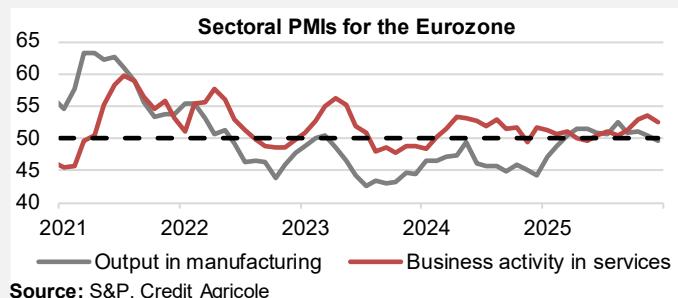
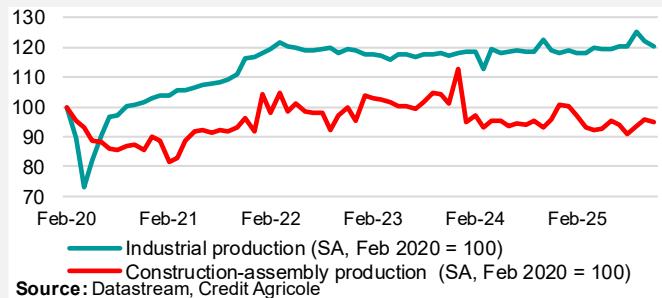


This week

- Over the weekend, D. Trump announced additional 10% tariffs on imports from eight European countries (France, Germany, Great Britain, the Netherlands, Denmark, Norway, Sweden, and Finland), effective 1 February 2026, indicating that the rate may go up to 25% from June onwards if an agreement on Greenland's status is not reached. The decision was taken in direct response to the European countries' participation in NATO military drills in Greenland, and brought about a severe strain on transatlantic relations. In turn, the EU authorities took steps towards launching potential retaliatory measures, including the re-enactment of tariffs on US exports worth of EUR 93bn and, potentially, the Anti-Coercion Instrument that might restrict the US companies' access to the single market. At the same time, the European Commission and EU Member States indicate that they are ready for talks with the US administration, including at the World Economic Forum that will be held in Davos this week. The risk of trade conflict escalation has increased sharply, and the future trajectory of events will be a major factor affecting the global market sentiment. Consequently, this week, we may observe increased volatility in financial markets.
- The most important event this week will be Thursday's release of industrial production and construction and assembly production data. We forecast that industrial production growth picked up to 3.5% YoY in December from -1.1% YoY in November. Production growth acceleration in December was the result of a favourable difference in the number of working days, though their impact was eased by a downturn in manufacturing. Furthermore, we anticipate that last year's high base will be conducive to construction and assembly production growth stabilisation (0.0% YoY in December vs. -0.2% in November) despite the presence of favourable calendar effects mentioned above. Our industrial production forecast is above market consensus (2.8%), so if it materialises, it will have a slight positive effect on the PLN and the yields on Polish bonds.
- Friday will see the publication of preliminary business survey results (PMI) for key Eurozone economies. The market expects the composite PMI for the Eurozone to have gone up from 51.5 pts in December to 51.6 pts in January. Business sentiment survey results will indicate the continued activity acceleration in the services sector and stagnation in the manufacturing sector. As regards the German manufacturing PMI, the market expects it to go up to 47.8 pts in January, from 47.0 pts in December. In our opinion, the publication of business survey results for the Eurozone, including Germany, will be neutral for financial markets.
- Important data from the US will be published this week. The market anticipates both headline PCE inflation and core inflation to have edged down to 2.7% YoY in November, from 2.8% in October. The second estimate of US Q3 GDP will also be released on Thursday. The consensus is that annualised GDP growth accelerated from 3.8% in Q2 to 4.3% in Q3. The market expects the final University of Michigan index to confirm the improvement in households' sentiment (54.0 pts in January vs. 52.9 pts in December). In our opinion, the data from the US will have no impact on market sentiment.

