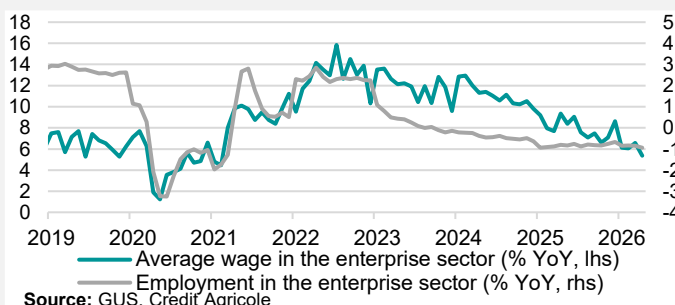


This week

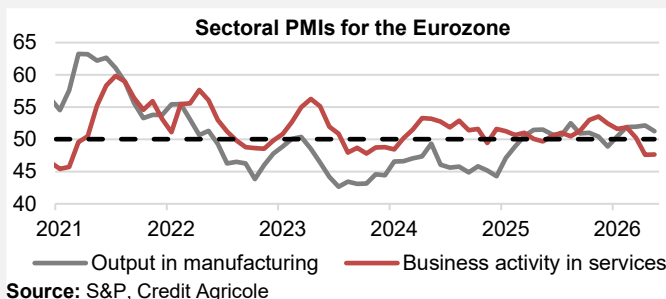
✓ **A preliminary US-Iran deal was reached on Wednesday.** The memorandum reflects the full agreement reached on the Sunday before. It includes the key provisions regarding actions to be taken before the final deal is made, in particular the immediate and permanent cessation of hostilities (including by all allies of the parties) and lifting of the blockade of the Strait of Hormuz. Consequently, last week saw an increase in the number of tankers passing through the Strait, though it was still markedly lower than it was prior to the conflict. The memorandum of agreement also contained a number of other important arrangements that require some work on details before they are implemented as part of the final deal. They include ending the Iranian nuclear programme, full lifting of US sanctions against Iran, unfreezing Iran's funds, and launching a USD 300bn reconstruction and development plan for Iran. What is significant but has not been mentioned in the memorandum is the option of Iran charging fees for passage through the Strait of Hormuz after the 60-day period provided for in the memorandum. Direct talks between US and Iran representatives planned for Friday were expected to bring more information but they have been postponed due to further hostilities between Israel and Lebanon. Iran responded to the escalation by closing the Strait of Hormuz again on Saturday. Any further escalation of military activity contrary to the terms of the US-Iran deal as well as substantial differences between the parties regarding the interpretation thereof are still the main risk factors for the success of peace talks, and they are likely to increase volatility in the financial markets.

✓ **In Poland, a set of data from domestic economy for May will be released today.** We anticipate that construction and assembly production growth accelerated to 6.5% YoY, from 4.5% in April, which would suggest that activity in the constructor sector gradually kept picking up. Turning to the labour



market, we expect the wage growth in the enterprise sector to go up from 5.4% YoY in April to 6.0% in May, mainly due to low base effects. We expect the employment rate to keep falling at 0.9% YoY, reflecting both retirement trends and still limited demand for labour force in the manufacturing sector. We expect to see the retail sales at constant prices go up to 3.1% YoY in May, from 1.3% in April, due to the subsidence of the negative effect of Easter date shift and the continued, elevated consumer sentiment. Our retail sales forecast is below market consensus (3.6% YoY), so if it materialises, it will have a slightly negative effect on the PLN and the yields on Polish bonds.

