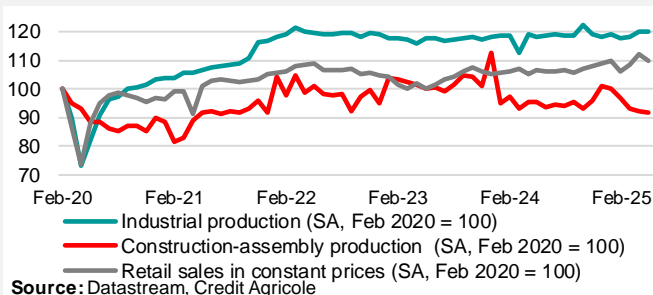


This week

- ✓ **The most important event this week will be today's release of data on industrial production in Poland for June.** We forecast that the production growth rate decreased to 3.0% YoY compared to 3.9% in May, which will be consistent with the results of business sentiment surveys in the manufacturing sector.

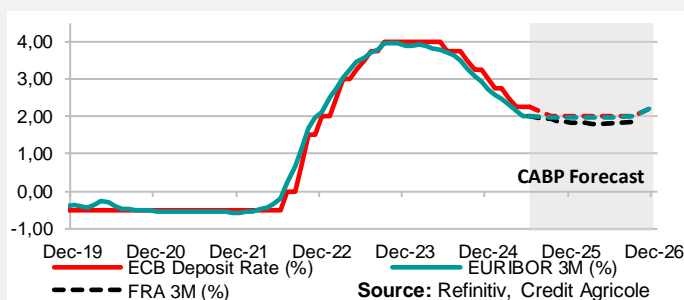


- Our forecast is above the market consensus, so its confirmation would be slightly positive for the Polish zloty and the yields on Polish bonds.
- ✓ **Another important event this week will be tomorrow's release of retail sales data in Poland.** We expect that the growth rate of sales in constant prices decreased to 3.5% YoY in June compared to 4.4% in May. We are of the opinion that the decline in sales growth was largely due to a lower growth rate in the category "motor vehicles, motorcycles, and parts". Our forecast for real retail sales growth is below the market consensus (4.1%), and therefore, its materialisation may be slightly negative for the Polish zloty and the yields on Polish bonds.
- ✓ **Today we will see the release of data on construction and assembly output, which in our view decreased by 0.5% YoY in June, compared to a decline of 2.8% in May.** The slowdown in the decline was due to low base effects from last year. We expect the publication to be neutral for financial markets.
- ✓ **Today, data for June on employment and average wages in the enterprise sector in Poland will also be published.** We forecast that the decline in the number of people employed in enterprises continued on a month-to-month basis in June. As a result, we estimate that the employment growth rate decreased to -0.9% YoY in June from -0.8% in May. On the other hand, we expect that the growth rate of average wages increased to 8.8% YoY in June from 8.4% in May, due to a low base effect from the previous year. In our view, the publication of employment and wage data in the enterprise sector will be neutral for the Polish zloty and the debt market.
- ✓ **On Thursday, preliminary results of business sentiment surveys in the major European economies (PMI) will be published.** The market expects that the aggregated PMI index for the Eurozone increased in July to 50.9 pts from 50.6 pts in June. This would mean that the PMI has remained above the 50-pts threshold, which separates growth from contraction, for the seventh consecutive month. The consensus is that an upturn will be recorded for both the services and manufacturing sectors. The market also expects a slight increase in the German manufacturing PMI (to 49.5 pts in July from 49.0 pts in June). Additional insights into the German economic outlook will be provided by the Ifo index, to be released on Friday, which reflects the sentiment of German businesses in the manufacturing, construction, trade, and services sectors. The market expects the index to rise to 89.2 pts in July from 88.4 pts in June. In our view, the increases in July's indices in the Eurozone will reflect a correction in business sentiment following a recent deterioration caused by the tightening of global trade policies. In our view, the publication of business sentiment survey results in the Eurozone, including Germany, will be neutral for financial markets.
- ✓ **This week, important data from the U.S. economy will be released.** In our view, durable goods orders decreased by 10.5% MoM in June, compared to a 16.4% increase in May (a high base effect related to a large May order from Qatar for Boeing aircrafts, potentially involving over 200 passenger planes – see MACROmap of 30.06.2025. We expect that data on new home sales (650k in June vs. 623k in May) and existing home sales (3.99m vs. 4.03m) will continue to indicate subdued activity in the US housing market. In our view, the publication of US data will be neutral for the Polish zloty and the yields on Polish bonds.

