

This week

✓ **The conflict in the Middle East remains at the centre of financial markets' attention.** Peace talks involving representatives of the United States and Iran have ended in failure, and the US administration has announced the introduction of a naval blockade. According to a statement from the US military, today from 16:00 CET the US Navy will begin blocking vessels entering and leaving Iranian ports. The restrictions are to apply only to vessels related to Iran - other ships will still be allowed to transit through the Strait of Hormuz, as long as they do not call at Iranian ports. Moreover, Iranian authorities have announced a firm response to any potential military actions, indicating the possibility of using "significant retaliatory measures," which clearly increases the risk of further conflict escalation in the region. In the short term, this implies upward pressure on oil prices, a rise in inflation expectations, higher yields on bonds, and a weakening of emerging market currencies, including the PLN.

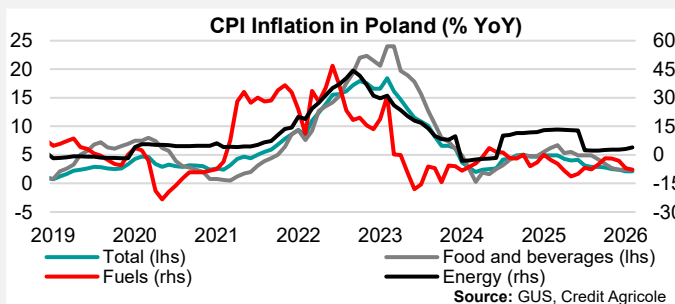
✓ **Important data from China will be released this week, which, in our opinion, will confirm the relatively strong start to the year in the Chinese economy.** We expect GDP growth to have increased to 4.8% YoY in Q1 from 4.5% in Q4 2025, and to have accelerated to 1.4% QoQ from 1.2%. At the same time, we forecast that



Source: Datastream, Credit Agricole

industrial production growth slowed to 5.6% YoY in March from 6.3% in the period of January-February, while still remaining at a relatively high level, supported by continued strong exports and high infrastructure investment backed by the state. We also expect retail sales growth to slow to 2.1% YoY in March from 2.8% in January-February, which we mainly attribute to the normalisation of consumption following the extended Lunar New Year holiday period. At the same time, we forecast an increase in fixed asset investment growth to 2.2% YoY in March from 1.8% in January-February, which is consistent with a scenario of gradual recovery in investment activity supported by stronger fiscal stimulus. When it comes to foreign trade, we still expect very strong data, although weaker than at the beginning of the year - we forecast export growth of 15.0% YoY and import growth of 16.0% YoY in March, compared with 21.8% and 19.8% in January and February respectively. This means that exports, especially of technology products, remain the main driver of growth, while domestic demand is strengthening relatively slowly. We also note that risk factors for the Chinese economy are likely to intensify in the coming months if the conflict in the Middle East begins to have a stronger impact on trade, energy prices, and global supply chains.

✓ **Final inflation data for March in Poland will be released on Wednesday.** We expect it to confirm the preliminary estimate by GUS, according to which inflation increased to 3.0% YoY from 2.1% in February. The acceleration in inflation was driven primarily by an increase in fuel price growth, with



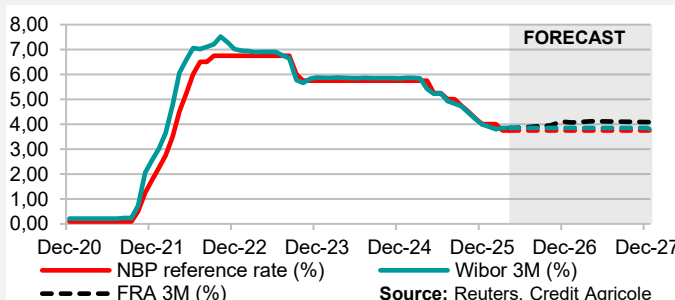
Source: GUS, Credit Agricole

fuel prices increasing by 8.5% YoY in March compared to a decline of 7.8% in February. We also estimate that core inflation, excluding food and energy prices, rose to 2.7% YoY in March from 2.5% in February, indicating that, alongside the direct impact of the fuel shock, there are also signs of a moderate increase in price pressures.

