



Poland: Weekly Macroeconomic Update

LAST WEEK:

In December **core inflation** (ex food and energy) amounted to 0.0% m/m and 3.7% y/y and was lower than 4.3% y/y in November due to base effect. Core inflation is likely to decline in coming months what will be also reducing consumer inflation.

In December 2020 the number of **newly registered passenger cars** in Poland amounted to 51,507 what means a 1.9% y/y decrease. In the period of January-December there were 428,347 passenger cars registered in Poland (down 22.9% y/y). In the EU number of newly registered passenger cars declined by 3.3% y/y to 1,031,070 units. In the period of January-December there were 9,942,509 newly registered passenger cars (down 23.7% y/y).

In December **average wage** in enterprises' sector rose by 0.2% m/m and was 1.0% down y/y. Average employment in enterprises' sector rose by 8.9% m/m and was 6.6% up y/y in December. Employment data are better than market consensus what shows that economy slowly generates new jobs, but wage growth in December was below expectations what suggests that companies optimize costs during second lockdown.

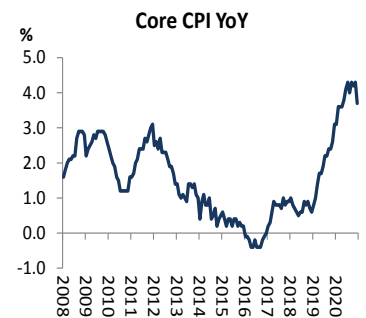
State budget draft for 2021 was sent to signing by the President. The draft envisages budget deficit of PLN82.3bn, budget revenues of PLN404.4bn, budget expenditures of PLN486.7bn, real GDP growth of 4.0% and average inflation of 1.8% in 2021. Finance Minister Tadeusz Kościński said that a decline in real GDP in 2020 might be below 3% as tax revenues were robust. In 2020 VAT revenues were 2-2.5% up y/y, CIT revenues were 0.5% up y/y while PIT revenues were about 5% down y/y.

In December **retail sales** rose by 20.0% m/m and were 0.8% down y/y. Real retail sales in December fell by 0.8% y/y, and were stronger than expected. In December real retail sales fell the most in sections: footwear and clothing (down 10.9% y/y), fuels (down 10.3% y/y), other retail sales (down 9.4% y/y), automobiles (down 7.9% y/y) and rose in sections furniture, consumer electronics, white goods (up 3.5% y/y) and food (up 0.7% y/y). In December share of internet sales amounted to 9.1% of total retail sales.

In December **construction output** rose by 3.4% y/y, above market consensus view. Construction output rose in sections construction of buildings (up 4.1% y/y) and specialized works (up 12.0% y/y) and declined in infrastructure investments (down 1.0% y/y).

In December **producer prices** rose by 0.2% m/m and were unchanged y/y, as expected.

Figure 1: Core inflation (y/y)



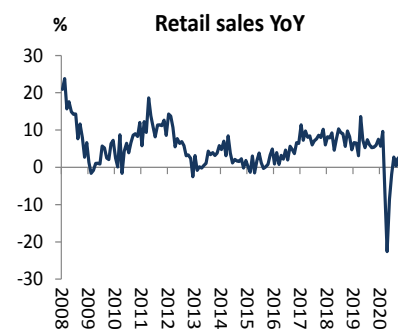
Source: NBP

Figure 2: Average employment (y/y growth)



Source: GUS

Figure 3: retail sales (y/y growth)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jan-25	9:00	Industrial output (Dec)		-4.4% (-11.2%)	-6.0% (8.9%)
Jan-26	13:00	Money supply M3 (Dec)	1.5% (16.1%)		1.6% (16.3%)
Jan-27	9:00	Unemployment rate (Dec)	6.2%		6.2%
Jan-29	9:00	GDP (2020)	(-2.9%)		(-2.7%)

Source: Deutsche Bank Estimates., Reuters and Bloomberg Finance LP

FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	WIBOR 3M	WIBOR 6M	EURIBOR 3M	LIBOR USD 3M	CPI (Poland)	Yield on 10Y POLGB
	(end of period)										
Jan-21	4.530	3.750	4.191	5.094	1.208	0.21	0.25	-0.54	0.22	1.6	1.20
Feb-21	4.525	3.737	4.190	5.070	1.211	0.21	0.25	-0.54	0.22	1.2	1.25
Mar-21	4.520	3.724	4.189	5.046	1.214	0.21	0.25	-0.53	0.22	1.3	1.30
Apr-21	4.515	3.711	4.188	5.022	1.217	0.21	0.25	-0.52	0.22	1.9	1.35
May-21	4.510	3.698	4.188	4.998	1.220	0.21	0.25	-0.51	0.22	2.2	1.35
Jun-21	4.505	3.685	4.187	4.975	1.223	0.22	0.25	-0.50	0.22	1.9	1.40
Jul-21	4.500	3.672	4.186	4.951	1.225	0.22	0.25	-0.50	0.22	2.0	1.40
Aug-21	4.495	3.659	4.185	4.928	1.228	0.22	0.25	-0.50	0.22	2.1	1.45
Sep-21	4.490	3.647	4.185	4.905	1.231	0.22	0.25	-0.50	0.22	2.0	1.45
Oct-21	4.485	3.634	4.184	4.882	1.234	0.22	0.25	-0.50	0.22	2.2	1.45
Nov-21	4.480	3.621	4.183	4.859	1.237	0.22	0.25	-0.50	0.22	2.2	1.45
Dec-21	4.460	3.597	4.168	4.820	1.240	0.22	0.25	-0.50	0.00	2.5	1.45

Note: Due to Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 the way of calculation of WIBOR rates and their values may be subject to change.

Note 2: Due to increased market variability and changes in monetary and fiscal policies, forecasts are subject to higher than usual uncertainty.

Source: Deutsche Bank Polska S.A.



Appendix 1

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