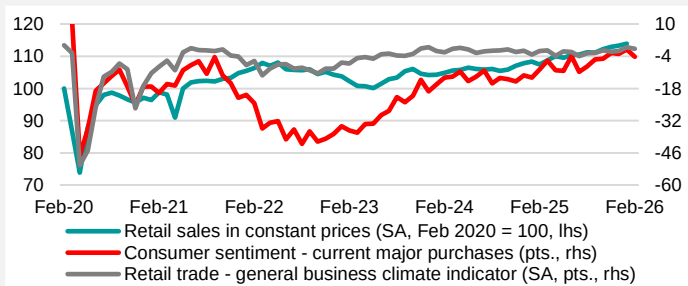


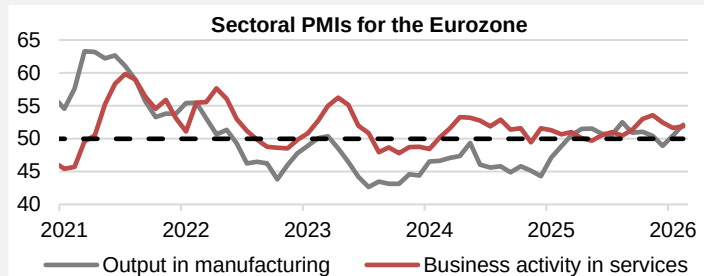
This week

✓ **Middle East to keep dominating financial market sentiments this week. D. Trump's administration gave Iran a 48-hour ultimatum over the weekend to reopen the Strait of Hormuz or have its energy infrastructure bombed.** On Sunday, Teheran warned that it will fully close the strait and launch attacks on US-linked energy infrastructure in the region if the threat is carried out. The sequence of events markedly increases the risk of further rise in oil prices. This, in turn, carries a substantial upside risk to our updated inflation forecast for Poland (see below). If oil prices went markedly up this week and then remained elevated, inflation would go up even higher, beyond the figures presented in our revised scenario.

✓ **Data on Poland's retail sales will be published today.** We expect the growth in sales at constant prices to have accelerated from 4.4% YoY in January to 5.5% in February. In our opinion, retail sales growth accelerated primarily due to favourable calendar effects, last year's low base, and a relatively good sentiment that still prevails among consumers. Activity in retail trade was also positively impacted by weather improving after a tough start to the year. Our forecast is below market consensus (5.9%), so if it materialises, it will have a slight negative effect on the PLN and yields on bonds.

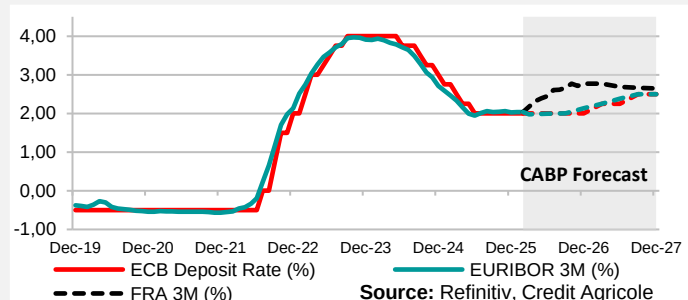


✓ **Tuesday will see the release of flash PMI readings for the Eurozone and Germany.** The market consensus is that the composite PMI for the Eurozone will drop from 51.9 pts in February to 51.1 pts in March along with a downturn in manufacturing and services. In Germany, PMI is pencilled in at 49.4 pts, down from 50.9 pts. This data will be particularly important as it is going to be the first release to mirror the impact of the escalation of conflict in the Middle East and the related oil price growth on economic activity in Europe.



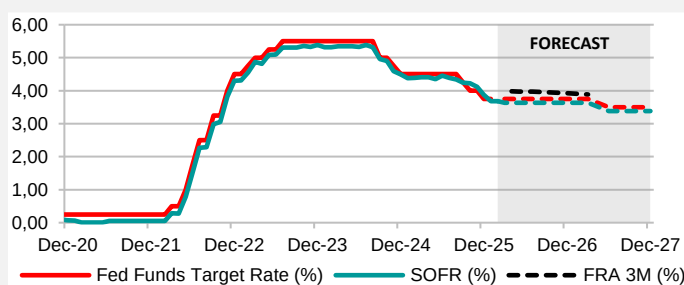
Last week

✓ **The ECB left interest rates unchanged at its last week's meeting.** The tone of the press release and the conference after the meeting was slightly hawkish. The ECB emphasised that it was ready to respond to the increase in commodity prices, and did not make a suggestion it did back in 2022 that the forthcoming inflation rise would only be transitional. The anticipated trajectory of inflation, and particularly core inflation has been revised upwards in the March macroeconomic projection, while the economic growth outlook forecast underwent only a minor revision. At



the same time, the ECB did not indicate it was ready to raise the rates immediately, which suggests that the monetary policy is increasingly likely to be tightened in the next meeting, but nothing has been decided yet. At present, the market estimates that the monetary policy tightening cycle will begin in Q2 2026, with approximately three 25bp rate hikes in 2026 followed by first rate cuts in 2027. Our scenario remains more cautious: we think the first rate hikes will only be made in Q1 2027, though we can see the likelihood of an earlier onset of the monetary policy tightening is growing.

