



Poland: Weekly Macroeconomic Update

LAST WEEK:

In December **industrial output** rose by as much as 11.2% y/y and was 4.4% m/m down. An increase in industrial production (in constant prices) was reported in 28 branches of industry (out of 34) including: repair and conservation, installation of machinery and equipment (up 40% y/y), manufacturing of computers, electronic and optical devices (up 39.3% y/y), electrical devices (up 39.1% y/y), rubber and plastics (up 24.8% y/y), products of wood (up 22.0% y/y), furniture (up 20.4% y/y) products of metals (up 15.0% y/y), paper (up 14.0% y/y). Decrease in production was reported in 6 branches, among others in manufacturing of other transport equipment (down 12.8% y/y), manufacturing of coke and products of oil refining (down 4.8% y/y), metals (down 3.3% y/y). In December sectors in which production increased y/y produced 82.3% of total industrial output. Data on industrial output for December are very good and point to recovery in industry caused by realization of pent-up demand for products of manufacturing.

In December **money supply M3** rose by 1.8% m/m and was 16.4% up y/y. In December loans to households rose by 0.3% m/m and increased by 3.0% y/y while loans to companies fell by 2.5% m/m and declined by 4.9% y/y. In December cash in circulation increased by 0.9% m/m and rose by 36.9% y/y, demand deposits of households increased by 3.6% y/y and rose by 30.3% y/y and demand deposits of companies fell by 3.3% m/m and increased by 33.3% y/y.

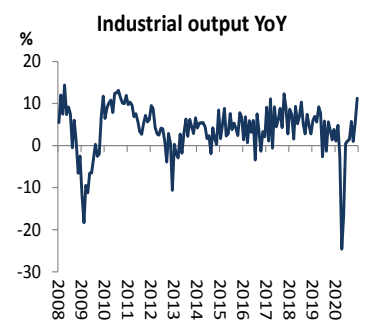
In December **registered unemployment rate** rose to 6.2%, after staying unchanged at 6.1% for a six months in a row.

According to preliminary estimates of Statistics Poland (GUS), Poland's **real GDP** fell by 2.8% in 2020 versus 4.5% growth in 2019. In 2020 gross value added fell by 2.9% in real terms, real domestic demand declined by 3.7% (after 3.5% growth in 2019), total consumption fell by 1.5% in real terms, real consumption in households' sector fell by 3.0%. Gross accumulation fell by 12.2% in real terms, including a 8.4% decline in real gross fixed investments. A share of investments in nominal GDP amounted to 17.1% in 2020, down from 18.5% in 2019. In 2020 consumption in households' sector subtracted 1.7 perc. points from real GDP growth, public consumption added 0.5 p.p. to GDP growth, gross fixed investments subtracted 1.6 p.p. and inventory investments subtracted 0.8 p.p. from GDP growth while net exports added 0.8 p.p. to real GDP growth.

THIS WEEK:

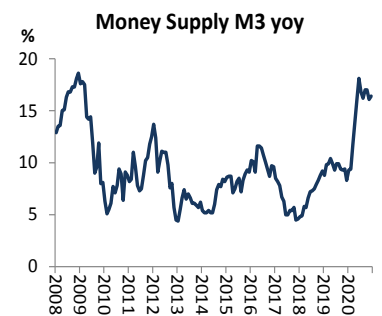
Manufacturing PMI rose to 51.9pts in January from 51.7pts in December, slightly above expectations. On Wednesday the **MPC** holds policy meeting. We expect the MPC to keep settings of monetary policy unchanged, but MPC members' comments on policy guidance will be of interest.

Figure 1: Industrial production (real y/y growth,)



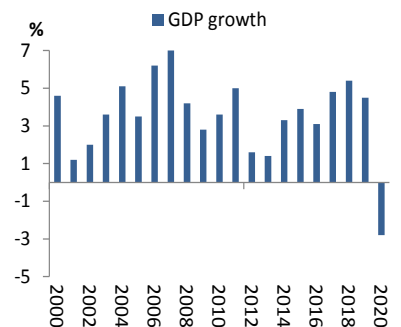
Source: Statistics Poland

Figure 2: Money supply M3 (y/y growth)



Source: NBP

Figure 3. Real GDP growth



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Feb-1	8:00	PMI manufacturing (Jan)	51.5	51.9	51.3
Feb-3		MPC decision	0.10%		0.10%

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)										
Feb-21	4.525	3.737	4.171	5.070	1.211	0.21	0.25	-0.54	0.22	1.4	1.20
Mar-21	4.520	3.724	4.170	5.046	1.214	0.21	0.25	-0.53	0.22	1.5	1.25
Apr-21	4.515	3.711	4.169	5.022	1.217	0.21	0.25	-0.52	0.22	2.1	1.30
May-21	4.510	3.698	4.168	4.998	1.220	0.21	0.25	-0.51	0.22	2.4	1.30
Jun-21	4.505	3.685	4.167	4.975	1.223	0.22	0.25	-0.50	0.22	2.1	1.35
Jul-21	4.500	3.672	4.167	4.951	1.225	0.22	0.25	-0.50	0.22	2.2	1.35
Aug-21	4.495	3.659	4.166	4.928	1.228	0.22	0.25	-0.50	0.22	2.3	1.40
Sep-21	4.490	3.647	4.165	4.905	1.231	0.22	0.25	-0.50	0.22	2.2	1.40
Oct-21	4.485	3.634	4.164	4.882	1.234	0.22	0.25	-0.50	0.22	2.4	1.40
Nov-21	4.480	3.621	4.164	4.859	1.237	0.22	0.25	-0.50	0.22	2.4	1.45
Dec-21	4.460	3.597	4.168	4.820	1.240	0.22	0.25	-0.50	0.22	2.7	1.45
Jan-21	4.455	3.602	4.164	4.827	1.237	0.22	0.25	-0.50	0.22	2.7	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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