✓ **June's preliminary PMI business survey results for the Eurozone will be published on Tuesday.** The market expects the Composite PMI to go slightly up to 49.1 pts, from 48.5 pts in May, which would mean that the index would remain below the 50-point mark separating growth from contraction. Data breakdown is



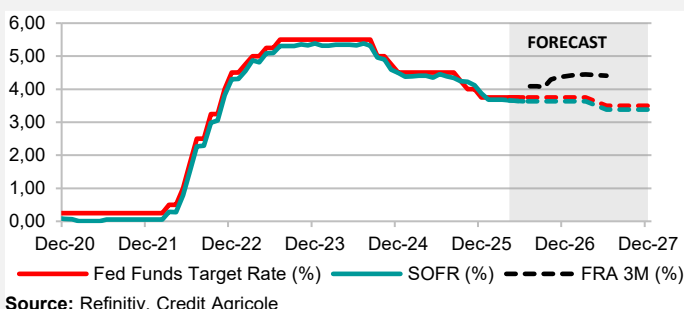
most likely to show differences between sectors once again: Services PMI is expected to go up from 47.7 pts to 48.5 pts and stay below the 50-point mark for the third month running, while Manufacturing PMI is anticipated to stay at 51.6 pts, i.e. above the 50-point mark. Manufacturing PMI is stabilised by longer delivery times, which are conducive to index rise due to the index construction. When released, the PMIs will make it possible to assess whether or not the negative

impact of the energy shock, growing costs, and supply chain disruptions seen over the last couple of months has decreased along with the de-escalation in the Middle East, which would be conducive to a pickup in economic activity in the Eurozone.

✓ **Final US inflation data will be released on Thursday.** We expect the headline PCE inflation to have risen from 3.8% YoY in April to 4.1% in May, which will reflect a growing pro-inflationary impact of the energy shock related to the war in the Middle East. At the same time, we forecast that the core PCE inflation edged up from 3.3% YoY in April to 3.4% in May, which means that its growth was markedly slower than that of the headline inflation. PCE inflation data breakdown would thus underpin arguments in favour of keeping interest rates unchanged in a long run. Our baseline scenario, though, still assumes that interest rates will not change until early 2027, with one cut in Q2 2027. However, the scale and the durability of the commodity shock are big enough to assume that we could see a one-off, “signalling” rate hike from the Fed in 2026 (see below).

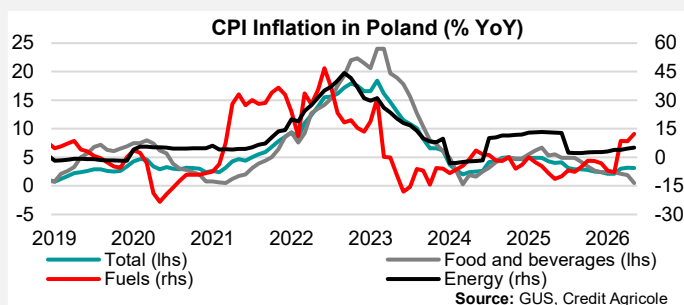
Last week

✓ **An FOMC meeting took place last week, at which the Fed left interest rates unchanged, in line with expectations, maintaining the federal funds rate target range at 3.50–3.75%.** This was the fourth consecutive decision to keep rates unchanged following three 25 bp cuts at the end of 2025. The post-meeting press release was significantly shortened as references to the future direction of monetary policy were removed. According to the press release, the Fed continues to assess economic activity as solid, the labour market as relatively stable and inflation as elevated, while also emphasising the uncertainty related to the situation in the Middle East. The speech by the new Fed Chair, Kevin Warsh, had a hawkish tone. He stressed that inflation currently represents the main challenge for the Fed, while the labour market remains relatively stable. The Chair also outlined several important changes to Fed policy. He clearly indicated that he intends to limit signalling regarding the future direction of monetary policy and suggested that the Chair’s appearances will become less frequent and will no longer take place after every FOMC meeting, as has been the case so far. He also pointed to the possibility of reducing the Fed’s balance sheet, which would support an increase in the term premium and higher long-term bond yields. Warsh also announced a broader review of the Fed’s framework, establishing five task forces covering communication, the balance sheet, data sources, productivity and the labour market, as well as inflation. The revised macroeconomic projections brought a significant upward revision to inflation forecasts for 2026 and a slight upward revision for 2027, while at the same time lowering the forecasts for economic growth and the unemployment rate in 2026. The median of FOMC members’ expectations for interest rates was revised significantly upwards and now points to an even split within the Committee between those favouring rate hikes and those advocating keeping rates unchanged or lower through the end of 2026. According to the median projection, the Fed assumes that interest rates will remain at the current level until the end of 2027, followed by one 25 bp cut in 2028. At the same time, we believe that among the most hawkish participants in the projections, non-voting FOMC members may be overrepresented, which would partly soften the tone of the changes in the projections. The hawkish tone of the