✓ **As expected, the Fed has not changed its interest rates (target range for federal funds rate at 3.50-3.75%), and the press release after the meeting has been modified only slightly.** Chair J. Powell's statement was moderately hawkish. Chair Powell emphasised that the central bank had strong reasons to keep



Source: Refinitiv, Credit Agricole

interest rates as they are for a long time, and further monetary policy easing, if any, would require a clearer progress in terms of inflation lowering. At the same time, the Fed did not seem to be particularly worried about the impact of the war in Iran on economic activity to date, pointing to an elevated level of uncertainty rather than the need for a quick reaction. Revised macroeconomic projections brought a substantial upward revision of inflation forecast for 2026, with only minor adjustments for 2027 and no change for 2028. At the same time, the economic growth trajectory was revised slightly upwards, almost no changes being made to the unemployment rate forecast. The median of FOMC members expectations arising from the projection still indicates at two 25bp rate cuts (one in 2026, and the other in 2027), though the distribution of individual expectations shows that the FOMC members have become more hawkish. We maintain our scenario of rate stabilisation in 2026 and one 25bp cut in 2027.

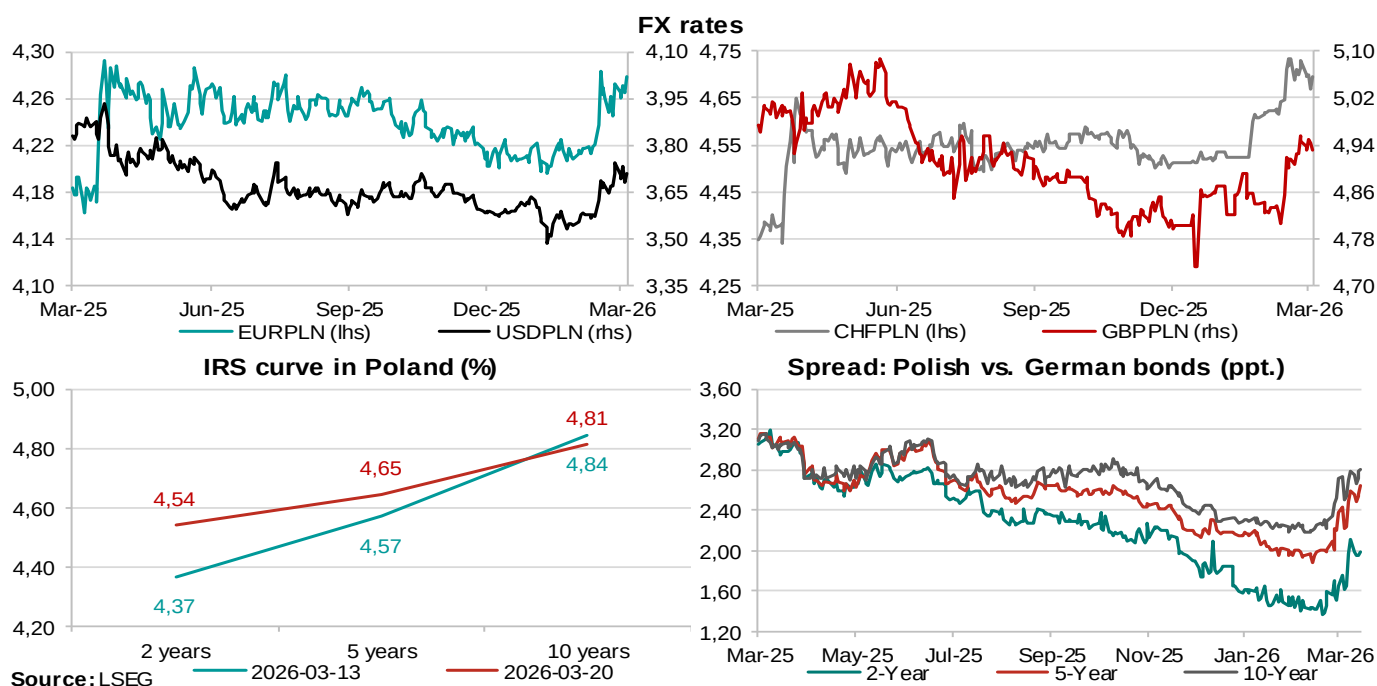
✓ **NBP balance of payments data for January pointed to a marked improvement in Poland's current account balance.** The current account posted a surplus of EUR 1,153m, compared with a deficit of EUR 1,698m in December, accompanied by an improvement in the trade balance. At the same time, annual export growth slowed to -1.8% YoY in January from 9.7% in December, while import growth fell to -6.1% from 10.1% in December. Declines were recorded across all major export categories, with the sharpest drops seen in capital goods, intermediate goods and transport equipment. Meanwhile, the pronounced fall in imports was driven by lower crude oil prices and a base effect, with the steepest declines recorded in imports of fuels, intermediate goods and capital goods.

