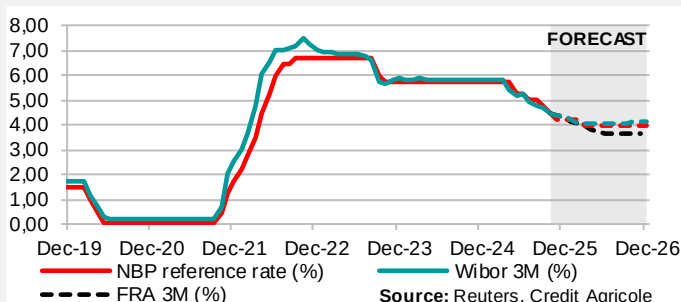
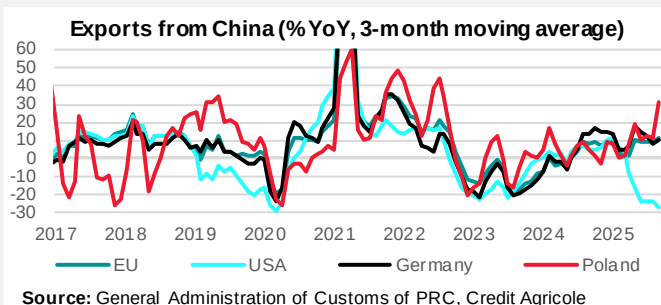


This week

- **The most important event this week will be the Monetary Policy Council's meeting scheduled for Wednesday.** Given the incoming information, we have decided to revise our monetary policy scenario. We expect the MPC to cut the interest rates by 25bp this week, including the NBP reference rate, which will go down to 4.25%. We still anticipate that the target reference rate to be set at 4.00%, but in our revised scenario, it will be reached earlier than we initially assumed (in March 2026 instead of June 2026). In the press conference after the October MPC meeting, NBP Governor A. Głapiński noted that MPC members could see some room for further 25bp rate cuts. He suggested that the decision would be made, if at all, in November rather than in December. MPC member R. Litwiniuk took a similar position in the preceding week. We believe that the main argument for the MPC to continue the monetary policy easing this week will be lower-than-expected headline inflation figures for October, including a marked drop in core inflation (see below). The NBP's new macroeconomic projection will also be released after the meeting. In our opinion, GDP growth rate forecast is most likely to be revised slightly upwards vs. the July scenario. In turn, the inflation path will be revised substantially downwards in Q4 2025, due to the extension of the energy price freeze by the government. Given the production schedule for the November inflation report, the lower-than-expected inflation in October will most probably not be taken into account in the projection. Because the market already expects a 25bp rate cut this week, if our forecast materialises, the decision should be neutral for the PLN and yields on Polish bonds. The NBP Governor's usual press conference will be held on Thursday, so it will shed more light on Poland's monetary policy prospects. We believe that the conference may add to volatility in PLN exchange rates and yields on Polish bonds.
- **Some important data from the US will be released this week.** Due to the *government shutdown*, the official labour market report for October is highly likely to be delayed again. Consequently, the markets will focus on the ADP report, which they expect to show a slight rise in employment (by 25k) in October vs. a 32k drop in September. Manufacturing ISM will be released today; in our opinion, it went up from 49.1 pts in September to 49.4 pts in October, reflecting the growth in Manufacturing PMI. The preliminary University of Michigan index will be released on Friday. We expect it to go slightly down, from 53.6 pts in October to 53.5 pts in November. Household sentiment remains depressed by the negative impact of the prolonged *government shutdown*, which results, among others, in some public sector employees not being paid their wages. In our view, the data from the US will be neutral for financial markets.
- **Some data on the German economy will be released this week.** Tuesday will see the release of data on orders in the German industry (the consensus is that they went up by 1.3% MoM in September, compared with a 0.8% decline in August). The market expects the industrial production growth rate to have increased to 3.1% MoM in September vs. -4.3% in August. The consensus is that the trade balance went up to EUR 18.0bn in September, from EUR 17.2bn in August. The aggregate data will suggest a slight rebound in activity in the German industry, consistent with the improvement shown by the PMI index (see MACROmap of 27/10/2025). We believe that the data from Germany will be neutral for financial markets.



