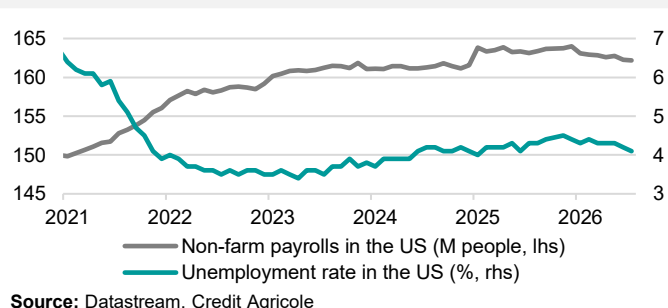


This week

✓ This week will see the release of labour market data from the US.

Following the much weaker-than-expected July report, we expect a partial rebound in non-farm payroll employment, forecasting an increase of 65k in August after a decline of 23k in July. Even so, job creation is likely to remain noticeably weaker than in the spring months. At the same time, we expect the unemployment rate to edge up to 4.2% in August from 4.1% in July. We believe the average hourly wages increased by 0.3% MoM, while annual wage growth is expected to ease to 3.1% in August, from 3.2% in July. Such a set of data would be consistent with a stabilisation in labour market conditions and, in our view, would not materially alter the Fed's monetary policy outlook, which remains more focused on inflation risks (see below).

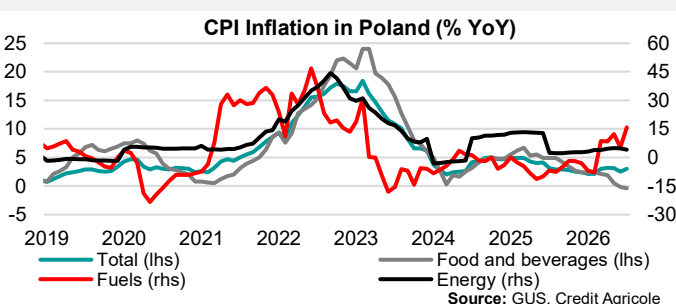


✓ The flash estimate of Eurozone HICP inflation will be released on Tuesday.

We expect headline inflation to increase to 3.4% YoY in August, from 2.9% in July, which would mark its highest level in three years. The increase is likely to be driven primarily by faster energy price growth (15.2% YoY vs. 10.3% in July), while core inflation is expected to remain unchanged at 2.5% YoY. Such a combination of data would suggest that second-round effects of the fuel price shock remain limited for now, although we expect these effects to become more pronounced in the coming months.

✓ Today will bring Poland's flash CPI inflation estimate for August, as well as the full Q2 GDP data.

We expect inflation to have edged up to 3.1% YoY, from 3.0% in July. In our view, the increase was driven by higher core inflation, which rose to around 3.2% YoY from 3.1%, and faster fuel price growth, which accelerated to 18.6% YoY from 15.8%. This occurred despite the resumption of the government's intervention in the fuel market in the second half of August (a temporary VAT reduction and the reintroduction of caps on retail prices), which limited the increase in fuel prices at petrol stations. Our headline inflation forecast is in line with the market consensus and its release should have a limited impact on the PLN and bond yields. At the same time, we expect the final GDP data to confirm Statistics Poland's flash estimate, which showed economic growth accelerating to 3.8% YoY in Q2, from 3.5% in Q1, while seasonally adjusted GDP growth went up to 0.9% QoQ from 0.6%. We believe the acceleration in GDP growth was driven by a recovery in construction activity following the harsh winter, and by favourable conditions in industry, particularly in export-oriented sectors. From the demand side, we expect stronger investment growth and a larger contribution from net exports, more than offsetting the slowdown in private consumption growth.



✓ Poland's manufacturing PMI will also be released on Tuesday.

In line with the market consensus, we expect the index to rise to 49.2 in August, from 49.0 in July. The increase would be consistent with the improvement in domestic business conditions signalled by GUS surveys and the clear recovery in European manufacturing activity, particularly in Germany, where

August PMI readings pointed to a further acceleration in current output and new orders (see MACROmap of 24/08/2026).

