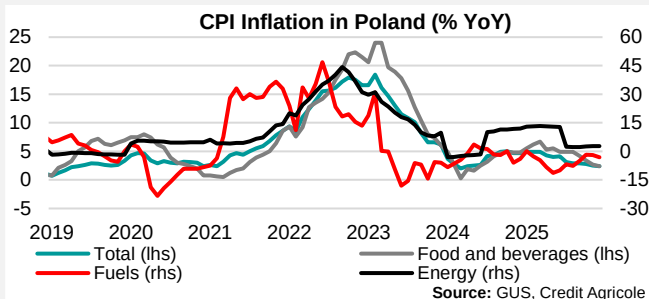
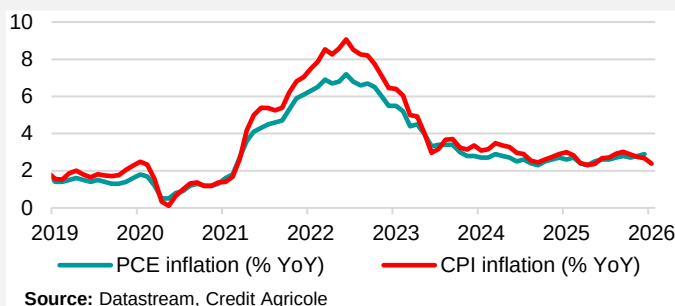


This week

✓ **The publication of Polish February inflation data scheduled for Friday will be the most important event this week.** At the same time, new weights for inflation basket categories will be published, and the inflation level for January will be revised. We expect the annual inflation to have edged down from 2.2% in January to 2.1% in February. Headline inflation was driven down primarily by lower core inflation (2.6% YoY in February vs. 2.7% YoY in January). Our forecast is consistent with market consensus, so if it materialises, this will have no impact on the PLN and the yields on Polish bonds.



✓ **A set of important inflation data for the US will be published this week.** We expect CPI headline inflation and core inflation to have stabilised in February at 2.4% YoY and 2.5% YoY, respectively. At the same time we forecast that PCE inflation, which is Fed's preferred inflation measure, stayed unchanged at 2.9% YoY in January, with core inflation edging up from 3.0% YoY in December to 3.1% in January, i.e. the highest reading since March 2024. Such combined data would indicate the presence of a persistent price pressure, and confirm that the PCE-measured disinflation progress seen in the past couple of months has slowed down substantially, reducing the need for continuation of the Fed's monetary policy easing. That would underpin our scenario of no interest rate change in the US this year. Such a scenario would



also be underpinned by the recent escalation of geopolitical tensions in the Middle East related to the conflict in Iran, which resulted in the rise in the prices of oil and natural gas. Persistently higher prices of energy commodities will increase the inflationary pressures in the months to come. Yield on US treasury bonds also rose last week in reaction to those events, which is indicative of weaker market expectations concerning interest rate cuts in the US.

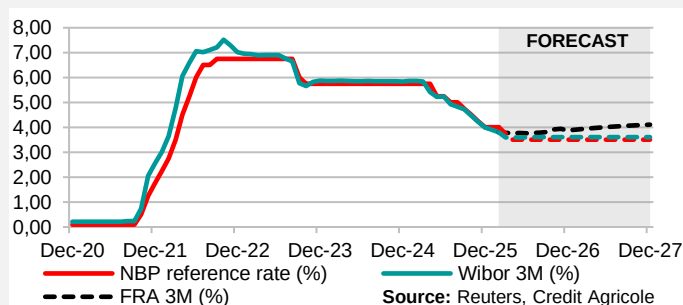
✓ **Important data from German economy was published this morning.** After four consecutive months of growth, orders in the German manufacturing sector declined by 11.1% MoM in January, coming in markedly below the market expectations (-4.5%). This was largely due to the high base effect arising from the inflow of large orders towards the end of 2025. Large-scale orders excluded, the fall was much less marked, and printed at 0.4% MoM. In this context, particularly noteworthy is an 86.3% MoM decline in the "weapons and ammunition" category following a 101% growth in December. Industrial production in Germany fell by 0.5% MoM in January, following a 1.0% drop in December, which also was below the market expectations (1.0%). Data on trade balance in Germany will be published tomorrow.