✓ **The data on economic activity and labour market conditions in February published last week carried a distinctly weaker-than-expected message.** Industrial production increased by 1.5% YoY in February after falling by 1.5% in January, coming in below our forecast (2.5%) and in line with the market consensus, however, after adjustment for seasonal factors, it rose by 0.6% MoM. Particularly noteworthy was the surprising decline in output in export-oriented industries, despite favourable calendar effects and an improvement in economic conditions in the Eurozone and Germany (see MACROPulse of 19/03/2026). At the same time, construction and assembly production fell by 13.7% YoY in February after declining by 12.5% in January, and after adjustment for seasonal factors it dropped by 3.8% MoM, reaching its lowest level in five years. Labour market data also carried a moderately pessimistic message as employment growth in the enterprise sector remained at -0.8% YoY, while nominal wage growth stabilised at 6.1% YoY, signalling a further easing in wage pressures. As a result, the February data, together with the weak January readings, support our downwardly revised GDP growth

forecast for Q1 2026 (3.5% YoY) and for full-year 2026 (3.3%). Our new macroeconomic scenario is presented below.

✓ **Last week, Moody's conducted a periodic review of Poland's rating, leaving its credit rating unchanged at A2 and maintaining the negative outlook.** In its press release, the agency stressed that the negative outlook reflects a clear deterioration in the fiscal outlook, related to the risk of insufficient fiscal consolidation, persistent spending pressures, and political tensions between the government and the president, which may limit the effectiveness of economic policy. At the same time, Moody's indicated that Poland's current rating continues to be underpinned by the country's strong economic position, supported by a relatively high rate of economic growth, a moderate general government debt, and favourable debt service coverage ratios. Also noteworthy is the upward revision of the 2026 GDP growth forecast to 3.7% from 3.2%, which the agency links to solid domestic demand and EU-funded investment. At the same time, Moody's upheld its assessment that, over the coming years, the general government debt will remain high, while the public debt-to-GDP ratio will continue to rise gradually.

Conflict in Middle East still in the spotlight



Last week, developments in the Middle East and the accompanying fluctuations in oil prices continued to dominate financial markets. The start of the week brought a partial improvement in sentiment. As expectations grew that disruptions to shipping through the Strait of Hormuz would be contained, the price of Brent crude fell to around USD 100-103 per barrel, the PLN appreciated slightly, and yields on Polish bonds and IRS rates declined markedly. That improvement, however, proved short-lived. Following a renewed escalation of the conflict and attacks on energy infrastructure, oil prices surged again, the USD strengthened (with EURUSD falling below 1.15), and the PLN weakened further, while domestic bond yields and IRS rates continued to rise. Friday brought no meaningful change to this picture. Despite Brent falling back below USD 110 per barrel on news of measures aimed at increasing supply and easing passage through the Strait of Hormuz, market sentiment remained weak and investors continued to fear that the war with Iran would drag on.

In the coming week, developments in the Middle East conflict will remain the main factor shaping financial markets. We believe that today's Polish retail sales data, which in our view will come in below consensus, will be slightly negative for the PLN and IRS rates.



Forecasts for CE-4 countries

The escalation of the conflict in the Middle East has prompted us to revise our macroeconomic, interest rate and exchange rate forecasts for the countries of Central and Eastern Europe (CE-4): Poland, Czechia, Hungary and Romania. In our baseline scenario, we assume neither a lasting, full blockade of the Strait of Hormuz nor a rapid de-escalation of the conflict. We do assume, however, that after a temporary but severe disruption to oil transport in the short term, crude oil flows will gradually be restored, supported by the partial use of G7 strategic reserves, while Iranian oil exports will remain durably suspended. In practice, this means that oil prices will peak in Q2 and then decline in H2 this year, as supply and transport partially normalise. They will, however, remain above the levels seen before the escalation of the conflict for an extended period. Such a shock profile implies a higher inflation path, weaker growth prospects and a longer period of elevated risk aversion for the region's economies, limiting the scope for currency appreciation. At the same time, the rise in the geopolitical risk premium and uncertainty over the persistence of the energy shock argue for a more cautious approach by the central banks of the CE-4 countries. Below, we present a condensed version of our macroeconomic scenario for the region for 2026-2027.