China's RatingDog Manufacturing PMI published this morning dropped to 50.6 pts in October from 51.2 pts in September, running below the market expectations (50.9 pts). What pushed the index down was weaker contributions of 3 out of its 5 components (new orders, current



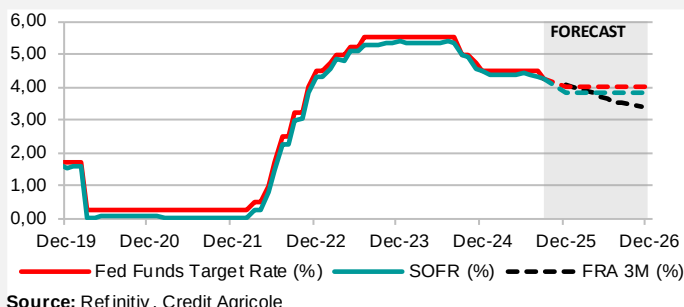
output, and inventories), while a higher contribution of delivery times and employment had the opposite effect. Notably, the growth in total new orders and new export orders has slowed markedly: the index value for new export orders remained below the 50-point mark in October. It indicates that lower sales to the US remain a barrier that prevents the Chinese manufacturing from growing, even though Chinese exporters largely managed to redirect their exports to other markets (see MACROmap of 19/05/2025). Last week also saw the release of NBS PMI, which went down from 49.8 pts in September to 49.0 pts in October, which was below the market consensus (49.6 pts). Like the RatingDog PMI, also NBS PMI showed that the demand continues to fall on the part of both foreign and domestic recipients. Data on Chinese foreign trade will be released on Friday. The consensus is that the trade balance went up to USD 100.0bn in October, from USD 90.5bn in September. The data will not yet take into account the one-year trade truce agreed on by the presidents of the US and China, which assumes, among others, a 10 pp. reduction of the average level of US tariffs on Chinese goods, and suspending selected export restrictions and port fees. China, in turn, will suspend the new restrictions on exports of strategic raw materials and increase imports of selected agricultural products from the US. The agreement is aimed at mitigating the negative impact of earlier tensions on trade and investors' sentiment, but nonetheless, it is still only temporary, and will need to be renegotiated each year, which means that the path to the durable agreement is still uncertain. We have not changed our conclusion that reaching the 5% economic growth target this year will require targeted economic policy actions, including measures aimed at boosting investments and domestic demand. The results for the Chinese manufacturing PMI have no impact on our forecast, in which the Chinese GDP growth will slow from 5.0% in 2024 to 4.8% in 2025.

The publication of an update of Poland's long-term debt rating by Standard & Poor's is scheduled for Friday. In May 2025, Standard & Poor's half-yearly review of Poland's rating ended without the publication of a new analytical report, which means that the agency has kept Poland's long-term rating of A- with a stable outlook. In November 2024, the agency noted that the rating could go down if Poland's debt grew beyond the S&P's expectations, which could suggest that the deterioration in fiscal management quality is more persistent. It is worth noting that the agency expected the general government sector's deficit to go down to 5.7% of GDP in 2025 then. We believe that S&P will, like Moody's and Fitch in September 2025, downgrade Poland's rating outlook from stable to negative without changing the rating itself. In our view, the markets already expect such a decision, which means that, if it was taken, it would be neutral for the PLN and the prices of Polish bonds.

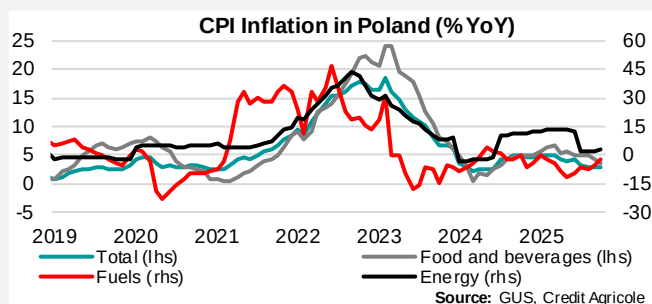
Polish Manufacturing PMI rose from 48.0 pts in September to 48.8 pts in October, coming in slightly above the market expectations (48.6 pts), which were consistent with our forecast (see below).