Last week

✓ **HICP inflation in the Eurozone increased to 1.9% YoY in February from 1.7% in January, coming in above market expectations (1.7%).** At the same time, core inflation rose to 2.4% YoY from 2.2% in January, also exceeding the market consensus (2.2%). The increase in inflation was driven

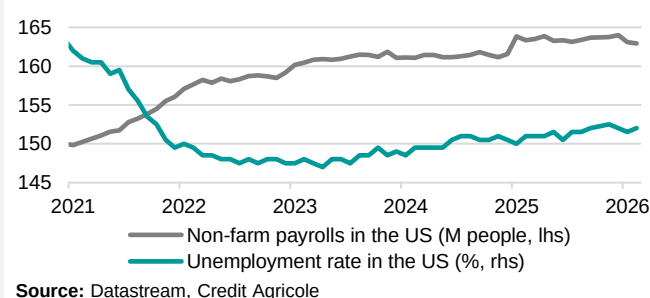
mainly by faster growth in services prices (3.4% YoY compared with 3.2% in January). This was partly the result of stronger-than-expected price increases in highly volatile categories such as air transport and accommodation services, particularly in Southern European countries. In the coming months, we had expected headline inflation to rise further to a local peak of around 2.6% YoY in May this year. However, in recent days the upside risks to this path have increased significantly due to the escalation of geopolitical tensions in the Middle East and the accompanying rise in oil and natural gas prices. As a result, the probability of a hawkish reaction from the ECB in the medium term is increasing, particularly if in subsequent central bank projections core inflation remains clearly above the inflation target for a prolonged period. Currently, we expect the first interest rate hike in the Eurozone to take place in Q4 this year.

✓ **Last week, the Monetary Policy Council decided to cut NBP interest rates by 25bp (the reference rate now stands at 3.75%).** The decision was in line with both our forecast and market expectations (see MACROPulse of 04/03/2026). The statement following the MPC



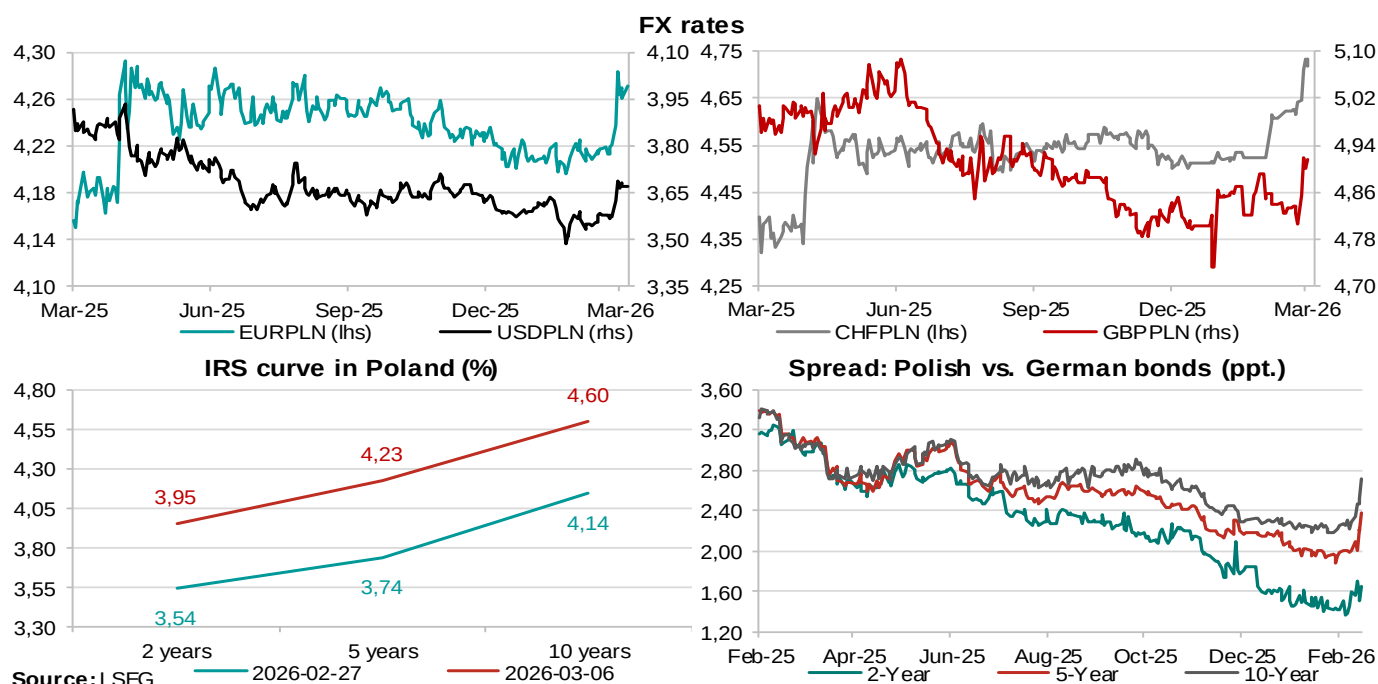
arguments for returning to monetary easing were the decline in inflation recorded in January, the optimistic inflation projection (see below), and signals of weakening wage pressure in the enterprise sector. We maintain our assessment that the target level of the NBP reference rate consistent with macroeconomic equilibrium is 3.50%. This means that in the coming months the MPC will decide on one more interest rate cut, which will bring the monetary policy easing cycle to an end. However, given the geopolitical situation and the increase in energy commodity prices, we believe that the probability of interest rates remaining unchanged in April has increased significantly. Support for such a scenario can be found in the remarks made by the NBP President during Thursday's press conference. He noted that if the situation stabilises within two months, "we will return to the previous scenario", in which one more interest rate cut was expected.

