



Poland: Weekly Macroeconomic Update

LAST WEEK:

Flash inflation for July amounted to 0.4% m/m and rose to 5.0% y/y from 4.4% y/y in June. An increase in inflation in July stemmed mainly from rising fuel prices (up 4.4% m/m and up 30.0% y/y). In July energy prices rose by 0.1% m/m and were 5.3% up y/y while food prices fell by 0.4% m/m and rose by 3.1% y/y.

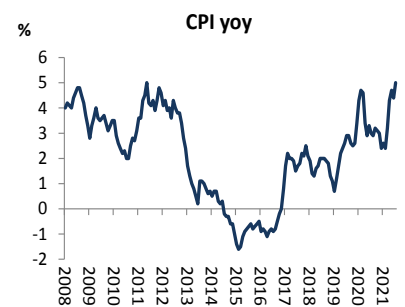
Manufacturing PMI in July fell to 57.6 from historic high of 59.4 in June. Manufacturing is still in an expansion phase but pace of expansion slowed down from June due to slower inflow of new export orders. High growth in output, inflow of new orders and increasing employment were still present in July and PMI reading was the second highest in history of the survey. Cost inflation was still high in July (third highest in history) but somewhat decelerated compared to June. Companies were still optimistic on level of output in 12-month horizon, but optimism was hampered by problems with supplies. Companies continued to hire workers in order to satisfy higher demand, increase capacity and to replace for quarantined employees.

MPC member Jerzy Kropiwnicki expressed a view that taking into account distribution of votes within the Council the earliest possible data for rate hike was November, after the release of autumn NBP projection. In his opinion the MPC has to be sure that both GDP growth and inflation are sustainable. He added that next decisions of the Council would depend on incoming macroeconomic data and insisted that NBP bond purchases should be ended before rate hike.

THIS WEEK:

On Friday final **inflation** for July is due. Also on Friday the GUS will release first estimate of **Q2 GDP** growth – we expect 1.4% q/q and 9.8% y/y. Also on Friday the NBP will release **balance of payments** for June. We expect current account surplus of EUR764mn in June.

Figure 1: Inflation (y/y)



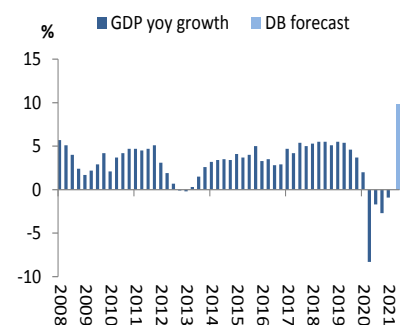
Source: Statistics Poland

Figure 2. Manufacturing PMI



Source: Markit

Figure 3. Real GDP growth (y/y)



Source: Statistics Poland, Deutsche Bank Polska



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Aug-13	8:00	Inflation (Jul)	0.4% (5.0%)		0.4% (5.0%)
Aug-13	8:00	GDP (Q2, P)	1.4% (9.8%)		2.0% (10.7%)
Aug-13	12:00	Current account (Jun)	EUR764mn		EUR456mn
Aug-13	12:00	Trade balance (Jun)	EUR815mn		EUR848mn

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)										
Aug-21	4.568	3.867	4.197	5.352	1.181	0.21	0.25	-0.54	0.12	4.9	1.85
Sep-21	4.536	3.825	4.147	5.328	1.186	0.21	0.25	-0.52	0.15	4.8	1.85
Oct-21	4.504	3.783	4.098	5.304	1.191	0.21	0.25	-0.51	0.20	5.0	1.87
Nov-21	4.472	3.741	4.049	5.279	1.195	0.21	0.25	-0.50	0.20	5.0	1.90
Dec-21	4.440	3.700	4.000	5.254	1.200	0.21	0.25	-0.50	0.20	5.2	1.95
Jan-22	4.437	3.684	3.968	5.243	1.204	0.21	0.25	-0.50	0.20	4.6	2.00
Feb-22	4.433	3.669	3.973	5.232	1.208	0.22	0.25	-0.50	0.20	4.7	2.00
Mar-22	4.430	3.654	3.973	5.217	1.213	0.22	0.25	-0.50	0.20	4.2	2.05
Apr-22	4.427	3.638	3.974	5.203	1.217	0.22	0.25	-0.50	0.20	4.1	2.07
May-22	4.423	3.623	3.974	5.181	1.221	0.25	0.30	-0.50	0.20	3.9	2.10
Jun-22	4.420	3.608	3.971	5.160	1.225	0.30	0.35	-0.50	0.20	4.2	2.15
Jul-22	4.417	3.593	3.968	5.138	1.229	0.30	0.40	-0.50	0.20	3.9	2.15

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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