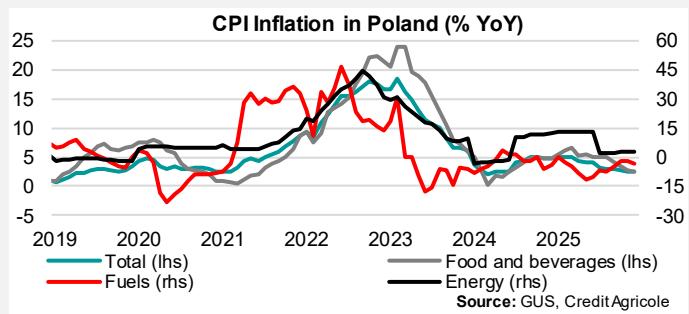


Inflow of EU funds to peak in 2026

- ➡ **Data on employment and average wages in Poland's business sector for December will be released on Thursday.** We forecast that employment growth went up to -0.7% YoY in December, from -0.8% in November, due to last year's low base effect (9k reduction in the number of FTEs month on month in December 2024). As for average wages, in our view, their growth accelerated from 7.1% in November to 7.8% in December. In our view, wage growth was driven up by the low base effect. We think that the release of data on employment and the average wages in the business sector will be neutral for the PLN and the debt market.
- ➡ **Important data from China was published this morning.** Chinese GDP growth slowed from 4.8% YoY in Q3 to 4.5% in Q4, coming in slightly ahead of market expectations (4.4%), and in line with our forecast. In quarterly terms, Chinese GDP edged up to 1.2% QoQ in Q4, from 1.1% in Q3. This means that Chinese GDP went up by 5.0% in 2025, in line with the target set by the Chinese government. Achieving such growth was possible with the diversion of Chinese exports from the US to other markets in the wake of continuing tensions between the US and China. At the same time, the internal demand in China remains relatively weak. This conclusion is supported by monthly data from Chinese economy published this morning, i.e. for industrial production (5.2% YoY in December vs. 4.8% in November), retail sales (0.9% vs. 1.3%) and urban investments (-3.8% vs. -2.6%). Particularly noteworthy in this context are the urban investments, which saw the first annual decline on record. It indicates that they have become a substantial risk factor for Chinese GDP growth outlook in the quarters to come. In our opinion, the data from China will be neutral for financial markets.

Last week

- ➡ **In accordance with the final data, CPI inflation in Poland declined from 2.5% YoY in November to 2.4% in December, in line with Statistics Poland's flash estimate, reaching the lowest level since April 2024.** Inflation was driven down by slower growth in the prices of food and non-alcoholic beverages (2.4% YoY in December vs. 2.7% in November). Such slower growth in turn resulted from a decline in the prices of butter (-11.6% YoY in December vs. -4.4% in November) caused by a sharp increase in the supply of milk reported by the largest global exporters of dairy products. Headline inflation was also driven down by the falling prices of fuels (-3.1% YoY in December vs. -1.9% in November). Core inflation did not change between November and December, standing at 2.7% YoY. Notably, core prices measured in monthly terms did not change in December, printing below their seasonal pattern (+0.1% MoM). In our view, this points to weakening inflationary pressures (see MACROpulse of 15/01/2026). We expect headline inflation to run close to the inflation target over the coming quarters. In Q4 2026, inflation will accelerate to 3.3%, mainly due to low base effects in food and fuel prices.
- ➡ **The Monetary Policy Council (MPC) decided last week to keep NBP interest rates unchanged (the NBP reference rate stands at 4.00%).** The MPC's decision was consistent with market expectations and our forecast. The press release after the MPC meeting indicates that the Council's decision to keep the interest rates unchanged was driven primarily by stability of economic growth and core inflation. In our view, room for interest rate cuts in the coming quarters is still limited – our conclusion is underpinned by our mid-term inflation forecast, where we expect the price growth rate to rise above 3% YoY in Q4 2026, boosted by low base effects for food and fuels prices. We believe that the NBP reference rate level consistent with