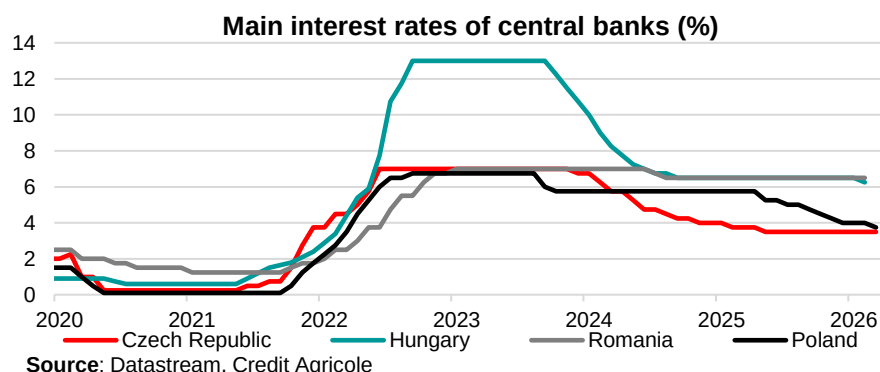
We assess the impact of the conflict on economic growth in the CE-4 region as moderately negative, although its strength will vary across countries. The main transmission channel is the rise in oil and gas prices, which increases transport, production and heating costs, thereby reducing households' real incomes and corporate margins. As a result, private consumption and investment growth will weaken, especially in more energy-intensive industrial sectors. In addition, the conflict is worsening the external environment through higher freight costs, supply chain disruptions and a rise in global risk aversion, which is translating into weaker external demand, higher financing costs and more cautious investment decisions. The negative impact on economic activity will be partly offset by increased inflows of EU funds and support measures implemented by some governments, although the scale of intervention will be smaller than during the energy crisis in 2022.

By contrast, the impact of the conflict on inflation in the CE-4 region will be clearly inflationary in the short and medium term, reflecting the overlap of several transmission channels. The first is the direct increase in fuel and energy prices resulting from higher oil and gas prices on global markets. The second consists of indirect effects: higher transport, logistics and production costs, which will feed through with a lag into higher prices of industrial goods, food and some services. The third channel is the exchange rate effect: rising global risk aversion and a stronger US dollar support the weakening of regional currencies, which raises the prices of imported goods. In our view, this means that the inflation path in the CE-4 countries will be significantly higher in the coming months of 2026, with a marked decline only in Q1 2027, when favourable base effects begin to materialise and the energy shock itself will already have faded several quarters earlier.

In our earlier scenario, drawn up before the outbreak of the conflict in the Middle East, we assumed that the economic recovery in Czechia would continue in 2026-2027, with GDP growth of around 2.4% YoY. This trend was expected to be driven primarily by strong domestic demand, supported by persistently rapid real wage growth, improved consumer sentiment and a positive fiscal impulse, including higher public sector wages, faster absorption of EU funds, higher defence spending and energy subsidies. However, the escalation of the conflict in recent weeks requires a downward revision to this scenario in line with the mechanisms described above. As a result, we now expect GDP growth in the

Czechia to amount to 2.2% in both 2026 and 2027. The slowdown may, however, be partly cushioned by the more dovish stance of the new government, which, in the face of the energy shock, may loosen fiscal policy more than we had previously assumed. At this stage, however, no broad-based support measures have been enacted, in particular in the form of administrative caps on energy or fuel prices. The authorities have merely tightened the monitoring of prices and margins and introduced an obligation to report fuel prices to state administration bodies.

In the baseline scenario from before the escalation of the conflict in the Middle East, we assumed that CPI inflation in Czechia would decline to 2.2% YoY in 2026 from 2.5% in 2025, and then stabilise at around 2.3% in 2027. In January, however, inflation fell much more sharply than we had expected, to 1.6% YoY, and in February the decline deepened to 1.4%. The drop in inflation in 2026 was, however, largely technical in nature, as it resulted from the transfer to the state budget of the costs of supporting renewable energy sources, which would otherwise have been borne by energy consumers through tariffs, as well as from a temporary decline in administered prices and fuel prices. Nevertheless, inflationary pressures in the domestic economy remained relatively strong. Core inflation remained elevated, at 2.7% YoY in both January and February, supported by strong, albeit gradually weakening, wage growth, persistent price pressures in services and strong house price growth feeding into higher imputed rents. In other words, even before the price shock associated with the military conflict in the Middle East, Czechia was already in a situation where headline inflation trends looked very favourable, but core inflation remained fairly persistent. The conflict therefore acts as a factor intensifying already existing inflationary pressures. We expect average annual inflation to amount to 3.0% in 2026 and 2.8% in 2027. Our revised forecast reflects, on the one hand, the inflationary effect of the external shock and, on the other, the clearly lower starting point for the CPI path.

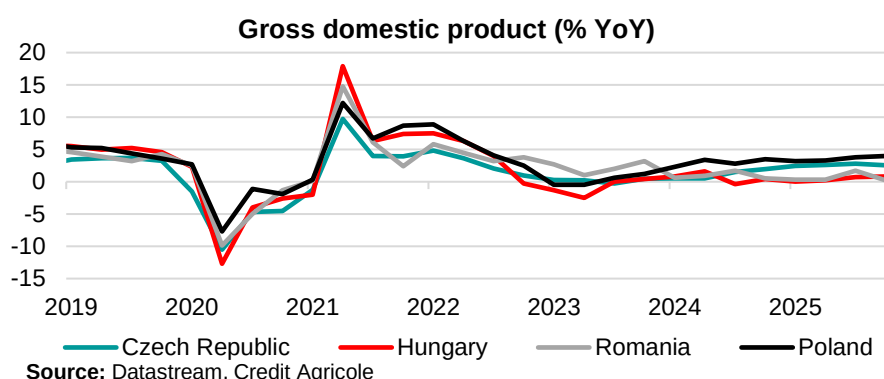


The tone of last week's CNB meeting supports our previous assessment that the central bank will remain cautious in the coming quarters and keep interest rates unchanged. In its post-meeting statement, the CNB noted that the risks to achieving the inflation target are broadly balanced, but that the conflict in the Middle East constitutes a risk factor, operating