Last week

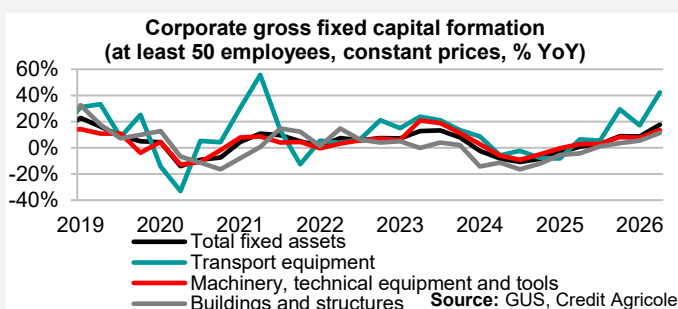
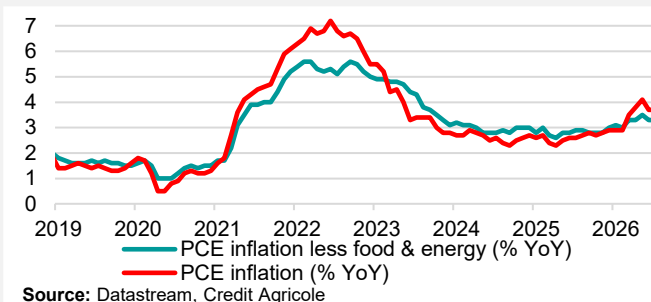
Headline PCE inflation and core inflation in the US did not change between June and July, and printed once again at 3.7% YoY and 3.3% YoY, respectively. Core inflation therefore remains markedly above the Fed's target, though it has eased from its local peak of 3.4% recorded in May. In his Jackson Hole speech on

Friday, Fed Chair K. Warsh struck a distinctly hawkish tone, emphasising that prices should continue to be the Fed's primary focus, with inflation remaining above target. He assessed labour market conditions as broadly favourable, while noting that financial conditions can hardly be regarded as restrictive and that the Fed needs to be confident that core inflation is moving towards the 2% target at a sufficiently rapid pace. Otherwise, further monetary policy tightening may prove necessary. At the same time, he stopped short of signalling a rate hike as early as September.

Growth in retail sales at constant prices in Poland slowed to 3.9% YoY in July, from 6.2% in June, coming in below both our forecast and the market consensus (4.5%). The slowdown reflected unfavourable calendar effects as well as the end of the government's intervention in the fuel market, which translated into a decline in sales growth in the "solid, liquid and gaseous fuels" category to -0.2% YoY from 9.0%. Seasonally-adjusted retail sales fell by 0.3% MoM, remaining only slightly below the peak recorded in March. At the same time, demand for durable goods remained strong. Sales of "motor vehicles, motorcycles and parts" increased by 8.1% YoY, compared with 9.6% previously, while sales of "furniture, electronic goods and household appliances" rose by 8.8%, compared with 14.8% in June. Combined with still-strong growth in underlying retail sales excluding food and fuels (5.8% YoY vs. 7.5%) and favourable consumer sentiment, the data suggests that the recovery in consumer demand remains intact and that the adverse impact of the conflict in the Middle East on households' propensity to consume has so far remained limited (see MACROPulse of 24/08/2026).

Investment by enterprises employing at least 50 persons accelerated markedly in Q2. Growth increased to 18.7% YoY, from 8.7% in Q1, reaching its highest level since Q1 2019. Expenditure on transport equipment recorded the strongest increase (42.3% YoY in Q2 vs. 17.1% in Q1), boosted, among other factors,