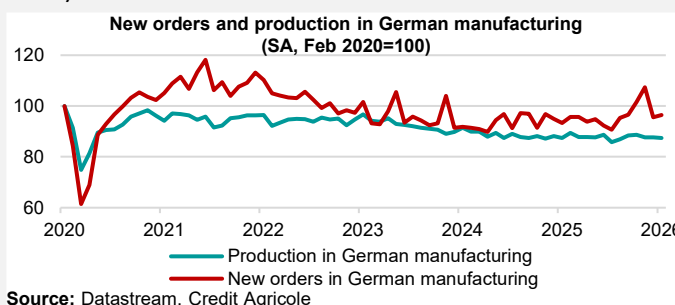
- This week, data on industrial activity in the United States will also be released.** We expect industrial production to have increased by 0.1% MoM in March, compared to a 0.2% rise in February, however, in our view, the weaker overall growth in production will largely reflect a decline in energy output in milder weather conditions. At the same time, we forecast that manufacturing output rose by 0.4% MoM in March, up from 0.2% in February, which could suggest that the sector remains relatively resilient despite growing uncertainty related to the conflict in the Middle East.

Last week

- As expected, the Monetary Policy Council left NBP interest rates unchanged, keeping the reference rate at 3.75%.** In its post-meeting press release, the Council stressed that the rise in inflation to 3.0% YoY in March from 2.1% in February was driven primarily by the sharp increase in fuel prices triggered by the conflict in the Middle East, while noting at the same time that the inflation and economic activity outlook, both domestically and abroad, remains subject to elevated geopolitical uncertainty. NBP Governor A. Glapiński struck a similar tone at the press conference, describing the current increase in energy commodity prices as a supply shock that is pushing inflation higher while weighing on economic growth. The NBP Governor said that the probability of second-round effects remained low and that a rate hike “is out of the question for now”, although he did not rule out monetary tightening in the event of a renewed escalation of the conflict. At the same time, he suggested that the possibility of a rate cut in the near term, previously signalled by some MPC members, had become much less likely. In our view, the post-meeting press release and the Governor’s remarks support a scenario of interest rates remaining stable for longer, although if oil prices stay elevated and inflation gradually rises in the coming months, the risk of a “signalling” rate hike in H2 2026 remains significant (see MACROPulse of 09/04/2026).