meeting and the projections constitutes an upside risk to our scenario, which assumes that Fed rates will remain unchanged until the end of 2026, followed by one 25 bp cut in Q2 2027

✓ **Final CPI data for May was released last week (see MACROPulse of 15/06/2026).** Inflation decreased to 3.1% YoY from 3.2% in April, in line with the flash estimate, driven mainly by lower price growth in the “food and non-alcoholic beverages” category. Faster price growth in the categories “fuels and lubricants for



personal transport equipment” and “recreation, sport and culture” had the opposite effect. Core inflation increased to 3.1% YoY in May from 3.0% in April, indicating a gradual pass-through of the commodity shock to core goods and services prices. We will present our revised inflation scenario, taking into account the impact of last week’s agreement between the US and Iran and the restoration of the original level of fuel excise duty, in the next MACROmap.

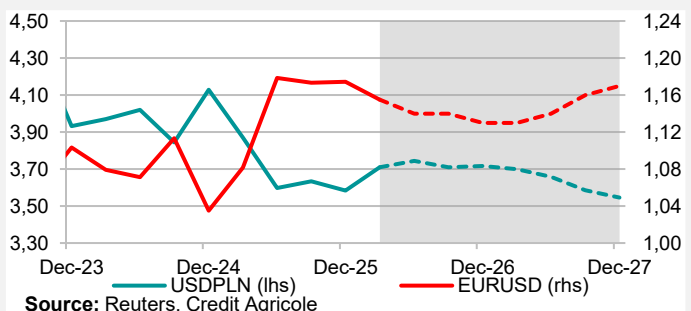
✓ **Industrial production data for May was released on Friday.** Industrial production increased by 4.1% YoY in May, compared to growth of 3.1% in April, coming in above both our forecast and the market consensus (see MACROPulse of 19/06/2026). After seasonal adjustment, industrial production increased by 1.4% MoM, pointing to a continuation of a mild upward trend in industrial activity. The recovery in activity was broad-based and was driven by both external and domestic demand, supported by inflows of EU funds under the Cohesion Fund and the National Recovery Plan. High production of intermediate goods, linked to inventory accumulation amid the conflict in the Middle East, also contributed to the recovery. Growth in capital goods production also accelerated, signalling a continuation of the recovery in corporate investment in Q2. The May industrial production data points to a slight upside risk to our GDP growth forecast for Q2 2026 (3.0% YoY vs 3.5% in Q1).

✓ **Data from the US economy were released last week.** Industrial production growth decreased to 0.1% MoM in May from 0.9% in April (revised up from 0.7%), coming in below the market consensus (0.3%) and our forecast (0.4%). The decline reflected weaker growth in manufacturing and in the utilities sector, with higher growth in mining having the opposite effect. Meanwhile, capacity utilisation increased to 76.2% from 76.1% in April, remaining at a relatively stable level compared to recent quarters. Monthly nominal retail sales growth increased to 0.9% MoM in May from 0.4% in April (revised down from 0.5%), coming in above the market consensus (0.5%). Monthly retail sales growth excluding cars and fuel was unchanged compared to April at 0.5% MoM, indicating that higher fuel prices and stronger car sales made a significant contribution to overall sales growth. Data on sales excluding cars and fuel indicate that consumer demand in the US remains relatively resilient to higher fuel prices, likely supported by higher tax refunds related to last year’s tax cuts under the One Big Beautiful Bill.