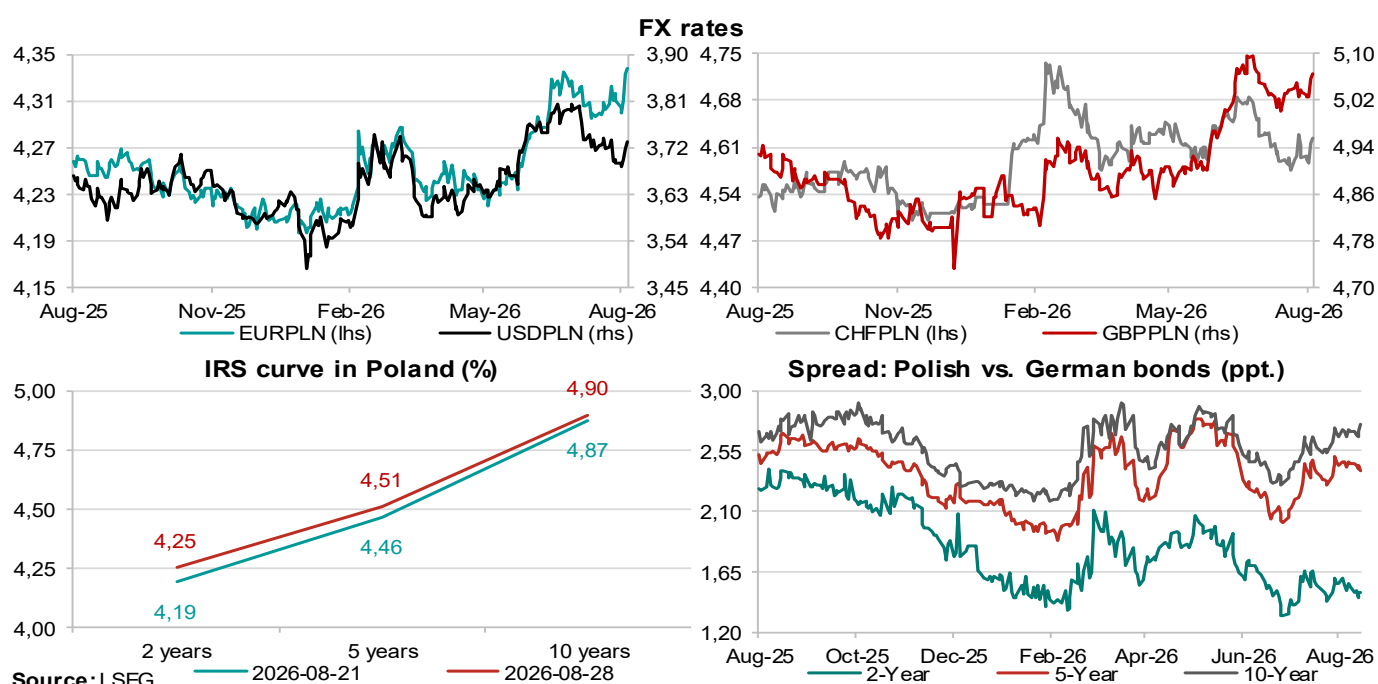
by the modernisation of public transport. Growth in spending on machinery, technical equipment and tools also accelerated significantly, to 13.5% YoY from 7.8%, while expenditure on buildings and structures increased by 11.5% YoY, compared with 5.4% in Q1. The data points to a broad-based investment recovery and supports our forecast of strong investment growth across the



economy in 2026 (7.5% YoY), despite relatively weak growth in Q1 (2.4%), which was most likely partly related to adverse weather conditions weighing on construction activity.

✓ **The government approved the draft 2027 state budget.** We view the macroeconomic assumptions underlying the draft as conservative, with GDP growth projected at 3.0% and average annual inflation at 2.8%. The central government deficit is pencilled in at PLN 282.6bn, compared with PLN 271.7bn in 2026, while the general government deficit is expected to amount to 7.1% of GDP in both 2026 and 2027. At the same time, the estimate for 2026 has been revised upwards from the previously assumed 6.8% of GDP. The high deficit in 2027 will be driven to a large extent by the record scale of military equipment deliveries, which are recorded on an accrual basis in public sector accounts. On the taxation side, the draft includes, among other measures, an increase in the income threshold for the 12% PIT rate from PLN 120,000 to PLN 130,000, the introduction of a 24% rate for income between PLN 130,000 and PLN 150,000, and a shift in the threshold for the 32% rate to PLN 150,000. The proposal also includes a reduction in the revenue threshold qualifying taxpayers for the lump-sum tax regime from EUR 2m to EUR 250,000 and an increase in the CIT rate for the largest companies (with annual revenues exceeding EUR 50m) from 19% to 22%.