➤ **Another important event this week will be the European Central Bank's meeting scheduled for Thursday.**

We expect the ECB to keep interest rates unchanged (the main interest rate at 2.15% and the deposit rate at 2.00%). We expect that in its post-meeting communication the ECB will aim to reduce expectations of a rate

cut in September, while still leaving some room for manoeuvre depending on the incoming data. We maintain our scenario in which the June rate cut was the last in this cycle of monetary policy easing by the ECB (see MACROmap of 09.06.2025). We expect increased volatility in financial markets during the ECB's press conference.

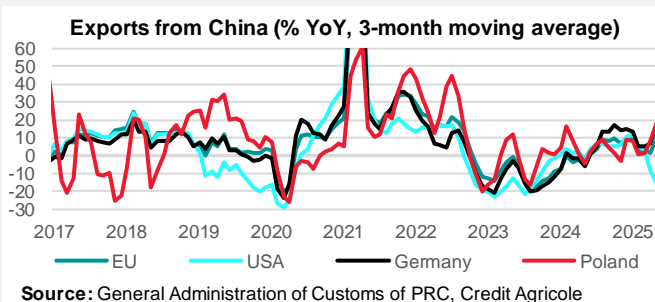


Last week

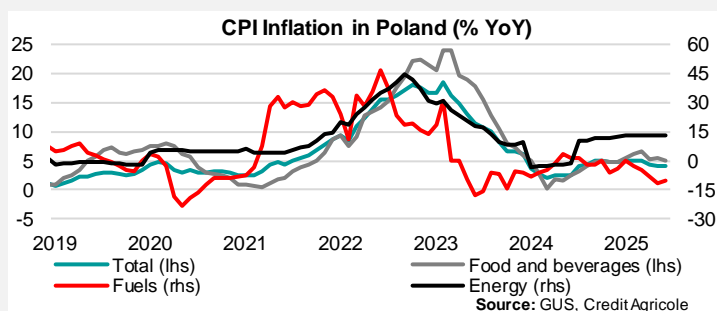
➤ **Some significant data on the US economy was released last week.** CPI inflation in the US rose to 2.7% YoY in June vs. 2.4% YoY in May, coming in slightly ahead of market expectations (2.6%). A less marked decline in the prices of energy (-0.8% YoY vs. -3.5%) resulting largely from last year's low base effect was the main driver of inflation growth. Core inflation edged up from 2.8% to 2.9% in June. Seasonally-adjusted core price growth edged up to 0.2% in June, from 0.1% in May, showing that the inflationary pressure in the US economy still persists. At the same time, the prices of basic goods (excluding cars) went up by 0.5% MoM. In our opinion, these are the first signs of the pro-inflationary impact of tariffs. Data on monthly industrial production growth was also released last week. It showed that the monthly growth rate increased from 0.0% MoM in May (upward revision from -0.2%) to 0.3% in June, printing ahead of market consensus (0.1%). The rate was driven up by a stronger production growth in utilities, while a slower growth in mining and manufacturing had the opposite effect. The usage of production capacities edged up to 77.6% in June vs. 77.5% in May, and has been relatively stable over the last couple of quarters. Data on retail sales was also released last week. It showed that its monthly nominal growth rate increased from -0.9% MoM in May to 0.6% in June, printing markedly ahead of market expectations (0.1%). Excluding cars, monthly retail sales expanded by 0.5% in June, up from -0.2% in May. In our view, the nominal retail sales growth seen in June largely mirrored the impact of tariffs on the prices of goods. At the same time, we still think that the consumer demand will slow down in the months to come due to subdued consumer sentiments. This, in turn, will hamper the activity growth in the entire economy. Data on new building permits (1,397k in June vs. 1,394 in May) and housing starts (1,321k vs. 1,263k) indicate persistently subdued activity in the US property market in general. We continue to believe that the short-term activity growth prospects for the US property market remain unfavourable due to elevated mortgage rates. The preliminary University of Michigan Index, which went up from 60.7 pts in June to 61.8 pts in July, printing slightly ahead of market consensus (61.5 pts) and slightly below our forecast (62.0 pts), was also released last week. The increase was driven by an increase in both the "current situation" and "expectations" sub-indices. The median for the expected inflation over one-year horizon, released together with the University of Michigan index, went down from 5.0% YoY in June to 4.4% in July, and the combination of both suggests that the US consumers' sentiments have improved versus the pessimistic readings from April and May, and that the public opinion to some extent has got used to high volatility of the Trump administration's economic policy. Nonetheless, the index still runs low despite the increase seen in July. We have made no changes to our US GDP trajectory forecast, in which the annualised GDP growth in the US will go up from -0.2% in Q1 to 1.5% in Q2, but also will go down to 1.5% in 2025, from 2.8% in 2024.

