deficit in the trade account. We expect the exports growth to have edged up from 5.8% YoY in September to 5.9% YoY in October, with imports going up from 7.3% to 7.6%. In our opinion, the data on the balance of payments will be neutral for the PLN and the yields on Polish bonds.

✓ **Some significant data from China was published this morning, showing that the economic activity in this country has slowed.** Retail sales in November went up by 1.3% YoY, compared with a 2.9% growth in October, which was markedly below the market consensus of 2.8%. At the same time, it marked the slowest sales growth rate recorded over the last three years. Industrial production growth edged down to 4.8% YoY in November, from 4.9% in October, coming in below the market expectations (5.0%). Data on urban investments turned out to be particularly weak. Gross fixed capital formation declined by 2.6% YoY, compared with an earlier 1.7% drop. Investment growth was negative for the third month running, indicating that the situation in the property sector and in infrastructure investments is far from bright. It is worth reminding here that China deployed an additional RMB 1tn in fiscal and quasi-fiscal measures aimed at financing some key nationwide projects, and supporting local projects and re-financing needs in the main provinces over the last two months. Today's data for November suggests that the actions taken by the government to date have not translated into a durable recovery in internal demand yet. At the same time, we believe that today's data increases the likelihood of further fiscal and

monetary policy easing. We believe that today's data from China will be neutral for financial markets.

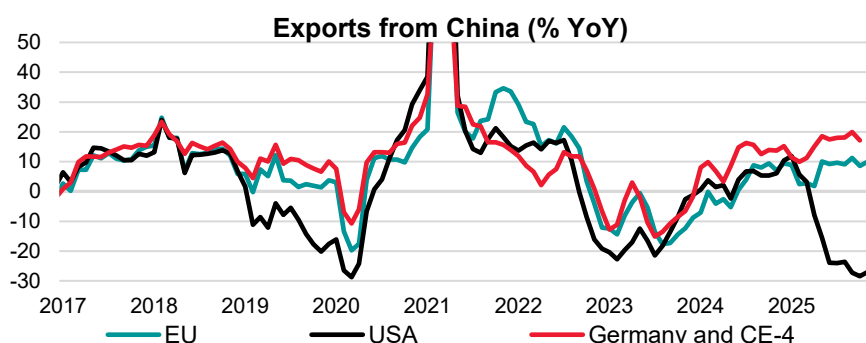
Last week

- At last week's meeting, the Fed cut the target range for the federal funds rate by 25bp to [3.50%; 3.75%], in line with market expectations. According to the post-meeting press release, in its decision-making concerning the "extent and timing" of additional adjustments to its monetary policy, the FOMC will carefully assess incoming data, evaluate the outlook and balance risk factors. The return to the phrase "extent and timing" suggests a more cautious, mildly hawkish Fed stance and signals a growing willingness to move into a pause phase in the easing cycle. The phrase was introduced into the statement in December 2024, when the Fed paused rate cuts, and removed again in September 2025, when the easing cycle resumed. This interpretation was reinforced by remarks from Fed Chair J. Powell at the post-meeting press conference. He repeatedly stressed that the FOMC is now "well positioned to wait and see" how the incoming data evolve, and that the policy rate is already within the range of credible estimates of the neutral rate, i.e. the level of interest rates that neither stimulates nor restrains economic activity. At the same time, Powell emphasised the growing risks on the labour market side, in particular the possibility of a further slowdown in employment growth and a rise in unemployment. He also linked inflationary pressures largely to supply-side factors, including tariffs. Last week also saw the release of FOMC members' December projection. The medians for the policy rate path were unchanged from September and imply one 25bp rate cut in 2026, followed by another 25bp cut in 2027, and no further changes in 2028. The median long-run federal funds rate was 3.00%, confirming the FOMC's view that the current level of rates is close to equilibrium. At the same time, the distribution of individual projections points to considerable uncertainty and a clear split among Fed members regarding the future path of monetary policy. The mixed hawkish-dovish tone of the statement and the press conference is consistent with our scenario in which the Fed enters 2026 in a "wait-and-see" mode, keeping rates unchanged, with a return to rate cuts – bringing the target range back to [3.25%; 3.50%] – only in 2027. We see a risk that rate cuts could materialise earlier if labour market conditions deteriorate more sharply than we expect.
- Last week, the Swiss National Bank (SNB) held its policy meeting. The SNB decided to keep its policy rate at 0.00%, in line with market expectations. Explaining its decision, the SNB noted that its monetary policy is helping to keep inflation within a range consistent with price stability and is supporting economic growth. The SNB again signalled its readiness to intervene in the foreign-exchange market if needed. Last week, the SNB also published its latest macroeconomic forecast. The inflation path was revised down compared with the September forecast, with the SNB expecting inflation to stand at 0.2% in 2025 (no change relative to September's forecast), 0.3% in 2026 (down from 0.5%), and 0.7% in 2027 (up from 0.6%). The GDP growth forecast for 2025 was revised up (to "slightly below 1.5%" from 1.0%-1.5% in the September forecast), which the SNB justified by lower-than-expected US tariffs and a more favourable global economic environment. Meanwhile, the 2026 GDP growth forecast was left unchanged ("around 1.0%"). In line with our revised forecast (see MACROmap of 8/12/2025), we expect the EURCHF rate to stand at 0.94 at the end of 2025, 0.96 at the end of 2026 and 0.98 at the end of 2027. As a result,