Geopolitics and US data remain key market drivers



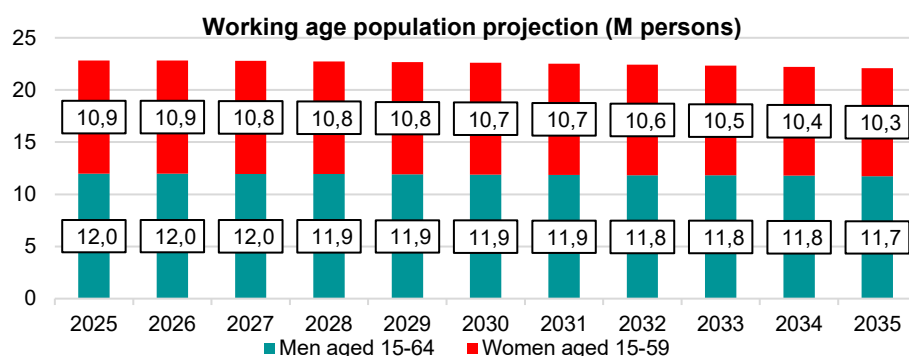
Financial markets remained heavily influenced by oil price developments and geopolitical tensions last week. At the start of the week, reports of possible progress in talks concerning shipping through the Strait of Hormuz pushed Brent crude below USD 90 per barrel. The decline in global risk aversion supported the PLN, which strengthened towards 4.30 against the EUR, while Polish bond yields and IRS rates fell markedly. On Wednesday, a stronger-than-expected US PCE inflation reading increased expectations of a Fed rate hike, leading to a modest weakening of the PLN. However, a well-received Treasury auction helped to limit pressure on the domestic debt market. On Thursday, the earlier improvement in sentiment was partly reversed. The lack of credible signs of de-escalation in the Middle East pushed oil prices higher again, while concerns over a possible escalation of the war in Ukraine following the CIA Director's unexpected visit to Moscow added to pressure on Polish assets. As a result, the EURPLN rose above 4.33,

while Polish bond yields and IRS rates increased noticeably. Concerns over the size of the budget deficit and debt issuance envisaged in the 2027 budget draft provided additional upward pressure on yields. Fed Chair's hawkish remarks at the Jackson Hole symposium supported the USD and pushed US Treasury yields higher, while also contributing, to a lesser extent, to a weaker PLN and lower prices of Polish debt.

This week, market attention will remain focused on developments in the Middle East. In addition, the key event will be the release of US labour market data, which will be important for assessing the outlook for Fed policy.

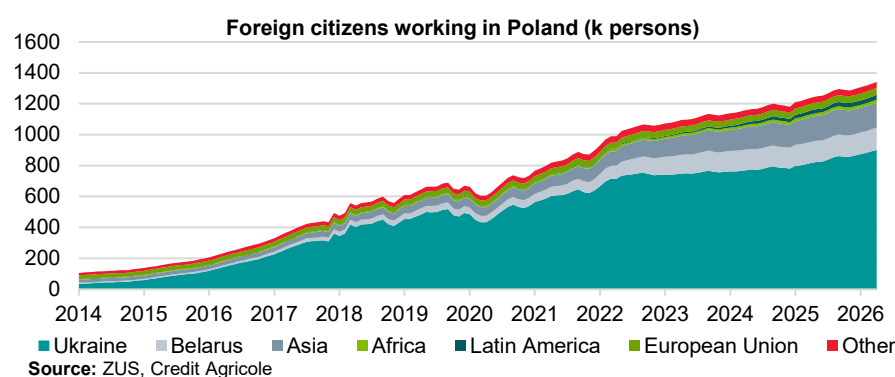
Adverse demographic trends to weigh on economic growth in Poland

According to Eurostat's forecast, Poland's population will decline from 37.5m in 2025 to 35.6m in 2035, a fall of 1.9m. However, the decline in the working-age population will be markedly smaller, at approximately 750k. In our view, this relatively small figure is misleading, as the key issue for the labour market over the coming decade will be not only the scale of the decline, but also changes in the age structure of the labour force. The number of people aged 25–40 will fall by 1.7m, with this decline partly offset by increases of 0.7m in the 41–64 age group and 0.3m in the 15–24 age group. This means that the core of the labour force will be replaced by cohorts with lower occupational mobility and a shorter remaining working life. Below, we present our assessment of three channels that could mitigate the effects of this process: inflows of foreign nationals, increased labour force participation among older people and the return of Polish emigrants.