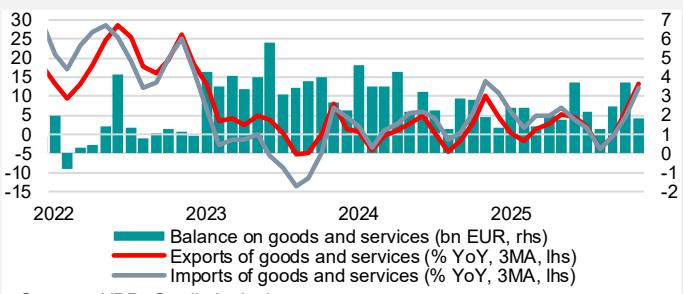


Inflow of EU funds to peak in 2026

macroeconomic balance is at 3.75%. Consequently, we expect another 25bp rate cut, the last one in the current cycle, in March 2026, which will coincide with the release of the new inflation projection allowing us to assess the outlook for medium-term price growth more precisely. Taking into account recent comments from NBP Governor A. Glapiński and some MPC members, we also see significant downside risk to our scenario. At last week's customary press conference, A. Glapiński suggested he sees the terminal rate level at 3.5%. In remarks to journalists, he did not rule out a scenario in which another rate cut could take place in February or March. Meanwhile, MPC member L. Kotecki said last week that there is room for further rapid rate cuts. In his view, the Council could take such a step as early as February. Another MPC member, H. Wnorowski, said that a further rate cut may come in February, although in his view "logic" would dictate a cut only in March.

Poland's current account balance

fell to EUR -460m from EUR 2,053m in October, coming in well below market expectations (EUR -124m) and our forecast (EUR 1,654m). The deterioration in the current account balance reflected lower balances in its four main components: goods (down by EUR



Source: NBP, Credit Agricole

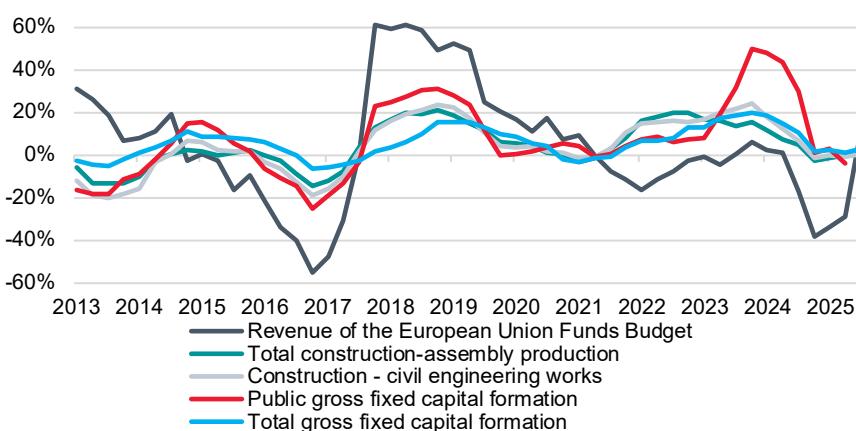
1,530m), services (EUR 336m), primary income (EUR 460m) and secondary income (EUR 187m). At the same time, export growth slowed (to 2.7% YoY in November from 5.5% in October) while import growth increased (to 3.1% from 2.9%). The underlying NBP press release highlights that the downward trend in exports of transport equipment and parts deepened in November. In turn, according to the NBP, import growth was constrained by a decline in prices of consumer goods imported from China. This may suggest an aggressive pricing policy by Chinese exporters seeking to reorient their exports geographically amid difficulties selling into the US market (see the MACROmap of 05/01/2026). We see upside risk to our forecast, under which the cumulative current account balance over the last four quarters, as a share of GDP, was unchanged in Q4 compared with Q3 and stood at -0.9%.

China's foreign trade figures were released last week. The trade surplus rose to USD 114.1bn in December from USD 111.7bn in November, coming in below market expectations of USD 113.5bn. Meanwhile, China's export growth increased to 6.6% YoY in December from 5.9% in November, while import growth accelerated to 5.7% from 1.9%. The acceleration in Chinese exports was supported by a continuing geographical reorientation, including towards the EU, amid persistent tensions in US-China trade relations. In turn, stronger imports may indicate a recovery in domestic demand. We forecast that China's GDP growth was unchanged in 2025 compared with 2024, at 5.0%