Last week

- At last week's meeting, the Fed cut the target range for the federal funds rate by 25 bps, to [3.75%-4.00%], marking the second consecutive reduction after nine months of rate stability. The decision, while in line with market expectations, revealed divisions within the FOMC. The meeting saw both a dovish proposal from S. Miran, who advocated for a deeper rate cut, and a hawkish one from J. Schmid, who argued for keeping rates unchanged. The post-meeting press release remained balanced, indicating that in making future decisions, the FOMC will carefully assess incoming data and the balance of risks. During the press conference, J. Powell reiterated that monetary policy is not "on a preset course" and that the Fed follows a „risk-management" approach. At the same time, the Fed Chair suggested that a December rate cut is „not a foregone conclusion" and is in fact "far from it", which dampened market expectations for such a move. We maintain our scenario that the October rate cut was the last one this year, although the risk of further monetary easing in December remains significant. In 2026, we expect interest rates to remain stable at their current level.
- Last week, a meeting of the ECB was held.** As expected, the ECB left interest rates unchanged (main policy rate: 2.15%, deposit facility rate: 2.00%). The accompanying press release reiterated that the Governing Council will follow a meeting-by-meeting and data-dependent approach in its decision-making, and consider the assessment of the inflation outlook and the strength of monetary policy transmission without pre-committing to a particular rate path. At the press conference, President Christine Lagarde stressed that the ECB is "in a good place". In our view, the December ECB macroeconomic projections, which will extend the forecast horizon to 2028, will be key for future communication and any potential shift in stance. Both the statement and the tone of the press conference are consistent with our scenario in which the easing cycle ended in June this year and the next move will be a rate hike in late 2026.
- According to the flash estimate, Eurozone quarterly GDP growth increased to 0.2% QoQ in Q3 from 0.1% QoQ in Q2, slightly above the market consensus (0.1%).** An acceleration was recorded among the Eurozone's major economies. In Germany, GDP growth rose to 0.0% QoQ in Q3 from -0.2% in Q2; in Italy, to 0.0% QoQ in Q3 from -0.1% in Q2; and in France, to 0.5% QoQ from 0.3% in Q2. Spain, by contrast, recorded a slight slowdown to 0.6% QoQ from 0.8% in Q2. These data releases, together with incoming sentiment survey results evidence (see MACROmap of 27 October 2025), do not change our forecast: we expect Eurozone quarterly GDP growth to remain at 0.2% in Q4, the same as in Q3, and average annual GDP growth of 1.3%, compared with 0.8%.
- According to the flash estimate, Eurozone inflation decreased to 2.1% YoY in October from 2.2% in September, in line with market expectations and our forecast.** The decline was driven primarily by a slower growth rate of energy prices and food prices. Core inflation was unchanged at 2.4% YoY. The data also highlight the persistent relatively high growth rate of services prices. We expect core inflation to keep falling in the coming months, but the process will be slow and core inflation will reach 2.0% only in Q2 2026.