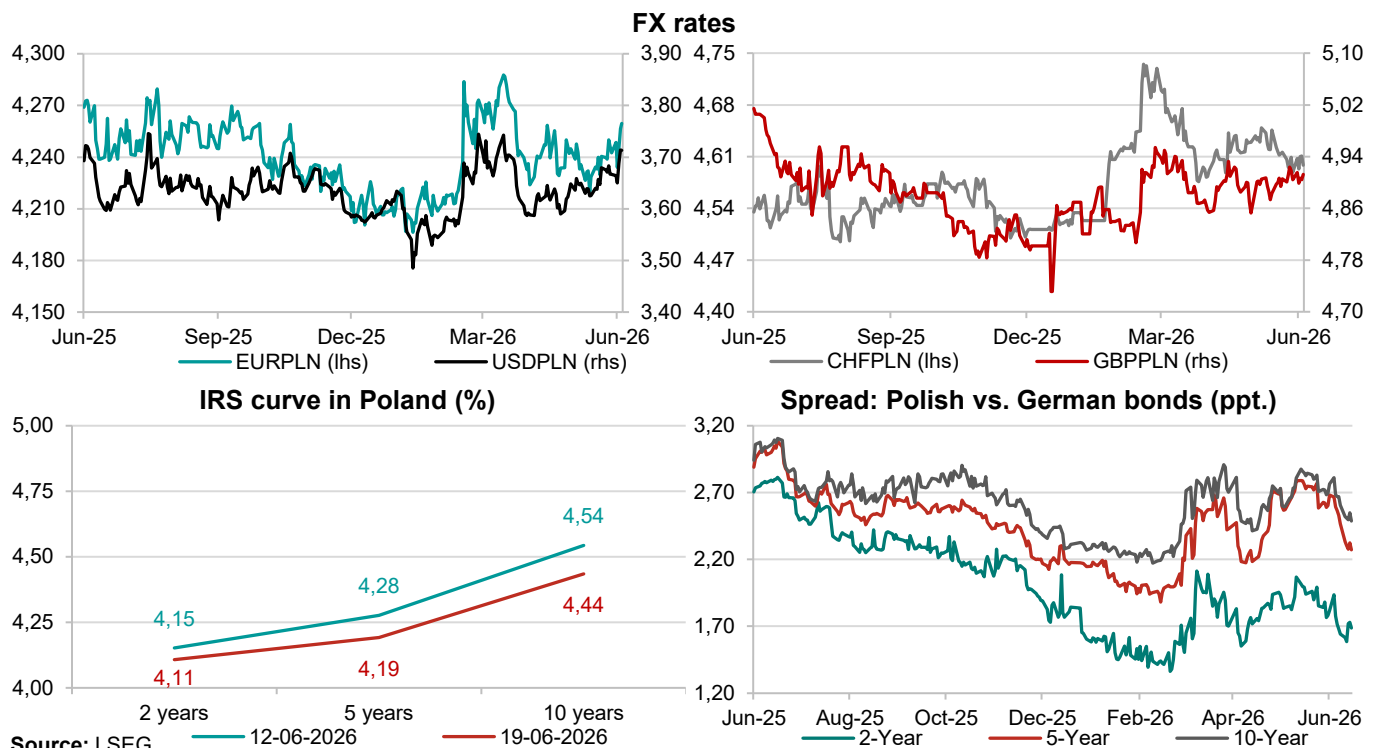
✓ **Data from China released on Tuesday pointed to a deterioration in economic activity.** Industrial production growth increased to 4.5% YoY in May from 4.1% in April, coming in slightly above the market consensus and our expectations, while retail sales growth decreased to -0.6% YoY in May from 0.2% in April, marking the first decline in retail sales since the end of the lockdowns in late 2022. The decline in sales resulted from a high base effect following last year’s government support programme for sales of selected goods, as well as a further slowdown in the real estate market. Negative surprises were also seen in urban investment, where year-to-date cumulative growth decreased to -4.1% YoY in May from -1.6% in April. The slowdown in activity