Last week, important data from the US economy was released. Industrial production growth was unchanged in December compared with November, coming in at 0.4% MoM and above market expectations of 0.1%. This stability reflected weaker production growth in mining and manufacturing, alongside stronger growth in utilities. Capacity utilisation rose to 76.3% in November from 76.1% in October, remaining relatively stable in recent quarters. Last week also saw the release of retail sales data, with monthly nominal retail sales growth increasing to 0.6% MoM in November from -0.1% in October, coming in above market expectations (0.4%). Excluding autos, monthly retail sales growth rose to 0.5% MoM in November from 0.2% in October, indicating persisting relatively strong consumer demand in the US. An improvement in US manufacturing conditions was also signalled by the NY Fed index (7.7 pts in January vs -3.7 pts in December) and the Philadelphia Fed index (12.6 pts vs -8.8 pts). We forecast that annualised GDP growth amounted to 1.0% in Q4. At the same time, we expect GDP to have grown by 2.1% in 2025 and to increase by 2.3% in 2026.

Inflow of EU funds to peak in 2026

When discussing our medium-term forecasts, we highlighted that in the coming quarters we expect the economic recovery in Poland to continue, supported by stronger activity in the Eurozone and rising absorption of EU funds flowing to Poland under the National Recovery Plan (NRP) and the Cohesion Fund. Below, we discuss in more detail the trends we expect in the EU funds absorption cycle.

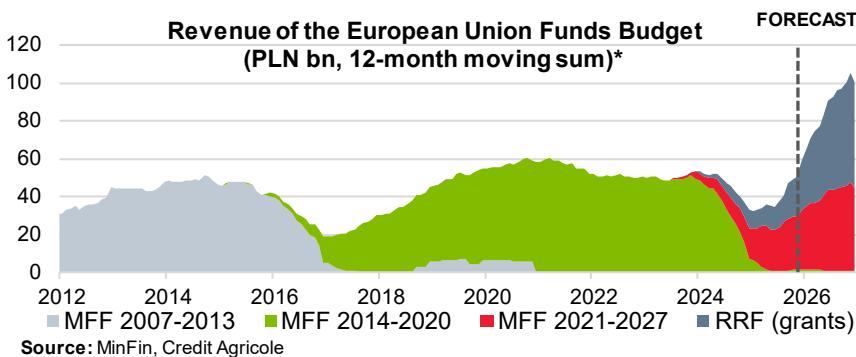


* all lines show YoY dynamics calculated based on 1-year rolling sums of nominal data
Source: MinFin, GUS, Credit Agricole

revenue of the European Funds Budget has also shown a strong correlation with construction and assembly production in the civil engineering works segment, as well as with total construction and assembly production. As a result, a strong correlation can also be observed with growth in total gross fixed capital formation.

One of the key determinants of the growth of public gross fixed capital formation is the pace of EU funds absorption, as these funds account for a large share of the financing sources for public investment. Over the past decade, the growth in revenue of the European Funds Budget under the Cohesion Fund has shown a strong correlation with nominal public investment growth (see chart). Given the nature of the projects implemented (largely infrastructure investment), the growth rate of

revenue of the European Union Funds Budget (PLN bn, 12-month moving sum)*



The chart shows the 12-month moving sum of the Revenue of the European Union Funds Budget from 2012 to 2026. The Y-axis represents billions of PLN, ranging from 0 to 120. The X-axis shows years from 2012 to 2026. The legend indicates the following components:

- MFF 2007-2013 (Light Blue)
- MFF 2014-2020 (Green)
- MFF 2021-2027 (Red)
- RRF (grants) (Dark Blue)

The chart shows a significant increase in the revenue of the European Union Funds Budget starting around 2018, with a major peak projected for 2026 (above 100 billion PLN). The RRF (grants) component is a major source of this growth, particularly after 2024.

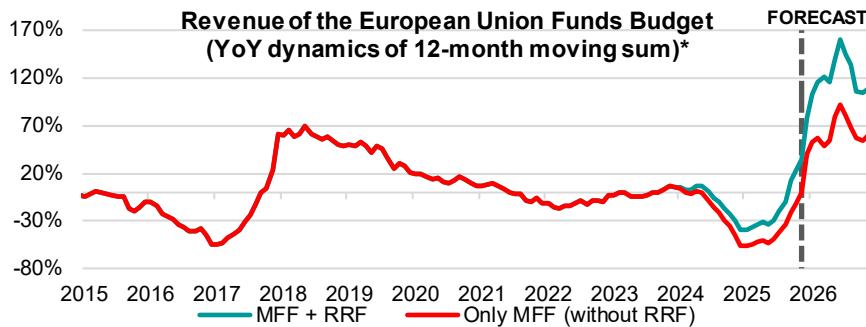
Source: MinFin, Credit Agricole

primarily include payments from EU funds such as cohesion policy funds and the common agricultural policy, as well as advance payments, interim payments and reimbursements of expenditure previously incurred from the state budget, including expenditure pre-financed by the state or entities within the general government sector. For the purposes of the analysis below, we focus solely on revenue under the cohesion policy and the grant component of the National Recovery Plan, as these are the most important for investment and economic growth.