both through the direct and indirect impact of higher energy commodity prices on inflation and through potentially negative consequences for economic activity and financial conditions. At the same time, the CNB clearly stressed that the current economic situation in Czechia – low inflation and solid economic growth – does not create pressure for an immediate response by the central bank, but instead provides room to observe incoming data and react only if second-round effects materialise or inflation expectations rise persistently. In our view, this means that our previous scenario of interest rate stabilisation in Czechia remains the most likely. Given the rise in global risk aversion, we have revised up our EURCZK forecast, but we still expect the CZK to gradually strengthen against the EUR from H2 2026 onwards. We forecast EURCZK at 23.6 at the end of 2026 and 22.6 at the end of 2027.

Forecasts of main macroeconomic indicators in Czech Republic									
	2025	2026	2027				2024	2025	2026
GDP growth rate (% YoY)	2,5	2,2	2,2	CPI inflation (% YoY)			2,5	3,0	2,8
	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
CNB 2W repo rate (%)	3,50	3,50	3,50	3,50	3,50	3,50	3,50	3,50	3,50
EURCZK	24,1	24,4	24,4	24,0	23,6	23,4	23,1	22,8	22,6

Source: Datastream, Credit Agricole



Source: Datastream, Credit Agricole

Despite the economic shock associated with the conflict in the Middle East, we still expect a marked acceleration in economic growth in Hungary in 2026 to 2.0%, compared with 0.4% recorded in 2025. The foundation of this recovery remains the broad-based stimulus measures introduced in 2025 and at the beginning of 2026, aimed at boosting household

incomes and stimulating lending. These include substantial tax breaks for families, PIT exemptions for mothers, public sector wage increases, housing allowances for some public sector employees and the “Home Start” preferential mortgage loan programme. According to central bank estimates presented in December last year, the scale of these measures may increase households’ net incomes in 2026 by around 1.9% of GDP. Further demand-side support comes from minimum wage increases, by 11% in 2026

EU funds remain crucial for Hungary’s long-term economic prospects, with the bulk of the funds, both under cohesion policy and the Recovery Instrument, still blocked. At the same time, the situation on Hungary’s political scene ahead of the parliamentary elections scheduled for 12 April 2026 has changed fundamentally, which represents the main risk factor for the forecast. Contrary to earlier expectations, the end of 2025 and the beginning of 2026 did not bring a lasting recovery of the ruling party’s initiative. The latest polls from February and March 2026 indicate a clear lead for the opposition Tisza party led by P. Magyar. An opposition victory would increase the likelihood of an improvement in Hungary’s relations with the EU and thus the gradual unfreezing of part of the suspended EU funds, which would support investment and economic growth in the medium term. At the same time, this scenario remains subject to significant risk, as Fidesz still benefits from an institutional advantage, a strong position in rural areas and an electoral system that favours the largest party, meaning that despite the weaker polling position of V. Orbán’s party, the election outcome remains open. We forecast economic growth of 2.3% in 2027.

Inflation in Hungary continues to be heavily affected by administrative measures, but its profile in 2026 is different from what we assumed a few months ago. In the meantime, the government has extended margin caps on food and selected drugstore products at least until the end of May 2026. In addition, at the beginning of 2026 inflation was reduced by a one-off technical effect stemming from the 30% reimbursement of additional heating costs after an exceptionally cold January. As a result, inflation fell to 1.4% YoY in February, the lowest level since the end of 2016. Following the outbreak of war in the Middle East, the government introduced a new support instrument in the form of fuel price caps (HUF 595/litre for petrol and HUF 615/litre for diesel, around 6% above pre-shock levels) and announced the release of state reserves, which should clearly limit the direct pass-through of higher oil prices to the CPI. The clearly lower starting point is also reducing the scale of the revision to the inflation forecast. We

expect average annual inflation to amount to 4.5% in 2026, although after the election, and as some of the support measures expire, the risk of a renewed acceleration in inflation in H2 remains significant. It is only in 2027, as the effects of cost shocks fade, that we expect inflation to return to 3.0%.

In the area of monetary policy, we assume that after February's 25bp cut in the base rate to 6.25%, the MNB will move into a longer pause and keep rates unchanged until the end of 2026. Even before the escalation of the conflict in the Middle East, the central bank had emphasised the need to maintain positive real interest rates and to pursue a cautious and patient approach to monetary policy. Amid higher oil prices, a weaker HUF, with EURHUF at 370 at the end of 2026 and 350 at the end of 2027, and elevated global risk aversion, the room for further monetary easing in the short term has vanished. Therefore, in our revised scenario, we have pushed back the next rate cut by one quarter relative to our earlier scenario and now expect the next move by the MNB only in Q2 2027. Our new path assumes a base rate of 4.75% at the end of 2027, with the estimated neutral rate unchanged at 4.00%, which will only be reached in 2028. In addition, as the probability of a change of government after the election and a potential partial unfreezing of EU funds rises, we believe the risk of a stronger demand impulse in the medium term is increasing, which justifies a higher interest rate path in 2027 compared with the previous forecast.

