Monthly market report

Economic and Sector Research

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BNP PARIBAS

The bank for a changing world

Global economic situation

Financial markets: In April, the situation in the Middle East remained the main theme shaping the situation on financial markets. Over the course of the month, stock markets rebounded from the March lows, reflecting a more optimistic narrative around the prospects for an end to the war in the Persian Gulf. However, the end of April brought more doubts about the chances of a permanent truce, which could weigh on stock market quotations. The EURUSD exchange rate rose to 1.17, which was also related to the expectations for the geopolitical situation to ease. Interest rates on core markets were more stable than in March. Currently, the market is pricing in no changes in the level of interest rates in the US this year and 2-3 increases in the cost of money in the eurozone. From the perspective of the global economy and the valuation of financial assets, unblocking of the Strait of Hormuz remains the key issue as this would allow for a normalization of the situation on the energy commodity market.

Economic activity: In the United States, March/April data did not indicate a significant impact of the situation in the Middle East on economic activity In the euro area, the picture looked less optimistic, which may reflect the fact that Europe is a net importer of energy resources. The PMI composite index fell to 48.6 points in April – well below the level of 50 points, which separates contractionary and expansionary readings.

Inflation: In April, oil prices moved in the rhythm of press reports about the prospects for ending the Gulf War. At the end of April, negotiations between the US and Iran reached a limbo, which pushed the Brent oil price back above USD 100/bbl. A significant upward movement in energy commodity prices, which was also accompanied by an increase in metals prices last month, suggests an acceleration of global inflation in the near future.

Monetary policy of the main central banks

Fed & ECB: The next meeting of the Federal Open Market Committee (FOMC) is scheduled for 29 April. The statements of the members of the Committee in recent weeks have been kept in a cautious tone, suggesting the stabilization of interest rates in the coming months. The ECB meeting, on the other hand, will take place on 30 April, and interest rates will most likely be held unchanged. However, if there is no lasting agreement between the US and Iran, and energy prices remain at a high level in the coming weeks, monetary policy tightening in the Eurozone is possible later in the year.

Polish economy in a nutshell

Economic activity: The Polish economy woke up from its winter sleep in March and boomed with the arrival of spring. The March recovery in activity suggests that the pace of economic growth in the first quarter will slow down only slightly and should amount to 3.8-3.9% in the January-March period. For now, we maintain our forecast that GDP in Poland will increase by 3.7% for the whole year.

Inflation: In March, CPI inflation accelerated to 3% y/y from 2.1% y/y in February. Fuels were of course the main culprit behind the faster price growth as their prices rose by 15.4% m/m. With our assumptions regarding excise duty and VAT rate on fuels, we expect CPI inflation in the second half of the year to hover around 3.5% y/y.

MPC: In April, the Monetary Policy Council (MPC) decided to leave interest rates unchanged, keeping the reference rate at 3.75%. It seems that in the face of the ongoing war in the Persian Gulf, the members of the Council opt for stabilizing interest rates and watching how the market and economic situation will develop in the coming weeks and months. Therefore, we still believe that the March interest rate cut was the first and last this year.

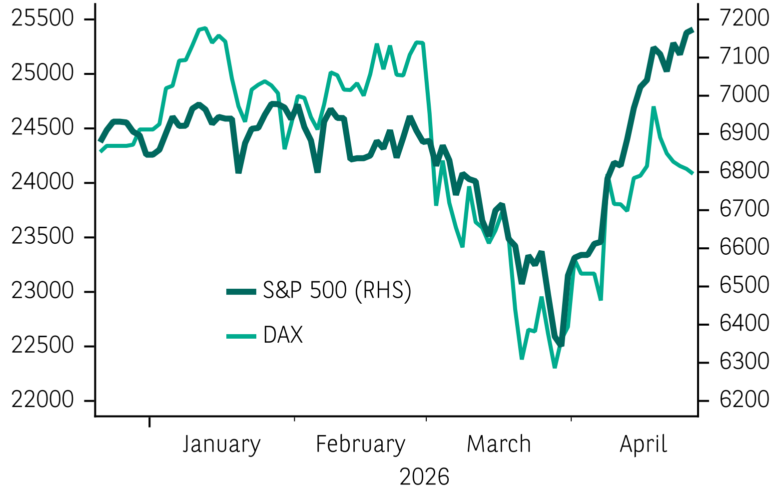
Exchange rate: In April, the EURPLN rate moved in the 4.22-4.29 range and by the end of the month, the cross traded around the 4.25 handle.

FINANCIAL MARKETS IN APRIL

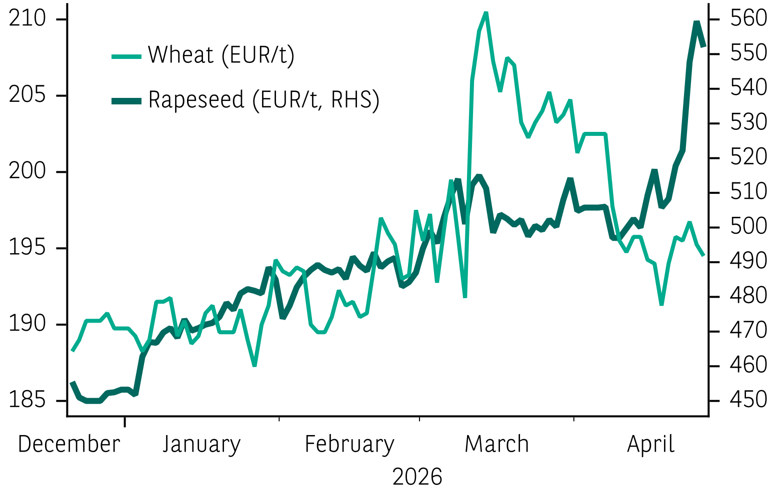
	Level		Change m/m
EURPLN	4,25	▼	-1,1 %
USDPLN	3,62	▼	-3,3 %
CHFPLN	4,62	▼	-1,4 %
EURUSD	1,17	▲	2,3 %
Wibor 3m (%)	3,85	▬	0,0 pp
Euribor 3m (%)	2,17	▲	0,0 pp
USD SOFR 3m (%)	3,67	▼	0,0 pp
WIG 20 (pt.)	3 529	▲	7,5 %
S&P 500 (pt.)	7 174	▲	12,6 %
DAX (pt.)	24 084	▲	6,7 %
Nikkei 225 (pt.)	60 537	▲	16,7 %
PL 10-year bonds	5,65	▼	-0,3 pp
DE 10-year bonds	3,04	▲	0,0 pp
US 10-year bonds	4,35	▬	0,0 pp
Brent (USD/bbl)	108,3	▲	0,9 %
Gold (USD/oz)	4 709	▲	4,8 %
Copper (USD/t)	13 227	▲	8,5 %
Rapeseed (EUR/t)	552,0	▲	9,9 %
Wheat (EUR/t)	194,5	▼	-5,2 %

Source: Macrobond
Update: 27-04-2026

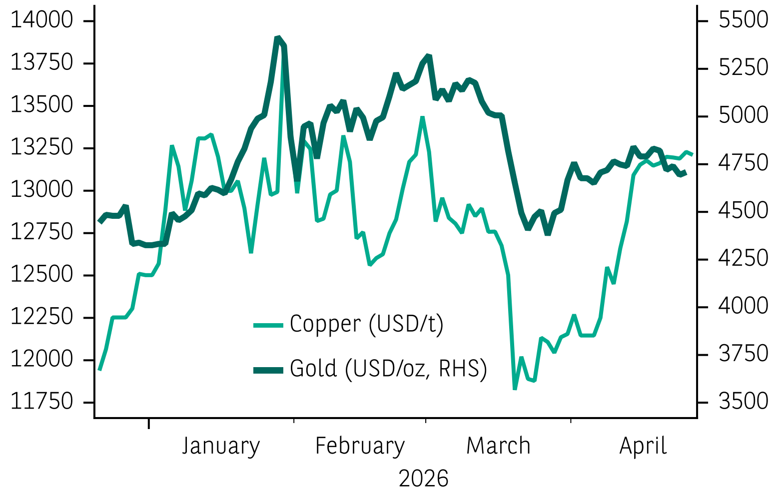
Stock market



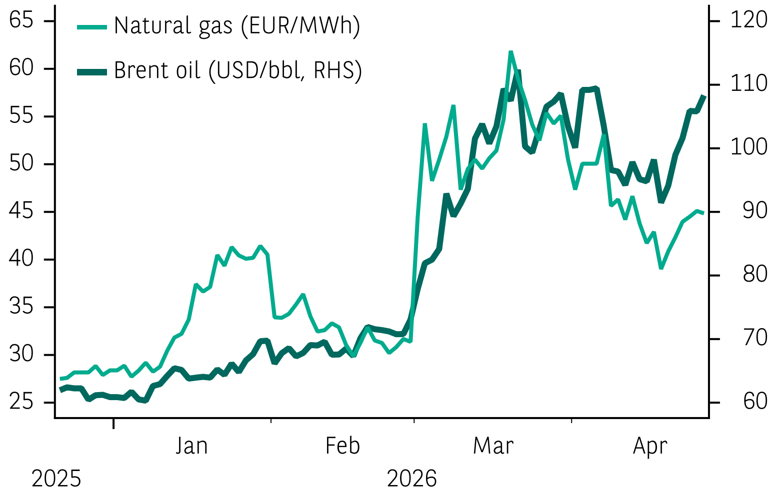
Cereals



Metals



Energy



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05 PLN: IRS rates, bonds and FX market

BNP PARIBAS BANK POLSKA FORECAST

Exchange rates forecast

	Spot (*)	Q2'26	Q3'26	Q4'26	Q4'27
EURPLN	4,25	4,22	4,22	4,22	4,30
USDPLN	3,62	3,55	3,52	3,49	3,44
CHFPLN	4,62	4,64	4,64	4,69	4,78
GBPPLN	4,91	4,79	4,75	4,71	4,68
EURUSD	1,17	1,19	1,20	1,21	1,25
EURCHF	0,92	0,91	0,91	0,90	0,90
GBPUSD	1,36	1,35	1,35	1,35	1,36
USDCNY	6,84	6,80	6,70	6,70	6,50
EURCZK	24,35	24,30	24,30	24,30	24,20
EURHUF	364	355	350	350	350

Source: BNP Paribas

** Spot: 27-04-2026*

BNP PARIBAS BANK POLSKA FORECAST

Interest rates forecast

	Spot (*)	Q2'26	Q3'26	Q4'26	Q1'27
Poland:					
NBP policy rate (%)	3,75	3,75	3,75	3,75	3,75
3-mths rate (%)	3,85	3,85	3,85	3,85	3,85
2y IRS (%)	4,33	4,30	4,15	4,00	3,90
5y IRS (%)	4,45	4,40	4,25	4,15	4,10
10y IRS (%)	4,71	4,60	4,45	4,35	4,30
10y government bond yield (%)	5,65	5,55	5,30	5,10	5,05
Eurozone:					
ECB depo (%)	2,00	2,25	2,50	2,50	2,50
3-mths Euribor* (%)	2,17	2,35	2,61	2,69	2,74
US:					
Fed funds (%)	3,50-3,75	3,50-3,75	3,50-3,75	3,50-3,75	3,50-3,75

Source: BNP Paribas *Spot (*) =* *27-04-2026*

**Euribor pricing derived from the futures market*

BNP PARIBAS BANK POLSKA FORECAST

Key indicators for Poland*:	2023	2024	2025	2026	2027
Gross Domestic Product (% y/y)	0,2	3,2	3,6	3,7	3,2
Private consumption (% y/y)	-0,3	2,9	3,7	3,5	3,0
Gross fixed investment (% y/y)	12,7	0,4	4,4	8,5	5,0
Exports of Goods & Services (% y/y)	3,7	1,9	5,5	4,5	4,5
Imports of Goods & Services (% y/y)	-1,5	4,6	6,8	6,0	5,0
CPI Inflation (% y/y)	11,6	3,7	3,6	3,2	2,9
Core inflation (% y/y)	10,2	4,3	3,3	2,8	2,7
Average wage in the national economy (% y/y)	13,1	13,3	8,5	5,8	5,5
Registered unemployment rate (%, end of period)	5,1	5,1	5,7	5,6	5,5
General government balance (% of GDP)	-5,2	-6,4	-7,3	-6,9	-6,5
Current account balance (% of GDP)	1,6	0,3	-0,9	-1,2	-1,2
NBP main policy rate (%, end of period)	5,75	5,75	4,00	3,75	3,50
EURPLN (end of period)	4,34	4,27	4,22	4,22	4,30
USDPLN (end of period)	3,94	4,10	3,60	3,49	3,44

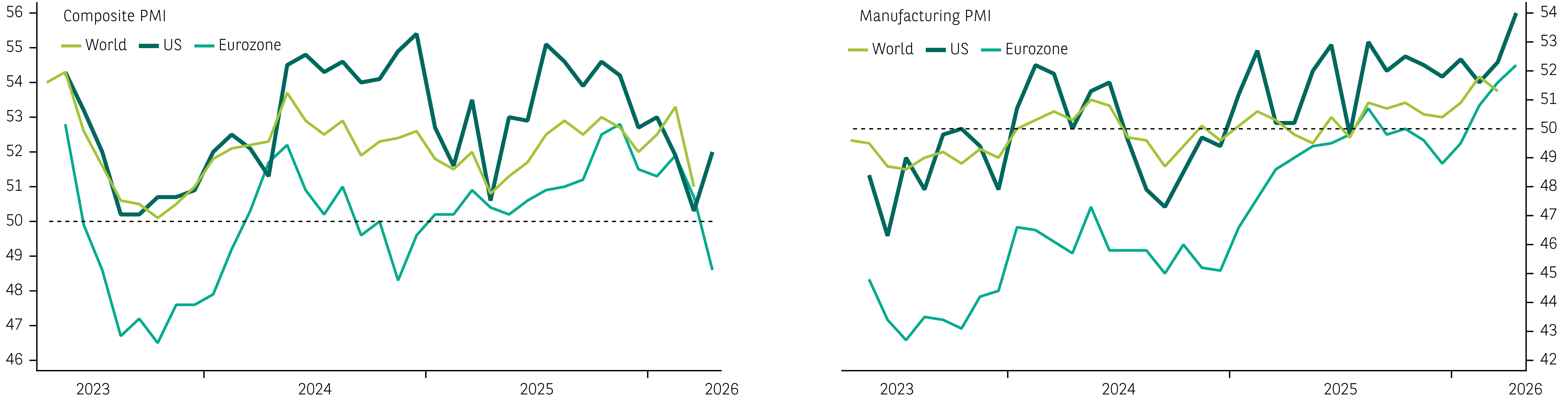
*period average unless stated otherwise; Source: GUS, NBP, Eurostat, Bank BNP Paribas

1. PARKIET Konkurs „Parkietu" 2025 PROGNOZY MAKROEKONOMICZNE I RYNKOWE

LSEG DATA & ANALYTICS | LSEG STARMINE AWARD FOR REUTERS POLLS 2025 Winner | Best Forecaster Economic Indicators for Poland

Global economic situation

… weighs on Europe's economic outlook



In the United States, March data did not highlight a significant impact of the situation in the Middle East on economic activity. Non-farm payrolls increased by a solid 178k jobs, and the unemployment rate decreased slightly to 4.3%. Retail sales increased significantly, although the April consumer sentiment surveys suggest that households may cut back on spending slightly in the coming weeks. Industrial production performed poorly, falling by 0.5% m/m. Intuitively, it could be expected that the situation in the Persian Gulf would support the American oil and gas industry.

In April, the composite PMI index in the US rose to 52 points from 50.3 points in March, confirming that the negative effect of the war with Iran is not yet strongly felt. Both the index for manufacturing and the services sector moved up.

In the euro area, the picture looked less optimistic, which may reflect the fact that Europe is a net importer of energy resources. The PMI composite index fell to 48.6 points – well below the level of 50 points, which separates recessionary indications from those consistent with economic expansion. Industrial sectors continued to perform well (PMI at 52.2 points), while in the services sector, the index slipped to 47.4 points from 50.2 points in March.

MOODS SOUR…

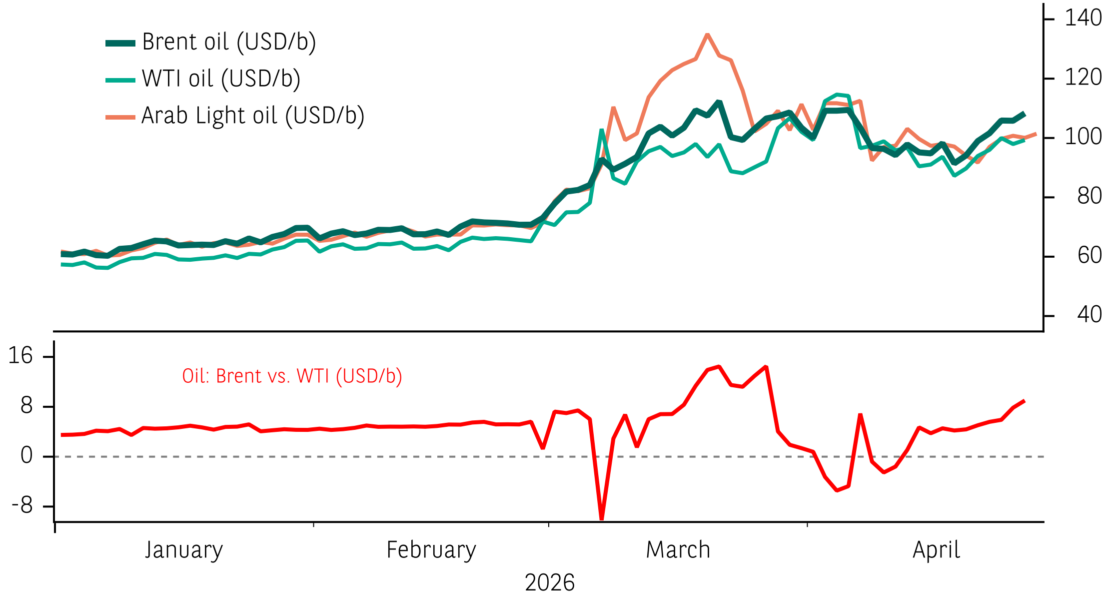
… among European consumers

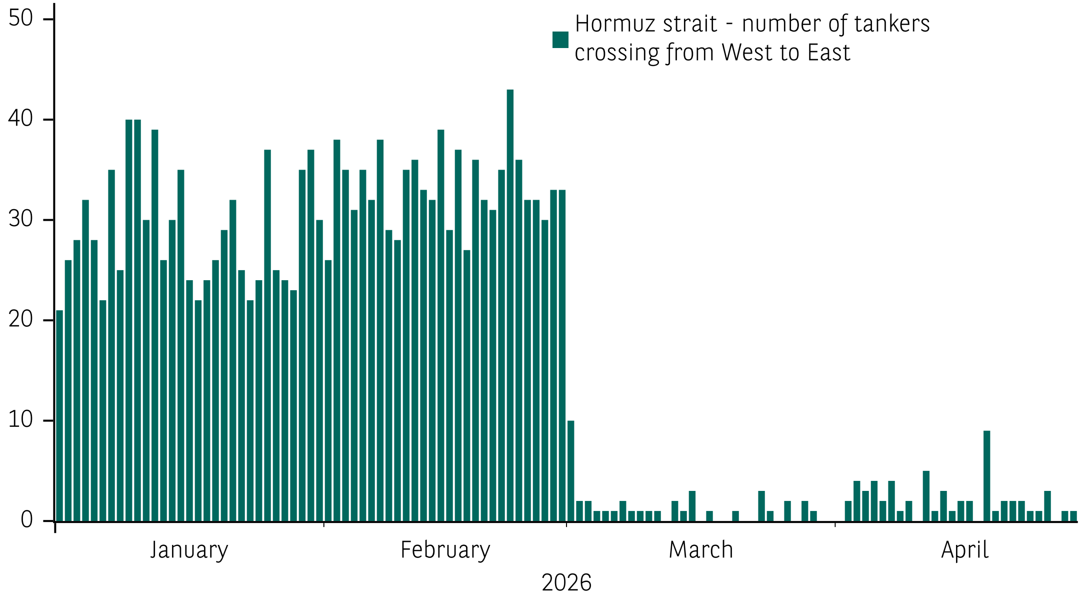
The weaker assessment of the situation by service companies in Europe is most likely the result of a deterioration in the outlook for consumer demand. After the outbreak of the war in the Middle East, the moods among households in the European Union deteriorated significantly. which reflects the need to incur higher fuel costs and, in Europe (unlike the United States), also natural gas. Uncertainty about the further course of the conflict and the persistence of higher prices may affect the propensity of households to consume and thus have a negative impact on the results of service companies consequently weighing on the dynamics of overall economic growth.