It is worth noting that the EU funds absorption profile is clearly cyclical. In 2016, we saw a slump in EU funds absorption, which contributed to a marked decline in construction and assembly production and public investment. Funding under the 2007-2013 Multiannual Financial Framework (MFF) could be used until 2015 inclusive, while implementation of projects under the 2014-2020 perspective was still very limited in 2016. A similar situation – a significant drop in EU funds absorption and a sharp slowdown in construction and assembly production – occurred in 2024. The period for settling funds under the 2014-

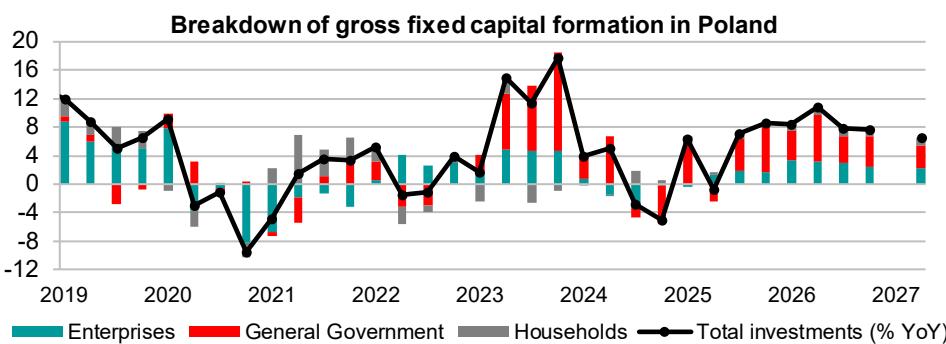
Inflow of EU funds to peak in 2026

2020 perspective ended in 2023, while absorption under the 2021-2027 perspective was still limited in 2024.



In 2025, the use of funds increased as funding streams under the Multiannual Financial Framework and the National Recovery Plan overlapped. According to the latest Ministry report on state budget execution, in January-November 2025 revenue under the 2021-2027 EU financial perspective totalled PLN 24.4bn (i.e. 70.2% of the full-year plan)

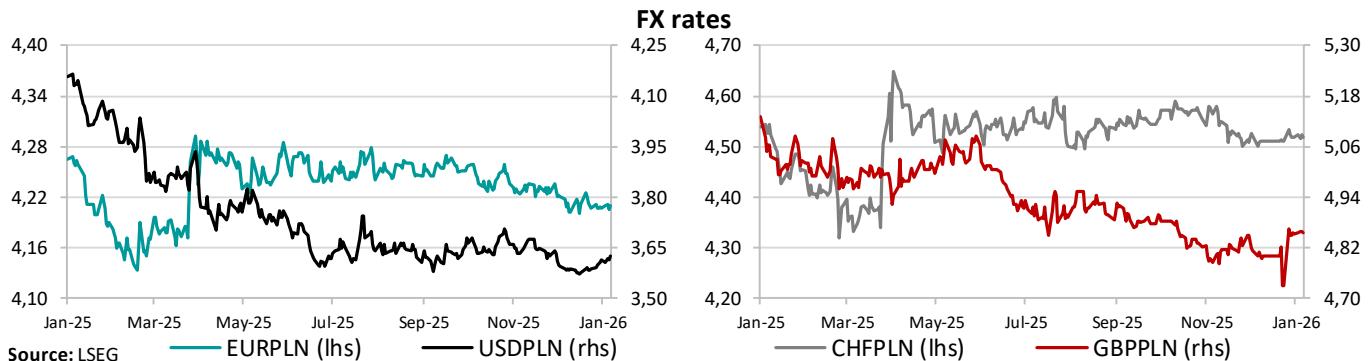
and PLN 18.9bn under the grant component of the NRP (36.2% of the 2025 plan). We estimate that by the end of 2025 budget execution under the 2021-2027 perspective reached 90%, while execution under the grant component of the NRP increased to 50%. Thus, we estimate that a total of PLN 57.4bn of EU funds flowed into Poland in 2025. Based on the Ministry of Finance's plans set out in the 2026 Budget Act, in the section on revenue of the European Funds Budget, we can forecast how the inflow of EU funds will evolve over the coming months. We believe the Ministry's assumed revenue will materialise at 80% for cohesion funds and at 90% for the grant component of the NRP. This would mean that in 2026 EU funds totalling PLN 100.2bn (around 2.5% of GDP) will flow into Poland, i.e. about 1.1% of GDP more than in 2025. It is worth noting that these amounts relate only to the EU share of project financing (i.e., excluding the national component). This means that the inflow of EU funds will provide a significant stimulus to economic growth in 2026. In the two charts above, we show what the inflow of EU funds would look like in 2026 if their stream was evenly distributed across the individual months of the year. Based on the expected time profile of EU funds absorption outlined above, we forecast that the pace of EU funds utilisation will accelerate markedly in 2026 (see chart). We believe this will also mark the peak in the inflow of EU funds, followed by a clear slowdown in 2027.