was particularly pronounced in energy-intensive industries and in sectors related to construction and private consumption. At the same time, investment in sectors related to AI, technology, renewable energy and transport infrastructure remained relatively resilient to the economic slowdown. In our view, the May data increases the downside risk to achieving the GDP growth target set by the Chinese authorities at 4.5–5.0% in 2026, which may prompt the Chinese government to increase the scale of fiscal support in the second half of the year. Moreover, the May figures, signalling a clear slowdown in domestic demand, indicate that Chinese industrial companies may intensify efforts aimed at increasing sales in foreign markets, including EU countries.

We revised our USD forecast. It remains uncertain whether the US and Iran will be able to reach an agreement after the 60-day negotiation period specified by both sides has ended. However, if the flow of energy commodities through the Strait of Hormuz normalises, the risk of renewed sharp increases in oil prices will decline, and thus the risk of a significant decline in the EURUSD exchange rate will also decrease. Against this background, we have slightly raised our EURUSD forecast for the end of September this year to 1.14 from 1.12 expected previously. Consequently, we have also lowered our USDPLN forecast to 3.71 at the end of September, while leaving the expected paths of the EURUSD and USDPLN exchange rates in subsequent quarters unchanged.



Hawkish Fed tone negative for PLN

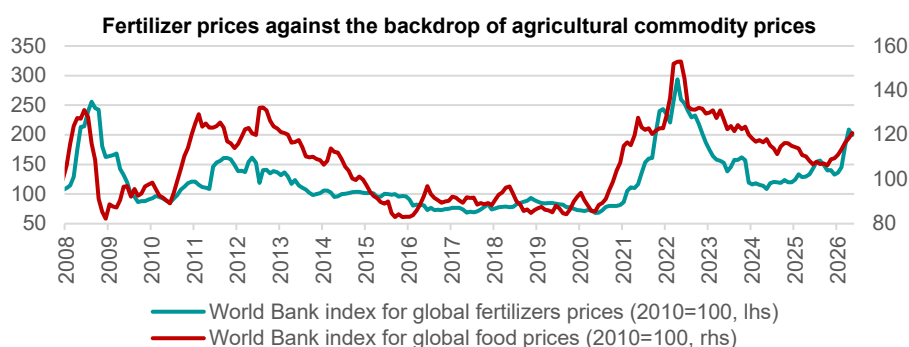


Financial markets remained volatile last week, with sentiment shaped primarily by the Fed meeting and developments surrounding US-Iran peace negotiations. Following news of the preliminary agreement,

Brent crude prices declined to around USD 80 per barrel and bond yields fell, although the magnitude of moves was limited as the agreement had largely been priced in earlier. A hawkish tone from the Fed on Wednesday led to a weakening of the PLN and an increase in bond yields. As a result, over the week as a whole, the EURPLN exchange rate increased to around 4.26, the USDPLN exchange rate rose to around 3.72, while yields on Polish government bonds and IRS rates declined, particularly at the long end of the yield curve.

In the coming week, market sentiment will be driven primarily by further developments in US-Iran negotiations. Domestic retail sales data may also have a significant, albeit smaller, impact on the PLN exchange rate and the yield curve. If our forecast materialises, the data will support PLN depreciation and a decline in bond yields.