✓ **The Polish current account balance fell from EUR -596m in April to EUR -1,740m in May, which was markedly below the market expectations (EUR -785m) and our forecast (EUR -998m).** The reduction in the current account balance was due to lower trade balances of all of the current

account components: goods, services, primary income and secondary income (down by EUR 106m, EUR 222m, EUR 516m and EUR 300m, respectively). At the same time, exports growth accelerated (4.2% YoY in May vs. -1.9% in April, the strongest growth since July 2024), while imports slowed slightly down (5.2% vs. 5.5%). The press release emphasised that the improvement in the main export markets was conducive to a more intense activity in the Polish foreign trade. It was also noted that exports accelerated in the automotive industry, which is consistent with upward trends observed in that sector in Germany over the last months (see MACROmap of 14/07/2025). Increased export volumes of toys, clothes and pharmaceutical products was also reported. In accordance with the press release, the increased sales volumes in those categories resulted mostly from re-exporting. It is worth noting that China specialises in production of the goods in question. Therefore, the data supports our conclusion saying that having problems with the sale on the US market, China will try to redirect its exports by sending them to Europe among other places. Our conclusion is further underpinned by the data published by the Chinese customs office, which shows that exports from China to the EU, including the CEE-4 countries have substantially accelerated, while those to the US have markedly slowed down. At the same time, the NBP press release is indicative of a continued decline in the exports of Polish durable consumer goods. In our view, the goods trade deficit will persist in the quarters to come, facilitated by the continuing internal demand rebound in Poland, which will not be offset by the increase in the external demand. We expect the accumulated balance on the current account for the last 4 quarters to the GDP to have edged up from -0.4% in Q1 to -0.3% in Q2.