In China, the economy had a solid start to the year, with GDP growing by 5% y/y in the first quarter – stronger than the market consensus had predicted. In winter, industrial production in particular did well. Its volume in in January-March \ was 6.1% higher than a year earlier. However, it may be worrying from the perspective of European manufacturers that the better economic situation in industry was not accompanied by a recovery in domestic demand. In the first three months of the year, retail sales (at current prices) grew in China at a rate of 1-2% y/y. This suggests that most manufactured products are directed abroad, including Europe, which intensifies competition on the EU market.

COMMODITIES: OIL PRICES…

… driven by news flow around the Persian Gulf





In April, oil prices moved to the rhythm of press reports about the prospects of ending the Gulf War. More optimistic information was supporting price declines, and a barrel of Brent crude oil at one point in the month cost even less than USD 90. At the end of April, however, negotiations between the United States and Iran reached an impasse, which pushed oil prices back above USD 100 per barrel.

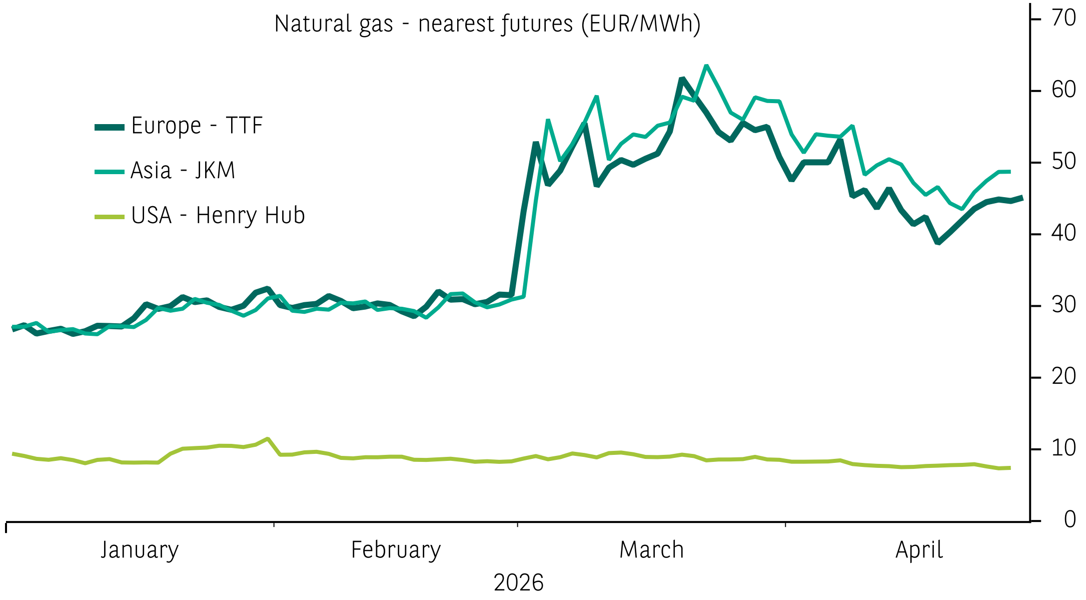
According to media news, the future of Iran's enriched uranium is the most contentious issue. There is no unanimity among the Iranian authorities what kind of concessions in this area should be included in a possible truce with the US.

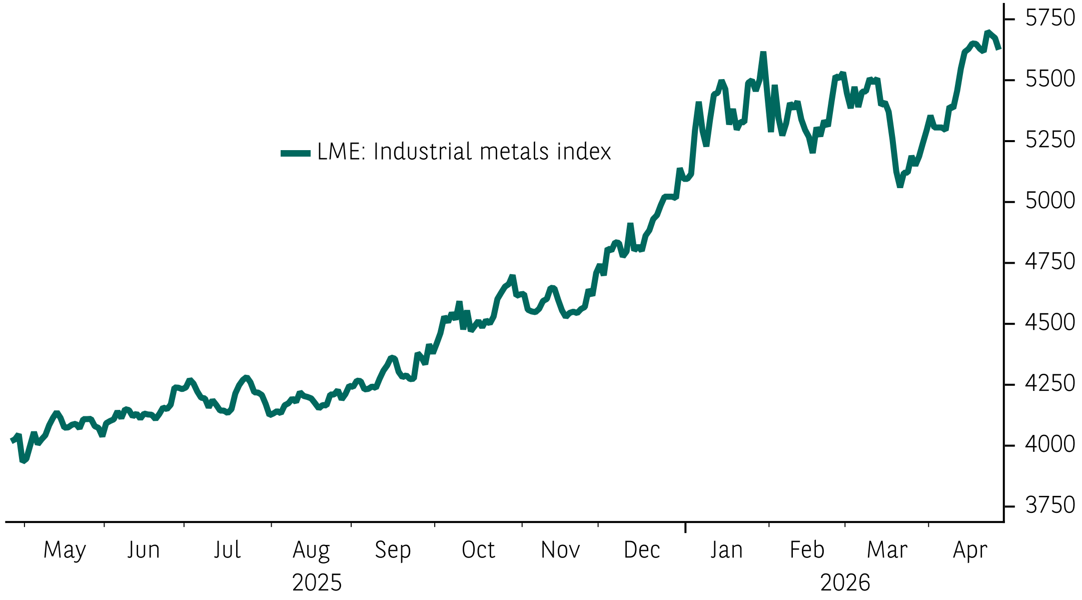
From the point of view of the oil market, the unblocking of maritime trade through the Strait of Hormuz is the necessary condition for the normalisation of the situation. Over the past month, there have been many twists and turns in this respecs. At the end of April, the flow of tankers through this sea route remains effectively closed however, which deprives the world of about 10-12 million barrels of oil and fuels per day.

Despite the lack of a breakthrough in the Middle East, the market does not lose hope that the situation will calm down in the coming weeks/months, and the prices of crude oil and its products will fall. Futures contracts currently estimate that by the end of the year, Brent crude oil will cost about USD 85/bbl.

COMMODITIES: METALS MORE EXPENSIVE…

… notwithstanding worse prospects for global growth





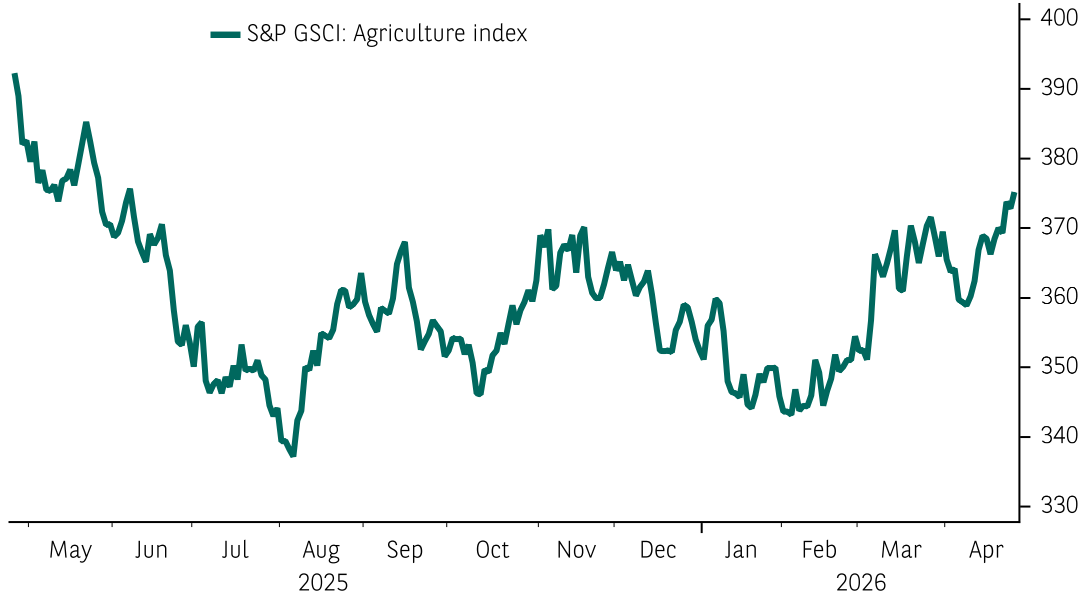
The situation in the Persian Gulf also has an impact on the natural gas market, although the effects are less 'global'. For example, the prices of natural gas in the United States practically did not move after the outbreak of the war, due to the local availability of the raw material and the growing but still limited possibilities of its export outside the US. In Asia and Europe, on the other hand, the translation of tensions in energy trade in the Middle East quickly became visible in gas prices, as both regions are dependent on supplies of liquefied natural gas (LNG).

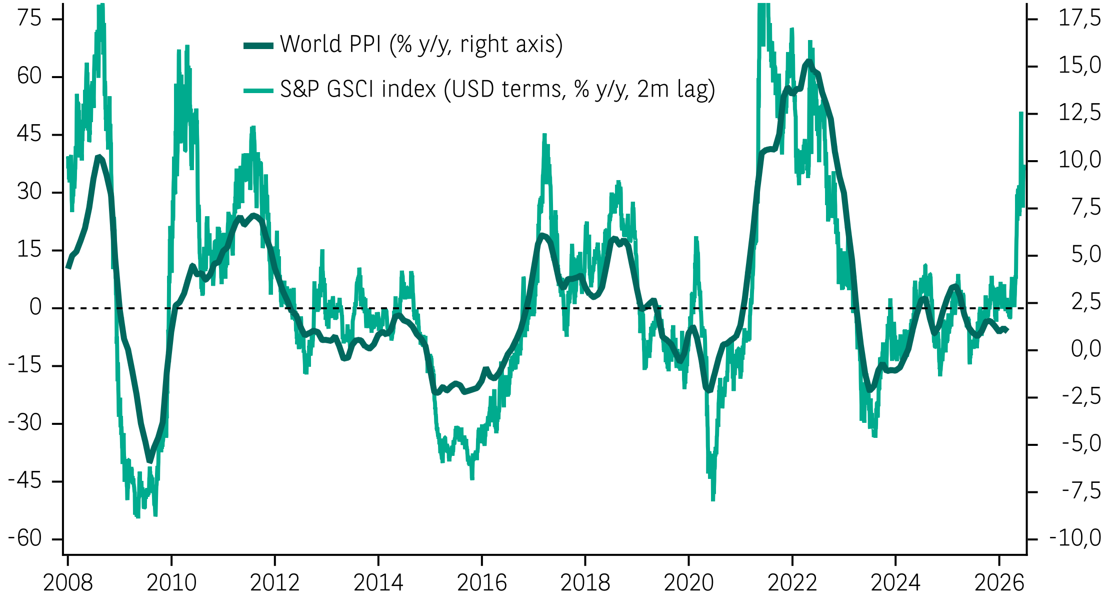
Currently, natural gas on the spot market in Europe (TTF benchmark) costs about 45 EUR/MWh, which is much lower than after the start of the war in Ukraine in 2022. The market assumes that quotations may remain above EUR 40 for the 2026/2027 heating season, and prices may return to around EUR 30 only next year.

Despite geopolitical tensions. which have a negative impact on global economic activity, industrial metals rose sharply in April. The double-digit increases in quotations covered basically all major raw materials: copper, aluminium, nickel, zinc. In April, gold prices also rose, and by the end of the month ounce of bullion cost 4700 USD.

COMMODITIES: INFLATION WILL…

… pick up globally





Spring also brought an increase in the prices of agricultural products. In April, rapeseed was significantly more expensive. (+11%) and to a lesser extent corn and soybean meal. On the other hand, wheat and sugar were somewhat cheaper.

The significant upward movement in energy commodity prices, which has recently been accompanied by an increase in metals and, to a lesser extent, agricultural products, suggests an acceleration of global inflation in the coming months. The scale of this move will depend primarily on how persistent the tensions in the Middle East will ultimately turn out to be, and consequently how long oil and fuel prices will remain at elevated levels. However, considering the current quotations, the situation in the Persian Gulf may translate into a significant increase in price dynamics, especially when it comes to goods (although in the longer term also services). By influencing transport costs, higher oil prices are very quickly felt by industrial or commerce companies.

ENERGY (SPOT & FUTURES): CRUDE OIL PRICES STAY ELEVATED

Brent oil (USD/bbl)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	108,3	108,2	93,1	86,2	82,0	79,4	77,9	76,8	75,9	75,2	74,5	73,9
One month ago	107,3	105,3	90,4	84,4	81,1	79,1	77,9	77,1	76,4	75,9	75,3	74,8
Difference	0,9%	2,8%	3,1%	2,0%	1,1%	0,4%	-0,1%	-0,4%	-0,6%	-0,9%	-1,0%	-1,2%

Low Sulphur Gasoil (USD/tonne)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	1 277	1 196	1 000	896	844	800	776	754	743	729	721	709
One month ago	1 374	1 075	936	867	825	787	767	749	736	719	708	693
Difference	-7,0%	11,3%	6,9%	3,3%	2,2%	1,6%	1,1%	0,6%	0,9%	1,4%	1,8%	2,3%

Natual gas: Dutch TTF (EUR/MWh)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	44,8	44,7	44,8	44,4	42,5	34,8	34,6	35,1	32,3	26,1	26,1	27,0
One month ago	54,3	54,6	54,7	55,2	52,4	40,5	40,1	40,1	36,9	28,1	27,8	28,2
Difference	-17,4%	-18,1%	-18,1%	-19,5%	-18,9%	-14,1%	-13,8%	-12,7%	-12,4%	-7,0%	-6,0%	-4,5%

ICE Rotterdam Coal (USD/tonne)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	104,3	109,2	117,3	119,3	119,7	117,6	117,1	117,2	116,2	115,6	116,2	117,1
One month ago	119,6	130,9	133,9	135,6	135,6	132,1	131,9	131,2	128,7	128,0	128,5	129,2
Difference	-12,8%	-16,6%	-12,4%	-12,1%	-11,7%	-10,9%	-11,2%	-10,7%	-9,7%	-9,7%	-9,5%	-9,4%

CO2 emission certficates (EUR/tonne)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	73,4	73,8	74,3	74,7	75,4	76,1	76,7	77,3	78,0	-	-	79,9
One month ago	70,3	70,6	71,2	71,7	72,3	73,1	73,8	74,3	75,1	-	-	77,0
Difference	4,5%	4,4%	4,3%	4,3%	4,2%	4,1%	4,0%	4,0%	3,9%			3,8%

Source: ICE, Macrobond, BNP Paribas Polska **) Spot: 27 April 2026*

METALS (SPOT & FUTURES): QUOTES MOVING UP

LME: Copper (USD/tonne)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	13 212	13 201	13 220	13 226	13 236	13 241	13 247	13 251	13 260	13 267	13 275	13 281
One month ago	12 046	12 194	12 234	12 266	12 298	12 319	12 340	12 358	12 383	12 403	12 418	12 433
Difference	9,7%	8,3%	8,1%	7,8%	7,6%	7,5%	7,3%	7,2%	7,1%	7,0%	6,9%	6,8%

LME: Aluminum (USD/tonne)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	3 662	3 614	3 548	3 457	3 360	3 257	3 176	3 119	3 076	3 041	3 031	3 021
One month ago	3 292	3 311	3 237	3 170	3 103	3 074	3 029	2 975	2 954	2 964	2 930	2 895
Difference	11,2%	9,2%	9,6%	9,0%	8,3%	6,0%	4,8%	4,8%	4,1%	2,6%	3,4%	4,3%

LME: Nickel (USD/tonne)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	19 275	19 023	19 214	19 368	19 516	19 648	19 784	19 928	20 071	20 212	20 333	20 468
One month ago	17 010	17 173	17 351	17 524	17 692	17 844	17 994	18 144	18 276	18 408	18 540	18 672
Difference	13,3%	10,8%	10,7%	10,5%	10,3%	10,1%	9,9%	9,8%	9,8%	9,8%	9,7%	9,6%

LME: Zinc (USD/tonne)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	3 445	3 413	3 396	3 379	3 365	3 335	3 290	3 235	3 197	3 149	3 101	3 075
One month ago	3 075	3 132	3 111	3 099	3 075	3 051	3 024	2 979	2 946	2 913	2 878	2 844
Difference	12,0%	9,0%	9,2%	9,1%	9,4%	9,3%	8,8%	8,6%	8,5%	8,1%	7,7%	8,1%

COMEX: Gold (USD/oz)	Spot*	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Today	4 675	4 694	4 745	4 797	4 849	4 902	4 954	5 007	5 057	5 108	-	5 203
One month ago	4 492	4 524	4 575	4 625	4 676	4 727	4 777	4 827	4 874	4 923	-	5 013
Difference	4,1%	3,7%	3,7%	3,7%	3,7%	3,7%	3,7%	3,7%	3,7%	3,8%		3,8%

Source: LME, COMEX, Macrobond, BNP Paribas Polska **) Spot: 27 April 2026*

FOODS & SOFTS: HIGHER PRICES OF RAPESEED, LOWER OF WHEAT AND SUGER

Euronext: Wheat (EUR/tonne)	Spot*	May-26	Sep-26	Dec-26	Mar-27	May-27	Sep-27	Dec-27	Mar-28	May-28
Today	195	195	209	218	223	226	223	227	229	231
One month ago	203	203	213	220	224	227	224	227	230	231
Difference	-4,3%	-4,3%	-1,6%	-0,9%	-0,6%	-0,4%	-0,6%	-0,3%	-0,2%	-0,1%

Eurnext: Corn (EUR/tonne)	Spot*	Jun-26	Aug-26	Nov-26	Mar-27	Jun-27	Aug-27	Nov-27	Mar-28	Jun-28
Today	219	219	216	209	214	217	220	220	220	220
One month ago	208	208	210	207	210	210	212	210	208	208
Difference	4,9%	4,9%	2,6%	1,0%	1,7%	3,0%	3,7%	4,6%	5,9%	5,9%

Euronext: Rapeseed (EUR/tonne)	Spot*	Apr-26	Jul-26	Oct-26	Jan-27	Apr-27	Jul-27	Oct-27	Jan-28	Apr-28
Today	552	552	509	512	511	509	486	486	486	490
One month ago	500	500	495	497	496	494	477	479	487	487
Difference	10,3%	10,3%	2,9%	2,9%	3,0%	3,0%	1,8%	1,6%	-0,2%	0,7%