Rising fertiliser prices will drive inflation higher

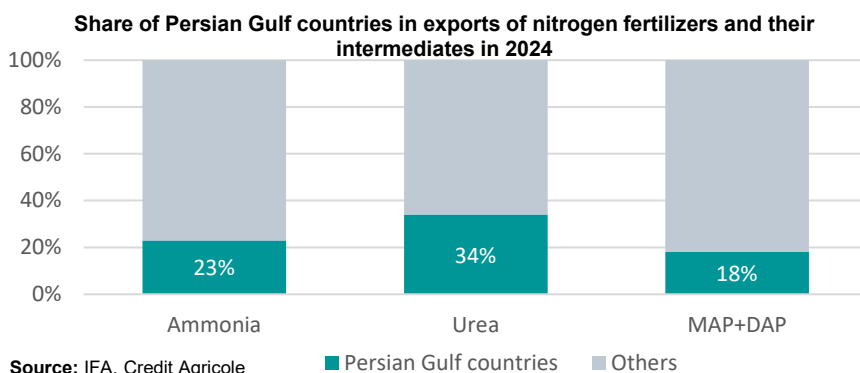


Source: World Bank, Datastream, Credit Agricole

Recent months have seen a sharp rise in fertiliser prices following the blockade of the Strait of Hormuz. According to World Bank data, in April this year they reached their highest level since October 2022 and, despite a slight decline, remain historically elevated. There is a strong positive relationship between fertiliser prices and agricultural commodity prices. The

purpose of the analysis below is therefore to assess how the shock in the global fertiliser market will affect food price growth in Poland.

The Strait of Hormuz is important to the global fertiliser market in two ways. First, according to data from the EIA (U.S. Energy Information Administration), before the escalation of the conflict in Iran, around 20% of global LNG trade passed through the Strait of Hormuz. This is highly relevant for the nitrogen fertiliser market because natural gas, or more precisely the methane it contains, is a key feedstock in ammonia production. Methane is a source of hydrogen which, together with nitrogen obtained from the air, is used to synthesise ammonia in the Haber-Bosch process. Natural gas also provides a significant share of the energy required for this process. The ammonia produced in this way is, in turn, a key intermediate used in most nitrogen fertilisers, such as urea, ammonium nitrate and UAN, i.e. urea-ammonium nitrate solution.



Source: IFA, Credit Agricole

Second, the Gulf countries are major exporters of nitrogen fertilisers and their intermediates. According to data from the IFA (International Fertilizer Association), in 2024 Iran, Qatar, Saudi Arabia, the United Arab Emirates, Bahrain and Oman together accounted for 23% of global ammonia trade and 34% of global urea trade. The Gulf countries also played an important role in the trade in

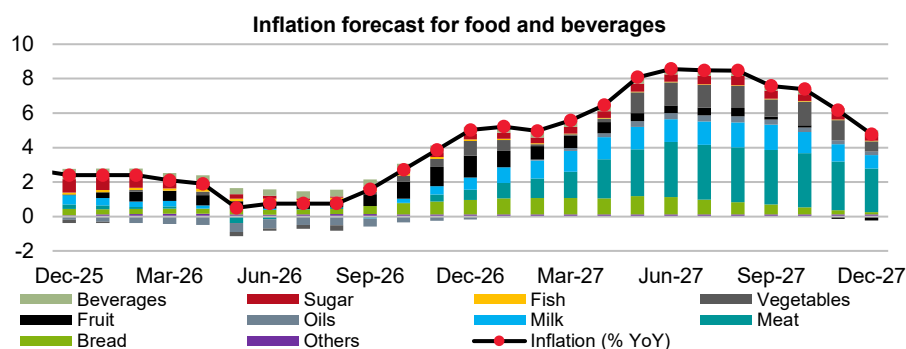
ammonium phosphates, i.e. MAP and DAP, with a share of 18%. Consequently, the blockade of the Strait

of Hormuz implies a significant increase in nitrogen fertiliser production costs, as well as reduced availability due to disrupted supply chains.

It is worth noting that the impact of the fertiliser market shock on agricultural commodity prices, and subsequently on food prices, is fairly complex. The main transmission channel is an increase in crop production costs. When fertiliser prices rise, farmers often reduce their application rates below the optimal level, which has a negative impact on both yields and crop quality. This, in turn, indirectly pushes up livestock production costs through higher feed prices. As a result, a price shock in the fertiliser market ultimately leads to a broad increase in food prices, affecting both crop and animal-based products.