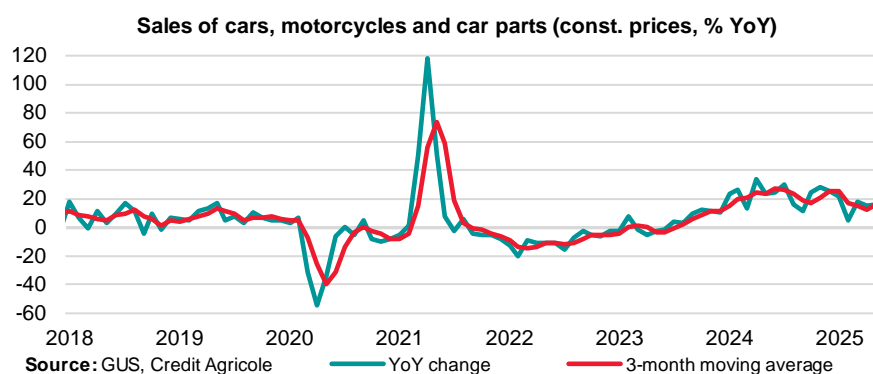
✓ **In accordance with final data, CPI inflation in Poland went up to 4.1% YoY in June, from 4.0% in May, in line with the flash estimate.** Inflation was driven up by a stronger price growth in the “fuels” category (-10.0% YoY in June vs. -11.4% in May) and higher core inflation (3.4% vs. 3.3%). Core inflation rose primarily due to a stronger price growth in “communication” (due to rising prices of telephone and telefax services) and “transportation, excluding fuels” (mainly due to higher prices of transportation services) categories. An opposite impact came from a slower price growth in the “food and non-alcoholic beverages” (4.9% vs. 5.5%) and “energy” (12.8% vs. 13.0%) categories. Core prices increased by 0.3% MoM in June, which is slightly above their seasonal pattern (0.1% MoM), indicating continued elevated inflationary pressures (see MACROPulse of 15/07/2025). It is also worth noting that the growth in prices of services accelerated again, to 6.3% YoY in June vs. 6.0% in May, while the growth in prices of goods is markedly slower (3.2% vs. 3.3%) and following a mild downward trend over the last couple of months. The easing yet still relatively strong wage pressure continues to be the main pro-inflationary factor in services. Last week’s data mirrors our medium-term inflation scenario (see MACROmap of 09/06/2025), which assumes a sharp inflation decline in July so that the inflation



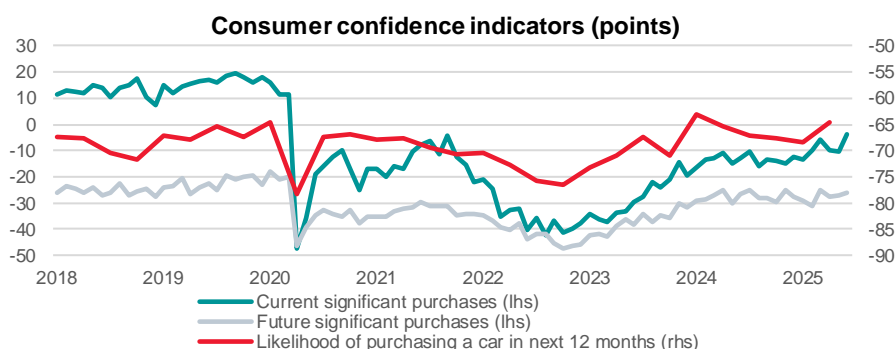
will come in close to the NBP target of $2.5\% \pm 1$ pp. The decline will result primarily from a strong drop in the prices of energy due to last year's high base effect connected with the unfreezing of gas and energy prices in July 2024 (see MACROPulse of 14/08/2024). At the same time, inflation will run within the range of admissible deviations from the NBP inflation target across the entire horizon of our forecast (i.e. until the end of 2026).

Some important data from China was released last week. Real GDP growth in China in Q2 2025 edged down to 5.2% YoY, from 5.4% in Q1, coming in slightly ahead of market expectations (5.1%) and in line with our forecast. Quarter on quarter, GDP growth slowed from 1.2% in Q1 to 1.1% in Q2. Industrial production growth accelerated to 6.8% YoY in June vs. 5.8% in May, which was markedly above the market consensus (5.6%) and our forecast (5.8%). In Q2, industrial production growth slowed slightly down, to 6.2% YoY in Q2 vs. 6.5% in Q1, but still remained relatively strong. Stronger than expected, production growth was most probably boosted by more intense export activity connected with an attempt to speed up the deliveries before the expiry of the current agreement on mutual reduction of tariffs between the US and China. Nominal retail sales growth slowed down to 4.8% YoY in June vs. 6.4% in May, which was below both market expectations (5.3%) and our forecast (5.0%). In Q2, retail sales growth accelerated to 5.4% YoY vs. 4.6% in Q1. This marked slowdown in retail sales growth between May and June can be at least partially explained by earlier cumulation of consumers' expenses in May due to the earlier start of the large shopping festival "618" (one of the biggest e-commerce events in China) and, probably, the depletion of funds assigned by the government as part of its consumption stimulation programme. Urban investments growth slowed down to 2.8% YoY vs. 3.7% in May, which was markedly below the market consensus that was consistent with our forecast (3.6%). The slowdown in investments was broad-based, with lesser investments in the real estate market coming as the main inhibiting factor. We expect that the economic growth in China will keep on slowing down in H2 2025 amidst continuing, high uncertainty regarding the outlook for exports. Nonetheless, bearing in mind better-than-expected data for H1 2025 and less substantive impact of trade war with the US on the Chinese economy, we have revised our GDP growth forecast for China upwards, to 4.8% in 2025 (4.6% before the revision) and 4.4% in 2026 (4.3%) vs. 5.0% in 2024. We will discuss our macroeconomic scenario for China in greater detail in the next MACROmap.

