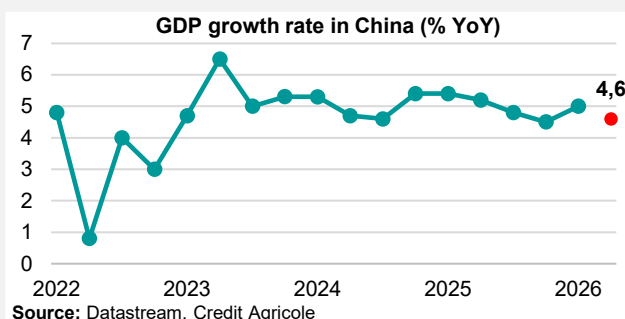


This week

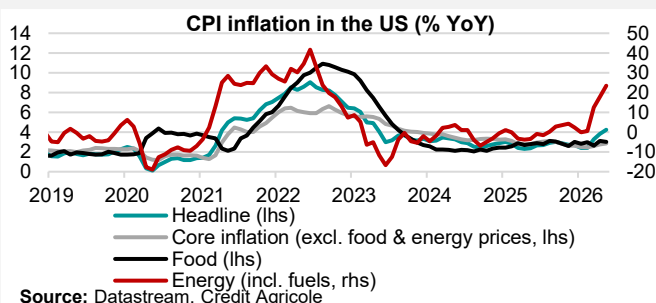
✓ This week will bring important data releases from the Chinese economy.

We expect GDP growth to have slowed to 4.6% YoY in Q2, from 5.0% in Q1, which would indicate a marked loss of momentum following a strong start to the year. Data breakdown is likely to confirm the continued divergence between a relatively resilient export sector and high-tech industries on the one hand, and weak domestic demand on the other. We forecast that industrial production growth eased to 4.2% YoY in June, from 4.5% in May, while retail sales, in our view, rose by 0.5% YoY following a 0.6% decline in May, largely due to favourable base effects. At the same time, we expect the decline in investment to deepen to -5.2% YoY in June, from -4.1% in May, reflecting generally weak investment activity outside selected areas such as artificial intelligence, transport infrastructure and parts of the high-tech sector. China's June foreign trade figures will also be released on Tuesday. We expect the export growth to accelerate to 22.0% YoY in June, from 19.4% in May, while import growth is likely to remain elevated at 26.0% YoY compared with 27.4% in May. This would result in the trade surplus widening to USD 131.6bn in June vs. USD 105.4bn in May.



✓ US CPI inflation data for June will be released on Tuesday. We expect inflation to have eased to 3.8% YoY, from 4.3% in May, mainly reflecting an adjustment in energy prices following their earlier sharp increase linked to the conflict in the Middle East. At the same time, core inflation is likely to remain quite sticky. We expect core

prices to rise by 0.3% MoM, with annual growth edging up to 2.9% YoY from 2.8% in May. So far, the data has not provided any evidence of significant second-round effects of the energy shock, apart from a few isolated cases such as air fares. Still, persistently elevated core inflation continuously narrows the space for monetary policy easing by the Fed. A decline in headline inflation to 3.8% YoY would be consistent with our view that inflation peaked in May and will continue to ease over the coming quarters. Such a scenario would dampen expectations of further Fed rate hikes, supporting the PLN and putting downward pressure on the yields on Polish bonds. In this context, Fed Chair K. Warsh's semi-annual testimony before Congress on Tuesday and Wednesday will also be important. In light of his remarks at the Sintra forum, which pointed to easing inflation risks while reaffirming the Fed's commitment to returning inflation to target and signalling a shift away from traditional *forward guidance* towards greater reliance on incoming data (see MACROmap of 06/07/2026), as well as the Minutes released last week (see below), we do not expect the testimony to provide any new insights into the US monetary policy outlook.