In our view, 2026 will be the period when EU funds absorption will provide the strongest boost to public investment, as funding streams under the 2021-2027 MFF and the NRP overlap. We also believe that the public sector investment activity, driven by increased absorption of EU funds, will translate into faster

growth in corporate fixed capital formation. In our assessment, stronger demand from the public sector will prompt companies to raise capital expenditure to expand production capacity. This effect will be most visible in industrial sectors directly or indirectly linked to the delivery of construction projects. This supports our forecast that gross fixed capital formation growth will accelerate to 8.5% YoY in 2026 from 5.8% in 2025.

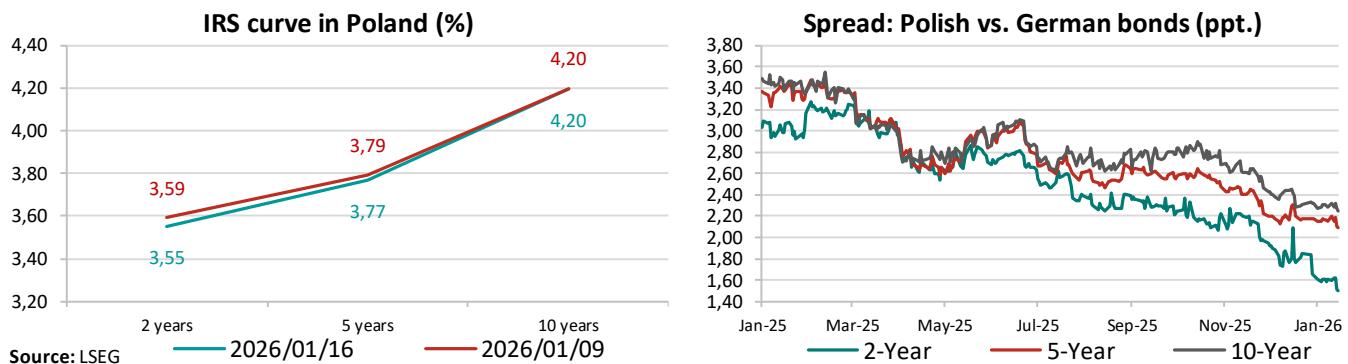
Domestic industrial production data could strengthen the PLN



Last week, the EURPLN rate increased to 4.2200 (a 0.3% weakening of the PLN). Throughout the week, the EURPLN rate remained stable at around 4.21. It was only on Friday that the PLN depreciated slightly, although it is difficult to link this move to any specific macroeconomic event. At the same time, the USD appreciated against the EUR throughout the week, continuing the trend seen in recent weeks. The decline in EURUSD has been supported by fading expectations of interest rate cuts in the US. Since the beginning of this year, US FRA rates have been rising, which can be linked to the publication of the Minutes from the Fed's December meeting, which revealed deep divisions among FOMC members over the outlook for US monetary policy. The Minutes suggested that the likelihood of further interest rate cuts in the coming months is low (see MACROmap of 05/01/2026).