One feature of the projected decline is not apparent from the aggregate figures. The fall in the working-age population is highly asymmetric by gender: the number of women aged 15–59 will decline by 520k, while the number of men aged 15–64 will fall by only 225k. Women therefore account for nearly 70% of the total decline in the statutory working-age population, a direct consequence of

their lower retirement age which, as we indicate below, has significant implications for assessing the scope to increase labour force participation.



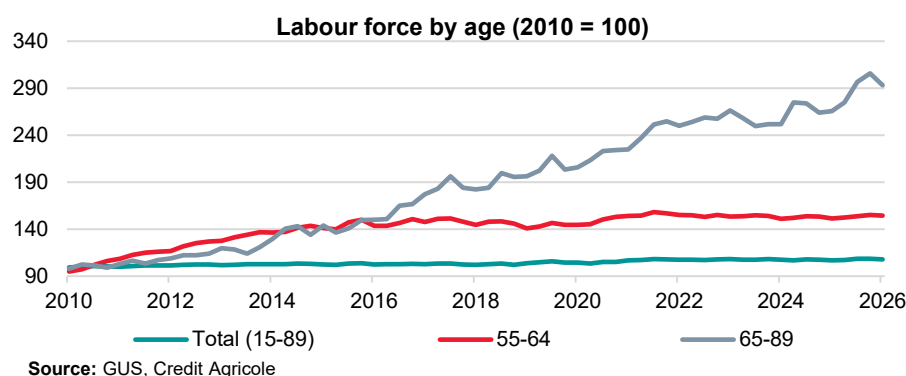
Inflows of foreign nationals have been the strongest factor increasing labour supply in recent years. The number of foreign nationals registered with the Social Insurance Institution (ZUS) increased from fewer than 0.1 million at the beginning of the previous decade to around 1.34 million in June 2026. The increase was initially driven primarily by an inflow of Ukrainian nationals. Over time, however, the

structure of migration became increasingly diversified. In mid-2026, around 901k Ukrainian nationals, 144k Belarusian nationals and 160k people from Asian countries were registered with ZUS. The number of workers from Africa and Latin America also increased, albeit from much lower levels.

New experimental estimates from Statistics Poland (GUS) suggest that the actual number of foreign nationals in Poland is considerably higher than indicated by ZUS data alone, which cover only people registered for social insurance. According to these estimates, around 2.3m foreign nationals were living in Poland at the end of 2025, up from 2.1m a year earlier. Ukrainian nationals were by far the largest group, at around 1.68m, followed by Belarusian nationals, at around 179k. At the same time, migrants have a highly favourable age profile from a labour-market perspective. Approximately 1.95m, or nearly 85% of all foreign nationals, were aged 15–59, while people aged 60 and over accounted for only approximately 5% of this population.

These figures indicate that migration still has significant potential to mitigate the effects of demographic change. This does not mean, however, that the pace of inflows observed in recent years can simply be extrapolated over the next decade. The increase in the number of foreign nationals to date has been driven largely by exceptional geopolitical circumstances, above all the war in Ukraine. Ukrainian nationals still make up the vast majority of foreign nationals living and working in Poland, creating a risk of a partial outflow once the war ends. The scale of such an outflow cannot currently be estimated reliably, but Ukraine's reconstruction and the associated increase in labour demand could make returning more attractive.