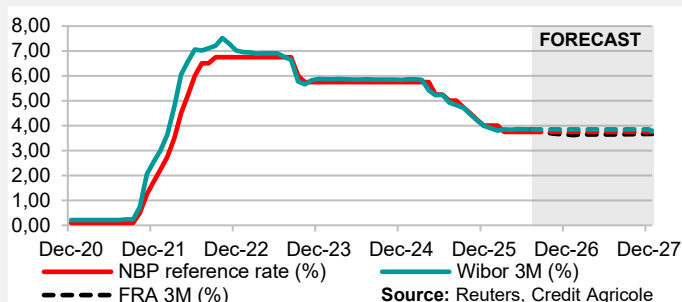


✓ Final Polish CPI inflation data for June will be released on Wednesday. We expect them to confirm Statistics Poland's flash estimate, which showed inflation falling to 2.5% YoY from 3.1% in May. The decline was driven primarily by lower food and fuel prices. According to our estimates, core inflation edged down to around 3.0% YoY in June, from 3.1% in May, confirming limited inflationary pressure and the absence of any pronounced second-round effects.

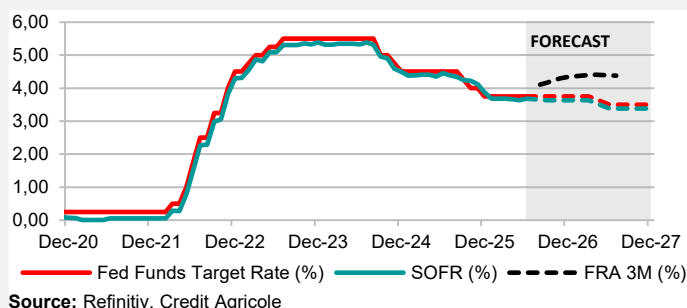
Last week

Last week, the Monetary Policy Council left NBP interest rates unchanged in line with our forecast and market expectations, with the reference rate standing at 3.75% (see MACROPulse of 08/07/2026). Far more important than the decision itself was Thursday's press conference by NBP Governor A.

Glapiński, the tone of which proved more dovish than expected. A. Glapiński described MPC members as “cautious doves” and suggested that, provided the global backdrop remains stable, he could submit a motion for a one-off 25bp rate cut after the summer break. The comment immediately weighed on the PLN (see below). Expectations of monetary easing were subsequently tempered by comments from other MPC members. H. Wnorowski stated that he would currently have “great difficulty” supporting a rate cut and expressed scepticism about the scope for monetary easing in 2026. Meanwhile, L. Kotecki argued that it was too early to declare support for or objection to a rate cut, while noting that room for a cautious reduction could emerge if September inflation came in below the path outlined in the July projection. We maintain our baseline scenario that NBP interest rates will not be cut before 2028. However, we can see a risk that inflation, which we expect to remain close to the NBP target in July and August, could prompt the MPC to deliver a one-off rate cut as early as September this year.



The Minutes of the June FOMC meeting released last week carried a mildly hawkish tone. Several Fed officials saw a case for raising interest rates at the June meeting, although all ultimately supported keeping the rates unchanged. Participants noted that upside risks to inflation remained elevated, while risks to labour market conditions had slightly eased. Under a scenario in which inflation remains elevated, supported by higher energy prices, tariffs and strong demand linked to the development of artificial intelligence, most members judged that some additional policy tightening could prove necessary. At the same time, should inflation continue to ease gradually, most participants saw reasons for leaving the rates unchanged or lowering them at a later stage. The previously published rate projections had already pointed to significant divisions within the FOMC, and therefore the most important new information from the Minutes was the confirmation that some members had considered a rate hike as early as June. Despite the hawkish tone of the Minutes, the weaker-than-expected June labour market data (see MACROmap of 06/07/2026) continue to support our scenario of FOMC rate stabilisation in the quarters to come.