This week, the key event for the PLN will be Thursday's release of domestic industrial output data, which could support appreciation of the Polish currency. In our view, the other macroeconomic releases scheduled for this week will be neutral for the PLN.

IRS rates fall slightly after MPC meeting



Last week, 2-year IRS rates fell to 3.55 (down by 4bp), 5-year rates to 3.77 (down by 2bp), while 10-year rates stood at 4.20 (unchanged). In the first part of the week, IRS rates moved higher ahead of the MPC meeting. The dovish tone of NBP Governor Adam Glapiński's press conference, along with comments from some MPC members, reversed that trend and pushed IRS rates lower across the curve. As a result, IRS rates returned to levels close to those seen at the beginning of the week.

This week, market attention will focus on Thursday's domestic industrial output release, which could support an increase in IRS rates. We expect that the macroeconomic releases scheduled for this week will not have a material impact on the curve.

Forecasts of the monthly macroeconomic indicators

Indicator	Main monthly macroeconomic indicators in Poland													
	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
NBP reference rate (%)	5,75	5,75	5,75	5,75	5,75	5,25	5,25	5,00	5,00	4,75	4,50	4,25	4,00	4,00
EURPLN*	4,27	4,21	4,19	4,19	4,27	4,24	4,24	4,27	4,26	4,26	4,25	4,23	4,21	4,22
USDPLN*	4,13	4,06	4,04	3,87	3,77	3,74	3,60	3,74	3,64	3,63	3,68	3,65	3,58	3,61
CHFPLN*	4,54	4,46	4,46	4,38	4,56	4,54	4,53	4,60	4,55	4,56	4,57	4,53	4,51	4,53
CPI inflation (% YoY)	4,7	4,9	4,9	4,9	4,3	4,0	4,1	3,1	2,9	2,9	2,8	2,5	2,4	
Core inflation (% YoY)	4,0	3,7	3,6	3,6	3,4	3,3	3,4	3,3	3,2	3,2	3,0	2,7	2,7	
Industrial production (% YoY)	0,3	-0,9	-1,8	2,5	1,3	4,0	-0,4	3,0	0,7	7,6	3,2	-1,1	3,5	
Constr. and assembly prod. (% YoY)	-8,0	4,2	-0,1	-1,1	-4,2	-2,8	2,1	0,7	-7,0	0,3	4,2	0,2	0,0	
PPI inflation (% YoY)	-2,7	-1,0	-1,3	-1,0	-1,6	-1,5	-1,5	-1,3	-1,3	-1,4	-2,2	-2,4	-2,2	
Retail sales (% YoY)	2,7	6,1	0,6	0,6	7,9	4,3	2,1	4,8	3,0	6,6	5,5	2,8	3,8	
Corporate sector wages (% YoY)	9,8	9,2	7,9	7,7	9,3	8,4	9,0	7,6	7,1	7,5	6,6	7,1	7,8	
Employment (% YoY)	-0,6	-0,9	-0,9	-0,9	-0,8	-0,8	-0,8	-0,9	-0,8	-0,8	-0,8	-0,8	-0,7	
Unemployment rate* (%)	5,1	5,4	5,4	5,3	5,2	5,0	5,2	5,4	5,5	5,6	5,6	5,6	5,7	
Current account (M EUR)	-1427	-35	115	-1136	88	-711	-262	-1571	-2239	-408	2053	-460		
Exports (% YoY EUR)	0,7	2,7	1,2	3,9	-0,6	5,5	3,3	3,5	-0,9	6,2	5,5	2,7		
Imports (% YoY EUR)	3,9	10,4	4,0	10,5	7,6	7,3	1,9	2,7	-1,0	7,4	2,9	3,1		