How long will car demand recovery last?



In accordance with the data published by Statistics Poland, real retail sales in the "motor vehicles, motorcycles, parts" category went up by 15.7% YoY in May, compared to a 14.9% growth in April. Consequently, over the last couple of months, we have seen it grow consistently at a two-digit rate. In this analysis, we aim to assess whether the car demand recovery in Poland will be durable.



Source: GUS, Credit Agricole

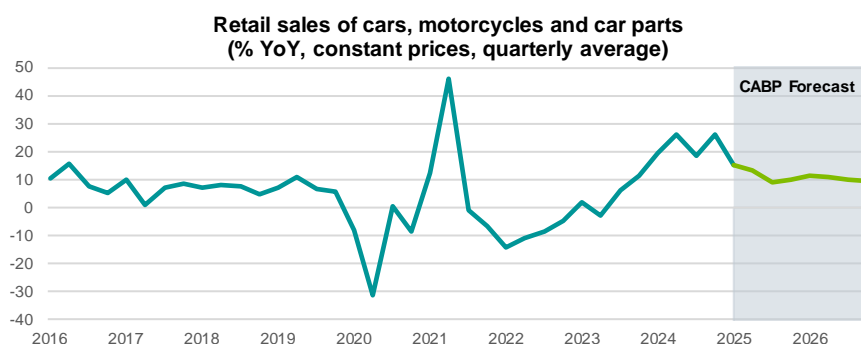
The real retail sales growth in the “motor vehicles, motorcycles, parts” category came along with a marked improvement in households’ sentiments. In accordance with the data published by Statistics Poland, in June 2025, the current major purchases indicator reached the highest level since March 2020, while the future major purchases indicator rose to

reach the highest value since March 2025. Notably, the car purchases trend indicator for the next 12 months also rose substantially in Q2, and came in close to the level seen before the post-pandemic collapse in demand. This is consistent with our conclusion: households have recovered their financial assets after the inflation shock, and more frequently opt for consumption rather than saving (see MACROmap of 30/06/2025).

To assess the durability of the recovery of demand for motor cars, we have used an econometric model in which the real retail sales in the “motor vehicles, motorcycles, parts” category were explained by such factors as:

- ✓ **Households’ real consumption.** The results of our analysis has shown that the acceleration of quarterly consumption growth by 1 pp pushes the quarterly sales growth in the “motor vehicles, motorcycles, parts” category up by 2.6 pp, provided that other conditions do not change.
- ✓ **Seasonal factors.** Sales in the “motor vehicles, motorcycles, parts” category are highly seasonal, with peak coming in Q4.
- ✓ **Binary variable representing the shock caused by poor availability of new cars on the market in Q2-Q4 2021.** Poor availability of new cars in that period was the result of disrupted supply chains in the automotive industry due to pandemic.