the CHFPLN rate is expected to be 4.55 at the end of 2025, 4.42 at the end of 2026 and 4.28 at the end of 2027.

Are Chinese imports a threat to the EU economy?



Source: General Administration of Customs of PRC, Credit Agricole

Despite the US-China trade war, China's cumulative (full-year) trade surplus in 2025 will, for the first time in history, exceed USD 1tn. That threshold was already crossed in November (see MACROmap of 8/12/2025), and the surplus will widen further in December. China has been successfully reorienting its exports geographically, with weaker exports to the US being

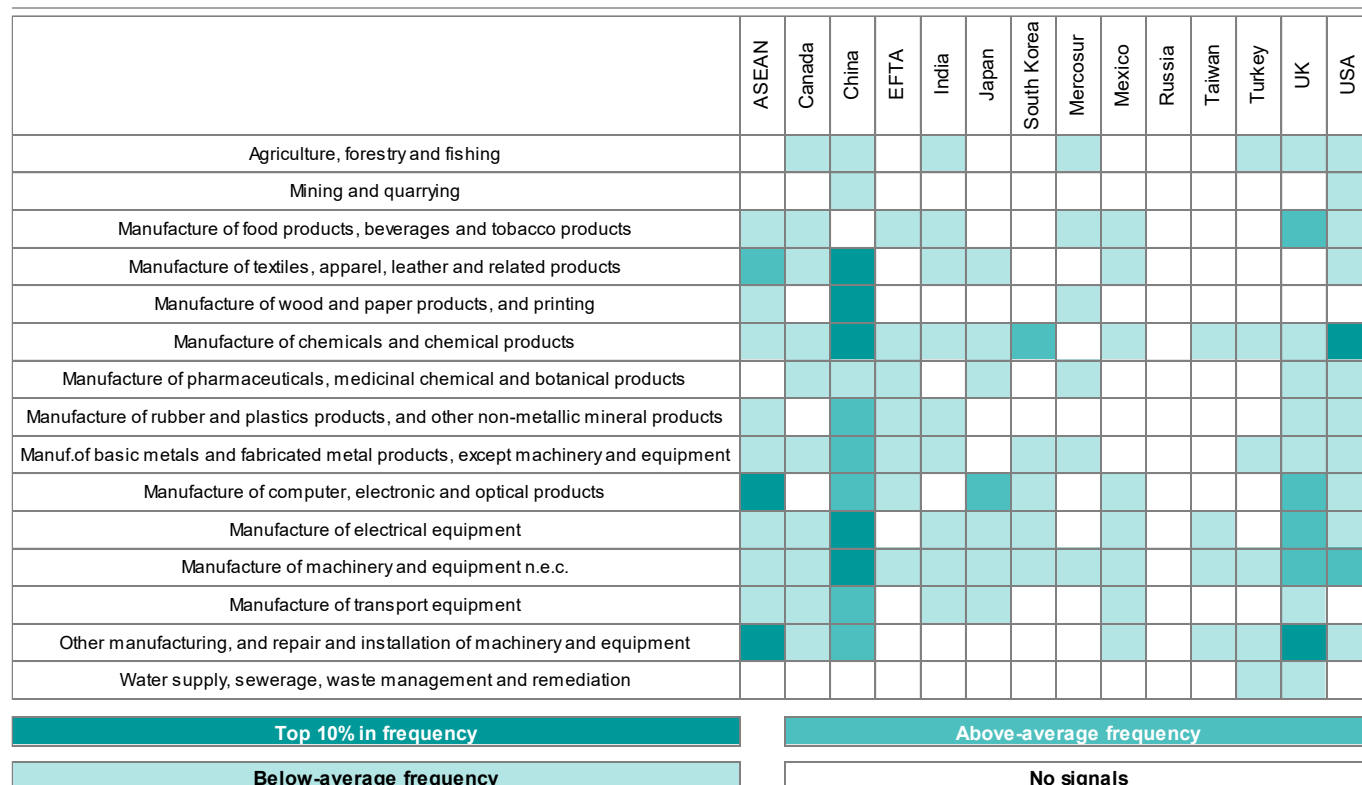
offset by stronger trade with other markets. In this context, it is worth noting that China's exports to the EU rose by 14.8% YoY in November, up from 0.9% in October (see chart). Below, we analyse which industries in the EU are most exposed to increased inflows of goods from China.