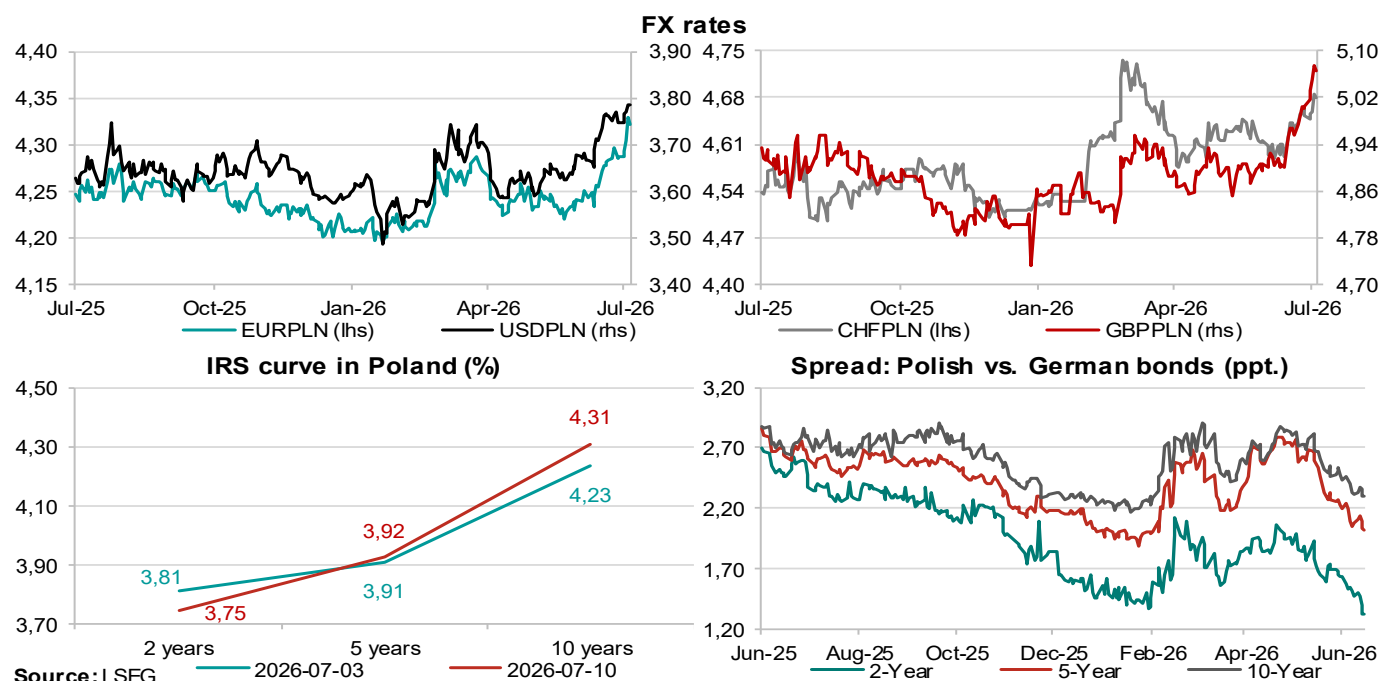


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May data from the German economy painted a moderately positive picture. Manufacturing orders went up by 1.9% MoM following a 3.2% decline in April, coming in above the market consensus of 1.5%. The increase, however, was driven to a large extent by sizeable contracts in the *other transport equipment* category, which includes aircraft, ships, trains and military vehicles. Excluding large orders, manufacturing orders rose by 1.0% MoM. Industrial production expanded by 0.9% MoM, following a 0.2% rise in April and significantly exceeding market expectations (0.2%), the growth having been supported primarily by higher car production and

stronger construction activity. In annual terms, however, the output did not change, suggesting that the recovery in German industry remains moderate. Meanwhile, the trade surplus widened to EUR 19.1bn in May from EUR 14.7bn in April. Exports rose by 0.9% MoM versus 0.8% previously, while imports fell by 2.5% following a 1.1% increase.

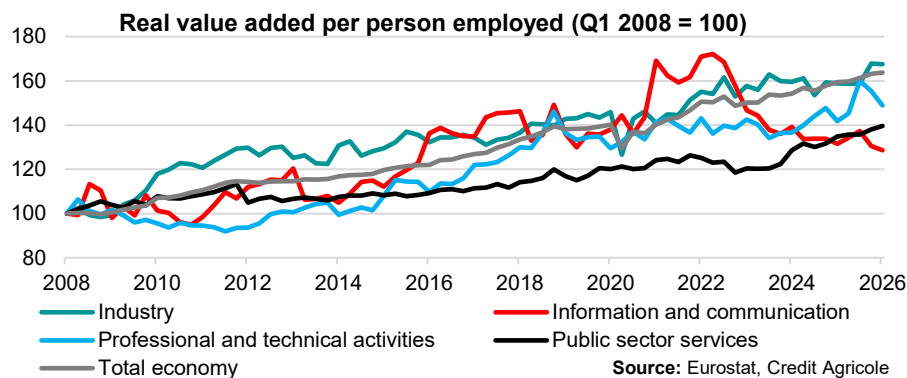
Dovish shift by the NBP Governor weighs on the PLN