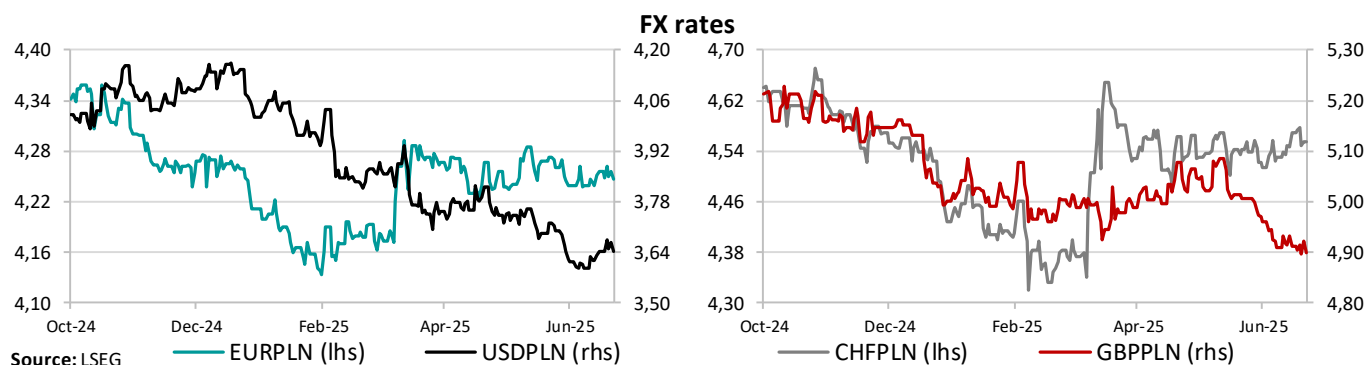
We have used our consumption forecast for 2025-2026 (see the quarterly table) to prepare the real sales growth forecast for the “motor vehicles, motorcycles, parts” category. It shows that the sales will be dropping gradually in the quarters to come, but still the growth rate will remain somewhere close to 10% YoY.



Source: GUS, Credit Agricole

At the same time, the cars purchased during the post-pandemic boom will start being replaced, and that we believe will additionally boost the sale of cars across the forecast horizon. Hence, we have concluded that the current recovery in demand for motor cars in Poland will be durable, and will continue in 2026 as well.

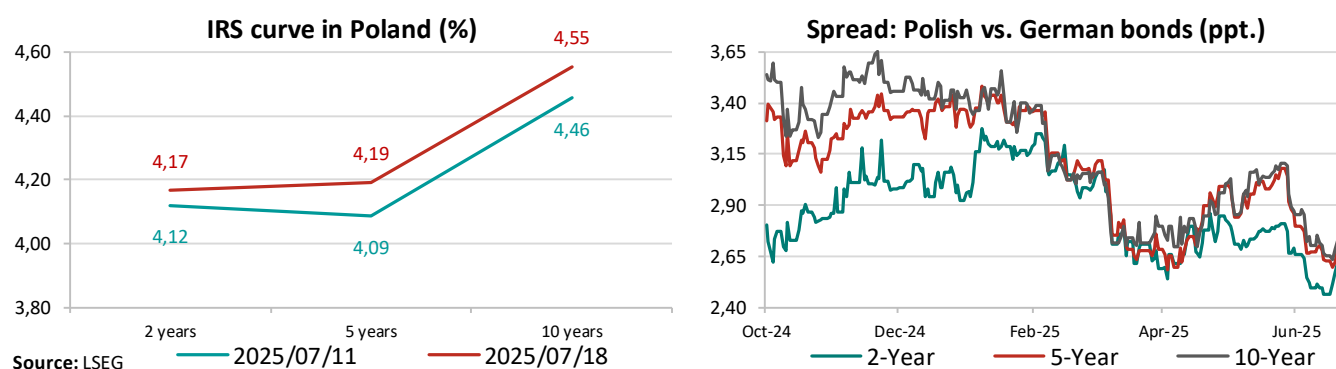
Domestic production and retail sales data of key importance for the PLN



Last week, the EURPLN rate dropped to 4.2466 (strengthening of the PLN by 0.2%). The EURPLN exchange rate was in a mild downward trend last week, driven by lower risk aversion connected with the uncertainty surrounding the US tariff rates. In turn, the EURUSD exchange rate experienced greater volatility. The rate went down on Tuesday, in response to higher-than-expected US CPI inflation data. On Wednesday, the USD markedly depreciated against the EUR after the rumours that the US President D. Trump will attempt to sack the Fed Chair J. Powell.

