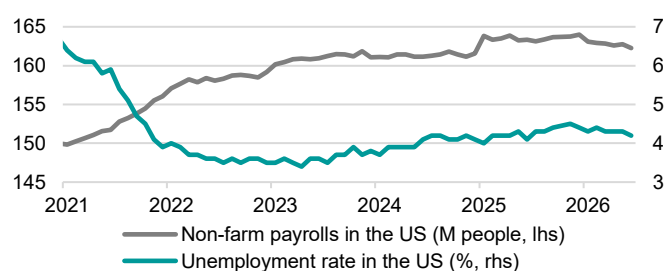


This week

✓ **Last week, the situation in the Middle East remained the main source of volatility in the oil market.** At the beginning of the week, the suspension of attacks between the US and Iran and talks mediated by Oman raised hopes of de-escalation, bringing the price of Brent crude down to around USD 84 per barrel on Tuesday. The improvement in sentiment proved short-lived, as an Iranian attack on US forces and the US response pushed the price of crude back above USD 90 on Wednesday. On Friday, following an initial decline, oil prices rose markedly in the second half of the day in response to reports that further tankers had been prevented from passing through the Strait of Hormuz. The weekend brought renewed, albeit still uncertain, de-escalation. D. Trump called off a planned attack on Iran and said on Sunday that a deal on the Strait of Hormuz had been reached, a nuclear deal was close and further negotiations would begin on Monday. Iran did not confirm that an agreement with the US had been reached, however, and indicated that advanced talks with Oman concerned a new shipping route but did not automatically imply the full reopening of the strait. Nevertheless, the positive reports contributed to a fall in the price of oil to around USD 80 per barrel this morning.

✓ **US labour market data for July will be released on Friday.** We expect non-farm payrolls to have increased by 75k, compared with 57k in June, which would represent a slight acceleration, although employment growth would remain weaker than between March and May. At the same time, we expect the



unemployment rate to remain stable at 4.2% and average hourly earnings to rise by 0.3% MoM, leaving their annual growth rate unchanged at 3.5%. Such a set of data would signal a continued gradual cooling of the US labour market, with no signs of a sharp deterioration, and should not materially alter the outlook for Fed monetary policy (see below).

✓ **A set of German industrial data for June will be released this week.** The

consensus forecast is for new orders to rise by 0.2% MoM in June, following a 1.9% increase in May, and for industrial production to remain unchanged on the month after rising by 0.9% in May. The data will help assess whether the improvement in activity recorded in May continued into June or whether German industry remained stagnant. It is worth noting that the de-escalation of tensions in the Middle East may have supported activity in June.

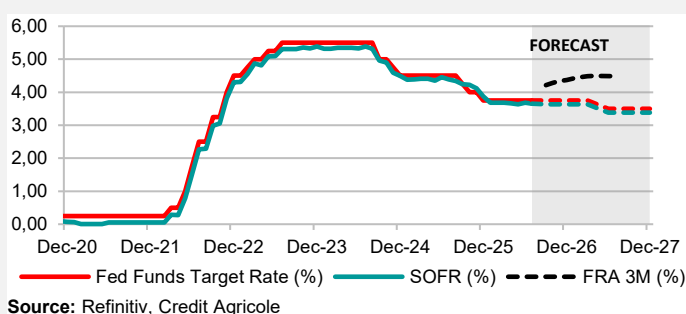


✓ **Data on business conditions in Chinese manufacturing were released today.** The RatingDog Manufacturing PMI fell to 50.9 pts in July from 51.7 pts in June, but remained above the 50-point threshold for the eighth consecutive month. Growth in output and new orders slowed, although export orders increased for the first time in three months, while employment rose at the fastest pace since August 2023. At the same time, a further easing of cost pressures allowed companies to keep output prices unchanged, while the accumulation of raw material inventories prompted firms to reduce purchasing activity. The data therefore indicate moderate growth in Chinese manufacturing activity. China's foreign trade data will be released on Friday, allowing an assessment of whether the improvement in export orders signalled by the PMI is confirmed by the hard data.

- ✓ **The PMI for the Polish manufacturing sector rose to 49.0 pts in July from 46.1 pts in June, coming in above our forecast of 48.0 pts and the market consensus of 47.5 pts.** The index thus recovered most of the ground lost in the sharp decline recorded a month earlier, when it fell to an 11-month low. The improvement in the index reflected higher contributions from 4 of its 5 components: new orders, output, stocks of purchases and employment. However, the PMI has remained below the 50-point threshold separating expansion from contraction in activity for 15 consecutive months (see below).