In April this year, the European Commission set up a dedicated import surveillance task force, which developed an automated tool based on customs data to track import trends into the EU and quickly identify CN codes (Combined Nomenclature – an eight-digit goods classification system) for which, since 1 January 2025, a potentially harmful intensification of import inflows has been observed. The aim of this system is not to replace the EU's traditional trade defence instruments, but to create an early warning mechanism. The starting point was the growing risk of diversion of the flow of goods – especially from markets subject to safeguard duties or other restrictions – towards the EU market, which could result in a sharp rise in imports at reduced prices and undermine the competitiveness of EU producers.

The identification of industries (CN codes) potentially exposed to trade diversion is based on a set of precise criteria designed to capture atypical changes in goods inflows into the EU. A CN code is deemed "at risk" when five conditions are met simultaneously: first, the 2025 data must show a deviation in import volumes from the patterns observed since 2023; second, import volumes in 2025 must be at least 5% higher than in the same period of 2024; third, import prices must fall by at least 5% compared with the previous year; fourth, the average weekly value of imports of a given product must exceed EUR 200,000; and fifth, production of the product must exist in the EU at the sector level. These thresholds are intended to strike a balance between capturing genuinely material trade shifts and avoiding an excessive number of cases that could be random or seasonal. The Commission also notes that the methodology may be adjusted in the future if industry feedback indicates a need to improve it.

The monitoring results are presented primarily in the form of a heatmap, which makes it possible to quickly assess the intensity of potential trade diversion signals. The tool visualises which industries and geographic origins most frequently see warning signals (i.e. CN codes classified as "at risk"). The colour scale splits observations into four categories depending on how often such signals occur: the darkest shades correspond to sector-country combinations with the highest number of at-risk CN codes; lighter shades indicate above average or below average frequency; and no colour denotes areas where no signals were recorded. This helps decision-makers and industry representatives more quickly identify where potential disruptions may require further analysis or protective action, and where changes in trade appear more dispersed or short-lived.

Are Chinese imports a threat to the EU economy?