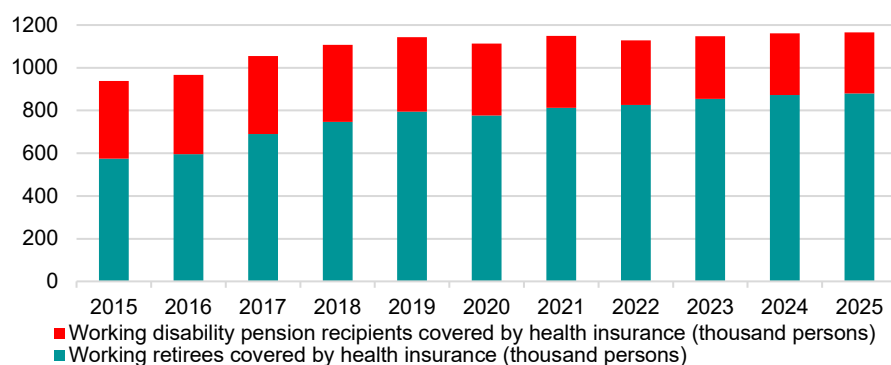
The direction of Poland's migration policy is another important factor. The government's strategy is currently focused primarily on tightening migration controls and screening people entering Poland, rather than using inflows of foreign nationals as the main tool for counteracting adverse demographic trends. In practice, although the number of foreign nationals working in Poland is likely to continue rising, it would be difficult to sustain the growth rates seen in recent years throughout the next decade. Migration will therefore remain an important source of additional labour supply, but in our view it will not be sufficient on its own to offset the decline in the domestic labour force.



The second channel, higher labour force participation among older people, appears to have passed its period of fastest improvement. The participation rate among people aged 55-64 has risen from 33.0% in 2010 to 62.5%, an increase of 29.5 pp. By comparison, the rate for the population aged 15-89 as a whole rose by only 5.4 pp over the same period, from 53.3% to 58.7%. The

improvement in labour force participation since 2010 has therefore been largely attributable to older people. In absolute terms, the number of economically active people aged 55-64 increased by 1.02m to 2.63m. Most of this increase was among women: their number rose by 98% to 1.15m, compared with a 43% increase among men. The increase was even more pronounced in the 65-89 age group, where the number of economically active people almost tripled, from 170k to 510k.

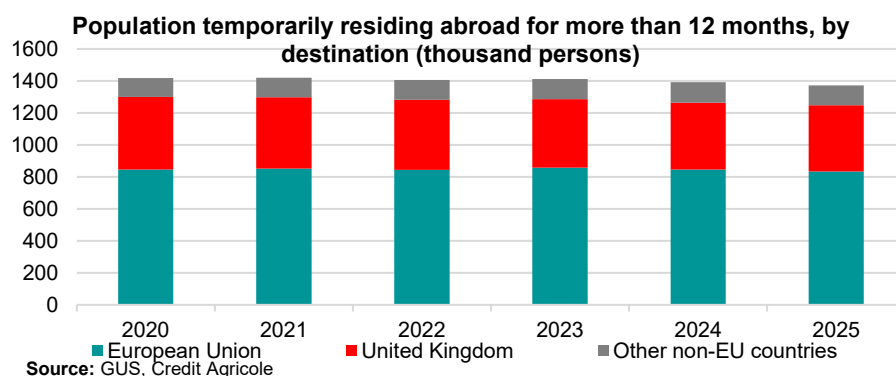
Adverse demographic trends to weigh on economic growth in Poland



ZUS data on working pensioners confirm that labour force participation among older people continues to rise, although the pace of growth is clearly slowing. The number of old-age pensioners covered by health insurance through employment rose from 575.4k in 2015 to 879.5k in 2025, an increase of 52.9%. However, growth has almost come to a halt in recent

years. At the same time, the number of disability pensioners in employment fell by 76k to 286.4k. As a result, the combined number of working old-age and disability pensioners increased by 228k over the decade, equivalent to around 23k a year. We note that this increase was several times smaller than the rise in the number of foreign nationals working in Poland over the same period.

International comparisons show that the participation rate among people aged 60-64 is around 45.5% in Poland, compared with around 57.8% in the EU and more than 76% in Sweden, leaving a gap of roughly 12 pp relative to the EU average. Among people aged 65-69, the gap relative to the EU average is already considerably smaller, at around 4.5 pp, while it virtually disappears in the 70-74 age group. Poland therefore has considerable untapped potential, particularly among women aged 60-64. We therefore believe that, without raising or equalising the retirement age, a politically difficult measure, further progress in this area will be much slower than over the past decade. The focus will increasingly shift towards people aged 70 and over, who generally work fewer hours.