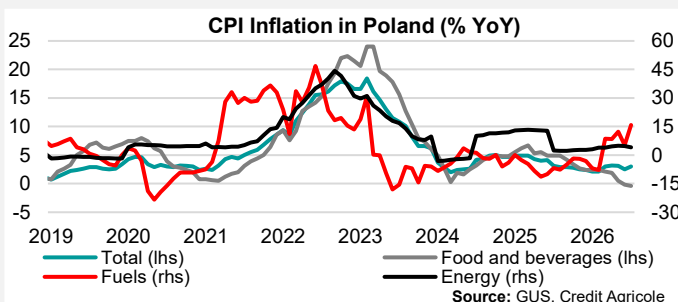
Last week

- ✓ **We have revised our forecast for Polish GDP growth in 2026 to 3.5% from 3.3%, while leaving our forecast for 2027 unchanged at 3.0%.** The main reason for the revision was the increase in our forecast for GDP growth in Q2 2026 to 3.8% YoY from 3.0%. On the value-added side, the recovery in construction activity following the harsh winter proved stronger than we had previously expected, while industrial performance also surprised to the upside, particularly in export-oriented sectors. On the expenditure side of GDP, we expect larger contributions from net exports and changes in inventories in Q2 than previously assumed. We believe these will more than offset the sharper-than-expected slowdown in private consumption. We have also slightly raised our forecast for economic growth in the second half of this year, reflecting an improvement in household sentiment and stronger consumption, as well as higher gross fixed capital formation related to the implementation of the SAFE programme (see MACROmap of 27/07/2026). The flash estimate of GDP for Q2 2026 will be released on 13 August.
- ✓ **Important data from the eurozone were released last week.** According to the flash estimate, headline HICP inflation rose to 2.9% YoY in July from 2.8% in June, while core inflation increased to 2.5% from 2.4%. At the same time, GDP grew by 0.4% QoQ in Q2 after stagnating in Q1 (1.0% YoY compared with 0.5% YoY in Q1), markedly exceeding market expectations of 0.2% QoQ growth. Persistently elevated inflation, including the rebound in core inflation, and stronger-than-expected economic growth support our scenario of two 25 bp ECB rate hikes this year, in September and December.
- ✓ **The Fed kept interest rates unchanged, in line with our scenario and the market consensus.** The decision was not unanimous, however, with three members voting for a 25 bp hike, confirming persistent concerns within the FOMC over sticky inflation. At the press conference, K. Warsh also indicated that the increase in nominal and real bond yields since the previous meeting was tightening financial conditions, partly reducing the need for immediate action by the Fed. PCE inflation data for June, released after the meeting, struck a more dovish note: headline inflation fell to 3.7% YoY from 4.1% in May, while core inflation declined to 3.3% from 3.4%, although both measures remain clearly elevated. At the same time, GDP growth slowed to an annualised 1.5% in Q2 from 2.1% in Q1. The composition of growth was relatively favourable, however: consumption accelerated and business investment remained strong, although its growth slowed. We maintain our scenario of interest rates remaining unchanged until Q2 2027. However, the balance of risks to this forecast is tilted towards earlier tightening,