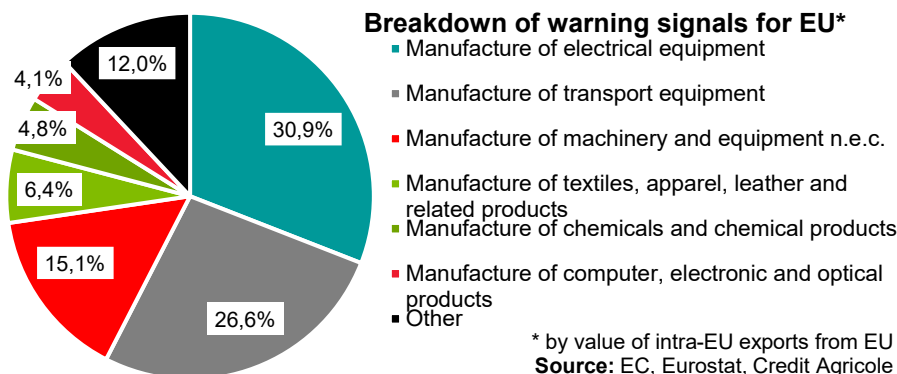
The heatmap clearly shows that the highest concentration of warning signals relates to imports from China, which stand out markedly against other geographic origins. Of the 15 sectors analysed for imports from China, only one (water supply; sewerage, waste management and remediation activities) shows no at risk CN codes, while the remaining 14 sectors display at least individual warning signals. In 5 cases, these sectors fall into the highest category in terms of the frequency of at-risk product groups, and another 5 are in the group with an above average frequency of warning signals. This breakdown confirms that the observed phenomenon of trade diversion from China to the EU is broad based.

At the same time, it should be emphasised that the heatmap reflects only the frequency of at-risk codes, not their significance as measured by import value or their potential impact on production and employment in the EU. The tool therefore indicates where trade shocks occur most often by sector and origin, but does not determine the scale of their effects on the EU economy. For this reason, the map is a starting point for further, in-depth analysis rather than a standalone assessment of the severity of potential trade diversion.

In addition to the map, the European Commission also publishes a list of CN codes classified as at risk. At present, this includes 126 product groups identified on the basis of data for January-September 2025. In the case of the list of individual CN codes, the geographic origin of the increased imports is no longer specified. As a result, trade diversion risks cannot in each case be attributed directly to China. However, given the sector-wide prevalence of imports from China within the at-risk categories, as illustrated by the map, it can be assumed that most CN codes are linked precisely to trade diversion from China. It should also be noted that at-risk codes are identified on the basis of import deviations for the EU market as a whole, rather than for individual Member States.

The diversion of cheaper imports from China and other geographic origins represents direct competition for exporters from EU Member States that sell their products in other EU countries. Therefore, to show the breakdown of the import flow within the at-risk categories, we used the value of intra-EU goods exports from EU countries. For the EU as a whole, the largest share (by export value) of at-risk CN codes

Are Chinese imports a threat to the EU economy?



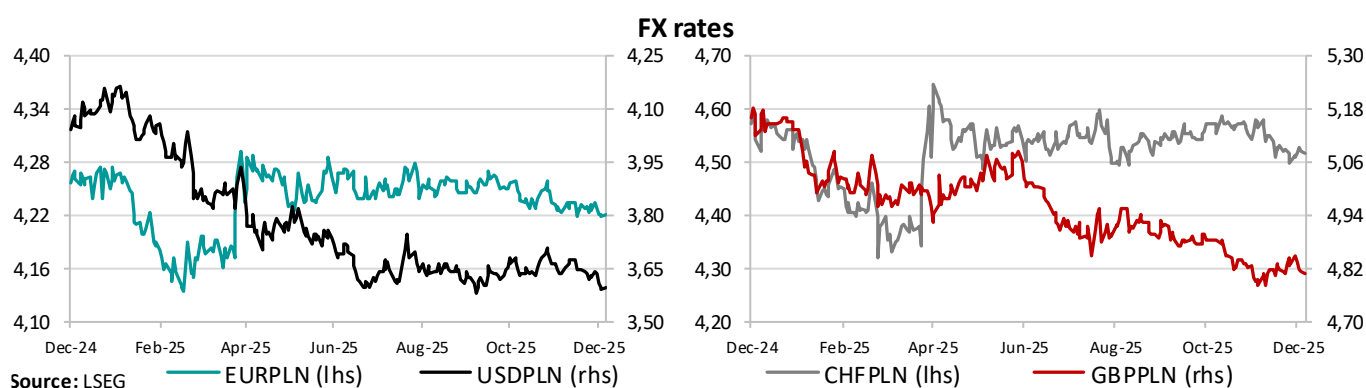
falls under “Manufacture of electrical equipment” (30.1%), “Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment” (26.6%), and “Manufacture of machinery and equipment not elsewhere classified” (15.1%). Smaller, but still significant, NACE sections that include at-risk CN codes are “Manufacture of textiles, wearing