✓ **Last week, the US labour market report for February was published and turned out to be clearly weaker than expected.** Non-farm employment decreased by 92k, compared with an increase of 126k in January, while revisions for the previous two months reduced the cumulative employment path by 69k. At the same time, the



unemployment rate rose to 4.4% in February from 4.3% in January, and the labour force participation rate declined to 62.0% from 62.1%. The only clearly stronger element of the report was the 0.4% MoM increase in average hourly earnings, which lifted its annual growth rate to 3.8% YoY in February from 3.7% in January. Part of the weakness in the February data can be explained by temporary factors, including the strike at Kaiser Permanente and the impact of colder weather. However, the scale of these disruptions does not appear sufficient to fully explain the decline in employment. In our view, the data signal weakening in the US labour market, although they do not yet indicate a lasting change in the trend. As a result, they increase the likelihood that the Fed will resume its monetary easing cycle later this year, while not constituting a sufficient argument for changing interest rates already at the next meeting

Geopolitics weakens PLN and pushes up yields



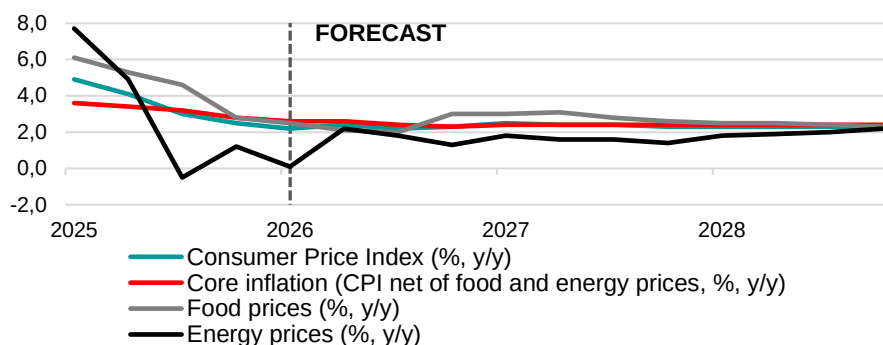
Last week, the key factor shaping financial markets was the escalation of the conflict in the Middle East, which translated into increased risk aversion and a sharp rise in energy commodity prices. At the beginning of the week, the PLN weakened markedly, with the EURPLN exchange rate temporarily approaching 4.30. In the second half of the week, volatility on the FX market was lower and EURPLN stabilised around 4.27. At the same time, the interest rate market saw a clear increase in yields on bonds and IRS rates. This move was driven by growing concerns about the impact of higher energy prices on inflation and by weakening expectations of further interest rate cuts by central banks. The release of significantly weaker-than-expected labour market data from the US contributed to a slight strengthening of the PLN and a weakening of the USD against the EUR.

In the coming week, developments in the Middle East conflict will remain the main factor shaping financial markets. Inflation data from the US and Poland will also be in the spotlight, as they may influence market expectations regarding the monetary policy of the Fed and the NBP.