Turning to the week ahead, today's publication of domestic industrial production data will be of importance for the PLN as it might be conducive to the PLN appreciation, while Tuesday's publication of domestic retail sales data might have an opposite effect. The ECB meeting planned for Thursday may add to the EURPLN volatility.

ECB meeting in the spotlight



Last week, 2-year IRS rates increased to 4.17 (up by 5bp), 5-year rates to 4.19 (up by 10bp) and 10-year rates to 4.55 (up by 9bp). Last week saw a rise in IRS rates across the curve following the US market. The yield on US bonds went up after the publication of higher-than-expected inflation data for the US.

Turning to the week ahead, today's release of domestic industrial production data might drive the IRS rates up. Tuesday's publication of domestic retail sales data might have an opposite effect, though. The ECB meeting planned for Thursday may add to IRS rates volatility.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
NBP reference rate (%)	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,75	5,25	5,25	5,00
EURPLN*	4,30	4,29	4,28	4,28	4,35	4,30	4,27	4,21	4,19	4,19	4,27	4,24	4,24	4,25
USDPLN*	4,02	3,96	3,87	3,85	4,00	4,06	4,13	4,06	4,04	3,87	3,77	3,74	3,60	3,64
CHFPLN*	4,47	4,50	4,56	4,54	4,64	4,60	4,54	4,46	4,46	4,38	4,56	4,54	4,53	4,57
CPI inflation (% YoY)	2,6	4,2	4,3	4,9	5,0	4,7	4,7	4,9	4,9	4,9	4,3	4,0	4,1	
Core inflation (% YoY)	3,6	3,8	3,7	4,3	4,1	4,3	4,0	3,7	3,6	3,6	3,4	3,3	3,4	
Industrial production (% YoY)	0,0	5,3	-1,3	-0,5	4,7	-1,3	0,3	-0,9	-1,8	2,5	1,3	3,9	3,0	
Constr. and assembly prod. (% YoY)	-9,0	-1,3	-9,5	-9,0	-9,6	-9,4	-8,0	4,2	-0,1	-1,1	-4,2	-2,8	-0,5	
PPI inflation (% YoY)	-5,8	-5,1	-5,5	-6,2	-5,1	-3,8	-2,7	-1,0	-1,3	-1,0	-1,6	-1,5	-1,7	
Retail sales (% YoY)	4,7	5,0	3,2	-2,2	2,3	3,4	2,7	6,1	0,6	0,6	7,9	4,3	3,5	
Corporate sector wages (% YoY)	11,0	10,6	11,1	10,3	10,2	10,5	9,8	9,2	7,9	7,7	9,3	8,4	8,8	
Employment (% YoY)	-0,4	-0,4	-0,5	-0,5	-0,5	-0,5	-0,6	-0,9	-0,9	-0,9	-0,8	-0,8	-0,9	
Unemployment rate* (%)	4,9	5,0	5,0	5,0	4,9	5,0	5,1	5,4	5,4	5,3	5,2	5,0	5,0	
Current account (M EUR)	-142	-491	-2276	-1160	654	-492	-1450	-66	93	-1209	-596	-1740		
Exports (% YoY EUR)	-6,6	5,8	-2,3	1,5	2,6	-2,6	0,4	1,9	0,4	3,1	-1,9	4,2		
Imports (% YoY EUR)	1,9	9,7	5,5	5,6	6,2	-0,8	3,4	9,8	3,4	10,0	5,5	5,2		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland											
Indicator	2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	3,2	3,4	3,7	3,8	3,7	3,5	3,2	3,0	2,9	3,6	3,3
Private consumption (% YoY)	2,5	3,3	3,1	3,0	2,7	2,8	3,1	3,3	3,1	3,0	3,0
Gross fixed capital formation (% YoY)	6,3	7,0	8,8	7,3	8,5	8,1	7,3	6,5	-2,2	7,4	7,4
Export - constant prices (% YoY)	1,1	2,9	3,4	4,5	5,3	5,8	5,8	5,3	2,0	3,0	5,5
Import - constant prices (% YoY)	3,5	4,5	4,3	3,9	4,3	5,2	4,7	4,2	4,2	4,1	4,6
GDP growth contributions	Private consumption (pp)	1,6	1,9	1,8	1,5	1,7	1,6	1,8	1,6	1,7	1,7
	Investments (pp)	0,8	1,1	1,4	1,6	1,1	1,3	1,2	1,5	-0,4	1,2
	Net exports (pp)	-1,1	-0,7	-0,3	0,4	0,7	0,5	0,7	0,7	-1,1	0,6
Current account (% of GDP)***	-0,4	-0,3	-0,2	-0,2	-0,2	-0,1	-0,1	0,0	0,2	-0,2	0,0
Unemployment rate (%)**	5,3	5,0	4,9	4,9	5,2	4,9	4,8	4,8	5,1	4,9	4,8
Non-agricultural employment (% YoY)	0,0	-0,5	-0,5	-0,5	-0,5	-0,5	-0,5	-0,5	0,7	-0,4	-0,5
Wages in national economy (% YoY)	10,0	8,3	7,1	6,5	5,8	5,9	6,1	6,2	13,7	8,0	6,0
CPI Inflation (% YoY)*	4,9	4,1	2,6	2,5	2,2	2,7	3,0	3,0	3,6	3,5	2,7
Wibor 3M (%)**	5,84	5,23	4,98	4,85	4,48	4,35	4,35	4,36	5,84	4,85	4,36
NBP reference rate (%)**	5,75	5,25	5,00	4,75	4,50	4,25	4,25	4,25	5,75	4,75	4,25
EURPLN**	4,19	4,24	4,28	4,28	4,27	4,26	4,25	4,24	4,27	4,28	4,24
USDPLN**	3,87	3,60	3,69	3,66	3,68	3,74	3,79	3,85	4,13	3,66	3,85