The transmission process itself is particularly complex. First, it depends on when the shock occurs. For example, the current shock occurred at a time when farmers in the northern hemisphere had already largely secured fertiliser stocks for the 2026/27 season, while production season in the southern hemisphere was already at its seasonal peak. It can therefore be assumed that the effect of higher fertiliser prices will only fully materialise in the 2027/28 season, when all agricultural production will be based on higher fertilizer prices. Second, another lag appears in the pass-through from agricultural commodity prices to retail food prices, which are largely determined by local factors, including the structure of the food retail market. In Poland, we have observed strong price competition among the major retailers in recent years, which means that this mechanism may sometimes be disrupted.

At the same time, in addition to the impact of the fertiliser market shock on food price growth, the effect of higher energy prices related to the blockade of the Strait of Hormuz should also be taken into account. This raises costs throughout the food supply chain and also supports greater use of agricultural commodities in biofuel production.



Source: GUS, Crédit Agricole

For this reason, we maintain our scenario assuming an acceleration in price growth in the coming quarters, reflecting the lagged effects of the shock to energy and fertiliser markets related to the blockade of the Strait of Hormuz, as well as this year's expected weak fruit and vegetable harvests resulting from unfavourable agrometeorological conditions. We

currently forecast that food and non-alcoholic beverage price growth will slow to 2.0% YoY in 2026 from 4.7% in 2025, before rising to 6.8% in 2027 (see MACROmap of 08/06/2026). At the same time, we expect it to reach a local peak of around 8.2% in Q3 2027, which is consistent with the lags in the transmission of fertiliser and energy market shocks to retail food prices. Consequently, we forecast that headline inflation will exceed the upper bound of the band for deviations from the inflation target in Q2 2027, before reaching a local peak of 4.2% YoY in Q3. Average annual CPI inflation will therefore decline to 2.8% in 2026 from 3.6% in 2025, before rising to 3.8% in 2027. The main downside risk to our forecast stems from the recent de-escalation of the conflict in the Middle East and the reopening of the Strait of Hormuz. In this context, the durability of the U.S.-Iran agreement and the pace at which global fertiliser supply is restored will be key.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
NBP reference rate (%)	5,25	5,25	5,00	5,00	4,75	4,50	4,25	4,00	4,00	4,00	3,75	3,75	3,75	3,75
EURPLN*	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,23	4,27
USDPLN*	3,74	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,63	3,75
CHFPLN*	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,65	4,59
CPI inflation (% YoY)	4,0	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	3,1	
Core inflation (% YoY)	3,3	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	3,1	
Industrial production (% YoY)	4,0	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,3	7,5	2,9	4,1	
Constr. and assembly prod. (% YoY)	-2,8	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,8	0,6	4,5	6,5	
PPI inflation (% YoY)	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	1,2	1,9	2,6	
Retail sales (% YoY)	4,3	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,8	5,2	
Corporate sector wages (% YoY)	8,4	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,6	5,4	6,0	
Employment (% YoY)	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	-0,9	
Unemployment rate* (%)	5,1	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	5,9	
Current account (M EUR)	-1168	-445	-1780	-2593	-797	2103	-250	-1975	1053	-1034	-234	-1558		
Exports (% YoY EUR)	6,0	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,6	1,9	7,4	6,6		
Imports (% YoY EUR)	7,9	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-6,3	3,4	3,8	7,8		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland											
Indicator	2026				2027				2025	2026	2027
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	3,5	3,0	3,2	3,3	2,7	2,9	3,1	3,0	3,6	3,3	3,0
Private consumption (% YoY)	3,3	2,8	2,0	2,1	2,8	3,3	3,3	3,0	3,7	2,5	3,2
Gross fixed capital formation (% YoY)	2,4	10,3	7,8	7,5	6,8	6,1	5,9	5,5	4,4	7,3	6,4
Export - constant prices (% YoY)	5,6	4,9	4,5	5,0	5,2	5,4	5,5	5,5	5,5	5,0	5,6
Import - constant prices (% YoY)	6,1	5,5	5,6	5,9	5,2	6,1	6,5	6,1	6,8	5,8	6,3
GDP growth contributions	Private consumption (pp)	2,0	1,6	1,1	1,0	1,7	1,9	1,9	1,5	2,1	1,8
	Investments (pp)	0,3	1,6	1,3	1,7	0,9	1,0	1,0	1,3	0,8	1,2
	Net exports (pp)	0,0	-0,1	-0,4	-0,3	0,2	-0,2	-0,4	-0,2	-0,5	-0,2
Current account (% of GDP)***	-0,8	-1,0	-1,1	-1,3	-1,4	-1,5	-1,4	-1,3	-0,9	-1,3	-1,3
Unemployment rate (%)**	6,1	5,5	5,5	5,6	5,8	5,4	5,4	5,5	5,7	5,6	5,5
Non-agricultural employment (% YoY)	0,9	0,5	0,2	0,0	-0,5	-0,5	-0,5	-0,5	0,4	0,2	-0,5
Wages in national economy (% YoY)	6,7	6,5	6,1	6,0	6,0	6,0	6,0	6,0	8,7	6,4	6,0
CPI Inflation (% YoY)*	2,4	3,0	2,6	3,3	3,3	3,9	4,2	3,8	3,6	2,8	3,8
Wibor 3M (%)**	3,85	3,85	3,85	3,85	3,85	3,85	3,85	3,85	3,99	3,85	3,85
NBP reference rate (%)**	3,75	3,75	3,75	3,75	3,75	3,75	3,75	3,75	4,00	3,75	3,75
EURPLN**	4,29	4,27	4,23	4,20	4,18	4,17	4,16	4,15	4,21	4,20	4,15
USDPLN**	3,71	3,75	3,71	3,72	3,70	3,66	3,59	3,55	3,58	3,72	3,55