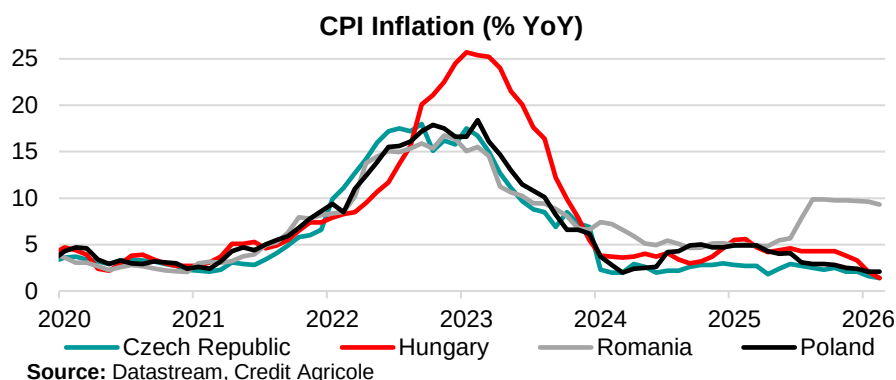
Forecasts of main macroeconomic indicators in Hungary									
	2025	2026	2027				2025	2026	2027
GDP growth rate (% YoY)	0,4	2,0	2,3	CPI inflation (% YoY)			4,4	4,5	3,4
	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
MNB base rate (%)	6,50	6,25	6,25	6,25	6,25	6,25	5,75	5,25	4,75
EURHUF	384	390	390	380	370	360	358	355	350

Source: Datastream, Credit Agricole

In our earlier scenario, before the escalation of the conflict in the Middle East, we assumed that Romania's economy would remain clearly weakened in 2026 under the impact of overlapping fiscal consolidation packages, and that GDP growth would be low mainly because of a sharp slowdown in private consumption. This picture reflected the assumption that higher indirect taxes, the freezing of part of public sector incomes and still high inflation in H1 2026 would continue to reduce households' real incomes and constrain domestic demand. In 2027, we expected a more visible recovery, supported by the fading negative impact of fiscal consolidation, improving labour market conditions and a rebound in private consumption. However, the escalation of the conflict requires a more cautious view of the growth outlook. As a result, we now expect Romania's GDP growth to amount to 0.8% YoY in 2026 and then accelerate to around 1.8% in 2027, although the balance of risks to this path remains clearly tilted to the downside owing to uncertainty regarding the scale of EU fund absorption, the durability of fiscal consolidation and the impact of the energy shock on consumers and businesses.

In our earlier scenario, before the escalation of the conflict in the Middle East, we assumed that inflation in Romania would remain elevated until mid-2026, but would start to decline markedly from Q3 onwards thanks to strong base effects after last year's tax and regulatory shocks, as well as the disinflationary impact of fiscal consolidation constraining domestic demand. However, the escalation of the conflict in the Middle East acts as an additional inflationary impulse in an environment of already elevated price growth. An additional risk factor will be the lifting of margin caps on basic food products from April 2026. These were first introduced in August 2023 and have been successively renewed since then. According to NBR estimates, the introduction of the cap reduced inflation by 0.6 pp. It is worth noting that, in response to the shock, the government postponed by one year the liberalisation of household gas prices, which had been scheduled for the end of March 2026, and this will curb inflation in the short term. As a result, we now expect the disinflation process in Romania to be slower than in

the pre-shock scenario, with average annual inflation remaining clearly elevated throughout 2026, at 7.0%, and then falling more markedly only in 2027, to an average of 4.2%, as base effects fade and the cost impulse gradually weakens.



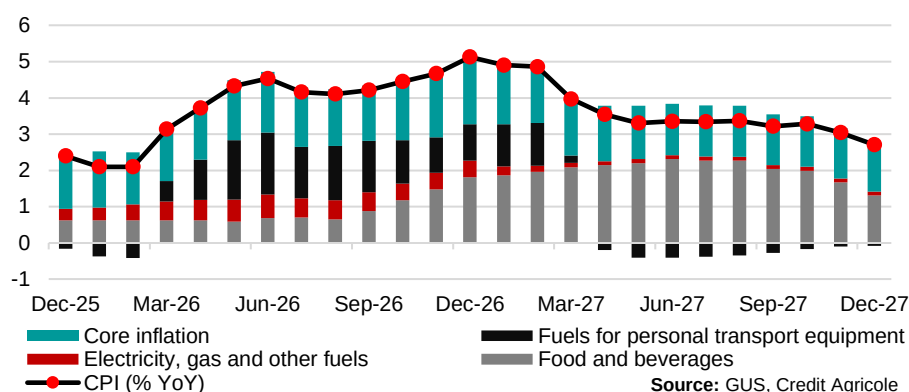
In our earlier scenario, we assumed that the NBR would begin its rate-cutting cycle in Q3 2026, taking advantage of the expected sharp fall in inflation from Q3 onwards and the deepening negative output gap related to fiscal consolidation. This view was consistent with the message after the February meeting, at which the central bank kept the 2W repo rate unchanged