Financial markets remained volatile last week, with the renewed escalation of the conflict in the Middle East and the MPC meeting acting as the main drivers of market developments. The week began on a calm note, with EURPLN trading close to 4.29. However, on Tuesday and Wednesday, higher oil prices and a decline in global risk appetite led to a weakening of the PLN towards 4.31 against the EUR, while bond yields and IRS rates moved higher. The MPC's decision to keep interest rates unchanged at 3.75% did not trigger a lasting market reaction, while the hawkish tone of the FOMC Minutes provided additional support for higher yields in core markets. Sentiment shifted on Thursday following A. Glapiński's dovish press conference, during which he left the door open to a rate cut after the summer. As a result, EURPLN moved towards 4.33, while domestic bond yields and IRS rates fell noticeably, particularly at the front end of the curve. Market conditions changed little on Friday: the PLN remained weak, Brent crude stabilised around USD 76 per barrel, and there was no meaningful reversal of the earlier decline in domestic bond yields.

This week, the main focus for financial markets will be Tuesday's US CPI inflation data and K. Warsh's semi-annual testimony before Congress. Data from China will also be important and, in our view, they are likely to confirm slower economic growth and weak domestic demand. Meanwhile, the final reading of Poland's June CPI inflation should be neutral for the market.

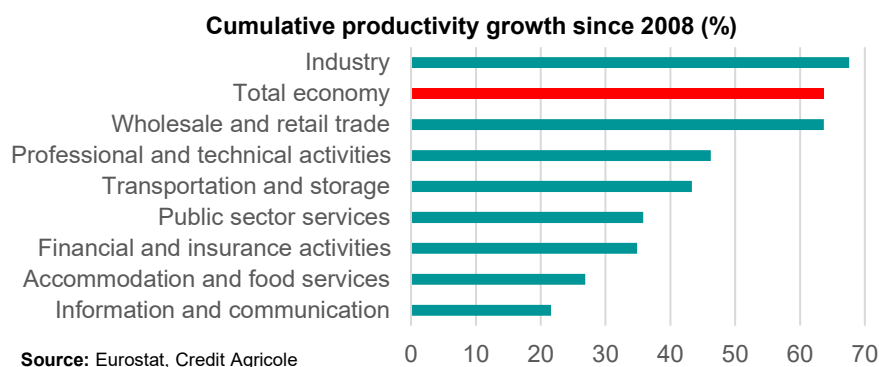
In search of untapped productivity gains in Poland



Over the past decade and a half, the Polish economy has continued to narrow the productivity gap with advanced economies, although the mechanisms driving this convergence have become more complex than during the early decades of the economic transition. At that time, the main mechanism was relatively straightforward: industrial

modernisation, inflows of foreign direct investment, integration into European supply chains, and relatively low labour costs enabled rapid growth in labour productivity. Today, this mechanism still remains important, but increasing weight is being placed on other factors, including economies of scale, process organisation, digitalisation, logistics, the quality of human capital, and firms' ability to leverage data and emerging technologies, including artificial intelligence. In the analysis below, we examine productivity developments across individual sectors of the Polish economy to assess which have contributed most to the country's convergence with advanced economies to date and where the greatest potential for further productivity gains remains, including opportunities associated with the wider adoption of artificial intelligence.

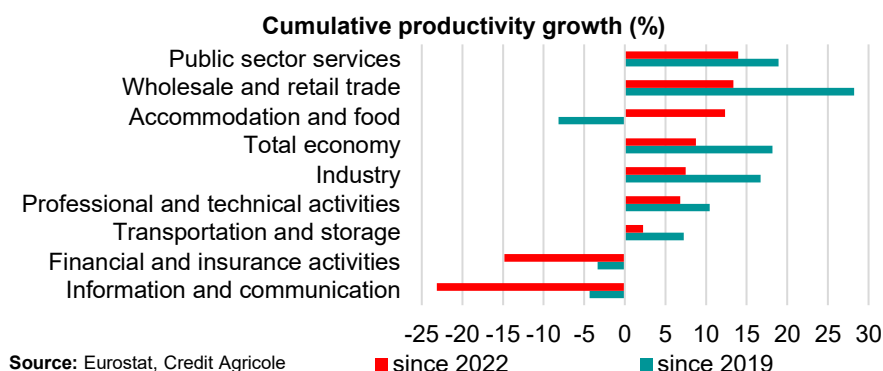
The starting point for our analysis is a set of quarterly, seasonally adjusted labour productivity indices (i.e. the ratio of value added to employment based on the Labour Force Survey - BAEL) for selected sections of the Polish Classification of Activities (PKD) over the period from Q1 2008 to Q1 2026. The analysis begins in 2008 because comparable and methodologically consistent BAEL employment data is not available for earlier years. This data should, however, be interpreted with caution. The labour productivity measure analysed here depends on the methodology and accuracy of measuring real value added. This is particularly important in public services, education and healthcare, where measuring the real volume of output is especially difficult. In the real estate sector, by contrast, productivity is strongly linked to the housing market cycle, rising residential property prices and the sector's relatively low level of employment.