apparel, leather and related products” (6.4%), “Manufacture of computer, electronic and optical products” (4.8%), and “Manufacture of chemicals and chemical products” (4.1%).

The ratio of exports from Member States to the EU market within the at-risk CN codes to total EU exports to the rest of the world is 1.4% (based on full-year 2024 data). This means that if Chinese exporters were to fully take over orders placed by EU buyers within the at-risk categories, total goods exports from EU countries would fall by 1.4%. We estimate that, in such a scenario, EU GDP would decline by around 0.5%. We will discuss Poland’s exposure to trade diversion from China in the next MACROmap.

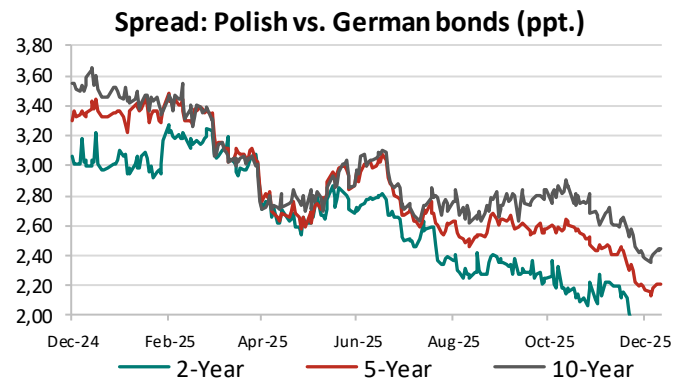
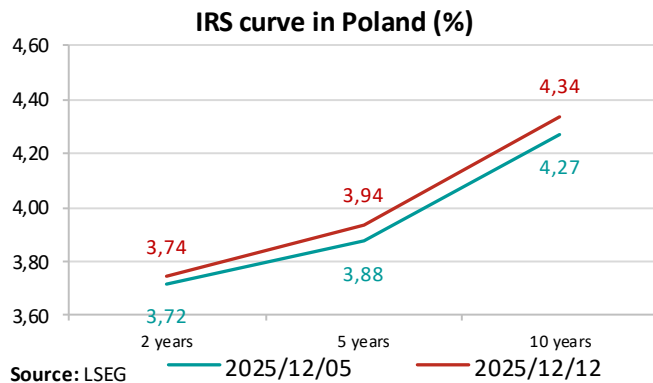


Publication of domestic production data may weaken PLN



Last week, the EURPLN rate fell to 4.2201 (strengthening of the PLN by 0.1%). On Monday, the PLN depreciated, like other regional currencies. On Tuesday, the Polish currency recouped its losses and, through the end of the week, EURPLN remained relatively stable, supported by a light macroeconomic calendar. The Fed’s decision had no material impact on the PLN. At the same time, markets interpreted the tone of the post-meeting Fed press conference as slightly more dovish than expected, supporting a rise in the EURUSD rate.

We believe that the release of domestic production data will push the EURPLN higher. Thursday’s ECB conference will also be important for the further evolution of the PLN rate. However, if our forecast of no policy change, which is consistent with the consensus, materialises, the conference should be neutral for the PLN. We do not expect this week’s other macroeconomic data releases to have a significant impact on the PLN.