What is missing from the NBP's "dream projection"?

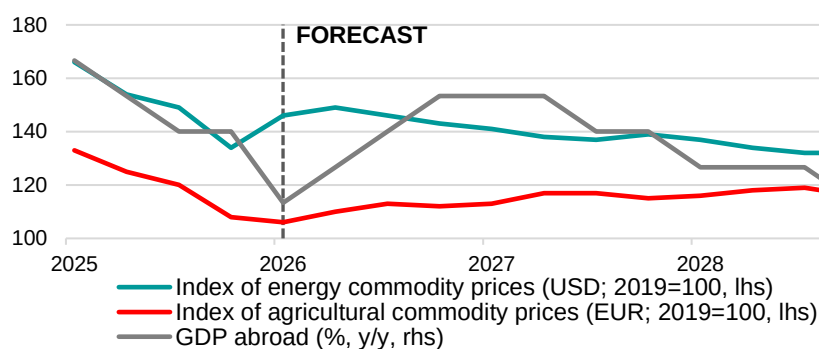
Last week, the National Bank of Poland published its latest inflation projection. The projection results constituted the main argument behind the decision to cut NBP interest rates by 25bp (see above). Below we discuss the most important elements of this projection and its implications for the outlook for NBP interest rates.

What is missing from the NBP's "dream projection"?



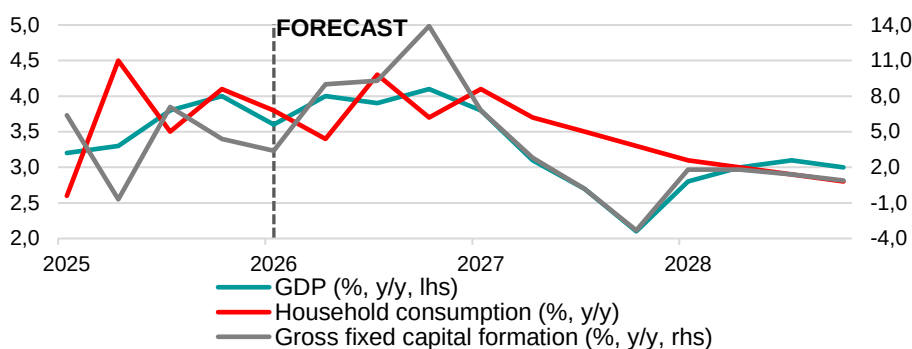
Source: NBP, Credit Agricole

The inflation path expected in the projection represents a dream scenario for the central bank. Throughout the projection horizon, i.e. in 2026-2028, the central inflation path stands at 2.3-2.4%, slightly below the inflation target (2.5%). The two main inflation components – core inflation and food price growth – also remain close to the target. Energy price growth does not exceed 2%, which exerts downward pressure on inflation relative to the target. The inflation scenario outlined in the projection largely reflects a significant slowdown in wage growth from 6.4% YoY to 5.4%. This slowdown supports a reduction in unit labour cost growth and stabilisation of core inflation. The projected "smooth" inflation path reflects a macroeconomic equilibrium maintained throughout the horizon – with stable levels of the output gap, labour force participation rate and unemployment rate, as well as only minor changes in employment.



Source: NBP, Credit Agricole

The NBP projection incorporates data available as of 19 February 2026. Consequently, it does not take into account the impact of the war in Iran and tensions in the Persian Gulf – in particular the lack of security for shipping in the Strait of Hormuz – on energy commodity prices. This is reflected in the low volatility assumed in the projection for the index covering major energy commodities in 2026, as well as the low volatility of the agricultural commodity price index in 2026. As a result, throughout the projection horizon the paths of inflation and its main components reflect a stable external and domestic environment. In other words, the projection does not consider any significant shocks affecting the course of inflation processes.



Source: NBP, Credit Agricole

The NBP projection outlines a scenario of continued economic recovery in the coming years, supported by a favourable external environment, reflected in stable economic growth clearly exceeding 1% in Poland's main trading partners. According to the projection, the recovery in the Eurozone will be supported by rising consumption and a rebound in investment alongside growing spending on defence and infrastructure. In turn, domestic demand in Poland will be driven by rising consumption, supported by a significant increase in real wages under conditions of near-zero employment growth.