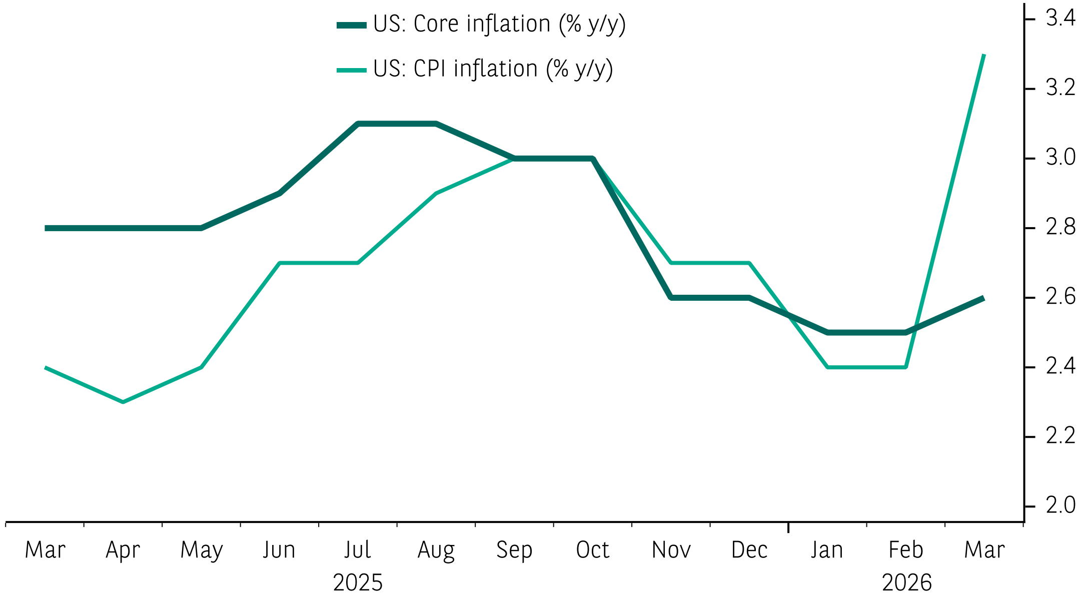
CBOT: Soybean meal (USD/tonne)	Spot*	Jul-26	Sep-26	Dec-26	Mar-27	Jul-27	Sep-27	Dec-27	Mar-28	Jul-28
Today	334	328	315	314	313	315	312	311	311	315
One month ago	315	313	309	309	307	308	305	305	306	310
Difference	5,9%	4,7%	1,8%	1,6%	1,9%	2,0%	2,1%	1,9%	1,7%	1,6%

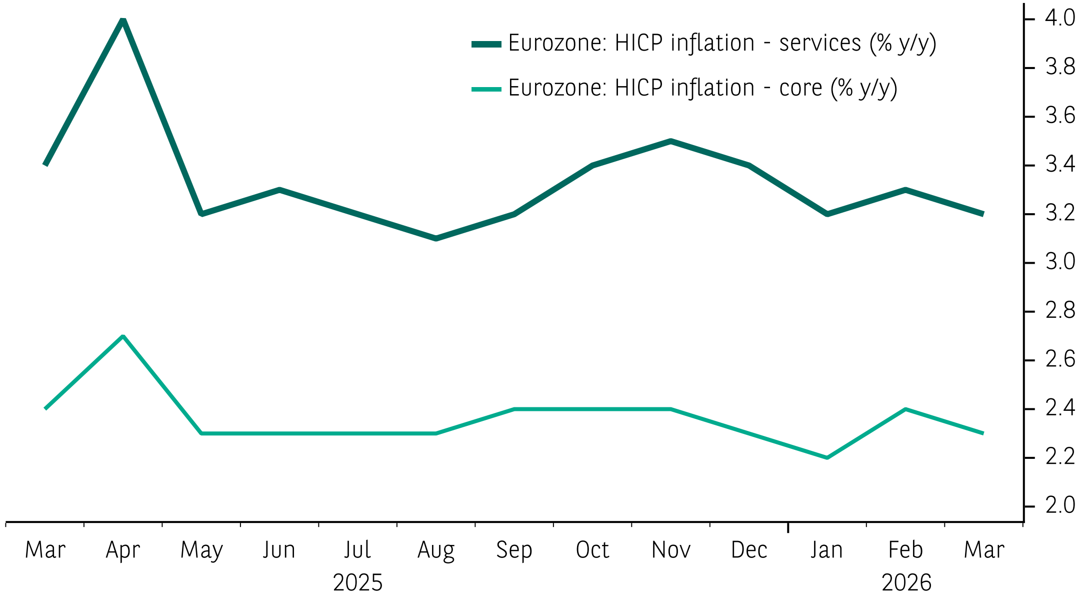
ICE: Sugar (EUR/tonne)	Spot*	Aug-26	Oct-26	Dec-26	Mar-27	May-27	Aug-27	Oct-27	Dec-27	Mar-28
Today	427	427	426	428	432	433	433	435	440	446
One month ago	459	461	464	465	470	470	469	470	474	479
Difference	-6,9%	-7,3%	-8,1%	-8,0%	-8,1%	-7,9%	-7,6%	-7,5%	-7,2%	-7,0%

Source: Euronext, CBOT, ICE, Macrobond, BNP Paribas Polska **) Spot: 27 April 2026*

INFLATION: US AND EUROZONE

Higher price dynamics because of more expensive fuels





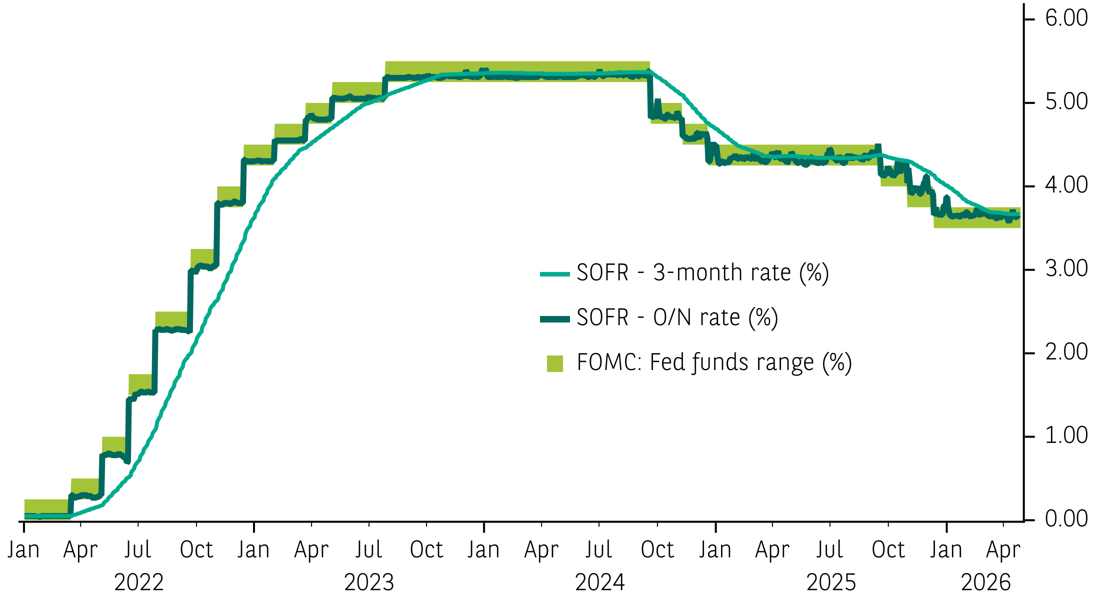
In the US, CPI inflation accelerated significantly in March and amounted to 3.3% vs. 2.4% y/y in February, mainly due to higher fuel prices. The cost of buying gasoline increased by more than 20% m/m. Core inflation (excluding energy, fuel and food prices) also rose slightly to 2.6% y/y from 2.5% y/y in February. A month ago, the dynamics of prices of clothing, housing maintenance and transport services increased, among others.

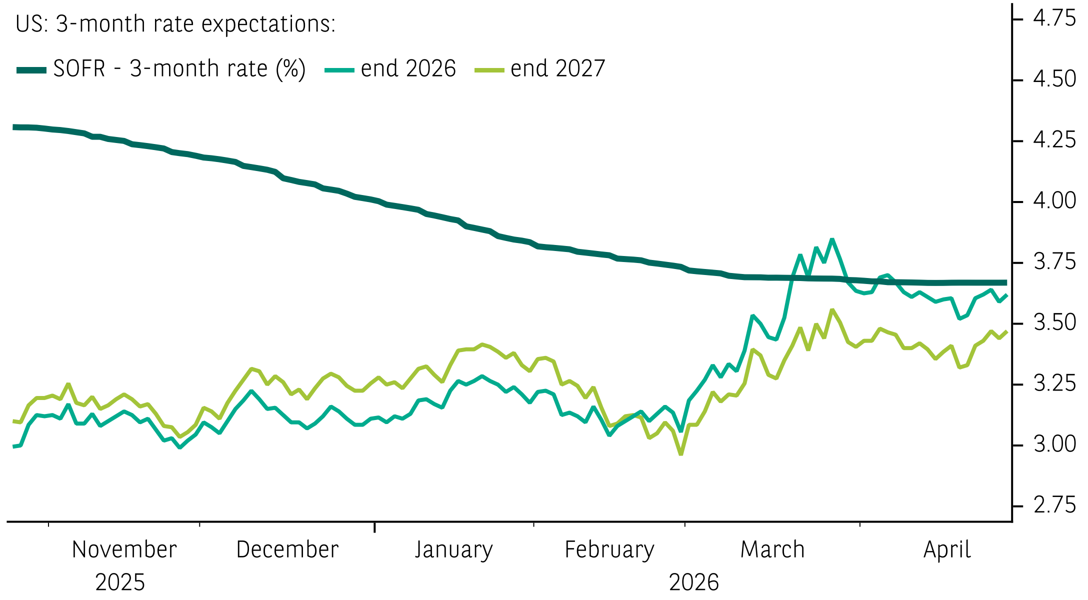
In the euro area, HICP inflation rose to 2.6% y/y in March from 1.9% y/y in February. As in the case of the United States, increases at petrol stations (+13.5% m/m) had a decisive impact on the jump in price dynamics. In contrast to the US, core inflation in the euro area slowed slightly to 2.3% y/y from 2.4% y/y in February, which was due to the cost of clothing and accommodation services.

From the point of view of the European monetary authorities, a positive element of the inflation data was the decline in the dynamics of prices of services (3.2% y/y in February), which, however, remains clearly above the European Central Bank's target.

FED WAITS…

… and assesses the situation in the Middle East





At its March 18 meeting, the Federal Open Market Committee (FOMC) kept interest rates unchanged, leaving the fed funds rate in the 3.50-3.75% range. 11 out of 12 FOMC members voted in favour of such a decision. Only Fed board member Stephen Miran supported the proposal to cut interest rates by 25bp. The next meeting of the Committee is scheduled for 29 April.

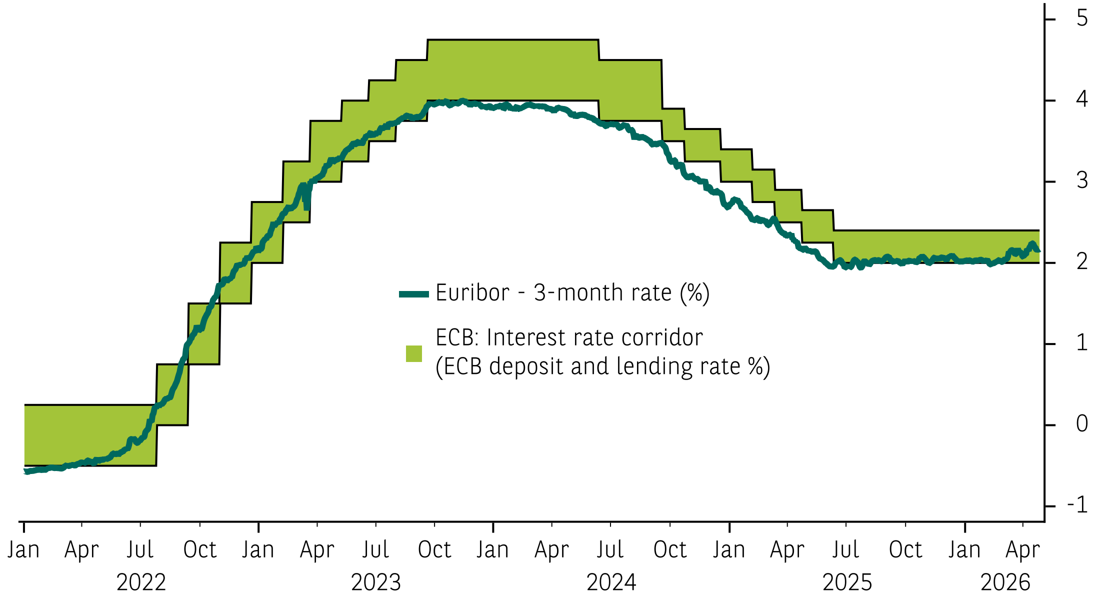
It seems that the Fed will be in a wait-and-see mode in the coming months. The impact of the situation in the Middle East on the US economy will be crucial for the direction of monetary policy in the US. The statements of the members of the Committee in recent weeks have been kept in a cautious tone, suggesting the stabilization of interest rates in the near future.

Analysts at BNP Paribas Markets 360 do not expect any change in interest rates in the US until the end of this year. After the outbreak of the war in Iran, the market abandoned predictions of monetary policy easing this year and attributes about a 30% probability of an interest rate cut by the end of this year.

A new opening for the Committee may come from a change at the helm of the Fed, which is expected to take place in May. Jerome Powell will be replaced by Kevin Warsh, who was already a member of the Federal Reserve's board of directors in the past.

ECB: WORRIES ABOUT INFLATION…

… will lead to interest rates hikes?



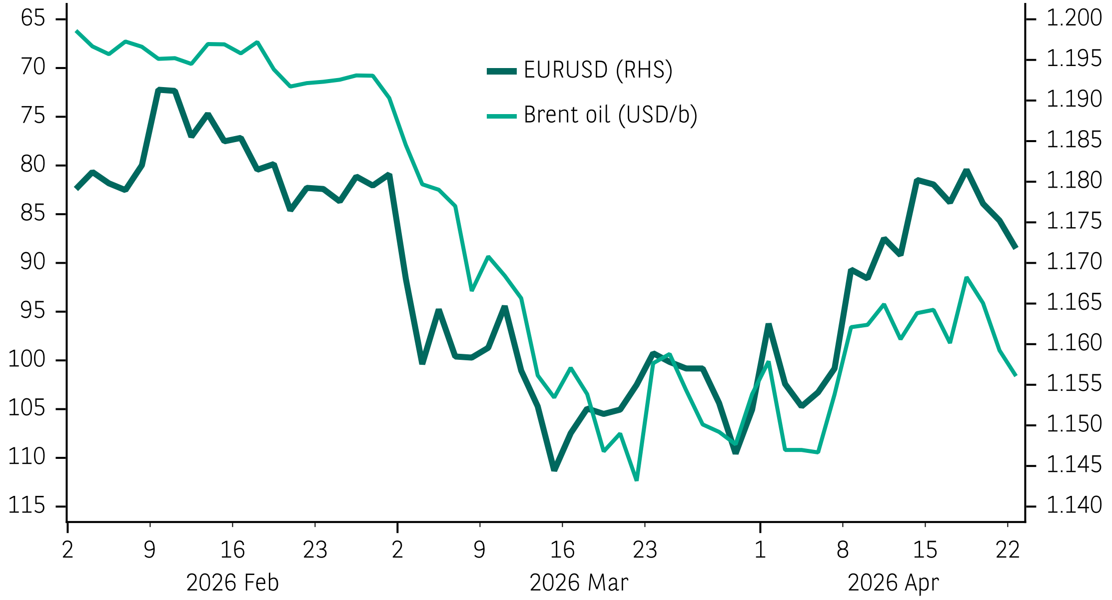
In March, the Governing Council of the European Central Bank did not surprise and left interest rates in the euro area unchanged at its sixth consecutive meeting, including the ECB's deposit rate at 2.00%. Unlike previous conferences, the ECB President did not state that the Bank was "in a good position", indicating that the ECB was "well positioned", which was most likely to reflect the heightened uncertainty and underline that the monetary authorities in Frankfurt are ready to act if necessary.

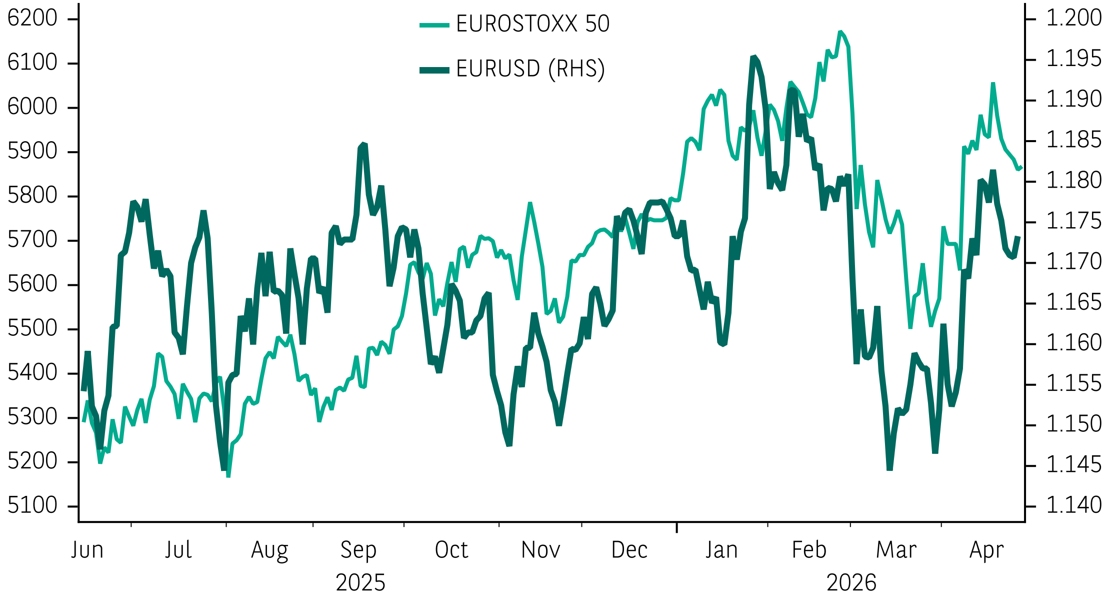
The next ECB meeting is scheduled for 30 April. The comments of the members of the Governing Council suggest that they will decide to keep interest rates intact. However, if there is no lasting agreement between the US and Iran and energy commodity prices remain high in the coming weeks, interest rate hikes are likely later in the year.

The market is currently pricing in 2-3 interest rate hikes in the Eurozone this year and gives about a 80-90% chance that the first such move could take place in June. Such a scenario is consistent with the forecasts of BNP Paribas Markets 360 analysts, who expect the deposit rate to rise to 2.50% in the summer. .

EURUSD EXCHANGE RATE: THE CROSS PERFORMANCE…

… affected by the situation in the Middle East





In April, the EURUSD exchange rate rose to around 1.17. As in other financial markets, the situation in the Middle East has been the main factor shaping the main currency pair in recent weeks. The improvement in the prospects for a truce and the accompanying fall in oil prices favoured the European currency and, vice versa, the lower chances of resolving the conflict supported the dollar – the effect of capital outflows to "safe havens" in conditions of heightened geopolitical tension. .

The economic situation in the euro area depends on the prices of energy raw materials, which are predominantly imported into countries using the common currency. The higher cost of purchasing oil and gas increases the energy bill and worsens the trade balance in Europe.

BNP Paribas Markets 360 analysts maintain their forecast of the euro strengthening against the dollar in the coming months and forecast an increase in the EURUSD exchange rate to 1.21 at the end of this year.