* quarterly average

** end of period

***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
Monday 07/21/2025						
10:00	Poland	Industrial production (% YoY)	Jun	3,9	3,0	1,6
10:00	Poland	PPI (% YoY)	Jun	-1,5	-1,7	-1,7
10:00	Poland	Corporate sector wages (% YoY)	Jun	8,4	8,8	8,6
10:00	Poland	Employment (% YoY)	Jun	-0,8	-0,9	-0,8
14:30	USA	Construction and assembly production (% YoY)	Jun	-2,8	-0,5	-1,2
Tuesday 07/22/2025						
10:00	Poland	Retail sales - current prices(% YoY)	Jun	4,3	3,5	4,7
10:00	Poland	Retail sales - constant prices (% YoY)	Jun	4,4	3,5	4,1
14:00	Poland	M3 money supply (% YoY)	Jun	10,3	10,0	10,2
16:00	USA	Richmond Fed Index	Jul	-7,0		
Wednesday 07/23/2025						
10:00	Poland	Registered unemployment rate (%)	Jun	5,0	5,0	4,9
16:00	Eurozone	Consumer Confidence Index (pts)	Jul	-15,3		-15,0
16:00	USA	Existing home sales (M MoM)	Jun	4,03	3,99	4,00
Thursday 07/24/2025						
9:30	Germany	Flash Manufacturing PMI (pts)	Jul	49,0		49,4
10:00	Eurozone	Flash Services PMI (pts)	Jul	50,5		50,8
10:00	Eurozone	Flash Manufacturing PMI (pts)	Jul	49,5		49,8
10:00	Eurozone	Flash Composite PMI (pts)	Jul	50,6		50,8
14:15	Eurozone	EBC rate decision (%)	Jul	2,15		2,15
15:45	USA	Flash Manufacturing PMI (pts)	Jul	52,9		52,5
16:00	USA	New home sales (k)	Jun	623	650	650
Friday 07/25/2025						
10:00	Eurozone	M3 money supply (% MoM)	Jun	3,9		3,7
10:30	Germany	Ifo business climate (pts)	Jul	88,4		89,2
14:30	USA	Durable goods orders (% MoM)	Jun	16,4	-10,5	-10,0

*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