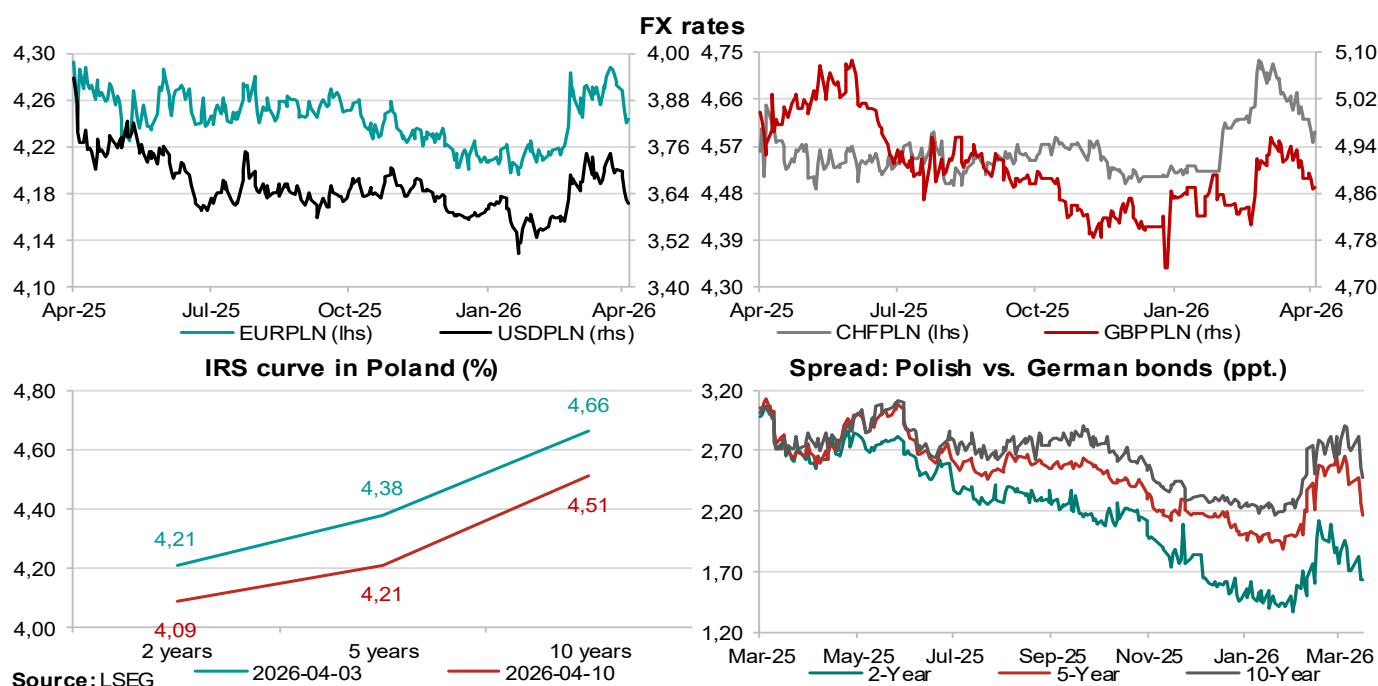


- Last week brought the release of Germany’s economic activity data for February, which sent mixed signals.** On the one hand, orders in the industry increased by 0.9% MoM after falling by 11.1% in January, signalling demand stabilisation after the earlier trough, supported among other things by continued relatively strong demand for other transport equipment and rising orders in the automotive and textiles sectors. On the other hand, production fell by 0.3% MoM in February after remaining stable in January and, as a result, stood at the same level as a year earlier (0.0% YoY), pointing to continued malaise in German industry. At the same time, exports rose by 3.6% MoM in March after falling by 1.5% in February, while imports increased by 4.7% MoM in March after declining by 5.1% in February. In our view, these figures suggest that the first signs of an improvement in demand are emerging in German manufacturing, but they are not yet translating to any meaningful extent into higher current output, and the overall picture of industrial activity remains unfavourable.



✓ **Important information also came from the US last week.** CPI inflation in the US rose markedly to 3.3% YoY in March from 2.4% in February, mainly due to the sharp increase in energy prices following the escalation of the conflict in the Middle East. At the same time, core inflation increased to 2.6% YoY in March from 2.5% in February. Meanwhile, the PCE inflation data for February confirmed persistent price pressures, with annual headline inflation unchanged at 2.8% YoY and core inflation edging down to 3.0% YoY in February from 3.1% in January. These conclusions were also reflected in the minutes of the March FOMC meeting, which showed that the Fed sees heightened risks to both inflation and labour market conditions related to the war in Iran, but still considers the current monetary policy stance appropriate at this stage. Taken together, this supports our scenario of unchanged interest rates in the coming months, with the Fed maintaining a cautious wait-and-see approach and showing no urgency to either cut or raise rates.