Special theme:
General government’s deficit on the rise

POLAND WITH SECOND HIGHEST FISCAL DEFICIT IN THE EU

General government in 2025

Country	Balance (% of GDP)	Revenues (% of GDP)	Expenditures (% of GDP)
Cyprus	3,4	43,6	40,2
Denmark	2,9	50,9	48,0
Ireland	1,8	22,7	21,0
Greece	1,7	50,0	48,3
Portugal	0,7	43,4	42,7
Sweden	-1,3	48,6	49,9
Netherlands	-1,6	43,3	44,9
Lithuania	-1,8	39,4	41,2
Estonia	-2,0	43,4	45,4
Luxembourg	-2,0	47,1	49,1
Czech Republic	-2,1	41,0	43,2
Malta	-2,2	34,8	37,0
Spain	-2,4	42,9	45,3
Latvia	-2,5	43,6	46,1
Slovenia	-2,5	47,1	49,6
Germany	-2,7	47,9	50,5
Croatia	-3,0	47,1	50,1
Italy	-3,1	48,1	51,2
Finland	-3,4	54,1	57,5
Bulgaria	-3,5	38,1	41,7
Austria	-4,2	51,0	55,2
Slovakia	-4,5	43,5	47,9
Hungary	-4,7	42,6	47,3
France	-5,1	52,1	57,2
Belgium	-5,2	49,0	54,2
Poland	-7,3	43,6	50,9
Romania	-7,9	35,4	43,3

In 2025, the general government's deficit (the broadest measure of public finances) in Poland amounted to PLN 284bn, which was equal to 7.3% of last year's GDP. In relation to the size of the economy, this was the second lowest balance among the EU countries – behind Romania, where the deficit amounted to as much as 7.9% of GDP.

The shortage in the state coffers was higher than in 2024 (6.4% of GDP) and higher than the Ministry of Finance assumed in the autumn (6.9% of GDP). It was primarily due to a hole in the state budget. Local governments recorded a slight surplus of revenues over expenditures last year (PLN 634 million). However, it turned out to be lower than forecasted (PLN 11.5 billion) and was the main reason for the Ministry's miss in deficit estimates.

Last year's deficit was also due to state sponsored funds managed by Bank Gospodarstwa Krajowego, including in particular the Covid-19 Fund and the Armed Forces Support Fund (FWSZ)

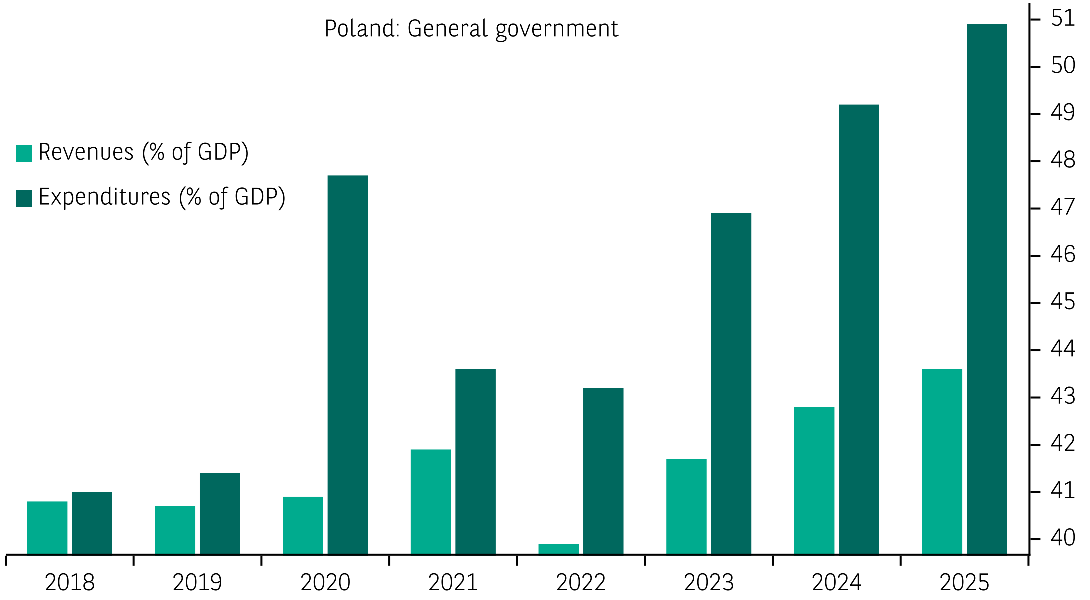
General government's balance in 2025 (PLN bn) - BNP Paribas estimates

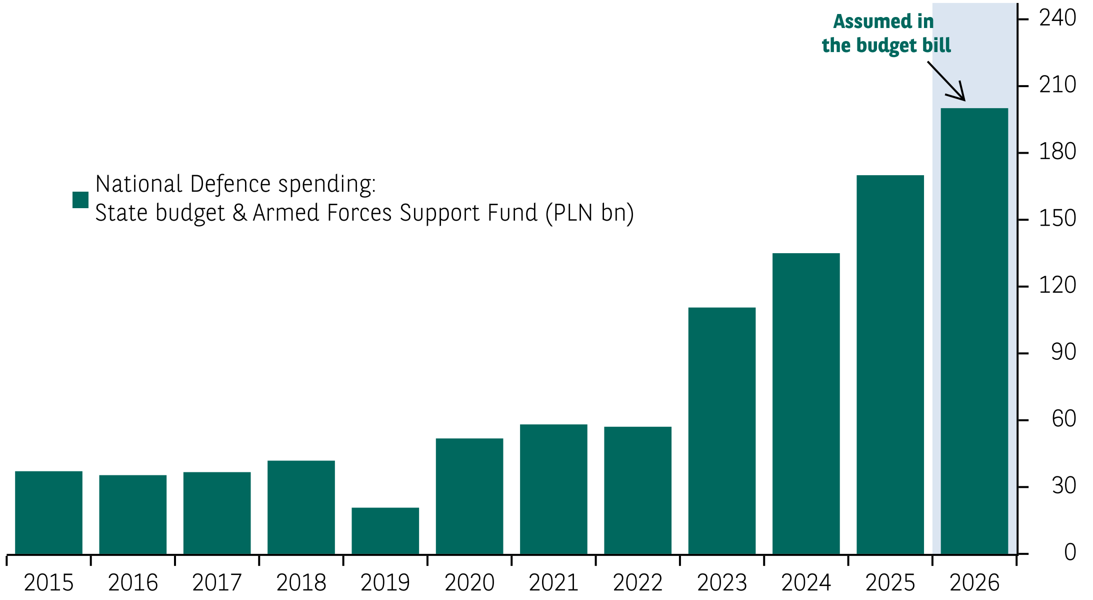
TOTAL	**-284,0**
State budget*	-219,4
Local government	0,6
Armed Forces Support Fund	-39,4
Covid-19 Fund	-29,9
Other	4,1

* excluding funds for repayment of liabilities issued by the Covid-19 Fund & PFR

OVER THE LAST SEVERAL YEARS…

… the government's expenditures have gone visibly up





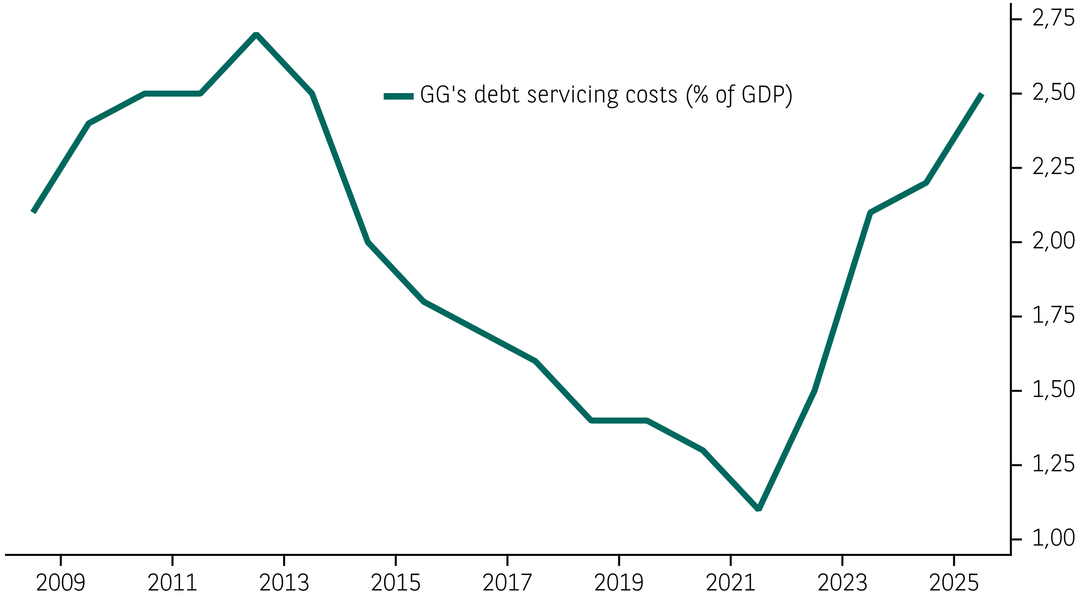
Since 2018, when the general government deficit amounted to a mere 0.2% of GDP, the public finance balance in Poland has deteriorated markedly. Originally, it was related to the outbreak of the pandemic, but after the epidemiological situation was controlled, the state's finances never returned to their pre-Covid state. This was mainly due to a significant increase in expenditures, which last year for the first time since the 1990s exceeded the equivalent of 50% of national GDP (6th result among EU countries).

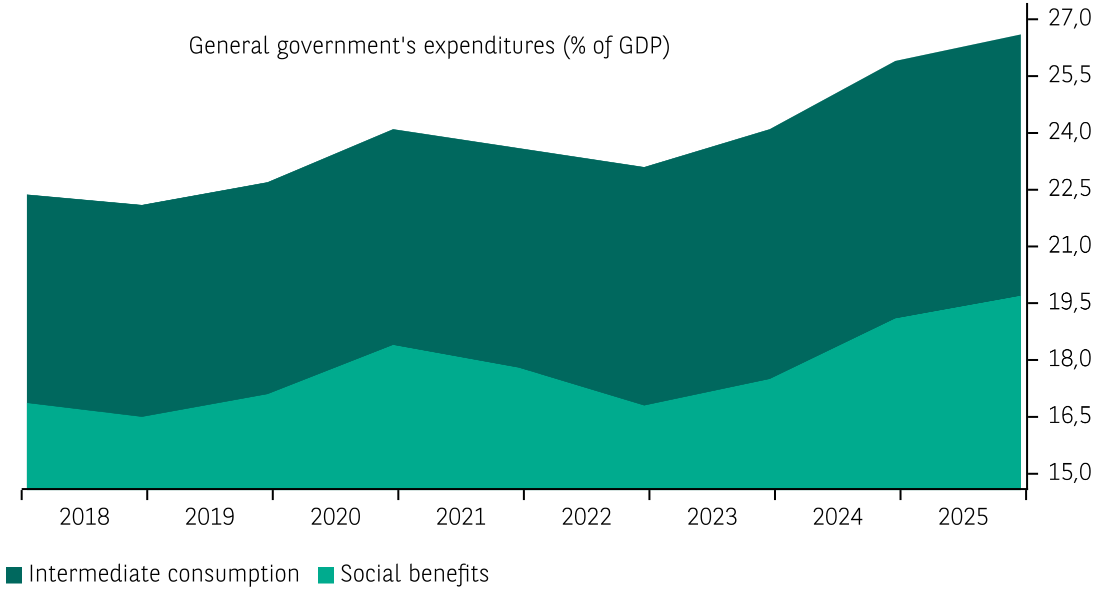
In relation to the size of the economy, expenditures increased by as much as 9.8 pp in the last 7 years (to 50.9% of GDP from 41% of GDP in 2018). However, higher spending was not accompanied by an equally rapid increase in revenues. Last year, the revenues of general government institutions amounted to 43.6% of GDP (13th place among EU countries) and were only 2.8pp higher than in 2018 (40.8% of GDP).

The jump in public spending in recent years is often attributed to the need to allocate more funds to armaments. However, this is only one of the reasons behind their significant increase. Last year, a record PLN 170 billion (4.3% of GDP) was spent on national defence from the state budget and the Armed Forces Support Fund. Therefore, if it were not for the war in Ukraine and Russia's confrontational attitude towards NATO countries, it can be estimated that expenditure on the army would be lower by about 2-2.5% of GDP (NATO requires the associated countries to spend at least 2% of GDP), which would limit the deficit to a still considerable 5% of GDP.

POLAND – A DEBT-FUNDED…

… welfare state?





An important factor boosting public finance sector expenditure in recent years has also been the increase in debt servicing costs – among others a result of high inflation and higher interest rates. Last year, the government allocated nearly PLN 100 billion for this purpose, i.e. 2.5% of GDP and 1.1 pp more than in 2018. However, if we adjust the balance of the general government sector and these additional transfers compared to 2018, the deficit in the state treasury would remain significant (approx. 4% of GDP).

While the increase in debt servicing costs was to some extent beyond the control of central and local governments, the increase in expenditures on social benefits and intermediate consumption is direct reflection of the policies pursued by governments since 2018. Together, the equivalent of 26.6% of GDP was allocated to these two categories of expenditures last year (8th in the EU) compared to 22.1% of GDP eight years ago.

The increase in transfers is, is among others the effect the extension (in 2019) and then the revaluation of the 500+ child benefit to PLN 800, the launch of the Active Parent programme, or the introduction of a widow's pension. Higher funds for intermediate consumption, in turn, are the result of increased spending on health care and public transport.

Analysing the data, it can be concluded that over the past few years, Poland has to a greater extent become a welfare state. However, this happened largely thanks to debt as budget revenues did not increase in proportion to the expanding social policy.

POLAND'S TAX SYSTEM IS FAIRLY CONCILIATORY

EU: General government's revenues in relation to GDP in 2025 - Ranking

Country	Total excl. EU funds	Taxes on products (VAT & excise)	Taxes on income (PIT & CIT) & social contributions	Other taxes & revenues
Belgium	5	24	1	11
Bulgaria	24	5	26	9
Czechia	22	20	14	22
Denmark	3	10	2	8
Germany	7	25	3	14
Estonia	18	7	17	19
Ireland	27	27	27	27
Greece	10	3	15	6
Spain	17	22	10	23
France	2	12	6	3
Croatia	12	1	23	17
Italy	8	13	7	10
Cyprus	14	15	12	15
Latvia	21	6	21	12
Lithuania	23	13	19	24
Luxembourg	9	22	4	16
Hungary	18	2	24	7
Malta	25	26	22	25
Netherlands	13	20	9	21
Austria	3	17	5	4
Poland	**15**	**9**	**16**	**13**
Portugal	16	4	17	18
Romania	26	19	25	26
Slovenia	11	10	10	5
Slovakia	20	16	13	20
Finland	1	7	8	2
Sweden	6	18	20	1

Compared to other European Union countries, the Polish system of taxes and levies seems quite bland. It lacks a clear orientation indicating what kind of revenues should constitute the core of the system. It looks a bit as if politicians have been trying for years not to turn anyone against them – neither consumers, nor employees, nor entrepreneurs, nor large corporations.

After excluding the inflow of European funds, the revenues of the general government sector in relation to GDP ranked Poland 15th among the member states last year. Poland ranked a relatively high 9th place in terms of revenues (in relation to GDP) from taxes imposed on products (e.g. VAT, excise duty). Although consumption taxes account for about 25-30% of the revenues of the public finance sector (11.9% of GDP in 2025), they seem to be the key support of the revenue side of the state budget.

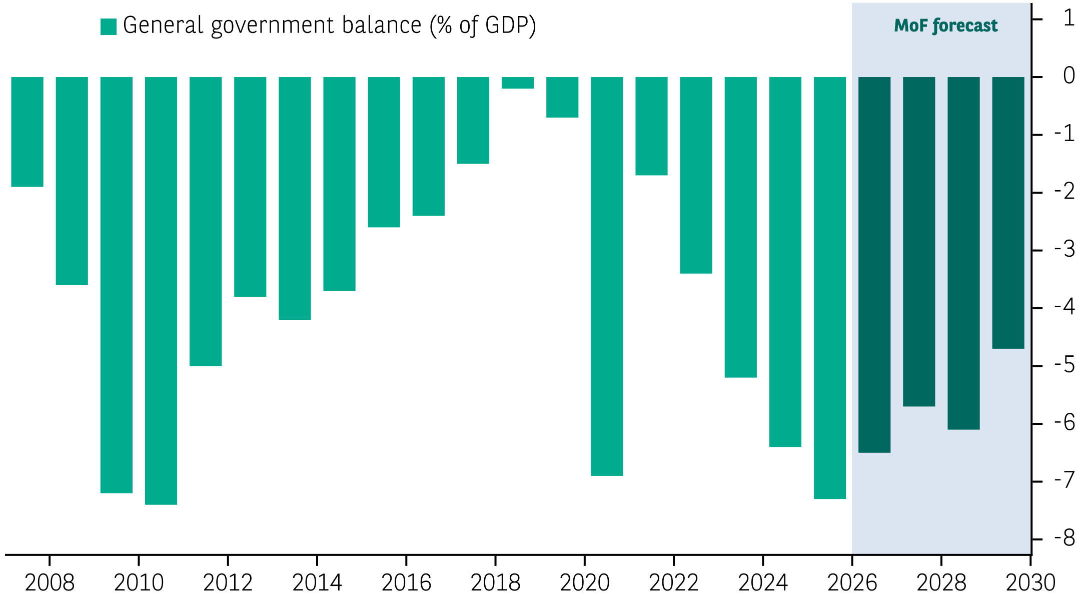
In the case of income taxes and contributions, they generated revenues of 23.4% of GDP last year, which was only the 16th result among the EU countries.

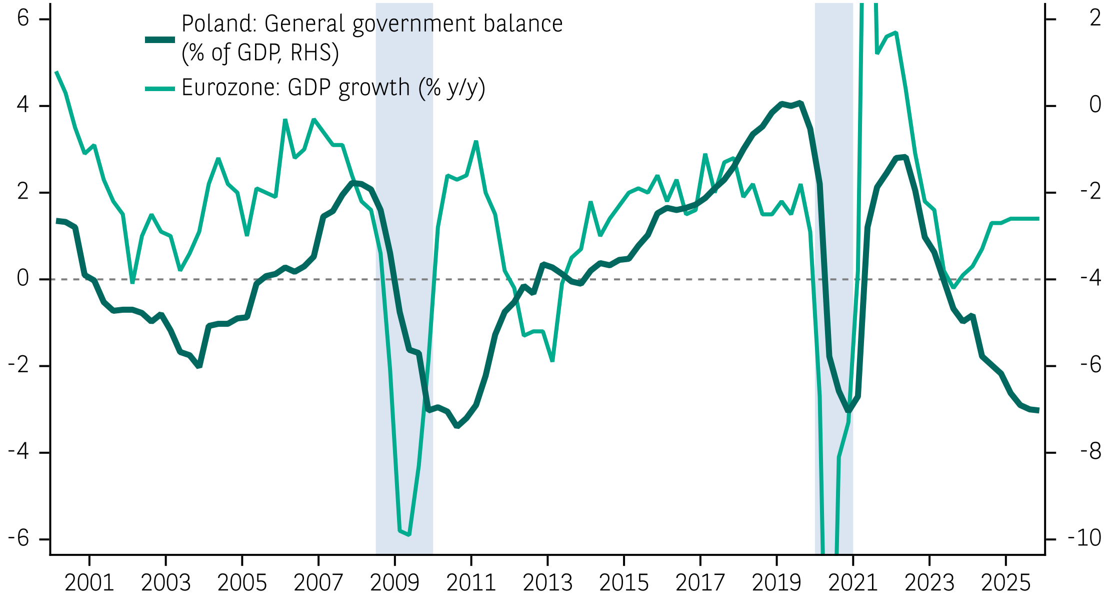
Taxation of larger enterprises seems to be particularly preferential in the country (perhaps with the exception of the banking sector, which has been hit with extra tolls by various political camps).