at 6.50%, stressing on the one hand the temporary nature of the rise in inflation in Q2 2026 and its subsequent sharp decline, and on the other still high core inflation, persistent inflation expectations and risk factors related to energy, gas and food. In the context of the escalation of the conflict in the Middle East, we have postponed the timing of the first cut and now expect the NBR to begin its monetary easing cycle only in Q4 2026. In our view, the rate will stand at 6.00% at the end of 2026 and 4.50% at the end of 2027. The central bank has consistently stressed the priority of exchange rate stability as a condition for controlling inflation expectations. As a result, we expect EURRON to remain anchored by central bank intervention around current levels, i.e. 5.09, until the end of 2027.

Forecasts of main macroeconomic indicators in Romania									
	2025	2026	2027				2025	2026	2027
GDP growth rate (% YoY)	0,7	0,8	1,8	CPI inflation (% YoY)			7,3	7,0	4,2
	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
NBR policy rate (%)	6,50	6,50	6,50	6,50	6,00	6,00	5,50	5,00	4,50
EURRON	5,09	5,09	5,09	5,09	5,09	5,09	5,09	5,09	5,09

Source: Datastream, Credit Agricole

In our earlier scenario, before the escalation of the conflict in the Middle East, we assumed a continuation of the economic recovery in Poland, with GDP growth of around 3.6% in 2026 and a slowdown to 3.0% in 2027. This picture reflected an expectation that strong domestic demand would be maintained, with private consumption continuing to play the main role, supported by positive real household income growth, alongside a clear acceleration in investment linked to the peak absorption of EU funds under the National Recovery Plan and the Cohesion Fund. We also assumed that the external environment would become somewhat more supportive thanks to a moderate recovery in the Eurozone, although the contribution of net exports to growth was expected to remain limited because of relatively rapid import growth accompanying strong domestic demand. However, the escalation of the conflict requires this scenario to be revised: higher energy and transport prices, slower real income growth, greater caution in corporate investment and a rise in global risk aversion will all act to slow growth somewhat in the coming quarters. At the same time, the scale of the revision remains limited, as we assume that households will smooth their consumption path, while the acceleration of public investment co-financed by EU funds will cushion the negative impact of the shock. As a result, we lower our GDP growth forecast for Poland in 2026 to 3.3%, while leaving the forecast for 2027 unchanged at 3.0%



Before the escalation of the conflict in the Middle East, we assumed that CPI inflation in Poland would remain relatively close to the NBP's target in 2026-2027. We have now revised this path markedly upwards and expect average annual inflation to amount to 3.9% YoY in 2026 and 3.6% in 2027. Inflation will begin to rise quickly from March, from 3.1% YoY, reaching 5.1% in December. The main source of this revision is

fuel prices, whose growth rate, after earlier declines, is moving into strongly positive territory and will exceed 30% YoY in mid-2026, pushing inflation up both directly and indirectly through transport and production costs. At the same time, food price pressure will also become increasingly visible in H2 2026. We believe that the war in Iran and the blockade of the Strait of Hormuz will affect food and non-alcoholic beverage price growth primarily through higher energy prices, while the importance of potentially weaker demand for food from the Middle East region will, in our view, remain limited, as the bulk of food exports to the Gulf countries can be delivered through Saudi Arabian ports on the Red Sea. Higher energy prices will affect food prices through three channels: rising current production and logistics costs, stronger demand for some agricultural commodities owing to the possibility of using them in biofuel production, and a delayed effect related to higher fertiliser costs. Academic research on price transmission indicates that increases in crude oil and natural gas prices affect food prices with a lag, with the peak impact occurring around 12-15 months after the shock. For this reason, we believe that food and non-alcoholic beverage price growth will peak in Q2 2027 at around 8.6%, after which it will begin to decline gradually. As a result, the average annual rate in 2027 will amount to 7.8%, compared with 3.4% in 2026. The main risk factor for our scenario is the persistence of the shock. Many companies in the agri-food sector are hedged against price increases through futures contracts. Therefore, if the shock fades quickly, its ultimate impact on food and non-alcoholic beverage price growth may be smaller. In 2027, we expect the fuel impulse to fade gradually and high base effects to come into play, allowing inflation to decline gradually to 2.7% in December. However, disinflation will be slower than we had previously assumed because of persistently high food price growth and only a gradual decline in core inflation.