✓ Ceasefire in the Middle East improved market sentiment

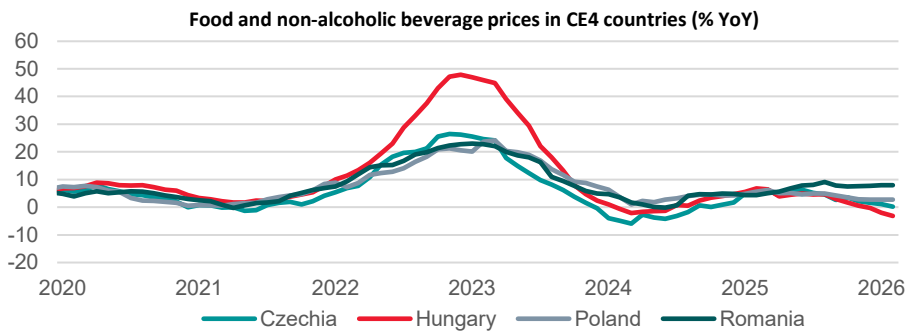


Last week, developments in financial markets continued to be driven by news from the Middle East. At the start of the week, ahead of the outcome of the US ultimatum to Iran, risk aversion remained elevated, supporting higher bond yields and IRS rates and keeping EURPLN close to 4.27. The turning point came in the middle of the week after the announcement of a two-week ceasefire between the US and Iran and plans to partially reopen the Strait of Hormuz – Brent crude fell from around USD 110 to below USD 95 per barrel, the USD weakened markedly, and the PLN strengthened, bringing EURPLN down to around 4.25. At the same time, bond yields and IRS rates fell visibly. Towards the end of the week, the improvement in sentiment lost some momentum as doubts emerged over the durability of the ceasefire and oil moved back towards USD 100. Even so, over the week as a whole, the zloty remained stronger, while yields on Polish government bonds and IRS rates were lower than at the start of the week.

This week, the main factor shaping financial markets will be the course of the peace talks in Pakistan, although investors will also focus on important data from China, which will show whether the relatively

solid start to the year in the Chinese economy was sustained in March. At the same time, the final inflation data for Poland and the releases from the US should be neutral for markets.

What explains the divergent trends in food prices across the CE4 countries?



Source: Eurostat, Credit Agricole

In recent months, fairly pronounced differences have been observed in the rate of change in food and non-alcoholic beverage prices across the CE4 countries (Poland, Czechia, Hungary, and Romania). Based on HICP inflation data for this category for February this year, prices increased most strongly in Romania (+8.0% YoY), while deflation was observed in Hungary (-3.2% YoY). The purpose of

the following analysis is to attempt to explain the differences in price trends in the food and non-alcoholic beverage markets across the individual CE4 countries.

As a rule, food prices across the individual CE4 countries should reflect similar trends, due to strong price transmission between these markets based on the law of one price. This principle states that the prices of identical products in two countries should be equal once the costs of trade (including transport, intermediaries, insurance, etc.) are taken into account. In other words, if potato prices in Poland were significantly lower than in Czechia, this would lead to increased exports from Poland to Czechia. The resulting decline in potato supply in Poland and its increase in Czechia would exert pressure toward price convergence (after accounting for trade-related costs). It should be emphasised that, depending on the type of food product, trade costs may vary considerably. They are relatively high in the case of fresh products, where maintaining the cold chain is necessary or where the shelf life is short. By contrast, for highly processed products with a long shelf life that do not require cold chain logistics, such costs are relatively low.

It is worth noting, however, that the law of one price discussed above applies only to so-called tradable goods, i.e. those that are subject to international trade. In the case of non-tradable goods, which are not economically viable to be exported, prices may diverge quite significantly. In food markets, the boundary between tradable and non-tradable goods is often rather blurred. For example, deep-frozen bread that is later baked off in stores is a typical tradable good. By contrast, bread produced in a local bakery is a non-tradable good.

