



Poland: Weekly Macroeconomic Update

LAST WEEK:

Manufacturing PMI in April fell to 53.7 from 54.3 in March. In April strong export orders compensated for weak domestic demand what resulted in only slight increase of industrial output coupled with decrease in stocks of finished goods. In April costs of production and prices of finished goods rose at the highest pace in history of the survey. Surveyed companies reported disruptions in supply of raw materials and intermediate goods and absenteeism of workers due to coronavirus pandemic. In April companies continued to hire employees and employment rose for the eight month in a row. Companies remained optimistic on the level of production in the horizon of 12-months but optimism was reduced by supply disruptions.

The **MPC**, as expected, didn't change monetary policy settings. The MPC said that strong growth in inflation stemmed chiefly from increase in oil prices, hikes in electricity prices in the beginning of the year and hikes in utility prices last year – factors that were out of control of monetary policy. The council said that inflation would remain above the upper band of inflation target in the coming months and added that inflation in 2022 would depend on the pace of economic recovery and situation in labour market after the end of public aid programs.

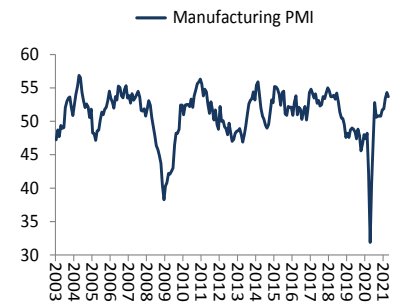
At press conference NBP President profesor Adam Glapinski said that rate hikes would take place in mid-2022 or quarter earlier after the end of NBP quantitative easing programme. In his opinion inflation is supply side-driven and there were no signs of demand pressure.

Health Minister Adam Niedzielski informed that Poland had achieved 50% population immunity to covid-19 what was a result of vaccinations and natural immunity after contact with the virus. Health Minister expressed a hope that government's target of 20 million people vaccinated would be reached within two months what would allow for achieving 60-70% population immunity.

THIS WEEK:

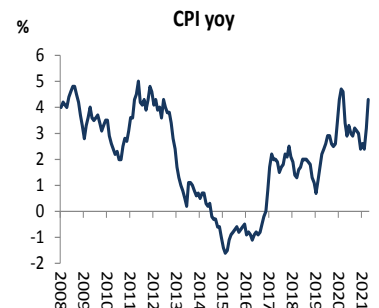
On Tuesday the supreme court will give long awaited ruling on FX mortgages. On Friday the Statistics Poland will release first estimate of Q1 GDP and final data on inflation for April. Also on Friday the NBP will release balance of payments for March.

Figure 1: PMI manufacturing



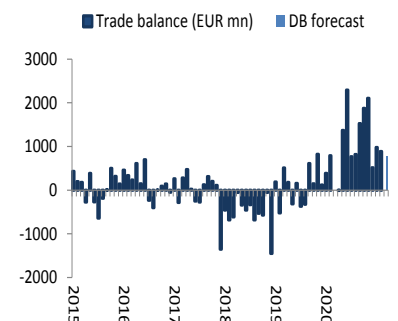
Source: Markit

Figure 2: Inflation (y/y)



Source: Statistics Poland

Figure 3. Trade balance



Source: NBP, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-14	10:00	Inflation (Apr)	0.7% (4.3%)		0.7% (4.3%)
May-14	10:00	GDP (Q1)	0.5% (-2.0%)		1.1% (-1.4%)
May-14	14:00	Current account (Mar)	EUR1265mn		EUR1635mn
May-14	14:00	Trade balance (Mar)	EUR765mn		EUR1000mn

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)										
May-21	4.556	3.740	4.103	5.187	1.218	0.21	0.25	-0.53	0.19	4.4	1.65
Jun-21	4.543	3.704	4.086	5.144	1.226	0.22	0.25	-0.52	0.20	4.1	1.70
Jul-21	4.529	3.669	4.069	5.102	1.234	0.22	0.25	-0.51	0.20	4.2	1.73
Aug-21	4.515	3.634	4.051	5.060	1.243	0.22	0.25	-0.50	0.20	4.3	1.75
Sep-21	4.501	3.599	4.034	5.019	1.251	0.22	0.25	-0.50	0.20	4.2	1.80
Oct-21	4.488	3.565	4.017	4.978	1.259	0.22	0.25	-0.50	0.20	4.4	1.85
Nov-21	4.474	3.531	3.999	4.937	1.267	0.22	0.25	-0.50	0.20	4.4	1.87
Dec-21	4.460	3.498	3.982	4.897	1.275	0.22	0.25	-0.50	0.20	4.6	1.90
Jan-22	4.455	3.488	3.985	4.901	1.277	0.22	0.25	-0.50	0.20	4.2	1.95
Feb-22	4.450	3.479	3.987	4.905	1.279	0.22	0.25	-0.50	0.20	4.2	1.97
Mar-22	4.445	3.469	3.987	4.909	1.281	0.22	0.25	-0.50	0.20	3.8	2.00
Apr-22	4.440	3.460	3.986	4.913	1.283	0.22	0.25	-0.50	0.20	3.7	2.00

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

Important Disclosures

Additional information available upon request

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