Forecasts of main macroeconomic indicators in Poland

	2025	2026	2027						2025	2026	2027
GDP growth rate (% YoY)	3,6	3,3	3,0	CPI inflation (% YoY)			3,6	3,9	3,6		
	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27		
NBP reference rate (%)	4,00	3,75	3,75	3,75	3,75	3,75	3,50	3,50	3,50		
EURPLN	4,21	4,27	4,27	4,23	4,20	4,18	4,17	4,16	4,15		

Source: Datastream, Credit Agricole

Until now, we assumed that the MPC would continue the monetary easing cycle in Q2 2026. However, the escalation of the conflict in the Middle East and the associated clear upward shift in the inflation path mean that the room for further rate cuts in the coming quarters has narrowed significantly. This assessment is consistent with statements by some MPC members. In our view, the Council will remain cautious for as long as inflation stays above the upper bound of the permissible deviation band around the NBP target. As a result, we are pushing back the next 25bp rate cut to Q2 2027. At the same time, we are not changing the terminal rate level, which in our view still stands at 3.50%. We only assume that it will be reached later than we had expected before the shock materialized.

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	4,28
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	3,71
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	4,70
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	2,1	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	2,6	2,5	
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	1,5	
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	-13,7	
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	-2,3	
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	6,1	
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	1153		
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	-1,8		
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	-6,1		

*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	2,9	3,3	3,4	2,7	2,9	3,1	3,0	3,6	3,3	3,0
Private consumption (% YoY)	3,8	2,5	2,0	2,1	2,8	3,3	3,3	3,0	3,7	2,6	3,2
Gross fixed capital formation (% YoY)	7,2	10,4	7,8	7,5	6,6	6,1	5,9	5,5	4,3	8,1	6,4
Export - constant prices (% YoY)	4,8	4,0	4,5	5,0	5,2	5,4	5,5	5,5	4,5	4,6	5,7
Import - constant prices (% YoY)	4,9	4,3	5,6	5,9	5,2	6,1	6,5	6,1	5,6	5,2	6,3
GDP growth contributions	Private consumption (pp)	2,4	1,5	1,2	1,0	1,8	1,9	1,9	1,5	2,1	1,8
	Investments (pp)	1,0	1,6	1,3	1,7	0,9	1,0	1,0	1,3	0,7	1,4
	Net exports (pp)	0,1	0,0	-0,4	-0,3	0,2	-0,2	-0,4	-0,2	-0,4	-0,2
Current account (% of GDP)***	-0,8	-1,0	-1,1	-1,3	-1,4	-1,5	-1,4	-1,3	-0,7	-1,3	-1,3
Unemployment rate (%)**	5,9	5,5	5,5	5,6	5,8	5,4	5,4	5,5	5,7	5,6	5,5
Non-agricultural employment (% YoY)	0,5	0,2	0,1	0,0	-0,5	-0,5	-0,5	-0,5	0,4	0,1	-0,5
Wages in national economy (% YoY)	7,5	6,5	6,1	6,0	6,0	6,0	6,0	6,0	8,7	6,5	6,0
CPI Inflation (% YoY)*	2,4	4,2	4,2	4,8	4,6	3,4	3,3	3,0	3,6	3,9	3,6
Wibor 3M (%)**	3,83	3,85	3,86	3,86	3,86	3,61	3,61	3,61	3,99	3,86	3,61
NBP reference rate (%)**	3,75	3,75	3,75	3,75	3,75	3,50	3,50	3,50	4,00	3,75	3,50
EURPLN**	4,28	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	3,78	3,82	3,73	3,66	3,59	3,55	3,58	3,82	3,55

* quarterly average

** end of period

***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 03/23/2026						
9:30	Poland	Retail sales - current prices(% YoY)	Feb	3,9	4,9	5,3
9:30	Poland	Retail sales - constant prices (% YoY)	Feb	4,4	5,5	5,9
14:00	Poland	M3 money supply (% YoY)	Feb	10,0	10,1	10,0
16:00	Eurozone	Consumer Confidence Index (pts)	Mar	-12,2		-14,2
Tuesday 03/24/2026						
9:30	Germany	Flash Manufacturing PMI (pts)	Mar	50,9		49,4
9:30	Poland	Registered unemployment rate (%)	Feb	6,0	6,1	6,1
10:00	Eurozone	Flash Services PMI (pts)	Mar	51,9		51,0
10:00	Eurozone	Flash Manufacturing PMI (pts)	Mar	50,8		49,4
10:00	Eurozone	Flash Composite PMI (pts)	Mar	51,9		51,0
14:45	USA	Flash Manufacturing PMI (pts)	Mar	51,6		51,3
15:00	USA	Richmond Fed Index	Mar	-10,0		
Wednesday 03/25/2026						
10:00	Germany	Ifo business climate (pts)	Mar	88,6		85,5
Thursday 03/26/2026						
10:00	Eurozone	M3 money supply (% MoM)	Feb	3,3		3,3
13:30	USA	Initial jobless claims (k)	w/e	205		
Friday 03/27/2026						
15:00	USA	Final U. of Michigan Sentiment Index (pts)	Mar	55.5	52.0	53.6

*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