Differences in prices across product groups in CE4 countries (maximum–minimum, PPS, EU=2010)

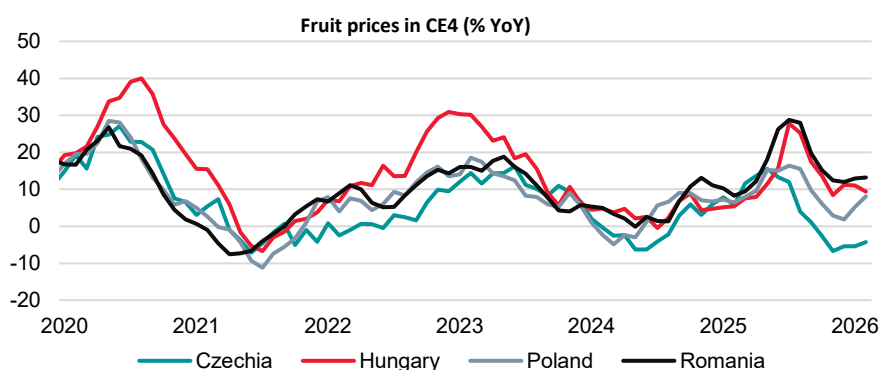


Source: Eurostat, Credit Agricole

The importance of non-tradable food goods in individual product categories (which weaken price transmission between countries) can be approximated by cross-country price differences calculated on a purchasing power parity basis for each category. The larger these differences, the greater the role of local factors in price formation. The largest disparities are observed in

the categories “bread and cereals,” “fish and seafood,” “fruit,” and “vegetables,” while the smallest differences occur in “non-alcoholic beverages” and “sugar, confectionery and desserts,” which is consistent with the reasoning presented above.

In the case of non-tradable food goods, the factors determining prices are primarily local in nature and are related, among other things, to agrometeorological conditions or local cost pressures resulting from changes in wages or energy prices. These factors largely explain the differences in food price trends across countries. For example, the currently significantly higher growth in food prices in Romania compared with other CE4 countries is largely driven by local cost pressures associated with a strong increase in unit labour costs in the agri-food sector. According to the National Bank of Romania’s inflation report, the annual growth rate of unit labour costs in this sector approached 20% by the end of 2025, which was mainly due to the removal of tax preferences for employees in the agri-food sector, which, for some companies, was offset by wage increases (until the end of 2024, employees in several sectors, including agriculture and the food industry, were exempt from income tax and benefited from preferential pension contribution schemes, subject to certain conditions).



Source: Eurostat, Credit Agricole

At the same time, differences in the price trends of non-tradable food goods are further amplified by varying agrometeorological conditions in 2025 - conditions in Poland and Czechia were markedly more favourable than in Hungary and Romania, where drought occurred. This is evident in the “fruit” category, which is particularly sensitive to local weather conditions. The data indicates that

price growth in this category in Hungary and Romania is currently higher than in Poland and Czechia.

These factors should be considered alongside distortions to the price-setting process stemming from economic policy measures. In Poland, such measures were observed in 2022-2024, when VAT on food was temporarily reduced. More recently, interventions in the price-setting process have been observed in Hungary and Romania. In both countries, caps on margins for the sale of basic food products have been introduced, although they differ in scope. In Romania, margin caps were introduced in 2023 and covered all stages of the supply chain - from processing (20% margin cap), through distribution (5%), to retail (20%). This measure has been extended multiple times and is currently set to remain in force until the end of June this year. In Hungary, margin caps were introduced in March 2025 and apply only to retail stores (10% cap). Due to their selective nature, these measures have been viewed by the European Commission as potentially inconsistent with single market rules. As a consequence, Hungary has been called upon to withdraw the programme, which has nevertheless been extended until the end of May this year. It should be noted that the potential phasing-out of these programmes would have a pro-inflationary effect.

The above analysis indicates that although developments in global agricultural markets remain the main source of food price volatility, price trends may differ significantly across countries within the same region. This is due to the non-tradable nature of some goods, where local factors play a key role. The use of interventions in price-setting processes by Hungary and Romania in their domestic food markets, despite still relatively moderate inflation, signals a risk that these countries may have limited capacity to respond to a potential food price shock linked to developments in the Middle East. In our view, if

elevated energy prices persist, such a shock could materialise in H1 2027 (see MACROmap of 23/03/2026).