In 2024, the authorities received only the equivalent of 2.4% of GDP from CIT (with an EU average of 3.6% of GDP), which placed Poland in a distant 25th place among EU countries in terms of income from this source.

LACK OF FISCAL CONSOLIDATION A TICKING BOMB…

… that hopefully will never explode





The current situation in public finances raises two key questions. Firstly, whether and when it will be possible to rebalance them. Given the parliamentary elections scheduled for autumn 2027, we are sceptical about the prospects of reducing the sector's deficit (at least) over the next two years. Given that it seems likely that next year's election campaign will revolve among others around the topic of health care and the need to increase its funding, we believe that tightening " will be politically difficult to implement. This is assumed by the Ministry of Finance itself. According to the forecast contained in the "Debt Management Strategy (...)" published in September 2025, the deficit of the public finance sector is expected to oscillate around 6% of GDP until 2028 inclusive.

The second question is whether loose fiscal policy is a problem for the economy. Until now, the macroeconomic costs associated with a growing deficit have been negligible thanks to a more restrained attitude of the private sector (households, enterprises), which clearly increased its savings and balanced the exuberance of the public sector. However, exploding expenses can be a ticking bomb. They put Poland in a particularly vulnerable position in the event of a shock such as in 2008 (financial crisis) or 2020 (pandemic). In the event of such an event, the space for the authorities to support the economic situation will be very limited. The hole in public finances is currently – despite very solid GDP growth – similar to the peak of previous crises. Lack of fiscal consolidation is therefore a very risky game, which, in a worst-case scenario, may have severe consequences for the economy.

Polish economy: GDP growth, inflation, interest rates

POLAND: OVERVIEW OF ECONOMIC DATA PUBLISHED IN APRIL

The Polish economy woke up from its winter sleep in March and boomed with the arrival of spring. Industrial production increased by 9.4% y/y last month and retail sales by 8.7% y/y. Higher activity was supported by a favourable calendar effect (one working day more than in 2025) and, in the case of retail results, also by the earlier date of Easter this year. In March, the construction sector also rebounded, and the volume of work in the sector increased by 0.4% y/y, against double-digit declines in January-February caused by adverse weather conditions.

The labour market remained stagnant in March. The unemployment rate remained at 6.1%, while employment in the enterprise sector decreased by 0.1% m/m and 0.9% y/y. Wage growth in companies employing more than 9 people accelerated slightly and amounted to 6.6% y/y, which was influenced by, among others, quarterly bonus payments.

Last month, CPI inflation clearly accelerated to 3% y/y from 2.1% y/y in February. This was mainly the effect of an increase in fuel prices, which rose significantly (+15.4% m/m) after the outbreak of the war in Iran. Core inflation also rose slightly and stood at 2.7% Yy/y in March. The deflation of prices of sold production in industry (PPI index) eased significantly (to -0.8% y/y), which was also the result of an increase in the prices of crude oil refining products.

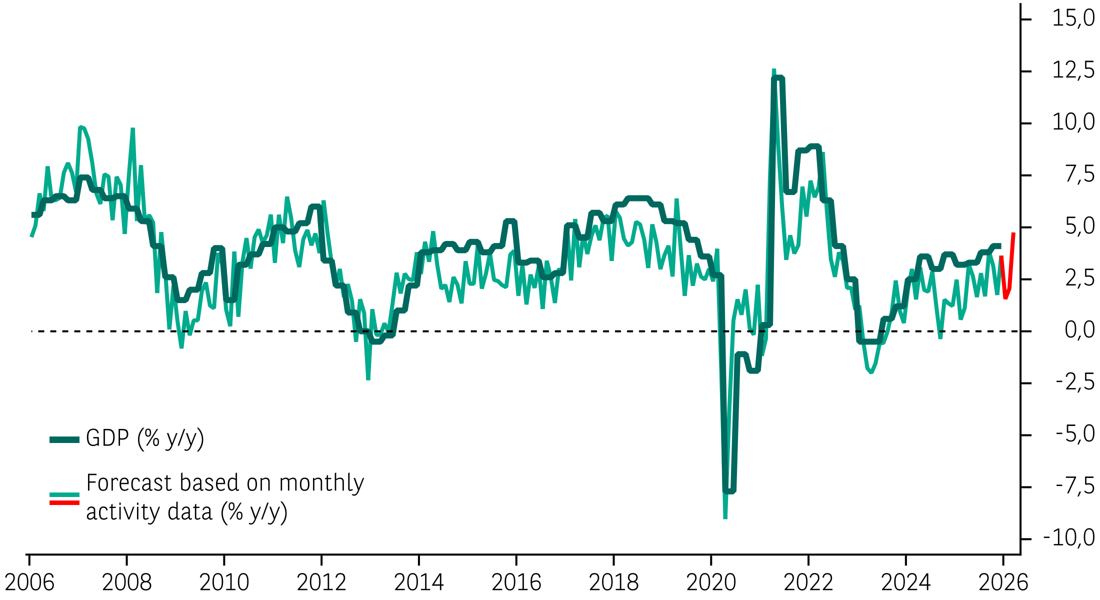
In February, the current account deficit reached 990 million euros.

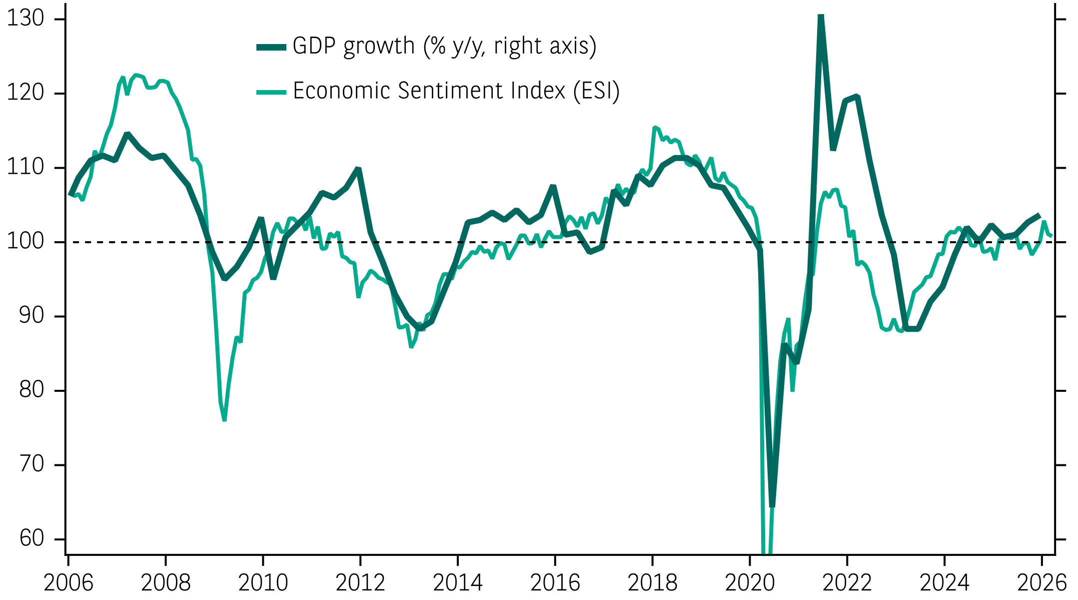
Economic activity	Period	*Previous reading*	Consensus estimate	ACTUAL
Industrial production (y/y)	Mar-26	*1,3%*	4,1%	9,4% ▲
Retail sales (y/y)	Mar-26	*5,0%*	5,2%	8,7% ▲
Construction output (y/y)	Mar-26	*-13,7%*	-1,8%	0,4% ▲
Labour market				
Corporate wage (y/y)	Mar-26	*6,1%*	6,3%	6,6% ▲
Corporate employment (y/y)	Mar-26	*-0,8%*	-0,8%	-0,9% ▼
Unemployment rate	Mar-26	*6,1%*	6,1%	6,1% ▬
Prices				
CPI inflation (y/y)	Mar-26	*2,1%*	3,3%	3,0% ▼
Core inflation (y/y)	Mar-26	*2,5%*	2,6%	2,7% ▲
PPI inflation (y/y)	Mar-26	*-2,0%*	0,0%	-0,8% ▼
Balance of Payments				
Current account (EUR mn)	Feb-26	*1053*	298	-990 ▼

Source: Parkiet, NBP, GUS

ECONOMIC GROWTH HAS LIKELY MODESTLY DECELERATED IN 2026…

… but we still see GDP up by 3.7% this year





After the first two months of 2026, it seemed that the growth rate of the GDP would slow down significantly from the 4.1% y/y recorded at the end of last year. However, the March recovery in activity suggests that the scale of the decline will ultimately be small, and the pace of economic growth will fall only slightly below 4%.

We expect that in the second quarter the economic situation may dwindle a bit, which will be influenced by more expensive fuels and an increase in geopolitical uncertainty, which may have a negative impact primarily on consumption. However, we maintain our forecast that GDP in Poland will rise by 3.7% for the whole year. Before the start of the war in Iran and the increase in energy commodity prices, we saw chances that GDP growth could turn out to be faster than we assume. Now we see this risk skewed to the downside, but for now we feel comfortable with the initial estimate of the economic growth rate.

For this year, we anticipate an unprecedented inflow of funds from the EU in the Polish history. While investment statistics in the first quarter most likely deteriorated due to construction work restrictions, we believe that gross fixed capital formation should be the key driver of growth later in the year. This will be helped especially by the inflow of funds from the National Recovery Plan. As part of this program, Poland is to receive another PLN 30 billion from the European Commission on 1 June.

A SOLID REBOUND OF POLISH INDUSTRY IN MARCH

Industrial production (% y/y)	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
Total	**2.4%**	**1.2%**	**4.0%**	**-0.4%**	**3.0%**	**0.7%**	**7.6%**	**3.3%**	**-1.1%**	**7.3%**	**-1.5%**	**1.3%**	**9.4%**
Mining & Quarrying	-6.0%	-9.9%	-2.1%	-8.3%	-5.9%	-2.0%	-1.9%	4.0%	4.5%	7.0%	5.4%	19.5%	21.1%
Manufacturing	3.0%	1.7%	4.3%	0.0%	3.6%	1.1%	8.4%	3.3%	-1.4%	7.9%	-3.2%	0.0%	9.1%
Electricity, Gas, Steam & Air-Conditioning Supply	-2.0%	-1.5%	1.6%	-6.8%	-3.1%	-6.6%	-2.4%	1.2%	-2.7%	-2.6%	18.2%	12.1%	7.4%
Water Suppl & Remediation Activities	2.0%	1.0%	3.7%	3.2%	3.0%	1.5%	6.5%	5.9%	3.3%	10.9%	3.2%	2.6%	9.8%
Intermediate Goods	4.1%	-0.5%	4.6%	-2.0%	1.4%	-0.7%	5.2%	1.5%	-1.7%	6.7%	-7.5%	-1.9%	8.4%
Capital Goods	10.5%	7.2%	10.4%	4.8%	12.3%	7.2%	16.4%	9.0%	3.3%	17.0%	5.9%	4.2%	9.4%
Durable Consumer Goods	2.7%	-3.2%	2.4%	-2.4%	-4.1%	-0.2%	5.2%	-0.4%	-8.2%	8.2%	-8.0%	-5.4%	-1.0%
Non-Durable Consumer Goods	2.5%	4.9%	3.6%	-0.3%	3.7%	1.4%	7.7%	4.5%	0.3%	8.2%	-3.0%	1.6%	8.8%
Energy	-17.0%	-10.9%	-11.6%	-8.5%	-8.7%	-9.4%	-4.6%	-5.9%	-9.4%	-10.3%	3.1%	6.9%	18.3%

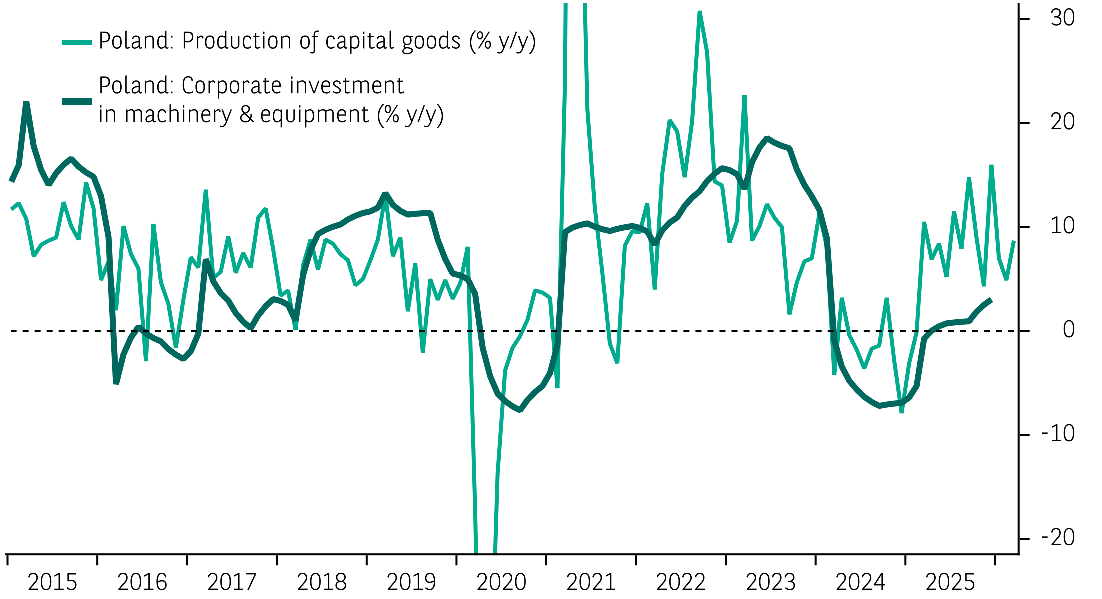
XX% Negative value

The March data on industrial activity indicate a clear rebound in industrial production after a weaker start to the year. Production rose by 9.4% y/y vs. 1.3% y/y in February. In terms of sectors, mining and quarrying remains the main source of growth, where the growth rate reached 21.1% y/y, supported by (among others) strong demand from the Energy segment. A clear acceleration was noted also in manufacturing (9.1% y/y), which, after a weakening since November, is again starting to play the role of a major growth driver. The electricity and gas generation and supply sector maintained positive dynamics (7.4% y/y), although the growth rate was somewhat weaker than in the previous months. The utilities segment has been growing very solidly, too (9.8% y/y).

Analysing the structure of production, a further strengthening of the investment component is clearly evident – the production of capital goods increased by 9.4% y/y. After a weaker February, production of intermediate goods also rebounded (8.4% y/y). The situation in the consumer goods segment is more diversified – production of non-durable goods accelerated (8.8% y/y), while that of durable goods continued to decline (-1.0% y/y).

REBOUND IN INDUSTRY THANKS TO ONE-OFF EFFECTS AND...

... long-term investments.



The solid growth in industrial production in March was driven by several factors. On the one hand, one-off factors such as an increase in orders (partly related to heightened geopolitical uncertainty and an acceleration of purchasing decisions ahead of potential shortages) and milder weather conditions than in previous months played an important role.

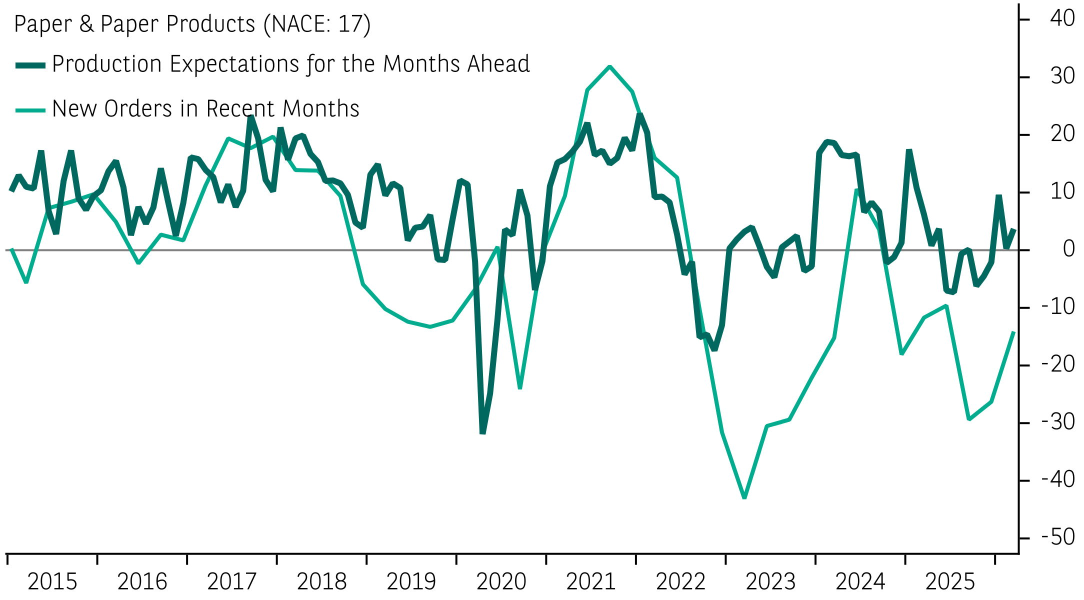
On the other hand, industrial production is still affected by long-term factors. Strong growth in the production of capital goods, which has been in place for many months, is reflecting the growing investment activity of companies, especially in the area of machinery and equipment. This trend is also supported by EU funds, modernization and automation processes, and the energy transition. As a result, although part of the March rebound is of short-term nature, the fundamentals related to long-term investments suggest a more sustained improvement in industrial activity over the coming months.