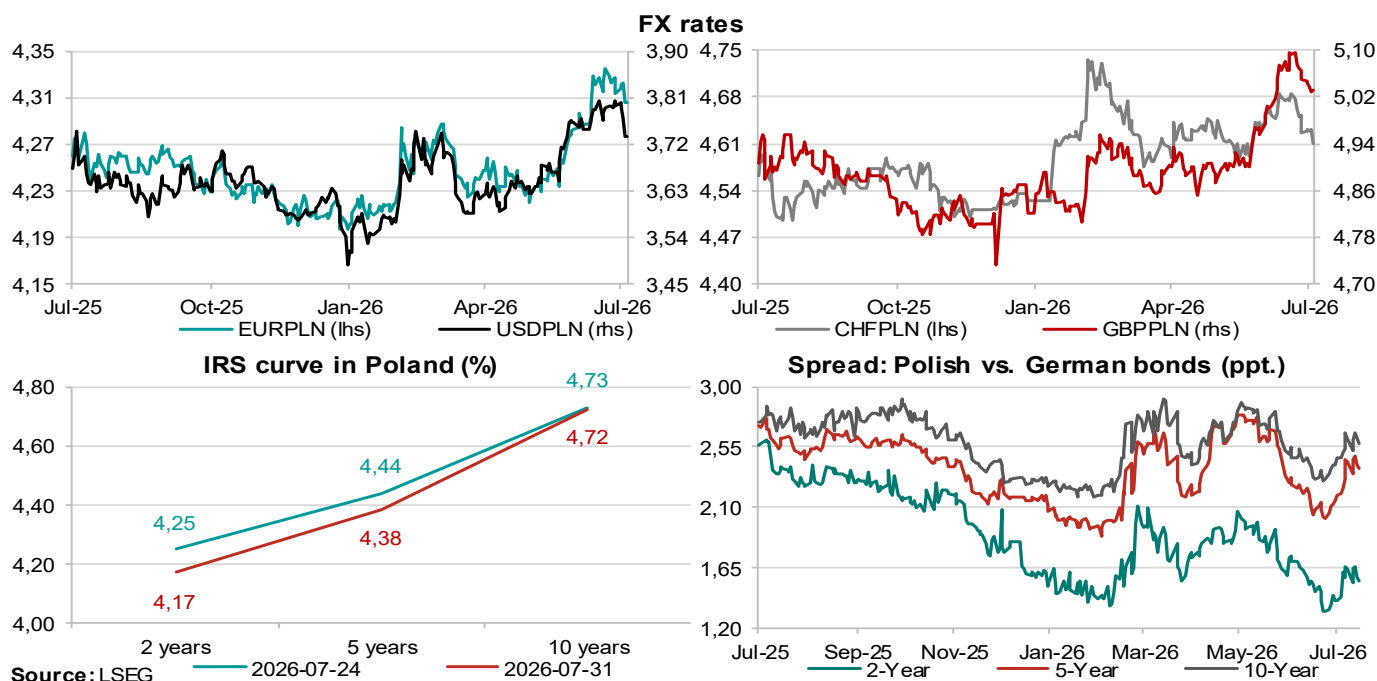


as one or two core inflation readings markedly above expectations could prompt the Fed to raise rates sooner.

According to the flash estimate from Statistics Poland (GUS), CPI inflation in Poland rose to 3.0% YoY in July from 2.5% in June, in line with the market consensus and our forecast. The main driver of the increase was a 13.9% MoM surge in fuel prices, which pushed their annual growth rate up to 15.8% from 5.3% in June. We estimate that core inflation stood at around 3.2% YoY in July, compared with 3.0% in June. The rise in inflation and the escalation of the conflict in the Middle East in July signal upside risks to our forecast for average annual inflation of 2.8% in 2026 and reduce the likelihood of a 25 bp NBP rate cut in September, as assumed in our scenario.



PLN strengthens following the FOMC meeting

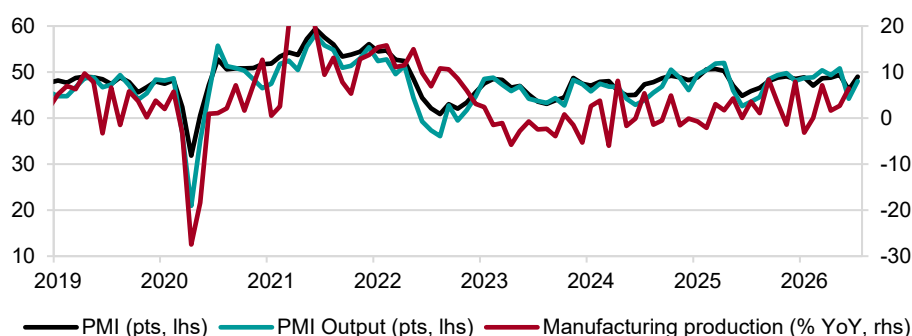


Financial markets remained volatile last week, with developments in the Middle East conflict and the FOMC meeting the main drivers. Monday's de-escalation of tensions between the US and Iran pushed the price of Brent crude below USD 90 per barrel and led to a sharp fall in Polish bond yields and IRS rates, although EURPLN rose towards 4.32 as market expectations of NBP rate hikes weakened. On Wednesday, a renewed escalation of the conflict and a rise in oil prices above USD 90 per barrel triggered a sell-off in Polish bonds, while the Fed's decision to leave rates unchanged and the absence of a clear signal of a September hike weakened the dollar and supported the PLN. On Thursday, the market's continued digestion of the moderate tone of the FOMC meeting, together with the decline in oil prices, drove Polish bond yields and IRS rates lower, particularly at the short end of the curve. On Friday, the acceleration in inflation in Poland and the eurozone, which was in line with the consensus, did not materially alter the