In the structure of economic growth expected in the projection, the strong volatility of investment growth deserves particular attention. While in 2026 investment growth – supported by the expected peak in the absorption of EU funds – rises significantly to 8.9% from 4.2% in 2025, in 2027 and 2028 it remains at a low level (1.5%), implying a decline in the share of investment in GDP. The sharp slowdown in investment growth projected for those years, largely due to a high base effect, occurs despite the increase in spending expected by the NBP on the energy transition of the Polish economy (including the expansion of offshore wind farms in the Baltic Sea and the construction and modernisation of transmission networks), the planned implementation of a programme involving the construction of a new airport and rail infrastructure, and high spending on military equipment purchases. Given the low contribution of net exports to GDP growth projected for 2027–2028 (0.2 pp and 0.8 pp respectively), consumption will remain the main driver of economic growth in this period. As with inflation, the scenario outlined in the projection assumes no shocks with a significant impact on aggregate demand or its structure.

The commodity shock prompted us to run a simulation of its impact on inflation in 2026–2027. We assumed that from April onwards the probability of stabilisation in the Persian Gulf region will increase significantly, which will be reflected in a gradual decline in oil and gas prices (from around USD 90 per barrel). As a result, by the end of this year the prices of these commodities will return to levels close to those observed in January. The normalisation of the situation in the Persian Gulf will also contribute to a gradual strengthening of the PLN against the EUR. As a result, EURPLN will reach 4.18 by the end of the year. The strengthening of the PLN will be accompanied by a further decline in EURUSD, supported by weaker expectations of interest rate cuts in the US as a result of a temporary increase in inflation. Our assumptions imply a gradual fading of the inflation impulse associated with the sharp increase in energy commodity prices recorded in recent weeks. In our scenario we also account for secondary and delayed inflationary effects linked to higher production costs, which temporarily increase core inflation and food price growth. The acceleration in food price growth is largely related to the sharp increase in natural gas prices, which raises fertiliser prices, pushing up crop production costs and subsequently increasing livestock production costs (through more expensive feed).

In the scenario based on the above assumptions, inflation rises to 3.1% YoY in May and then, after a temporary decline to 2.6% in August, increases to 3.4% in December. In Q1 2027, inflation falls sustainably below 3%. As a result, average annual inflation in 2026–2027 amounts to 2.8% and 2.7% respectively, above the levels projected in the NBP's March projection. The materialisation of this scenario would mean that economic growth in 2026 would be lower than expected in the projection, mainly due to slower consumption growth. Moreover, under this scenario the scope for further monetary policy easing would be limited, and the next – and final – rate cut in the cycle could occur only once the assumed stabilisation scenario in the Persian Gulf materialises, i.e. in May or June this year. Given the significant uncertainty surrounding developments in the Persian Gulf region and their potential impact on domestic inflation, economic growth and the PLN exchange rate, we decided that our revised macroeconomic scenario for Poland will be presented after the publication of February data on inflation, and industrial as well as construction and assembly production

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
NBP reference rate (%)	5,75	5,75	5,75	5,25	5,25	5,00	5,00	4,75	4,50	4,25	4,00	4,00	4,00	3,75
EURPLN*	4,19	4,19	4,27	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,21
USDPLN*	4,04	3,87	3,77	3,74	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,63
CHFPLN*	4,46	4,38	4,56	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,43
CPI inflation (% YoY)	4,9	4,9	4,3	4,0	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,2	2,1	
Core inflation (% YoY)	3,6	3,6	3,4	3,3	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,6	
Industrial production (% YoY)	-1,8	2,5	1,3	4,0	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	2,5	
Constr. and assembly prod. (% YoY)	-0,1	-1,1	-4,2	-2,8	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-5,0	
PPI inflation (% YoY)	-1,3	-1,0	-1,6	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,5	
Retail sales (% YoY)	0,6	0,6	7,9	4,3	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,9	
Corporate sector wages (% YoY)	7,9	7,7	9,3	8,4	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	7,1	
Employment (% YoY)	-0,9	-0,9	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	
Unemployment rate* (%)	5,5	5,4	5,2	5,1	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	
Current account (M EUR)	115	-1136	88	-711	-262	-1571	-2239	-408	2053	-499	-1698	-330		
Exports (% YoY EUR)	1,2	3,9	-0,6	5,5	3,3	3,5	-0,9	6,2	5,5	2,7	9,7	-4,3		
Imports (% YoY EUR)	4,0	10,5	7,6	7,3	1,9	2,7	-1,0	7,4	2,9	3,1	10,1	-3,0		