In our view, the third channel, the return of Polish emigrants, will continue to play only a supporting role. The number of people temporarily living in European countries for more than 12 months fell from 1.418m in 2020 to 1.373m in 2025, a decline of only around 45k over five years. Moreover, this decline was almost entirely attributable to developments in a

single country: the number of Polish emigrants in the UK fell by 42k, compared with a decrease of 11k in EU countries and an increase of 7k in other European countries. Return migration is therefore increasing, but remains limited and highly concentrated geographically. At the same time, the number of short-term emigrants who have been abroad for between three and 12 months remains stable at approximately 70k and does not signal a change in trend. We also emphasise that these figures describe the stock of people living abroad, rather than the flow of returnees in a given year: a decline in the stock may reflect not only returns, but also the acquisition of citizenship in the host country, migration to a third country, deaths and data revisions by host countries. This qualification is particularly important in the case of the UK, which accounts for almost the entire recorded decline and at the same time remains the country granting citizenship to the largest number of Polish nationals. The true scale of return migration is therefore subject to particularly high uncertainty.

In summary, we consider a full offset of adverse demographic trends by 2035 unlikely. Each of the three channels faces a different constraint. Migration is limited by a policy focused on control and selection, as well as by the risk of an outflow of Ukrainian nationals. Higher labour force participation among older

people is constrained by the limited remaining potential outside the 60-64 age group and by the retirement-age barrier. Return migration is constrained by the small and stable scale of the phenomenon. More importantly, none of these channels reverses the shift in the age profile of the labour force, which will be the central challenge over the next decade. Even if the number of people in employment were stabilised, a decline of 1.68m in the number of people aged 25-40 would mean lower occupational mobility, slower reallocation of labour across sectors, and weaker on-the-job learning. All these factors affect productivity regardless of the number of people employed. We therefore maintain our assessment that the contribution of labour input to GDP growth will fall to close to zero over the next decade, after remaining clearly positive over the past decade. Maintaining relatively strong economic growth and continuing income convergence will therefore require stronger productivity growth, despite increasingly less favourable conditions as the catch-up effect gradually diminishes.

Forecasts of the monthly macroeconomic indicators

Selected monthly macroeconomic indicators in Poland														
Indicator	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
NBP reference rate* (%)	5,00	5,00	4,75	4,50	4,25	4,00	4,00	4,00	3,75	3,75	3,75	3,75	3,75	3,75
EURPLN*	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,23	4,30	4,31	4,34
USDPLN*	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,63	3,76	3,73	3,74
CHFPLN*	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,65	4,66	4,61	4,63
CPI inflation (% YoY)	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	3,1	2,5	3,0	
Core inflation (% YoY)	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	3,1	3,0	3,1	
Industrial production (% YoY)	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,3	7,5	2,9	4,1	7,4	5,1	
Constr. and assembly prod. (% YoY)	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,8	0,6	4,6	3,9	5,1	-2,4	
PPI inflation (% YoY)	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	1,2	2,1	2,4	1,9	2,8	
Retail sales (% YoY)	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,8	4,4	6,8	5,3	
Corporate sector wages (% YoY)	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,6	5,4	5,8	5,9	6,8	
Employment (% YoY)	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	-0,9	-0,9	-0,8	
Unemployment rate* (%)	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	5,9	5,8	5,8	
Current account (M EUR)	-1780	-2593	-797	1767	-402	-2194	1312	-632	272	-1541	-1071	-2216		
Exports (% YoY EUR)	3,2	-1,3	5,9	5,2	2,4	9,4	-2,1	2,5	7,9	6,7	5,5	12,3		
Imports (% YoY EUR)	2,7	-1,0	7,4	2,7	2,9	9,8	-5,9	3,8	4,2	7,8	3,7	16,9		