IRS rates fall after FOMC meeting


Last week 2-year IRS rates rose to 3.74 (up 2bp), 5-year to 3.94 (up 6bp), and 10-year to 4.34 (up 7bp). At the start of the week, we saw a marked increase in IRS rates ahead of the FOMC meeting, as investors expected the tone of the post-meeting press conference to be quite hawkish. That scenario did not materialise, and on Thursday IRS rates fell across the curve. On Friday, IRS rates remained relatively stable.

We expect the release of industrial and construction and assembly production data to support a decline in IRS rates. We believe that other events scheduled for this week, both domestic and foreign, will have a limited impact on the yield curve.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	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	Dec-25
NBP reference rate (%)	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	4,00
EURPLN*	4,30	4,27	4,21	4,19	4,19	4,27	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,23
USDPLN*	4,06	4,13	4,06	4,04	3,87	3,77	3,74	3,60	3,74	3,64	3,63	3,68	3,65	3,62
CHFPLN*	4,60	4,54	4,46	4,46	4,38	4,56	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,50
CPI inflation (% YoY)	4,7	4,7	4,9	4,9	4,9	4,3	4,0	4,1	3,1	2,9	2,9	2,8	2,4	
Core inflation (% YoY)	4,3	4,0	3,7	3,6	3,6	3,4	3,3	3,4	3,3	3,2	3,2	3,0	2,7	
Industrial production (% YoY)	-1,3	0,3	-0,9	-1,8	2,5	1,3	4,0	-0,4	3,0	0,7	7,6	3,2	1,5	
Constr. and assembly prod. (% YoY)	-9,4	-8,0	4,2	-0,1	-1,1	-4,2	-2,8	2,1	0,7	-7,0	0,3	4,2	-2,0	
PPI inflation (% YoY)	-3,8	-2,7	-1,0	-1,3	-1,0	-1,6	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,4	
Retail sales (% YoY)	3,4	2,7	6,1	0,6	0,6	7,9	4,3	2,1	4,8	3,0	6,6	5,5	2,5	
Corporate sector wages (% YoY)	10,5	9,8	9,2	7,9	7,7	9,3	8,4	9,0	7,6	7,1	7,5	6,6	6,3	
Employment (% YoY)	-0,5	-0,6	-0,9	-0,9	-0,9	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,9	
Unemployment rate* (%)	5,0	5,1	5,4	5,4	5,3	5,2	5,0	5,2	5,4	5,5	5,6	5,6	5,6	
Current account (M EUR)	-281	-1427	-35	115	-1136	-424	-1004	-194	-1168	-3042	-725	196		
Exports (% YoY EUR)	-2,3	0,7	2,7	1,2	3,9	-1,2	4,9	2,7	3,0	-1,4	5,8	5,9		
Imports (% YoY EUR)	-0,4	3,9	10,4	4,0	10,5	6,3	6,1	0,6	2,6	-1,1	7,3	7,6		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland											
Indicator	2025				2026				2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	3,2	3,3	3,8	3,8	3,7	3,5	3,2	3,0	3,6	3,6	3,0
Private consumption (% YoY)	2,6	4,5	3,5	3,5	2,7	2,8	3,1	3,3	3,5	3,1	3,0
Gross fixed capital formation (% YoY)	6,4	-0,7	7,1	7,4	8,6	10,9	7,2	6,5	5,8	8,5	6,6
Export - constant prices (% YoY)	2,1	1,9	6,1	2,8	4,5	5,8	5,8	5,3	4,1	5,5	5,0
Import - constant prices (% YoY)	4,3	3,4	5,9	2,8	5,0	6,1	6,5	6,1	4,8	6,0	5,5
GDP growth contributions	Private consumption (pp)	1,6	2,6	2,0	1,7	1,7	1,7	1,8	1,6	2,0	1,7
	Investments (pp)	0,8	-0,1	1,1	1,7	1,1	1,7	1,2	1,5	1,0	1,2
	Net exports (pp)	-0,9	-0,7	0,2	0,1	-0,1	0,0	-0,2	-0,2	-0,2	-0,1
Current account (% of GDP)***	-0,4	-0,7	-0,9	-0,9	-0,9	-1,0	-1,0	-1,0	-0,9	-1,0	-1,0
Unemployment rate (%)**	5,3	5,2	5,6	5,4	5,6	5,4	5,4	5,3	5,4	5,3	5,2
Non-agricultural employment (% YoY)	0,0	0,2	0,7	0,2	-0,5	-0,5	-0,5	-0,5	0,3	-0,5	-0,5
Wages in national economy (% YoY)	10,0	8,8	7,5	6,5	5,8	5,9	6,1	6,2	8,2	6,0	6,0
CPI Inflation (% YoY)*	4,9	4,1	3,0	2,6	2,2	2,6	2,7	3,3	3,6	2,7	3,0
Wibor 3M (%)**	5,84	5,23	4,72	4,10	3,85	3,85	3,85	3,86	4,10	3,86	3,86
NBP reference rate (%)**	5,75	5,25	4,75	4,00	3,75	3,75	3,75	3,75	4,00	3,75	3,75
EURPLN**	4,19	4,24	4,26	4,23	4,21	4,20	4,19	4,18	4,23	4,18	4,15
USDPLN**	3,87	3,60	3,63	3,62	3,63	3,68	3,74	3,80	3,62	3,80	3,55