market picture. Consequently, over the week as a whole, the PLN strengthened against the EUR, while Polish bond yields and IRS rates declined, with the largest move recorded at the short end of the curve.

Developments in the Middle East conflict and Friday's US labour market data will be the main factors driving financial markets this week. We expect the data to confirm that the labour market is stabilising and not to alter our scenario of Fed rates remaining unchanged in the coming months, although a markedly stronger-than-expected reading would support the dollar and push EURPLN and Polish bond yields higher.

Swings in Polish manufacturing sentiment



Source: S&P, GUS

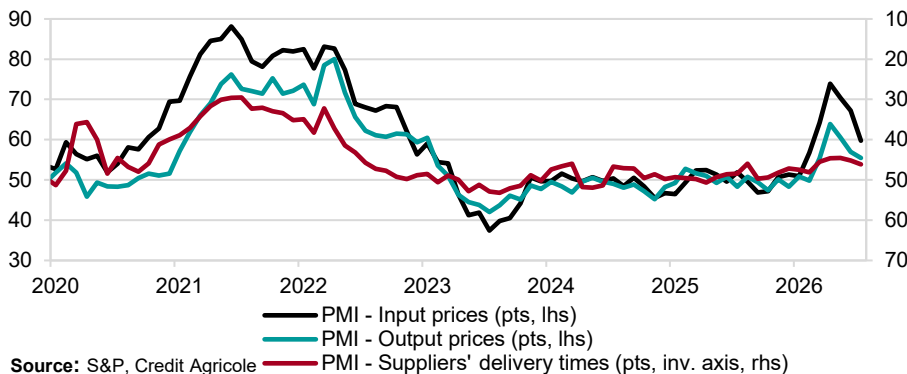
The PMI for the Polish manufacturing sector rose to 49.0 pts in July from 46.1 pts in June, coming in above our forecast of 48.0 pts and the market consensus of 47.5 pts. The index thus recovered most of the ground lost in the sharp decline recorded a month earlier, when it fell to an 11-month low. The improvement in the index reflected higher

contributions from 4 of its 5 components: new orders, output, stocks of purchases and employment. However, the PMI has remained below the 50-point threshold separating expansion from contraction in activity for 15 consecutive months.

Notably, the data show that the improvement occurred despite less support from the suppliers' delivery times component. Suppliers' delivery times continued to lengthen, which surveyed firms attributed to raw material shortages and persistent geopolitical disruptions, but the lengthening was the least pronounced since February this year, before the outbreak of the conflict in the Middle East. Under the survey methodology, longer delivery times raise the PMI. Consequently, the gradual recovery in supply chains lowered the index by around 0.1 pts in July.

New orders have declined continuously since April 2025, although the pace of contraction slowed markedly in July compared with June. A similar trend was recorded in new export orders, which fell for the eighth consecutive month, but at the slowest pace since January this year. The July data confirm our assessment from a month ago that the collapse in new orders in June was largely temporary and reflected a high base related to the accumulation of orders at defence companies following the launch of the SAFE programme, rather than a lasting deterioration in demand for Polish manufactured goods (see MACROmap of 01/07/2026). The slower decline in new orders was accompanied by an easing in the pace of contraction in output. At the same time, purchases of production inputs fell for the third consecutive month, while companies continued to run down the raw material inventories accumulated in April in response to the outbreak of the conflict in the Middle East.