*end of month

Forecasts of the quarterly macroeconomic indicators

Selected macroeconomic indicators in Poland											
Indicator	2026				2027				2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	3,5	3,8	3,3	3,4	2,7	2,9	3,1	3,0	3,6	3,5	3,0
Private consumption (% YoY)	3,3	2,0	2,3	2,4	2,8	3,3	3,3	3,0	3,7	2,5	3,2
Gross fixed capital formation (% YoY)	2,4	10,3	8,1	7,9	6,8	6,1	5,9	5,5	4,4	7,5	6,4
Export - constant prices (% YoY)	5,6	5,3	4,5	5,0	5,2	5,4	5,5	5,5	5,5	5,1	5,6
Import - constant prices (% YoY)	6,1	5,1	5,6	5,9	5,2	6,1	6,5	6,1	6,8	5,7	6,3
GDP growth contributions	Private consumption (pp)	2,0	1,2	1,3	1,2	1,7	1,9	1,9	1,5	2,1	1,8
	Investments (pp)	0,3	1,6	1,3	1,8	0,9	1,0	1,0	1,3	0,8	1,1
	Net exports (pp)	0,0	0,3	-0,4	-0,3	0,2	-0,2	-0,4	-0,2	-0,5	-0,2
Current account (% of GDP)***	-0,7	-1,0	-1,1	-1,3	-1,4	-1,5	-1,4	-1,3	-0,9	-1,3	-1,3
Unemployment rate (%)**	6,1	5,8	5,8	5,9	6,1	5,7	5,7	5,8	5,7	5,9	5,8
Non-agricultural employment (% YoY)	0,9	0,0	-0,1	-0,3	-0,5	-0,5	-0,5	-0,5	0,4	0,0	-0,5
Wages in national economy (% YoY)	6,7	5,5	5,7	6,0	6,0	6,0	6,0	6,0	8,7	6,3	6,0
CPI Inflation (% YoY)*	2,4	2,9	2,7	3,4	3,2	3,4	3,5	3,0	3,6	2,8	3,3
Wibor 3M (%)**	3,85	3,85	3,60	3,60	3,60	3,60	3,60	3,60	3,99	3,60	3,60
NBP reference rate (%)**	3,75	3,75	3,50	3,50	3,50	3,50	3,50	3,50	4,00	3,50	3,50
EURPLN**	4,29	4,30	4,28	4,25	4,23	4,21	4,19	4,17	4,21	4,25	4,17
USDPLN**	3,71	3,76	3,75	3,76	3,74	3,69	3,61	3,56	3,58	3,76	3,56

* quarterly average

** end of period

***cumulative over the last four quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 31/08/2026						
3:30	China	NBS Manufacturing PMI (pts)	Aug	49,2		49,6
9:30	Poland	Final GDP (% YoY)	Q2	3,5	3,8	3,8
9:30	Poland	Flash CPI (% YoY)	Aug	3,0	3,1	3,1
14:00	Germany	Preliminary HICP (% YoY)	Aug	2,8	3,10	3,1
15:45	USA	Chicago PMI (pts)	Aug	57,6		58,3
Tuesday 01/09/2026						
3:45	China	RatingDog Manufacturing PMI (pts)	Aug	50,9		51,0
9:00	Poland	Manufacturing PMI (pts)	Aug	49,0	49,2	49,2
9:55	Germany	Final Manufacturing PMI (pts)	Aug	54,1	54,1	54,1
10:00	Eurozone	Final Manufacturing PMI (pts)	Aug	52,8	52,8	52,8
11:00	Eurozone	Unemployment rate (%)	Jul	6,3		6,3
11:00	Eurozone	Preliminary HICP (% YoY)	Aug	2,9	3,4	3,3
15:45	USA	Flash Manufacturing PMI (pts)	Aug	53,2		
16:00	USA	ISM Manufacturing PMI (pts)	Aug	55,6	55,3	55,2
Wednesday 02/09/2026						
14:15	USA	ADP employment report (k)	Aug	44		45
16:00	USA	Factory orders (% MoM)	Jul	-0,3	0,7	0,7
Thursday 03/09/2026						
10:00	Eurozone	Services PMI (pts)	Aug	51,7	51,7	51,7
10:00	Eurozone	Final Composite PMI (pts)	Aug	52,1	52,1	52,1
11:00	Eurozone	PPI (% YoY)	Jul	4,6		
16:00	USA	ISM Non-Manufacturing Index (pts)	Aug	54,1	54,2	54,0
Friday 04/09/2026						
11:00	Eurozone	Retail sales (% MoM)	Jul	-0,3		0,3
14:30	USA	Unemployment rate (%)	Aug	4,1	4,2	4,2
14:30	USA	Non-farm payrolls (k MoM)	Aug	-23	65	65

*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

** Consensus based on Thomson Reuters, Bloomberg or Parkiet daily