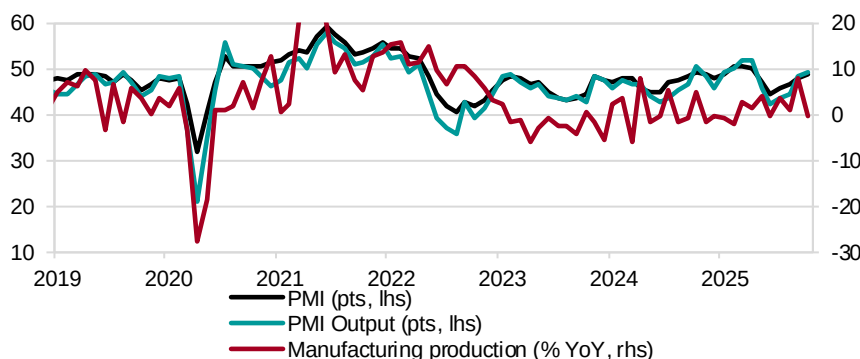


According to the flash estimate, Poland's CPI inflation fell to 2.8% YoY in October from 2.9% in September, coming in below the market consensus (3.0%) and our forecast (3.1%). Statistics Poland (GUS) released partial data on the inflation breakdown, including information about price growth in the "food and non-alcoholic beverages", "energy", and "fuels" categories. The fall in inflation reflected a slower growth rate of prices in „food and non-alcoholic beverages” (3.4% YoY in October vs 4.2% in September) and lower core inflation, which we estimate declined to 2.9% YoY in October from 3.2% in September. We also estimate that, month-on-month, core prices were unchanged, running around 30 bp below their seasonal pattern. This indicates that inflationary pressures have eased compared with the previous months when the index value stood above its seasonal pattern. The October inflation data do not change our scenario, under which average annual CPI inflation will reach 3.7% YoY in 2025 and then fall to 2.9% in 2026. Throughout our forecast horizon (i.e. to the end of 2026), inflation is expected to remain within the NBP's tolerance band around the inflation target ($2.5\% \pm 1$ pp).



Last week saw the release of US business survey results. The Conference Board Consumer Confidence Index fell to 94.6 pts in October from 95.6 pts in September, pointing to a decline in household sentiment. It nevertheless came in above market expectations (93.2 pts). The decline was driven mainly by a weaker expectations component, while the present situation component improved slightly. According to the commentary accompanying the release, respondents most frequently cited prices and inflation, which remain the main factors shaping assessments of the economic situation. References to tariffs, though fewer than in previous months, remain noticeable. Notably, October saw a marked increase in references to the political situation in the US, including a potential government shutdown, cited as an important source of uncertainty. Accordingly, the sentiment survey results support our forecast that annualised private consumption growth in the US will slow from 2.0% in Q3 to 1.1% in Q4.

Fairly optimistic business sentiment in Polish manufacturing



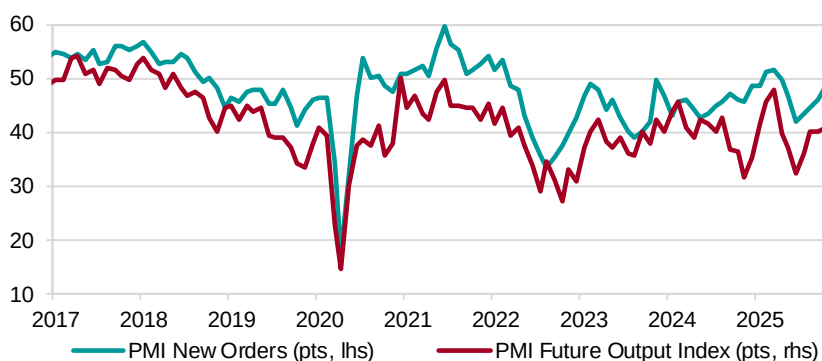
Source: S&P, GUS

The Polish manufacturing PMI rose to 48.8 pts in October from 48.0 pts in September, slightly exceeding market expectations (48.6 pts) and in line with our forecast. The increase in October reflected stronger contributions from 4 out of its 5 sub-indices (output, new orders, suppliers' delivery times and stocks of purchases), with a lower contribution from employment having the opposite effect. Despite the growth

recorded in October, the PMI has remained below the 50-point threshold separating growth from contraction for 6 consecutive months.

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). Nevertheless, both indicators remained below 50 pts (indicating falling orders), as companies continued to report challenging business conditions and a weak inflow of orders. Surveyed businesses cited limited demand from Western Europe, which continued to constrain new export orders. The increase in the new orders sub-index helped slow the pace of the decline in output compared with September. Persistently low inflows of new orders encouraged companies to work through backlogs, which, after a one-off rise in September, declined again in October.