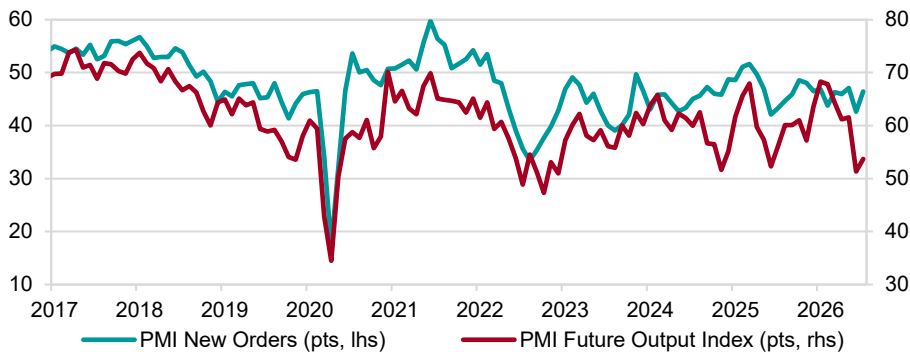
The July data indicated an increase in employment in Polish manufacturing for the first time since April 2025, following 15 consecutive months of decline. According to surveyed firms, the increase in employment reflected an expected rise in demand for output, the need to expand capacity, recruitment for specific positions and improved labour availability.



Source: S&P, Credit Agricole

Cost pressures in Polish manufacturing remained strong in July, but continued to ease from their April peak, which was the highest in almost four years. Raw material prices rose for the ninth consecutive month, but at the slowest pace since February this year, while output prices increased for the fifth consecutive month, with their rate of growth the lowest since March this year. The July data therefore confirm our assessment that the pro-inflationary effects of the conflict in the Middle East are gradually fading.

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Source: S&P, Credit Agricole

Improvement is also evident in the leading indicators. The index measuring output expectations over the next 12 months rebounded in July from June's 42-month low, but remains below its long-term average. In assessing the demand outlook, surveyed firms pointed to an expected increase in orders, new projects and products, competitive pricing, and support from government and EU programmes. A month ago, we noted that the sharp decline in optimism in Polish manufacturing posed a downside risk to our forecast for economic growth in 2026. The July data significantly reduce this risk, consistent with our upwardly revised forecast for Polish GDP growth in 2026 of 3.5% YoY, compared with 3.3% previously (see above).

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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	4,30
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	3,73
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	4,59
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	3,2	
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	7,6	6,0	
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	4,0	
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	1,7	2,1	
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	6,5	
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	6,5	
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	-1046		
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	9,0		
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	12,9		

* end of month

Forecasts of the quarterly macroeconomic indicators

Selected quarterly 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	-0,9	-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	3,60	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 value

*** cumulative over the last four quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 03/08/2026						
3:45	China	RatingDog Manufacturing PMI (pts)	Jul	51,7		51,5
9:00	Poland	Manufacturing PMI (pts)	Jul	46,1	48,0	47,5
9:55	Germany	Final Manufacturing PMI (pts)	Jul	52,2	52,2	52,2
10:00	Eurozone	Final Manufacturing PMI (pts)	Jul	52,0	52,0	52,0
15:45	USA	Final Manufacturing PMI (pts)	Jul	53,8		
16:00	USA	ISM Manufacturing PMI (pts)	Jul	53,3	53,8	54,0
Tuesday 04/08/2026						
16:00	USA	Factory orders (% MoM)	Jun	-1,3	-0,8	0,2
Wednesday 05/08/2026						
10:00	Eurozone	Services PMI (pts)	Jul	51,6	51,6	51,6
10:00	Eurozone	Final Composite PMI (pts)	Jul	51,9	51,9	51,9
11:00	Eurozone	PPI inflation (% YoY)	Jun	5,9		4,6
14:15	USA	ADP employment report (k)	Jul	98		70
16:00	USA	ISM Non-Manufacturing Index (pts)	Jul	54,0	54,3	54,5
Thursday 06/08/2026						
8:00	Germany	New industrial orders (% MoM)	Jun	1,9		0,2
11:00	Eurozone	Retail sales (% MoM)	Jun	0,2		0,2
16:00	USA	Wholesale inventories (% MoM)	Jun	0,3		
16:00	USA	Wholesale sales (% MoM)	Jun	3,4		
Friday 07/08/2026						
	China	Trade balance (bn USD)	Jul	125,6		
8:00	Germany	Industrial production (% MoM)	Jun	0,9		0,3
14:30	USA	Unemployment rate (%)	Jul	4,2	4,2	4,3
14:30	USA	Non-farm payrolls (k MoM)	Jul	57	75	83

* 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 the Parkiet daily.