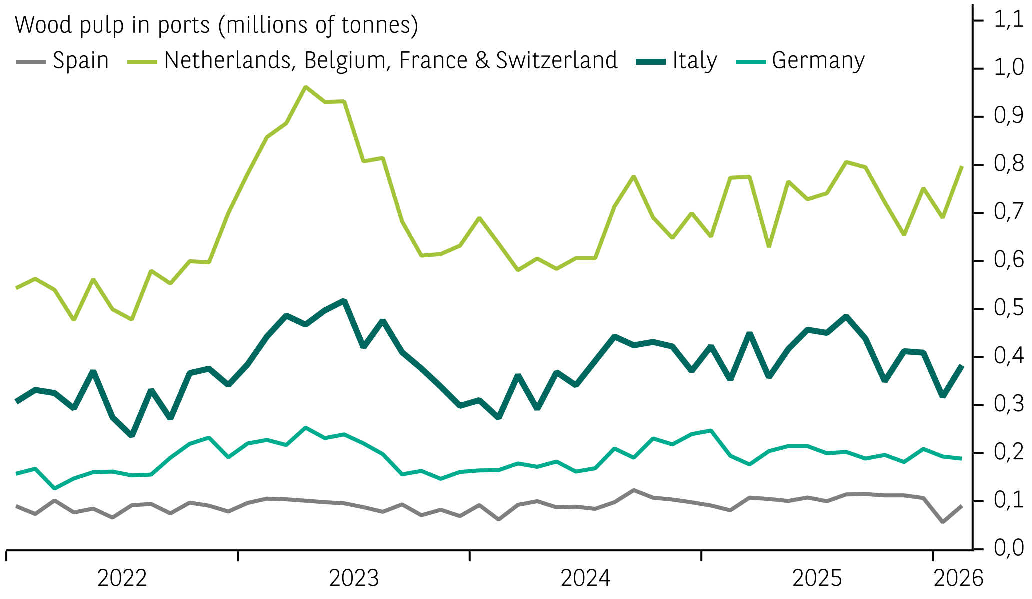
STRUCTURE AND PRODUCTION IN POLAND'S MANUFACTURING

Production (% y/y)	% Share	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Total		3.0%	1.7%	4.3%	0.0%	3.6%	1.1%	8.4%	3.3%	-1.4%	7.9%	-3.2%	0.0%	9.1%
Food Products	17.9%	3.5%	8.7%	5.1%	0.5%	7.9%	4.2%	9.2%	6.1%	2.4%	9.3%	0.1%	3.5%	11.2%
Beverages	1.2%	-2.0%	-2.7%	-14.3%	-0.5%	-6.4%	-10.5%	-2.4%	3.2%	4.8%	15.7%	-4.1%	4.1%	12.9%
Tobacco Products	0.4%	-10.8%	-7.6%	1.6%	3.7%	-2.0%	-4.4%	28.9%	-7.7%	-4.3%	-12.7%	-15.4%	-20.7%	-10.3%
Textiles	0.6%	7.7%	1.4%	6.1%	1.1%	-4.9%	-0.9%	3.8%	3.9%	8.3%	5.9%	-7.2%	-11.0%	-6.1%
Wearing Apparel	0.3%	-5.6%	-20.4%	-2.9%	-6.4%	-8.2%	1.3%	14.0%	-2.9%	-17.1%	28.1%	-8.3%	-1.7%	3.0%
Products of Wood, Cork, Straw & Wicker	2.4%	13.0%	1.8%	7.4%	-0.8%	-2.5%	4.7%	9.5%	6.1%	-0.3%	9.4%	-7.7%	2.4%	5.8%
Paper & Paper Products	2.6%	4.6%	-1.4%	5.8%	-2.9%	1.6%	-2.5%	8.4%	-1.1%	-4.3%	4.4%	-1.6%	5.7%	9.3%
Printing & Reproduction of Recorded Media	0.7%	1.9%	1.0%	8.0%	-2.7%	0.4%	-3.5%	6.6%	12.0%	-5.6%	-0.5%	-5.6%	0.1%	6.0%
Chemicals & Chemical Products	4.3%	-1.4%	-7.7%	-1.1%	-7.8%	-2.7%	-5.4%	-1.4%	-0.2%	-4.4%	5.3%	-11.1%	-1.8%	9.9%
Pharmaceutical Products	0.8%	11.4%	4.5%	9.0%	1.8%	-3.1%	-1.9%	-2.4%	0.9%	-6.7%	8.5%	-14.6%	-5.7%	0.7%
Rubber & Plastic Products	5.7%	1.7%	-2.1%	4.2%	-1.8%	0.4%	-1.5%	5.7%	-0.2%	-2.2%	5.2%	-5.2%	-2.1%	11.1%
Other Non-Metallic Mineral Products	3.9%	10.0%	4.3%	9.5%	-0.9%	5.1%	1.4%	9.2%	4.6%	-2.3%	16.8%	-16.9%	-11.4%	10.9%
Basic Metals	3.1%	21.5%	2.5%	11.1%	2.8%	4.2%	3.2%	13.6%	4.0%	2.4%	6.4%	-14.2%	-11.4%	-2.5%
Metal Products	7.0%	11.0%	0.5%	11.6%	-0.8%	4.7%	2.6%	11.4%	6.2%	2.0%	20.6%	-6.8%	-3.5%	2.9%
Computer, Electronic & Optical Products	2.4%	6.6%	1.3%	1.0%	4.0%	-3.0%	-1.7%	8.4%	1.6%	-6.7%	5.3%	5.2%	6.0%	-0.7%
Electrical Equipment	4.1%	-6.3%	2.0%	1.6%	-2.7%	-0.8%	-3.6%	3.2%	-0.9%	-7.4%	-2.3%	-2.5%	-3.9%	8.8%
Machinery & Equipment n.e.c.	3.3%	6.1%	2.1%	14.8%	2.7%	6.0%	9.9%	16.9%	12.6%	11.3%	17.7%	12.3%	6.8%	13.0%
Motor Vehicles, Trailers & Semi-Trailers	10.0%	9.2%	2.5%	5.2%	6.0%	12.2%	-4.3%	13.1%	0.6%	2.0%	8.0%	0.7%	-1.0%	2.5%
Other Transport Equipment	2.0%	1.9%	14.5%	12.6%	-7.9%	3.3%	34.3%	5.6%	15.0%	2.3%	16.8%	24.4%	-6.5%	19.5%
Furniture	2.3%	5.0%	-1.9%	8.8%	1.5%	1.4%	1.2%	8.7%	-1.7%	-7.6%	7.0%	-7.0%	-3.4%	3.7%

PAPER PRODUCTION IS GROWING...

... and inventories in harbours is on the rise, too





Production of paper and paper products has been growing solidly for the past two months, signalling an improvement in activity in one of the more cyclical segments of industry. The sector plays a key role as a supplier to a wide range of industries, including packaging for retail and e-commerce, food and logistics, and partly for construction and consumer goods. As a result, its recovery often outpaces improvements in the wider economy and may translate into an increase in activity in other sectors.

At the same time, there is a clear increase in new orders, which directly translates into growing expectations for production in the coming months. This suggests that the rebound is not only short-term but may be linked to a recovery in demand in supply chains. In addition, the increase in pulp inventories at major ports indicates that the improvement is broader, more global in nature. This may mean both rebuilding inventories and preparing for increased production in the near term.

THE CONSTRUCTION SECTOR IS SLIGHTLY UP, AND THE CONSUMER IS STILL WILLING TO BUY

Construction Production (% y/y)	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Total	**-1.0%**	**-4.2%**	**-2.9%**	**2.1%**	**0.7%**	**-7.0%**	**0.2%**	**4.2%**	**0.1%**	**4.5%**	**-12.9%**	**-13.7%**	**0.4%**
Construction of Buildings	-3.3%	-10.3%	-8.9%	7.9%	-1.2%	-4.1%	-3.7%	2.5%	8.0%	13.2%	-18.3%	-16.8%	1.4%
Civil Engineering	-4.8%	-8.2%	-1.4%	-11.1%	-3.3%	-12.8%	-2.9%	3.3%	-12.9%	-7.2%	-7.7%	-11.6%	-0.2%
Specialised Construction Activities	6.0%	10.5%	2.6%	20.7%	9.6%	-0.3%	10.7%	7.6%	18.8%	23.1%	-11.8%	-12.2%	0.2%

Retail trade, constant prices (% y/y)	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Total	**-0.3%**	**7.6%**	**4.4%**	**2.2%**	**4.8%**	**3.1%**	**6.4%**	**5.4%**	**3.1%**	**5.3%**	**4.4%**	**5.0%**	**8.7%**
Motor Vehicles, Motorcycles & Parts	18.4%	14.9%	15.7%	7.7%	10.7%	9.4%	15.0%	15.6%	12.9%	13.1%	-4.5%	2.7%	7.7%
Solid, Fluid & Gaseous Fuels	-0.1%	1.6%	4.9%	5.7%	0.7%	6.1%	7.1%	4.7%	5.9%	8.3%	4.7%	10.2%	16.2%
Food, Beverages & Tobacco Products	-9.4%	9.7%	1.5%	-1.0%	-0.4%	-3.4%	0.2%	0.6%	-2.9%	1.9%	4.3%	0.2%	4.3%
Pharmaceuticals, Cosmetics & Orthopaedic Equipment	5.0%	7.5%	6.0%	5.8%	4.9%	3.3%	4.4%	5.6%	2.1%	8.4%	9.5%	5.5%	10.1%
Textiles, Clothing & Footwear	6.7%	8.4%	4.7%	11.8%	14.7%	18.9%	20.5%	9.0%	12.2%	6.0%	17.7%	0.8%	13.6%
Furniture s & Household Appliances	12.9%	13.2%	18.9%	10.2%	15.3%	13.9%	16.1%	13.9%	16.6%	19.8%	10.5%	7.2%	7.9%
Newspapers, Books & Other Sale in Specialized Stores	1.0%	3.9%	3.5%	1.9%	3.0%	-2.0%	0.1%	-3.3%	-5.2%	1.4%	8.3%	-9.3%	1.1%
Other	-12.2%	-6.0%	-10.8%	-4.0%	-5.5%	-3.7%	3.3%	2.4%	0.9%	8.6%	0.9%	9.4%	15.1%

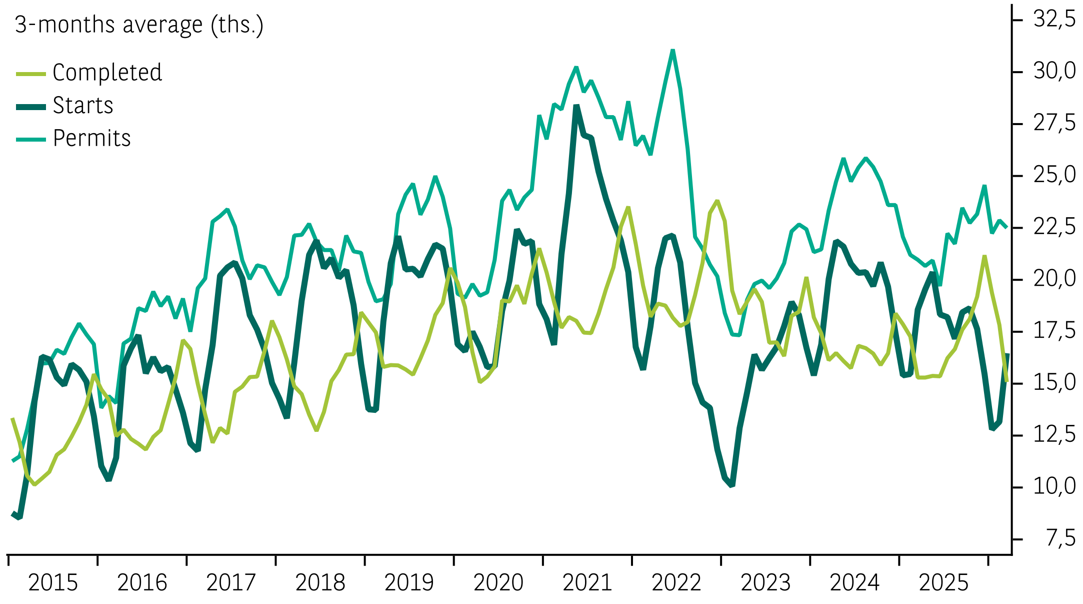
XX% Negative value

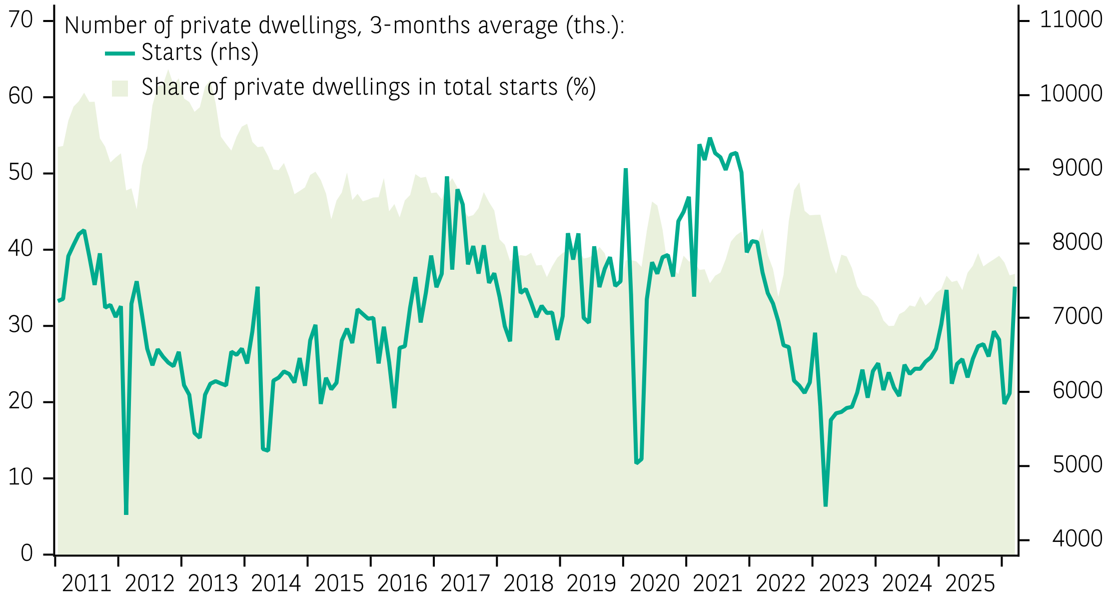
Construction output in March increased by only 0.4% y/y, which after two previous months of declines still points to stagnation in the sector. The improvement was mainly due to the low base effect and the partial resignation of weather sensors, which previously limited activity in construction. Structurally, however, the situation remains fragile. Construction of buildings recorded a slight increase (+1.4% y/y), while the infrastructure segment continues to see declines (-0.2% y/y).

At the same time, private consumption remains strong. Retail sales at constant prices accelerated to 8.7% y/y in March, partly due to early Easter holidays this year. Improvements were recorded in each category. Fuel sales increased the most (+16.2% y/y), which could partly be due to higher purchases "in stock" for fear of further price increases related to the war in the Middle East. In March, durable goods categories such as clothing and footwear (+13.6% y/y) and furniture and household appliances/electronics (+7.9% y/y) also recorded solid growth. Food sales, meanwhile, saw a moderate increase of 4% y/y in March.

ACTIVITY IN HOUSING CONSTRUCTION IS GROWING…

…mainly thanks to individual investors





In March, activity in housing construction increased, as evidenced by an increase in construction starts. Individual investors had a significant impact on the improvement. GUS data indicate an increased number of construction starts of single-family houses and their growing share in total construction activity, which suggests that part of the demand has shifted away from the development market.

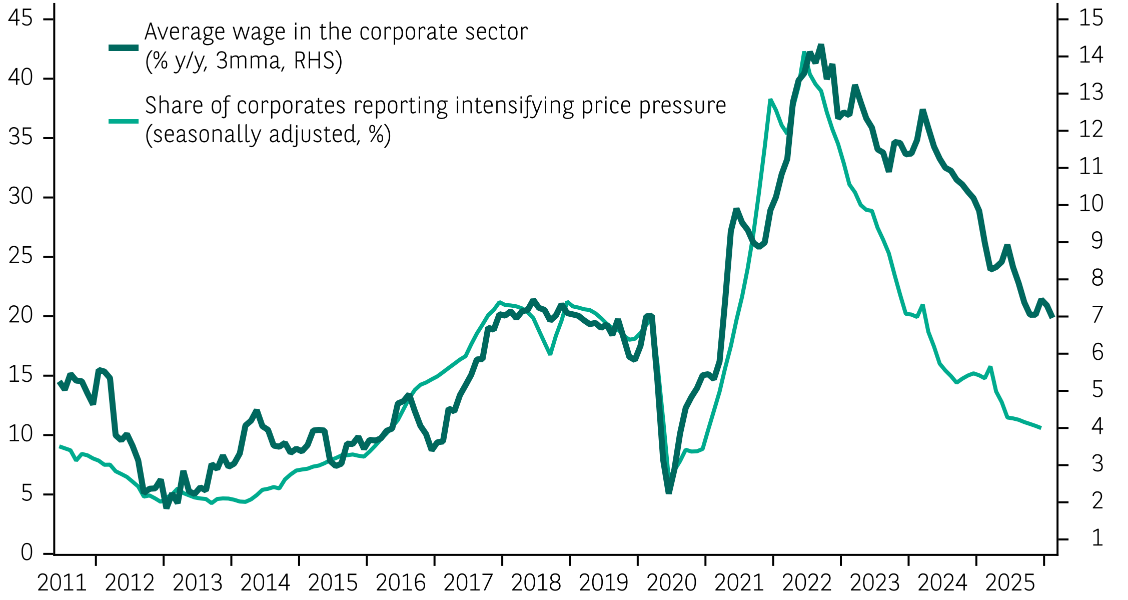
This may be due to the simultaneous influence of several factors. On the one hand, in conditions of uncertainty and expectations of further growth in apartment prices, developers have suspended some new investments, limiting supply. On the other hand, high prices of premises and financing costs prompted some households to look for an alternative in the form of building their own house.

As a result, the demand that would otherwise have gone to the development market has been partially redirected to individual construction, which is currently the main factor maintaining activity in the entire residential segment.

WAGE DYNAMICS IN MARCH…

… somewhat accelerated

Wage growth in the enterprise sector (March)	% y/y		PLN
Total		**6,6%**	**9 652**
Mining & Quarrying		6,7%	12 286
Manufacturing		6,6%	9 090
Electricity, Gas, Steam & Air Conditioning Supply		11,6%	15 105
Water Supply & Remediation Activities		8,9%	8 334
Construction		8,0%	8 924
Trade & Repair of Motor Vehicles		5,9%	8 811
Transport & Storage		6,8%	8 868
Accommodation & Food Services		6,8%	7 098
Information & Communication		7,8%	18 025
Real Estate Activities		10,1%	10 029
Professional, Scientific & Technical Activities		4,3%	13 640
Administrative & Support Services		5,2%	7 829
Other Service Activities		3,9%	7 082



In March, the average wage (gross) in the enterprise sector amounted to PLN 9652 and increased by 6.6% y/y. Faster wage growth than in February (+6.1% y/y) was caused, among others, by a larger scale of additional payments of bonuses, including quarterly, annual, holiday and discretionary ones.

A month ago, wages grew the fastest in the energy generation and supply (+11.6% y/y), real estate services (+10.1% y/y) and water supply and sewage management (+8.9% y/y). At the other end of the spectrum, there were companies engaged in other service activities (+3.9% y/y) and professional, scientific and technical activities (4.3% y/y). In the manufacturing sector the earnings growth was the strongest among manufacturers of tobacco products (16.3% y/y), computers, electronic and optical products (9.7% y/y) and finished metal products (8.5% y/y).