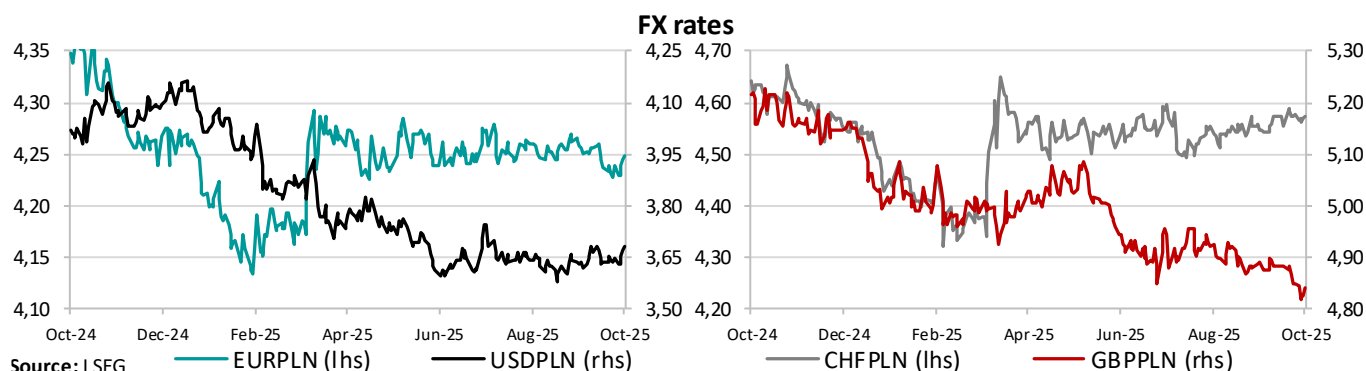
Source: S&P, Credit Agricole

We believe that, despite the further drop in output and orders in October, today's data are relatively optimistic. First, the decline in these indicators was the slowest since April this year. Second, the input purchases index reached its highest level since April 2022, which may signal a sustained recovery in manufacturing is approaching. Some survey respondents reported expected

growth in production demand in the coming months, while others signalled an intention to rebuild stocks of purchases. Third, in October the index for production expected over a 12-month horizon rose to its highest level since March. Surveyed businesses linked their optimism to planned capital investments, higher productivity, new product launches and hopes for a general improvement in market demand. In our view, the broad-based increase in PMI components, which, after several months of divergence, drew closer to the values observed in the Eurozone, which indicates that there is room for improvement in business sentiment in the Polish manufacturing sector in the quarters to come.

The Polish manufacturing PMI increased to 48.8 pts in October, compared with 46.8 pts average in Q3. This does not change our forecast that Poland's GDP growth will slow slightly to 3.8% YoY in Q4 from 4.0% in Q3, before accelerating to 3.6% in 2025 from 2.9% in 2024.