From the 2008 average to Q1 2026, productivity in the overall economy increased by approximately 64%. A similar result was recorded in the trade sector, where productivity also rose by around 64%. An even stronger increase was observed in industry, with productivity growing by approximately 68%. Relatively strong performance was also recorded in professional and

administrative services and in transportation, where productivity increased by about 46% and 43%, respectively. By contrast, public services, education and healthcare, finance, accommodation and food services, as well as information and communication exhibited markedly weaker productivity growth.

This pattern of productivity growth indicates that the traditional convergence model of the Polish economy had not been exhausted during the period under analysis, although its underlying drivers gradually evolved. Industry remained one of the main drivers of efficiency improvement, with the importance of a simple cost advantage steadily diminishing and being increasingly replaced by automation, process digitalisation, improvements in energy efficiency and product quality, and firms moving towards more advanced stages of the value chain. Productivity growth in industry therefore continued to support Poland's convergence with advanced economies, relying on technological and organisational upgrading to a greater extent than before.



The picture for the post-pandemic period is more heterogeneous than that observed over the longer horizon. From the 2019 average - the last full year before the pandemic - to the first quarter of 2026, labour productivity in the overall economy increased by approximately 18%. The strongest growth was recorded in the trade sector, where productivity rose by

around 28%, emphasising the importance of scale effects, digitalisation, e-commerce, and organisational changes in the sector. Relatively strong performance was also recorded in public administration, education, human health and social work activities, and industry, where productivity increased by approximately 19% and 17%, respectively. However, the results for the former group should be interpreted with considerable caution due to the difficulties involved in measuring real value added in non-market sectors. By contrast, transportation and storage as well as professional, scientific and technical activities together with administrative and support service activities recorded productivity growth well below the economy-wide average. Accommodation and food service activities remained below their 2019 level, indicating that despite the recovery following the pandemic-induced downturn, the sector has not yet fully regained its pre-pandemic productivity performance.

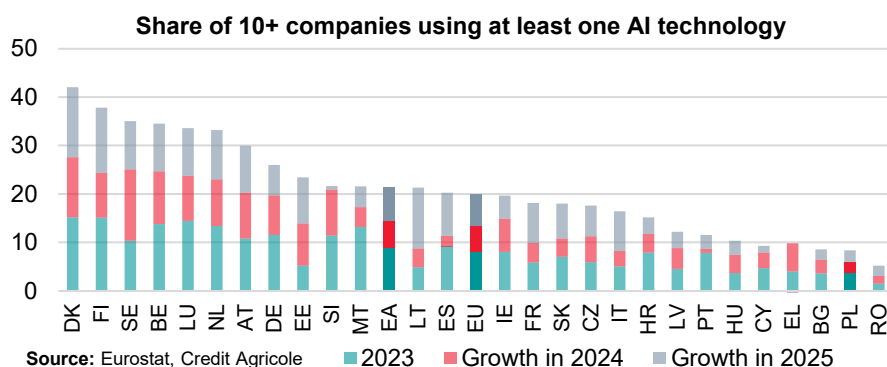
In transportation and storage, long-term productivity growth was robust, consistent with Poland's expanding role in European logistics and the development of warehousing and international freight transport. After 2022, however, productivity in the sector remained generally stable. While rising fuel, energy and labour costs, together with labour shortages, increased pressure to improve efficiency, productivity gains were constrained by weaker demand from European industry and high financing costs, which hindered investment in modernisation and automation. In contrast, accommodation and food service activities remain an example of a highly labour-intensive and locally oriented sector. The productivity rebound observed in recent years has been primarily driven by the post-pandemic recovery.