*end of period

Forecasts of the quarterly macroeconomic indicators

Indicator	Main macroeconomic indicators in Poland								2025	2026	2027	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Gross Domestic Product (% YoY)	3,2	3,3	3,8	3,8	3,9	3,7	3,5	3,3	3,6	3,6	3,0	
Private consumption (% YoY)	2,6	4,5	3,5	3,3	3,2	3,1	3,0	2,9	3,5	3,1	3,0	
Gross fixed capital formation (% YoY)	6,4	-0,7	7,1	8,6	8,4	10,9	7,9	7,7	5,8	8,5	6,6	
Export - constant prices (% YoY)	2,1	1,9	6,1	6,2	5,2	5,8	5,8	5,3	4,1	5,5	5,0	
Import - constant prices (% YoY)	4,3	3,4	5,9	5,5	5,2	6,1	6,5	6,1	4,8	6,0	5,5	
GDP growth contributions	Private consumption (pp)	1,6	2,6	2,0	1,6	2,0	1,8	1,7	1,4	2,0	1,7	1,7
	Investments (pp)	0,8	-0,1	1,1	1,9	1,1	1,7	1,3	1,8	1,0	1,5	1,2
	Net exports (pp)	-0,9	-0,7	0,2	0,5	0,2	0,0	-0,2	-0,2	-0,2	-0,1	-0,1
Current account (% of GDP)***	-0,4	-0,7	-0,9	-0,9	-0,9	-1,0	-1,0	-1,0	-0,9	-1,0	-1,0	-1,0
Unemployment rate (%)**	5,3	5,2	5,6	5,7	5,9	5,5	5,5	5,6	5,7	5,6	5,5	
Non-agricultural employment (% YoY)	0,0	0,2	0,7	0,2	-0,5	-0,5	-0,5	-0,5	0,3	-0,5	-0,5	
Wages in national economy (% YoY)	10,0	8,8	7,5	6,5	5,8	5,9	6,1	6,2	8,2	6,0	6,0	
CPI Inflation (% YoY)*	4,9	4,1	3,0	2,6	2,2	2,6	2,7	3,3	3,6	2,7	3,0	
Wibor 3M (%)**	5,84	5,23	4,72	3,99	3,85	3,85	3,85	3,86	3,99	3,86	3,86	
NBP reference rate (%)**	5,75	5,25	4,75	4,00	3,75	3,75	3,75	3,75	4,00	3,75	3,75	
EURPLN**	4,19	4,24	4,26	4,21	4,21	4,20	4,19	4,18	4,21	4,18	4,15	
USDPLN**	3,87	3,60	3,63	3,58	3,63	3,68	3,74	3,80	3,58	3,80	3,55	

* quarterly average

** end of period

***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 01/19/2026						
3:00	China	Retail sales (% YoY)	Dec	1,3	0,9	1,2
3:00	China	Urban investments (% YoY)	Dec	-2,6	-3,3	-3,0
3:00	China	Industrial production (% YoY)	Dec	4,8	5,0	5,0
Tuesday 01/20/2026						
9:00	Eurozone	Current account (bn EUR)	Nov	25,7		
11:00	Germany	ZEW Economic Sentiment (pts)	Jan	45,8		50,0
Thursday 01/22/2026						
10:00	Poland	Corporate sector wages (% YoY)	Dec	7,1	7,8	6,9
10:00	Poland	Employment (% YoY)	Dec	-0,8	-0,7	-0,7
10:00	Poland	Industrial production (% YoY)	Dec	-1,1	3,5	2,8
10:00	Poland	PPI (% YoY)	Dec	-2,4	-2,2	-2,2
10:00	Poland	Construction and assembly production (% YoY)	Dec	0,1	0,0	0,0
14:30	USA	Final GDP (% YoY)	Q3	3,8		4,3
16:00	USA	PCE core inflation (% YoY)	Nov	2,8		2,8
16:00	USA	PCE Inflation (% YoY)	Nov	2,8		2,8
16:00	USA	Real private consumption (% MoM)	Nov	0,1		
Friday 01/23/2026						
9:30	Germany	Flash Manufacturing PMI (pts)	Jan	47,0		47,8
10:00	Eurozone	Flash Services PMI (pts)	Jan	52,4		52,5
10:00	Eurozone	Flash Manufacturing PMI (pts)	Jan	48,8		49,0
10:00	Eurozone	Flash Composite PMI (pts)	Jan	51,5		51,6
15:45	USA	Flash Manufacturing PMI (pts)	Jan	51,8		
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Jan	54,0		54,0

*The forecasts of macroeconomic indicators for Poland were prepared by Crédit 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