MPC decision in the spotlight



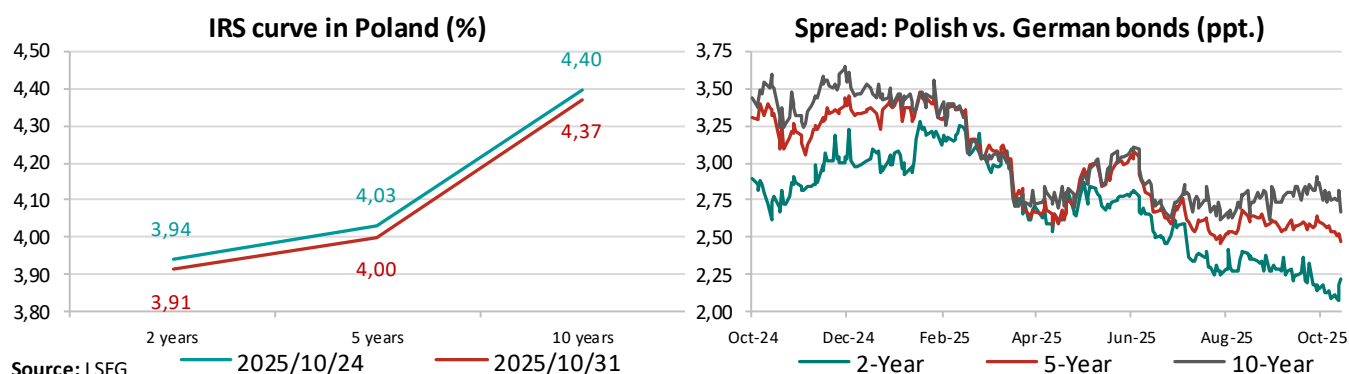
Source: LSEG

Last week, the EURPLN exchange rate rose to 4.2483 (a 0.2% weakening of the PLN). At the beginning of the week, the PLN strengthened slightly against the EUR, in line with other regional currencies. In the second half of the week, however, this trend reversed. The hawkish tone of the press conference following the Fed meeting, combined with lower-than-expected inflation in Poland, contributed to the rise in the EURPLN rate.

This week, of key importance for the PLN will be the MPC's interest rate decision and the customary press conference by NBP Governor A. Głapiński. We believe both events may add to the volatility of the PLN. Friday's update of Poland's rating by S&P will be announced after the close of European markets, thus its potential impact on the PLN exchange rate will not materialise until next week.



Low inflation drove IRS rates down



Last week, 2-year IRS rates fell to 3.91% (down by 3bp), 5-year rates dropped to 4.00% (down by 3bp) and 10-year rates decreased to 4.37% (down by 3bp). In the first part of the week, IRS rates showed relatively low volatility. The hawkish tone of the Fed's post-meeting press conference led to a rise in IRS rates, while Friday's publication of lower-than-expected inflation in Poland, which strengthened market expectations for monetary easing by the MPC, contributed to a marked decline in the yield curve.

This week, the market spotlight will be on the MPC meeting and NBP Governor A. Głapiński's usual press conference. In our opinion, both events will add to the volatility of IRS rates. Friday's update of Poland's rating by S&P will be announced after the close of European markets, thus its potential impact on IRS rates will not materialise until next week.

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	4,26
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	3,67
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	4,53
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	1,6	1,7	2,1	1,7
	Investments (pp)	0,8	-0,1	0,9	1,7	1,1	1,7	1,2	-0,2	0,8	1,3
	Net exports (pp)	-0,9	-0,7	-0,3	0,1	-0,1	0,0	-0,2	-1,2	-0,4	-0,1
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 11/03/2025						
2:45	China	RatingDog Manufacturing PMI (pts)	Oct	51,2		50,9
9:00	Poland	Manufacturing PMI (pts)	Oct	48,0	48,6	48,6
9:55	Germany	Final Manufacturing PMI (pts)	Oct	49,6	49,6	49,6
10:00	Eurozone	Final Manufacturing PMI (pts)	Oct	50,0	50,0	50,0
15:45	USA	Final Manufacturing PMI (pts)	Oct	52,2		
16:00	USA	ISM Manufacturing PMI (pts)	Oct	49,1	49,4	49,5
Wednesday 11/05/2025						
8:00	Germany	New industrial orders (% MoM)	Sep	-0,8		1,3
10:00	Eurozone	Services PMI (pts)	Oct	52,6	52,6	52,6
10:00	Eurozone	Final Composite PMI (pts)	Oct	52,2	52,2	52,2
11:00	Eurozone	PPI (% YoY)	Sep	-0,6		
14:15	USA	ADP employment report (k)	Oct	-32		24
15:00	USA	ISM Non-Manufacturing Index (pts)	Oct	50,0	51,0	50,7
	Poland	NBP rate decision (%)	Nov	4,50	4,25	4,25
Thursday 11/06/2025						
8:00	Germany	Industrial production (% MoM)	Sep	-4,3		3,0
11:00	Eurozone	Retail sales (% MoM)	Sep	0,1		0,2
13:00	UK	BOE rate decision (%)	Nov	4,00		4,00
Friday 11/07/2025						
8:00	Germany	Trade balance (bn EUR)	Sep	17,2		18,0
14:00	Poland	MPC Minutes	Oct			
16:00	USA	Initial U. of Michigan Sentiment Index (pts)	Nov	53,6	53,5	53,2
	China	Trade balance (bn USD)	Oct	90,5		100,0

*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