Particular caution is required when interpreting developments in financial and insurance activities and in information and communication. The year 2022, which serves as the benchmark for assessing recent changes, coincided with a period of high interest rates and exceptionally strong performance in the banking sector. As added value in this sector largely reflects gross profit, the subsequent decline should be viewed primarily as a high base effect rather than as evidence of a deterioration in the operational efficiency of financial institutions. On the other hand, information and communication remains a high-potential sector, where it is possible to expand the scale of operations without a proportional increase in employment, and is closely linked to digitalisation and artificial intelligence. However, the data does not yet provide clear evidence of a positive impact of these technologies on productivity. A more possible explanation is that the post-pandemic digital boom was followed by a normalisation of demand, while

continued rapid employment growth and the difficulties involved in measuring the quality of digital services decreased the measured productivity.

Relatively rapid productivity growth in industry, trade and some internationally competitive service sectors, combined with clearly weaker performance in local and labour-intensive services, is consistent with the operation of the Balassa-Samuelson mechanism in Poland, although its interpretation requires caution. In the standard framework, the economy is divided into an internationally tradable goods sector and a non-tradable goods sector, the latter comprising mainly locally provided services. In a catching-up economy, productivity typically grows faster in the former sector, as it is more exposed to international competition, technology transfers, investment, and integration into global value chains. Since the prices of tradable goods are largely determined in global markets, productivity gains allow wages to rise without undermining competitiveness. Since the labour market is common to the entire economy, wage pressures also spill over into local services, where productivity growth is typically slower. As a result, higher wages in these sectors translate to a greater extent into price increases rather than growth in real output. The outcome is an increase in the relative prices of local services compared with internationally tradable goods, and consequently a real appreciation of the exchange rate in a catching-up economy. The data suggests that the intuition underlying the Balassa-Samuelson effect remains valid, although the traditional distinction between industry and services is now too simplistic. The sectors exposed to international trade and foreign competition still include industry, but increasingly also parts of trade, logistics, professional services, information and communication, and finance. These are industries where output can expand without a proportional increase in employment. On the other hand, local and labour-intensive services remain, including and food services, hotel sector, some personal services, education, healthcare and public services.

From the perspective of further convergence with advanced economies, the key issue is not only which sectors recorded the fastest growth in the past, but also where the largest productivity reserves remain. In industry, some of the easiest productivity gains have already been achieved, but significant potential remains through automation, robotics, energy efficiency improvements, digital production management, and moving up the value chain. In trade, transportation and storage, further convergence may be driven by the digitalisation of smaller firms, automation of back-office processes, data analytics, and consolidation. By contrast, professional, scientific and technical activities, as well as administrative and support service activities, offer particularly substantial potential due to the possibility of scaling operations without a proportional increase in employment, export of certain services, and the fact that many tasks are susceptible to support from digital tools and artificial intelligence.



Further productivity growth will likely be driven not only by the reallocation of resources across sectors, but also within individual industries. Poland still has significant untapped potential among small and medium-sized enterprises, which are often less productive, make less use of digital technologies, and have more limited capacity to invest in data,

automation and intangible capital than large companies. This means that future productivity gains in industry, trade, business services and transportation will depend to a large extent on the diffusion of solutions already adopted by more advanced firms. In this sense, future convergence may become increasingly microeconomic in nature: to a lesser extent, it will result from the reallocation of labour and capital towards more productive industries, and to a greater extent from improving the efficiency of less

productive firms within the same sectors. Artificial intelligence may play a particularly important role in this process, although its potential remains largely untapped in Poland. According to Eurostat data, in 2025 only 8.4% of enterprises in Poland used at least one AI technology, placing the country among the weakest performers in the European Union (see chart). A similar gap is visible in industrial robotisation. In 2022, robots were used by 10.8% of Polish industrial enterprises, compared with 16.3% across the EU and 17.3% in the Eurozone. In this respect, Poland ranked sixth from the bottom among EU countries. The low level of adoption of both AI and robotics points to substantial scope for modernisation. The convergence of Polish firms towards the technological level of more advanced European economies may therefore become an important driver of productivity growth over the medium term.