* quarterly average

** end of period

***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 12/15/2025						
3:00	China	Retail sales (% YoY)	Nov	2,9		2,8
3:00	China	Urban investments (% YoY)	Nov	-1,7		-2,3
3:00	China	Industrial production (% YoY)	Nov	4,9		5,0
10:00	Poland	CPI (% YoY)	Nov	2,8	2,4	2,4
14:00	Poland	Current account (M EUR)	Oct	-725	196	130
Tuesday 12/16/2025						
9:30	Germany	Flash Manufacturing PMI (pts)	Dec	48,2		48,5
10:00	Eurozone	Flash Services PMI (pts)	Dec	53,6		53,3
10:00	Eurozone	Flash Manufacturing PMI (pts)	Dec	49,6		49,9
10:00	Eurozone	Flash Composite PMI (pts)	Dec	52,8		52,7
14:00	Poland	Core inflation (% YoY)	Nov	3,0	2,7	2,7
14:30	USA	Unemployment rate (%)	Nov	4,4	4,4	4,4
14:30	USA	Non-farm payrolls (k MoM)	Nov	-80	65	48
14:30	USA	Retail sales (% MoM)	Oct	0,2	-0,3	0,1
15:45	USA	Flash Manufacturing PMI (pts)	Dec	52,2		52,0
Wednesday 12/17/2025						
10:00	Germany	Ifo business climate (pts)	Dec	88,1		88,2
11:00	Eurozone	HICP (% YoY)	Nov	2,2	2,2	2,2
Thursday 12/18/2025						
10:00	Poland	Industrial production (% YoY)	Nov	3,2	1,5	2,9
10:00	Poland	PPI (% YoY)	Nov	-2,2	-2,4	-2,4
10:00	Poland	Corporate sector wages (% YoY)	Nov	6,6	6,3	6,3
10:00	Poland	Employment (% YoY)	Nov	-0,8	-0,9	-0,9
10:00	Poland	Construction and assembly production (% YoY)	Nov	4,2	-2,0	2,5
14:15	Eurozone	EBC rate decision (%)	Dec	2,15	2,15	2,15
14:30	USA	Initial jobless claims (k)	w/e	236		
14:30	USA	Core CPI (% MoM)	Nov	0,2	0,3	0,3
14:30	USA	CPI (% MoM)	Nov	0,3	0,3	0,3
Friday 12/19/2025						
16:00	USA	Existing home sales (M MoM)	Nov	4,10	4,15	4,15
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Dec	53,3	54,5	53,3

*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