*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	4,0	3,9	3,7	3,5	3,3	3,6	3,6	3,0
Private consumption (% YoY)	2,6	4,5	3,5	4,2	3,2	3,1	3,0	2,9	3,7	3,1	3,0
Gross fixed capital formation (% YoY)	6,4	-0,7	7,1	4,7	8,4	10,9	7,9	7,7	4,3	8,5	6,6
Export - constant prices (% YoY)	2,1	1,9	6,1	7,7	5,2	5,8	5,8	5,3	4,5	5,5	5,0
Import - constant prices (% YoY)	4,3	3,4	5,9	8,7	5,2	6,1	6,5	6,1	5,6	6,0	5,5
GDP growth contributions	Private consumption (pp)	1,6	2,6	2,0	2,1	2,0	1,8	1,7	1,4	2,1	1,7
	Investments (pp)	0,8	-0,1	1,1	1,0	1,1	1,7	1,3	1,8	0,7	1,5
	Net exports (pp)	-0,9	-0,7	0,2	-0,2	0,2	0,0	-0,2	-0,2	-0,4	-0,1
Current account (% of GDP)***	-0,4	-0,7	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	-0,7	-0,9	-1,0
Unemployment rate (%)**	5,4	5,1	5,6	5,7	5,9	5,5	5,5	5,6	5,7	5,6	5,5
Non-agricultural employment (% YoY)	0,0	0,2	0,7	0,7	0,2	0,0	-0,5	-0,5	0,4	-0,2	-0,5
Wages in national economy (% YoY)	10,0	8,8	7,5	8,5	7,5	6,5	6,1	6,0	8,7	6,5	6,0
CPI Inflation (% YoY)*	4,9	4,1	3,0	2,6	1,8	2,2	2,2	2,7	3,6	2,2	3,0
Wibor 3M (%)**	5,84	5,23	4,72	3,99	3,60	3,60	3,61	3,61	3,99	3,61	3,61
NBP reference rate (%)**	5,75	5,25	4,75	4,00	3,75	3,50	3,50	3,50	4,00	3,50	3,50
EURPLN**	4,19	4,24	4,26	4,21	4,21	4,20	4,19	4,18	4,21	4,18	4,15
USDPLN**	3,87	3,60	3,63	3,58	3,63	3,68	3,74	3,80	3,58	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 03/09/2026						
2:30	China	PPI (% YoY)	Feb	-1,4		-1,2
2:30	China	CPI (% YoY)	Feb	0,2		0,8
8:00	Germany	New industrial orders (% MoM)	Jan	7,8		-4,5
8:00	Germany	Industrial production (% MoM)	Jan	-1,9		1,0
10:30	Eurozone	Sentix Index (pts)	Mar	4,2		-5,0
Tuesday 03/10/2026						
8:00	Germany	Trade balance (bn EUR)	Jan	17,1		15,2
15:00	USA	Existing home sales (M MoM)	Feb	3,91	3,87	3,89
	China	Trade balance (bn USD)	Feb	114,1		181,6
Wednesday 03/11/2026						
13:30	USA	Core CPI (% MoM)	Feb	0,3	0,2	0,2
13:30	USA	CPI (% MoM)	Feb	0,2	0,2	0,3
Thursday 03/12/2026						
13:30	USA	Building permits (k)	Jan	1455	1355	1405
13:30	USA	Housing starts (k MoM)	Jan	1404	1420	1350
13:30	USA	Initial jobless claims (k)	w/e	213		
Friday 03/13/2026						
10:00	Poland	CPI (% YoY)	Feb	2,2	2,1	2,1
11:00	Eurozone	Industrial production (% MoM)	Jan	-1,4		0,5
13:30	USA	Durable goods orders (% MoM)	Jan	-1,4	0,8	0,8
13:30	USA	PCE core inflation (% YoY)	Jan	3,0	3,1	3,0
13:30	USA	PCE Inflation (% YoY)	Jan	2,9	2,9	2,8
15:00	USA	Initial U. of Michigan Sentiment Index (pts)	Mar	56,6	55,0	55,0

*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