The importance of enterprise modernisation, the diffusion of automation, robotics and artificial intelligence, as well as reducing productivity gaps between firms, will increase as demographic conditions deteriorate. According to our long-term forecasts, the growth rate of Poland's GDP will slow to approximately 2.7% YoY. With a gradually declining labour supply, achieving such growth will require productivity gains of around 3% YoY. This means that in the coming years the main source of economic growth will no longer be an increase in employment, but rather improvements in the efficiency with which labour and capital are utilised. Poland's ability to maintain relatively rapid growth and continue narrowing the income gap with advanced economies will therefore depend on the pace of enterprise modernisation, the diffusion of new technologies, and the reduction of productivity disparities between firms.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	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	Jul-26
NBP reference rate (%)	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	3,75
EURPLN*	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,25	4,23	4,30	4,27
USDPLN*	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,55	3,57	3,71	3,63	3,63	3,76	3,74
CHFPLN*	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,64	4,65	4,66	4,60
CPI inflation (% YoY)	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	3,2	3,1	2,5	
Core inflation (% YoY)	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	3,0	3,1	3,0	
Industrial production (% YoY)	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,3	7,5	2,9	4,1	8,0	
Constr. and assembly prod. (% YoY)	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,8	0,6	4,6	3,9	4,1	
PPI inflation (% YoY)	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,0	1,2	2,1	2,4	1,9	
Retail sales (% YoY)	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	9,8	2,8	4,4	5,6	
Corporate sector wages (% YoY)	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,6	5,4	5,8	5,8	
Employment (% YoY)	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,9	-0,9	-0,9	-0,9	
Unemployment rate* (%)	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,1	6,0	5,9	5,8	
Current account (M EUR)	-445	-1780	-2593	-797	1767	-402	-2194	1312	-632	272	-1558	-1986		
Exports (% YoY EUR)	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,1	2,5	7,9	6,6	5,8		
Imports (% YoY EUR)	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-5,9	3,8	4,2	7,8	7,3		

*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	1,5
	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)***	-0,7	-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	0,5	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	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	3,85	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	4,30	4,23	4,20	4,18	4,17	4,16	4,15	4,21	4,20	4,15
USDPLN**	3,71	3,76	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**
Tuesday 14/07/2026						
14:00	Poland	Current account (M EUR)	May	-1558	-1986	-505
14:30	USA	Core CPI (% MoM)	Jun	0,2	0,2	0,2
14:30	USA	CPI (% MoM)	Jun	0,5	-0,1	-0,1
	China	Trade balance (bn USD)	Jun	105,4	131,6	120,6
Wednesday 15/07/2026						
4:00	China	GDP (% YoY)	Q2	5,0	4,6	4,5
4:00	China	Retail sales (% YoY)	Jun	-0,6	0,5	-0,1
4:00	China	Urban investments (% YoY)	Jun	-4,1	-5,2	-4,9
4:00	China	Industrial production (% YoY)	Jun	4,5	4,2	4,7
9:30	Poland	CPI (% YoY)	Jun	3,1	2,5	2,5
11:00	Eurozone	Industrial production (% MoM)	May	0,1		0,3
14:30	USA	NY Fed Manufacturing Index (pts)	Jul	5,7		8,9
Thursday 16/07/2026						
14:00	Poland	Core inflation (% YoY)	Jun	3,1	3,0	3,0
14:30	USA	Retail sales (% MoM)	Jun	0,9		0,2
14:30	USA	Philadelphia Fed Index (pts)	Jul	10,3		13,5
16:00	USA	Business inventories (% MoM)	May	0,5		0,3
Friday 17/07/2026						
10:00	Eurozone	Current account (bn EUR)	May	15,7		
11:00	Eurozone	HICP (% YoY)	Jun	2,8	2,8	2,8
14:30	USA	Building permits (k)	Jun	1410		1400
14:30	USA	Housing starts (k MoM)	Jun	1177		1300
15:15	USA	Capacity utilization (%)	Jun	76,2		76,2
15:15	USA	Industrial production (% MoM)	Jun	0,1		0,2
16:00	USA	Initial U. of Michigan Sentiment Index (pts)	Jul	49,5		51,5

*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