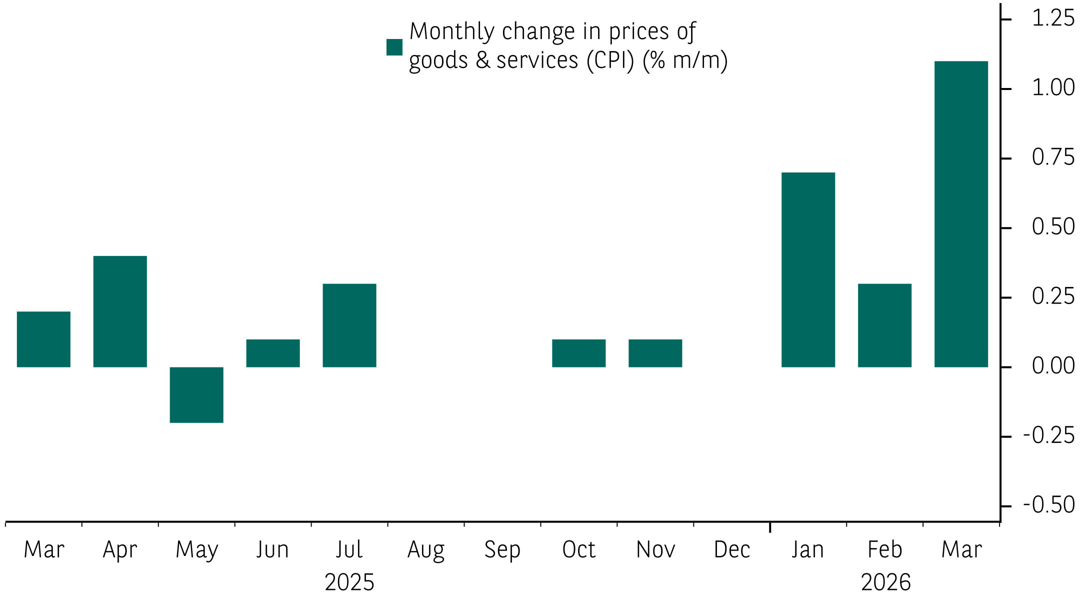
STABLE WAGE DYNAMICS IN POLISH MANUFACTURING

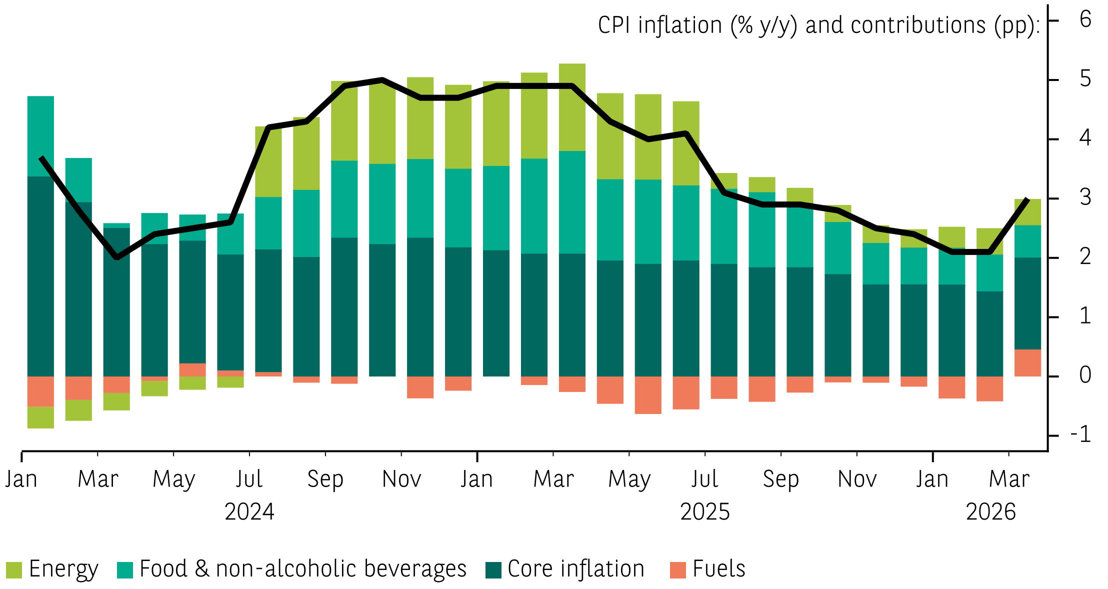
Nominal wages in the manufacturing sector (% y/y)

	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	March (PLN)
Manufacturing	8.3%	9.0%	8.8%	8.7%	7.6%	7.7%	8.4%	8.0%	7.3%	8.8%	5.9%	6.5%	6.6%	**9090**
Manufacture of Food Products	9.7%	10.9%	10.0%	7.6%	10.2%	8.5%	9.1%	6.1%	6.5%	9.4%	4.2%	3.6%	5.8%	**8202**
Manufacture of Beverages	24.6%	24.7%	2.0%	6.2%	5.1%	8.7%	7.2%	3.8%	3.9%	4.7%	3.2%	7.3%	-10.5%	**12234**
Manufacture of Tobacco Products	-0.7%	9.4%	6.9%	6.5%	8.9%	10.4%	8.2%	4.2%	9.9%	2.8%	7.4%	6.2%	16.3%	**17888**
Manufacture of Textiles	9.2%	9.1%	7.2%	9.3%	9.4%	7.2%	7.3%	8.9%	9.2%	9.8%	6.3%	5.4%	6.6%	**7101**
Manufacture of Clothing	9.5%	9.3%	10.1%	8.8%	8.3%	8.6%	11.7%	10.5%	11.2%	12.8%	4.9%	4.5%	6.3%	**6150**
Manufacture of Products of Wood, Cork, Straw & Wicker	8.3%	8.7%	8.8%	9.5%	8.3%	8.8%	7.5%	8.0%	6.8%	5.3%	7.1%	4.5%	6.4%	**7468**
Manufacture of Paper & Paper Products	6.8%	6.4%	8.6%	6.3%	6.6%	5.9%	7.4%	6.1%	6.3%	7.5%	5.7%	3.8%	5.3%	**9584**
Printing & Reproduction of Recorded Media	1.2%	1.6%	3.2%	1.8%	2.7%	-0.7%	3.4%	2.8%	2.3%	2.5%	6.5%	7.8%	7.5%	**8624**
Manufacture of Chemicals & Chemical Products	2.3%	11.2%	5.3%	9.2%	1.8%	5.7%	5.5%	5.5%	5.4%	3.5%	4.7%	3.4%	5.7%	**10317**
Manufacture of Pharmaceutical Products	8.0%	18.9%	4.7%	0.3%	5.2%	4.2%	4.0%	3.3%	2.5%	25.2%	3.9%	3.9%	-4.2%	**13132**
Manufacture of Rubber & Plastic Products	5.4%	5.4%	6.0%	6.6%	8.0%	7.4%	8.8%	7.9%	6.9%	11.5%	7.2%	8.0%	7.4%	**8755**
Manufacture of Other Non-Metallic Mineral Products	6.8%	8.7%	6.3%	6.7%	6.2%	5.6%	7.4%	7.5%	6.2%	7.8%	4.0%	4.5%	6.7%	**9650**
Manufacture of Basic Metals	9.5%	7.0%	10.2%	8.2%	10.5%	8.8%	7.7%	9.8%	9.8%	7.8%	7.0%	9.6%	5.5%	**9643**
Manufacture of Metal Products	7.8%	6.6%	8.4%	7.8%	8.4%	8.4%	6.8%	9.2%	7.5%	7.4%	9.2%	7.9%	8.5%	**8244**
Manufacture of Computer, Electronic & Optical Products	13.6%	11.0%	11.2%	5.9%	10.1%	6.2%	13.5%	9.5%	7.5%	9.5%	3.5%	7.5%	9.7%	**10498**
Manufacture of Electrical Equipment	9.0%	6.8%	7.7%	6.4%	6.4%	9.4%	8.6%	8.8%	8.0%	6.0%	6.5%	5.2%	3.9%	**9651**
Manufacture of Machinery & Equipment n.e.c.	9.0%	8.7%	9.9%	11.0%	11.2%	8.0%	9.0%	9.0%	8.0%	7.8%	5.2%	7.3%	7.8%	**9729**
Manufacture of Motor Vehicles, Trailers & Semi-Trailers	10.7%	8.7%	9.1%	9.0%	8.2%	7.6%	8.9%	8.8%	8.8%	9.3%	5.0%	8.7%	5.4%	**10395**
Manufacture of Other Transport Equipment	9.3%	7.8%	9.7%	9.7%	10.7%	9.2%	9.5%	9.0%	7.4%	10.7%	7.0%	11.0%	7.5%	**10521**
Manufacture of Furniture	8.5%	9.7%	9.7%	10.3%	8.1%	8.3%	8.9%	8.1%	6.1%	6.3%	4.1%	5.2%	5.9%	**7073**

INFLATION IN POLAND: UP TO THE 3% HANDLE AGAIN…

… as fuels become more expensive





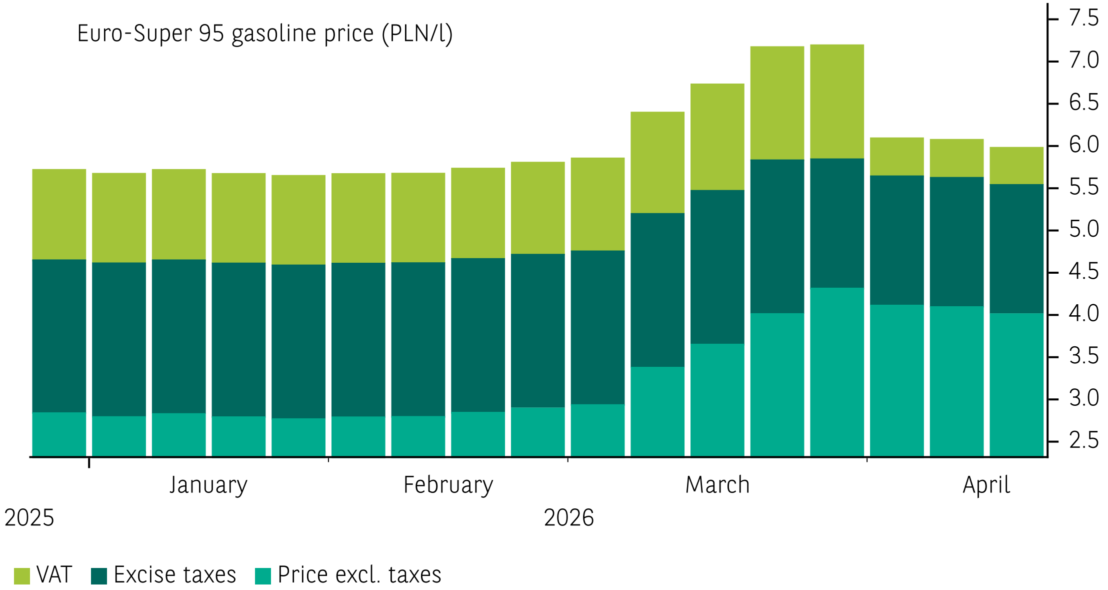
In March, consumer prices increased by 1.1% m/m. As a result, CPI inflation accelerated to 3% y/y from 2.1% y/y in February. Fuels were of course the main culprit of the faster price growth as their prices rose by 15.4% m/m, including gasoline by 12.9% m/m and diesel by 21.4% m/m. We estimate that more expensive fuels added 0.8pp to March price dynamics.

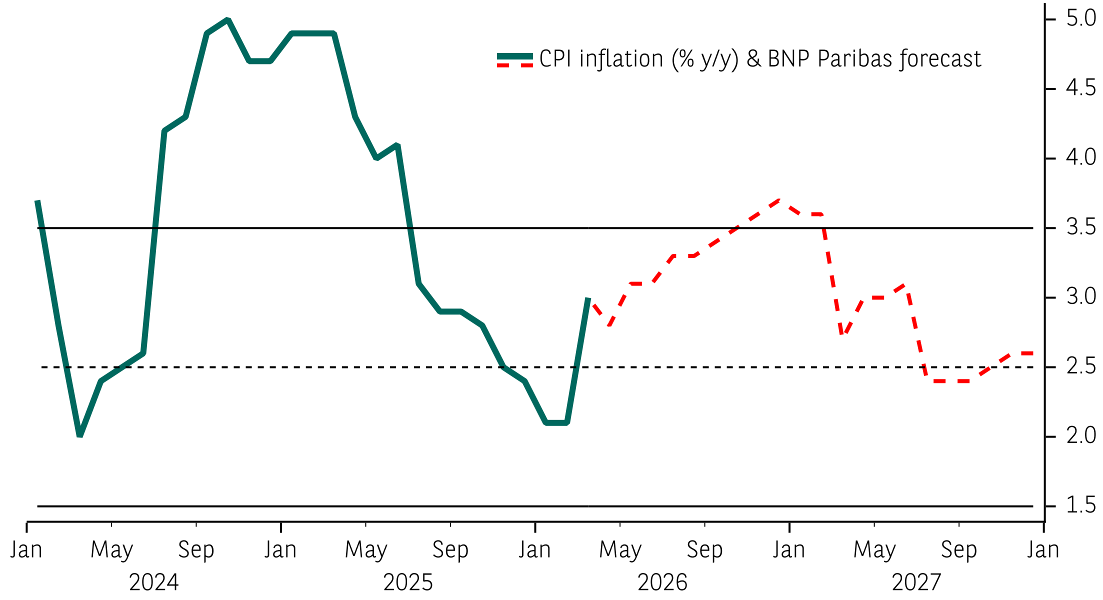
Based on measurements by other institutions, we estimate that the actual increase in fuel prices in March could have been slightly higher than the Central Statistical Office estimates. Therefore, we do not rule out that part of the March increase at petrol stations will be included in the April data.

In addition to fuels, core inflation was also higher in March, accelerating to 2.7% y/y from 2.5% y/y. This was primarily the result of a clear increase in the annual dynamics of prices of package trips. Last year, they fell by 6% m/m in March, while this year it was only -1% m/m, which may be related to the increase in fuel prices.

INFLATION IN POLAND: BNP PARIBAS FORECAST

:Inflation path dependent on the situation in the Middle East and tax decisions





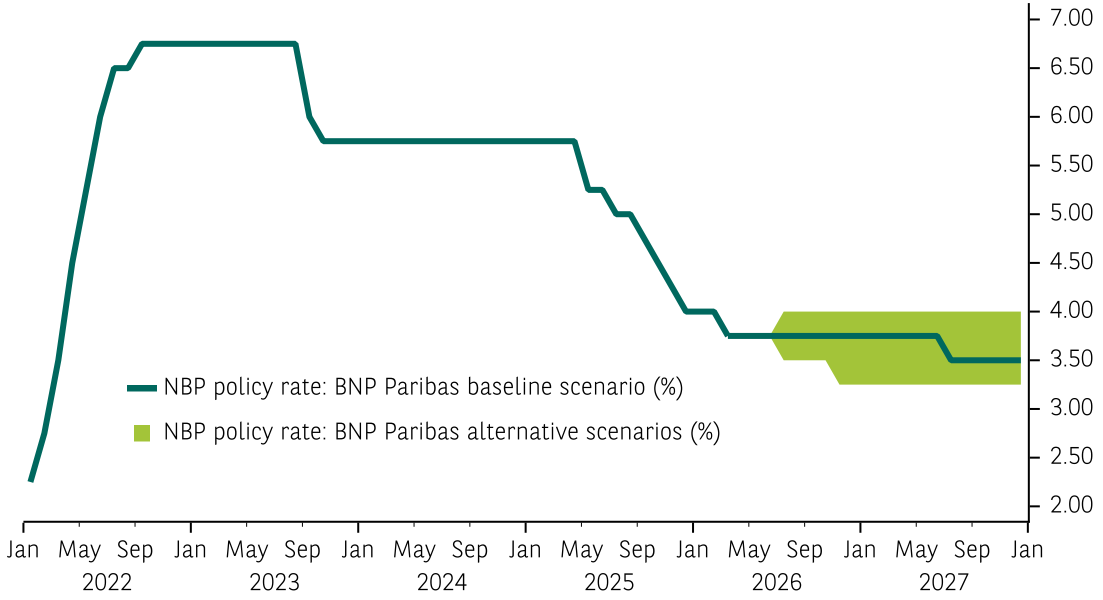
At the end of March, the government approved a package lowering fuels prices, which includes a reduction in excise duty on petrol and diesel by approx. 30 gr, a reduction in the VAT rate to 8% from 23% and the introduction of a maximum price mechanism to ensure that tax changes actually translate into lower costs of fuel purchase at petrol stations. In total, because of the announced changes, the prices of fuel decreased by PLN 1.20-1.30 (approx. 15%).

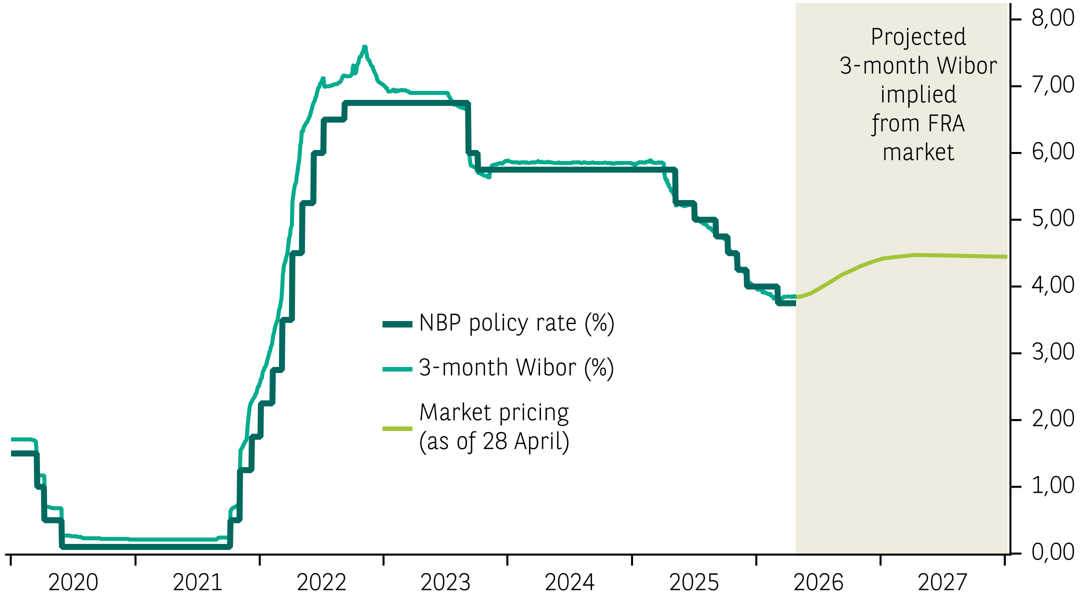
The duration of the protective measures will depend on the situation on the energy markets. In the baseline scenario – assuming that there is a permanent agreement between the US and Iran and the unblocking of the Strait of Hormuz – we predict that higher fuel taxation will be restored in the middle of the year. This is supported by the fiscal cost of the announced cuts. According to the calculations of the Ministry of Finance, the monthly cost of the package amounts to PLN 1.6 billion, which, given the significant deficit may argue in favour of a restoration of higher taxes as soon as possible - if conditions allow.

With our assumptions regarding excise duty and VAT on fuels, we expect that CPI inflation in the second half of the year may hover around 3.5% y/y, i.e. the upper limit of the NBP inflation target range. Next year, however, price dynamics should return to the 2.5% level desired by the central bank.

MPC: STABLE…

… for longer





In April, the Monetary Policy Council (MPC) decided to leave the interest rates of the National Bank of Poland unchanged, thus maintaining the reference rate at 3.75%. It seems that in the face of the ongoing war in the Persian Gulf, the members of the Council opt for stabilizing interest rates and watching how the market and economic situation will develop in the coming weeks and months.

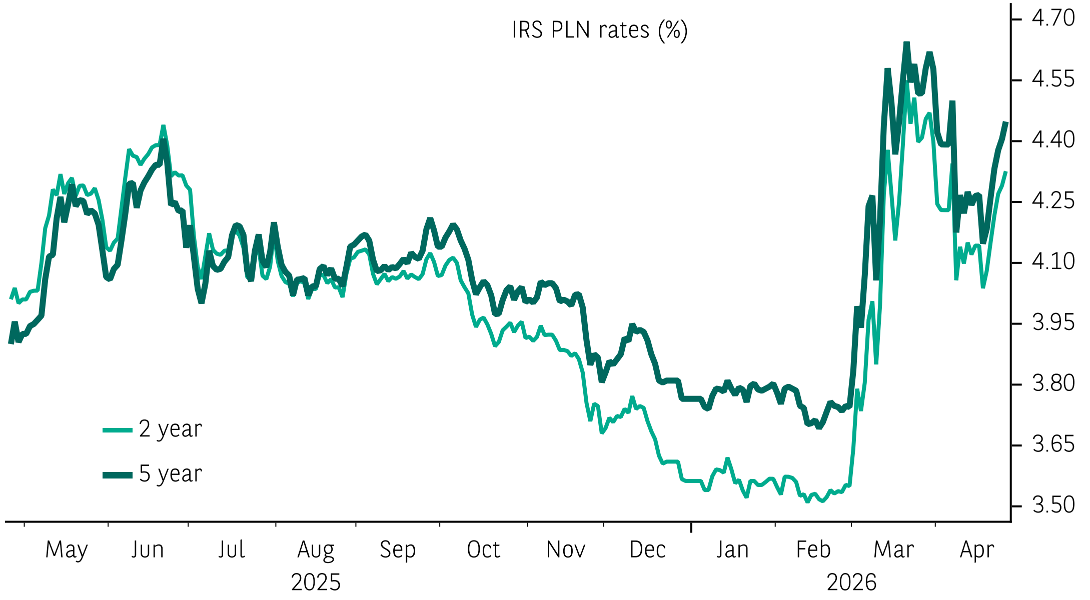
Therefore, we still believe that the March interest rate cut was the first and last this year. We also maintain our previous forecast that the NBP reference rate will ultimately fall to 3.50%, but we believe that this may happen only in the middle of next year, when price dynamics will stabilize at a low level again.