* quarterly average

** end of period

***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 22/06/2026						
9:30	Poland	Construction and assembly production (% YoY)	May	4,5	6,5	4,9
9:30	Poland	Corporate sector wages (% YoY)	May	5,4	6,0	6,0
9:30	Poland	Employment (% YoY)	May	-0,9	-0,9	-0,9
9:30	Poland	PPI (% YoY)	May	1,9	2,6	2,4
9:30	Poland	Retail sales - current prices(% YoY)	May	2,8	5,2	5,3
9:30	Poland	Retail sales - constant prices (% YoY)	May	1,3	3,1	3,6
16:00	Eurozone	Consumer Confidence Index (pts)	Jun	-19,0		-17,5
Tuesday 23/06/2026						
9:30	Germany	Flash Manufacturing PMI (pts)	Jun	50,1		50,5
10:00	Eurozone	Flash Services PMI (pts)	Jun	47,7		48,5
10:00	Eurozone	Flash Manufacturing PMI (pts)	Jun	51,6		51,6
10:00	Eurozone	Flash Composite PMI (pts)	Jun	48,5		49,1
14:00	Poland	M3 money supply (% YoY)	May	11,3	11,5	11,4
15:45	USA	Flash Manufacturing PMI (pts)	Jun	55,1		54,8
16:00	USA	Richmond Fed Index	Jun	13,0		
Wednesday 24/06/2026						
9:30	Poland	Registered unemployment rate (%)	May	6,0	5,9	5,9
10:00	Germany	Ifo business climate (pts)	Jun	84,9		85,6
16:00	USA	New home sales (k)	May	622		638
Thursday 25/06/2026						
14:30	USA	Final GDP (% YoY)	Q1	1,6	1,6	1,6
14:30	USA	Durable goods orders (% MoM)	May	8,0	-5,0	-4,5
14:30	USA	PCE core inflation (% YoY)	May	3,3	3,4	3,4
14:30	USA	PCE Inflation (% YoY)	May	3,8	4,1	4,1
14:30	USA	Real private consumption (% MoM)	May	0,1		
Friday 26/06/2026						
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Jun	48,9	50,0	50,3

*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