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	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	Apr-26
NBP reference rate (%)	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	3,75
EURPLN*	4,19	4,27	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,21	4,22	4,29	4,28
USDPLN*	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	3,72
CHFPLN*	4,38	4,56	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,52	4,64	4,63	4,63
CPI inflation (% YoY)	4,9	4,3	4,0	4,1	3,1	2,9	2,9	2,8	2,5	2,4	2,1	2,1	3,0	
Core inflation (% YoY)	3,6	3,4	3,3	3,4	3,3	3,2	3,2	3,0	2,7	2,7	2,7	2,5	2,7	
Industrial production (% YoY)	2,5	1,3	4,0	-0,4	3,0	0,7	7,6	3,2	-1,1	7,3	-1,5	1,5	4,0	
Constr. and assembly prod. (% YoY)	-1,1	-4,2	-2,8	2,1	0,7	-7,0	0,3	4,2	0,1	4,4	-12,8	-13,6	-4,0	
PPI inflation (% YoY)	-1,0	-1,6	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,3	-2,5	-2,6	-2,3	-1,7	
Retail sales (% YoY)	0,6	7,9	4,3	2,1	4,8	3,0	6,6	5,5	2,8	5,0	3,9	4,3	6,5	
Corporate sector wages (% YoY)	7,7	9,3	8,4	9,0	7,6	7,1	7,5	6,6	7,1	8,6	6,1	6,1	6,5	
Employment (% YoY)	-0,9	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	-0,8	-0,8	-0,8	
Unemployment rate* (%)	5,4	5,2	5,1	5,1	5,4	5,5	5,6	5,6	5,6	5,7	6,0	6,1	6,0	
Current account (M EUR)	-1091	-252	-1168	-445	-1780	-2593	-797	2103	-250	-1975	1153	399		
Exports (% YoY EUR)	4,9	-0,2	6,0	3,7	3,2	-1,3	5,9	5,2	2,4	9,4	-2,8	2,4		
Imports (% YoY EUR)	11,5	8,1	7,9	2,4	2,7	-1,0	7,4	2,7	2,9	9,8	-6,9	0,4		

*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	3,5	3,3	3,7	3,8	3,9	4,0	3,9	3,6	3,2	3,9
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	3,78	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 13/04/2026						
14:00	Poland	Current account (M EUR)	Feb	1153	399	298
16:00	USA	Existing home sales (M MoM)	Mar	4,09	4,05	4,08
Tuesday 14/04/2026						
	China	Trade balance (bn USD)	Mar	213,6	115,1	109,5
Wednesday 15/04/2026						
9:30	Poland	CPI (% YoY)	Mar	3,0	3,0	3,0
11:00	Eurozone	Industrial production (% MoM)	Feb	-1,5		0,3
14:30	USA	NY Fed Manufacturing Index (pts)	Apr	-0,2		-2,1
Thursday 16/04/2026						
4:00	China	GDP (% YoY)	Q1	4,5	4,8	4,8
4:00	China	Retail sales (% YoY)	Mar	2,8	2,1	2,3
4:00	China	Urban investments (% YoY)	Mar	1,8	2,2	1,9
4:00	China	Industrial production (% YoY)	Mar	6,3	5,6	5,6
11:00	Eurozone	HICP (% YoY)	Mar	2,5	2,5	2,5
14:00	Poland	Core inflation (% YoY)	Mar	2,5	2,7	2,7
14:30	USA	Initial jobless claims (k)	w/e	219		
14:30	USA	Philadelphia Fed Index (pts)	Apr	18,1		10,0
15:15	USA	Capacity utilization (%)	Mar	76,3		76,3
15:15	USA	Industrial production (% MoM)	Mar	0,2	0,1	0,1
Friday 17/04/2026						
10:00	Eurozone	Current account (bn EUR)	Feb	37.9		

*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