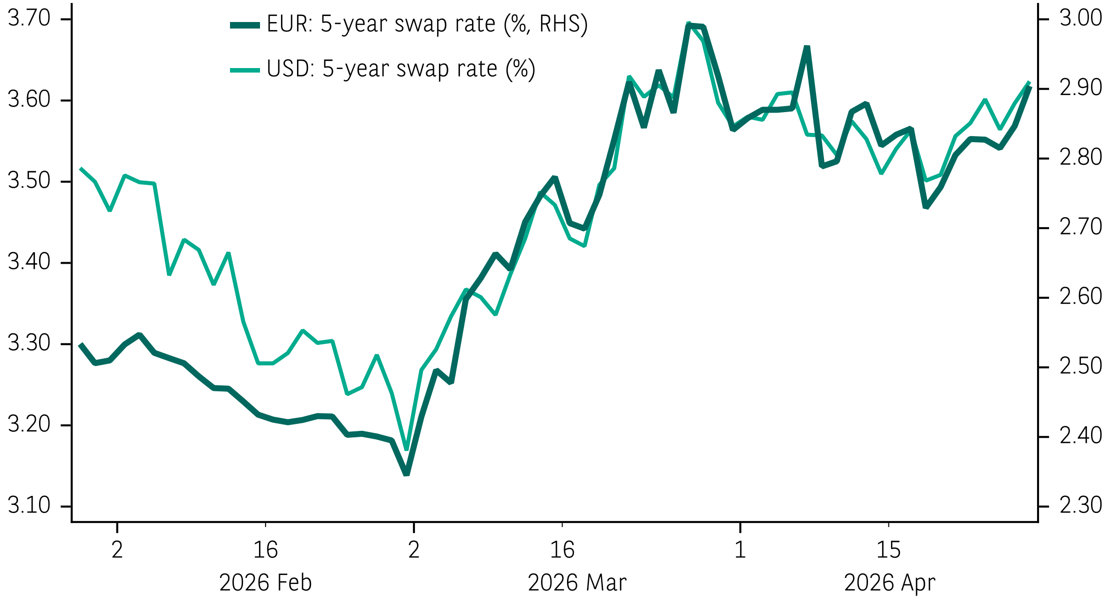
The market currently predicts that 1-2 interest rate hikes are possible in Poland in the next 12 months

PLN: IRS rates, bonds and FX market

PLN IRS RATES: VOLATILE…

… following oil prices



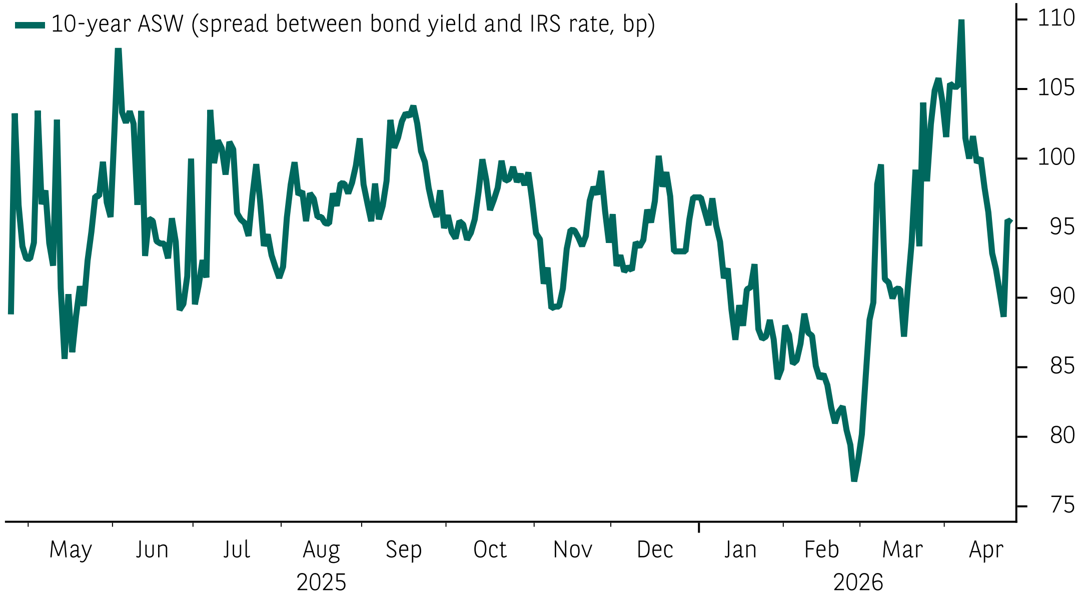


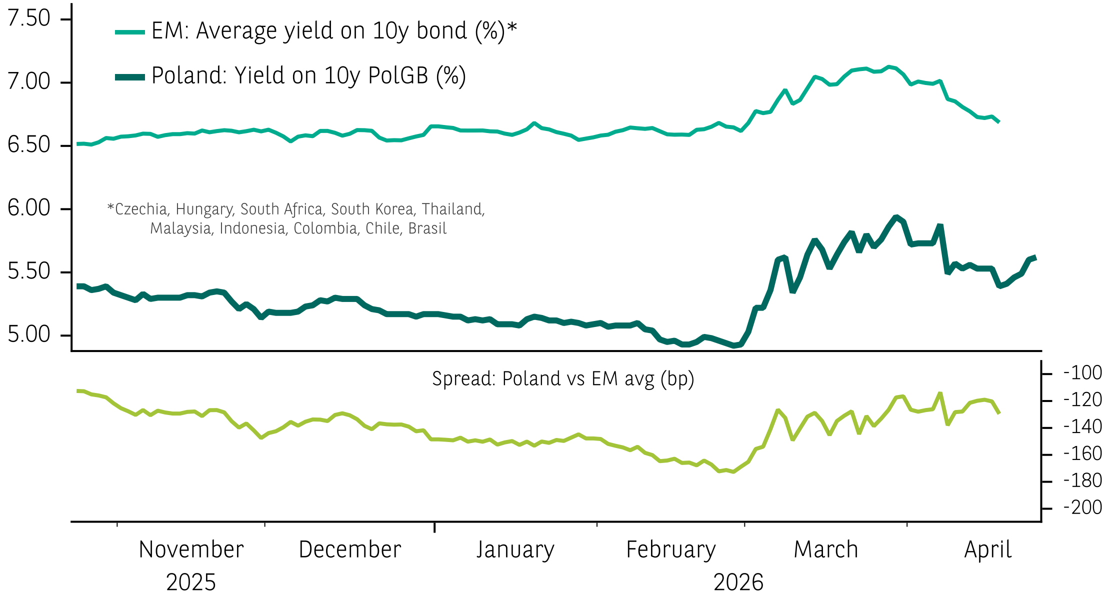
In the first half of April, the IRS zloty rates fell significantly, only to climb again at the end of the month, along with the increase in oil prices. However, quotes have not returned to the levels from the end of March. Currently, the 2-year swap rate trades around 4.35%, while the 5-year swap rate sticks around 4.50%. Assuming that the situation in the Middle East does not escalate, we believe that the scenario of 1-2 interest rate hikes in Poland, priced by the market, will not materialize and the quotations will fall in the coming months.

On the core markets, the situation on the swap market was more stable than in the country. In the United States, the 5-year IRS traded in the range of 3.50-3.60% during the month. In the eurozone, in the case of the 5-year rate, the quotations oscillated around the 2.80-2.85% handle.

BONDS: THE PREMIUM IN YIELDS…

… mildly declined





In April, the difference between the yield on the 10-year Treasury bond and the 10-year PLN swap rate (ASW - a measure of the fiscal premium) narrowed slightly and at the end of the month it oscillated around 95bps.

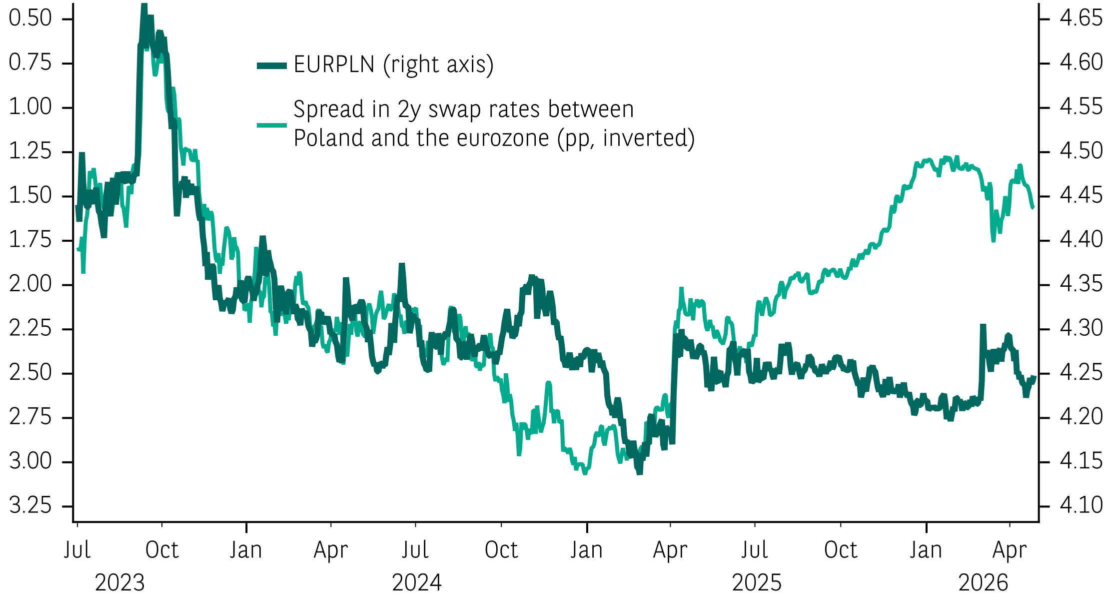
We believe that the outbreak of the Gulf War has significantly changed the direction of capital flow in the global financial market, and domestic debt has ceased to be as popular as it was at the beginning of the year, resulting in an increase in yields.

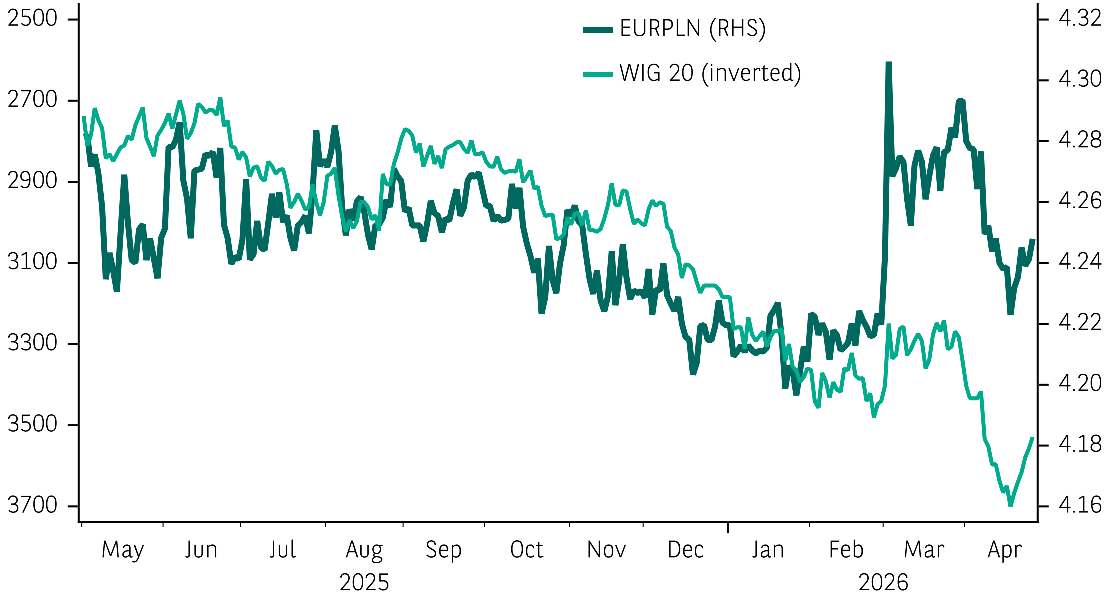
The fiscal situation is also not supportive for the treasury debt quotations. The deficit of the general government sector exceeding 7% of GDP and the lack of prospects for a significant reduction in the next (at least) 2 years mean that the supply of bonds will remain high in the coming quarters.

The negative spread in the yield on 10-year Polish government bonds against other Emerging Markets narrowed slightly in April and currently the domestic debt is trading about 130bp below the average from other EM countries.

PLN: ZLOTY STRONGER…

… in the latter half of the month





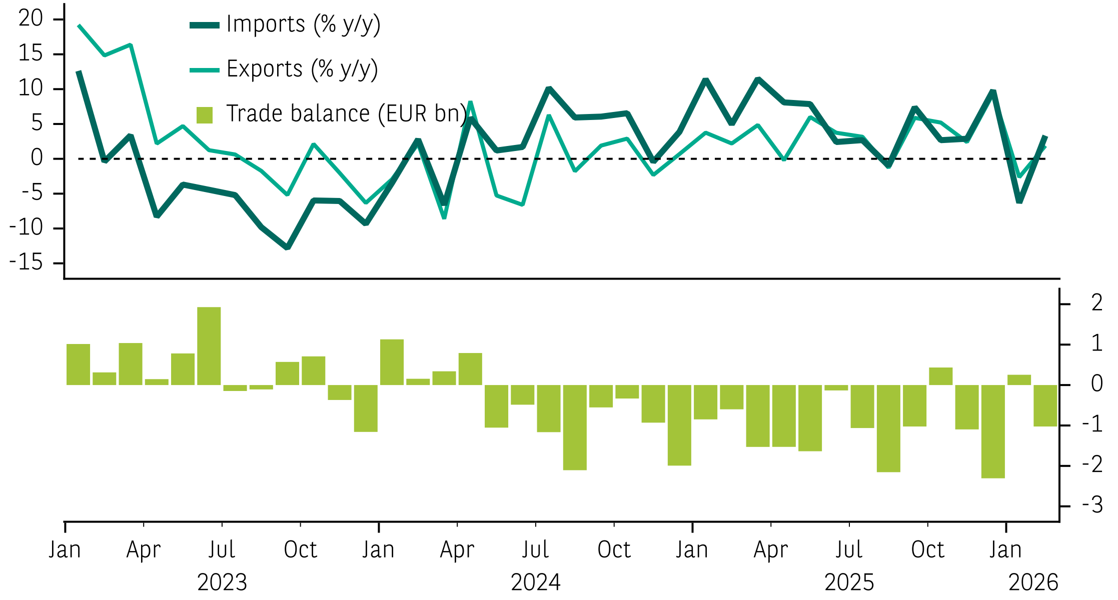
In April, the EURPLN moved in the 4.22-4.29 range and at the end of the month, the cross traded around 4.25. The weakening of the Polish currency was caused by geopolitical factors, which we perceive as the main element influencing the behaviour of the zloty. Greater uncertainty has caused a reversal away from emerging markets and an outflow of capital to safe havens (mainly dollar assets).

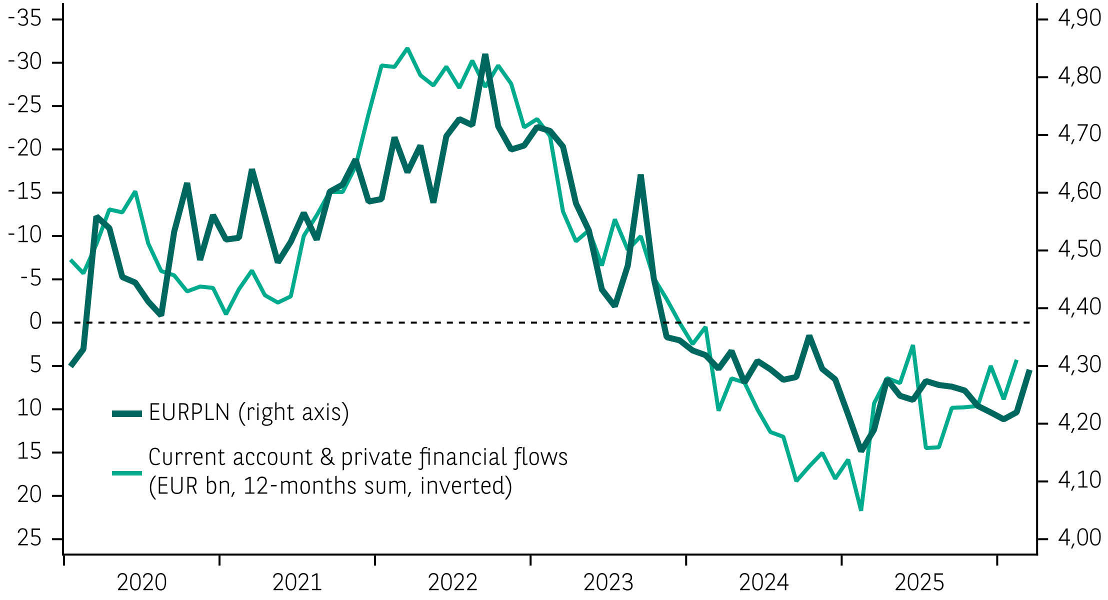
However, the condition of the economy remains solid, which, in our opinion, limits the space for a more significant depreciation of the PLN. The Warsaw Stock Exchange reacted to the events in the Persian Gulf much more calmly than the exchange rate, and the situation on the equity market would suggest room for the zloty to strengthen. On the other hand, the difference in the level of interest rates between Poland and the Eurozone would be consistent with an increase in the EURPLN pair to the level of 4.45.

The safety buffer for the zloty's quotations comes from a significant inflow of European funds to Poland this year. The Ministry of Finance has a certain leeway in terms of exchanging funds received from the EU into zlotys. As a rule, this conversion takes place mainly in the NBP without affecting the quotations of the national currency. However, some of the funds are exchanged "on the market" and an increase in the volume of such transactions would support the PLN exchange rate, in the event of intensifying pressure on the weakening of the zloty.

BALANCE OF PAYMENTS: DEFICIT IN THE CURRENT ACCOUNT…

… in February





In February, the current account deficit amounted to 990 million euros. Imports increased by 3.3% y/y, while foreign sales were higher by 1.9% y/y. As a result, the balance of trade in goods was negative at the beginning of the year and amounted to EUR 1025 million. In addition, Poland recorded a surplus of over EUR 3 billion on the balance of services, while the deficit on the income account amounted to EUR 2.5 billion.

NBP analysts' comment:: „*This time, supply goods made the largest contribution to growth in exports. Significant increases in foreign sales were recorded primarily for raw silver, refined copper, and immunological products. Compared to February 2025, the value of exports of other consumer goods, particularly clothing, and capital goods, notably computers, also increased. Meanwhile, items with the largest declines in exports included furniture, delivery vans and road tractors.*

The largest increases in value were seen in imports of capital goods, particularly computers and means of transport, primarily and passenger cars. The increase in car imports was linked to a further rise in supplies from China. Imports of durable consumer goods also increased markedly during the month in question. Products with the largest declines in imports included automotive parts".

Taking into account financial flows, the latest data on the balance of payments point to EURPLN fair value within the range of 4.25-4.30.

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Sources: EIA, ICE, OECD, Markit, Eurostat, GUS, Bloomberg, NBP, BEA, US Census Bureau, Fed, European Commission, Macrobond, BNP Paribas Bank Polska.

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