



Poland: Weekly Macroeconomic Update

LAST WEEK:

Core inflation for July amounted to 0.4% m/m and 3.7% and was marginally higher than market consensus view.

In July **average employment** in enterprises' sector was unchanged m/m and rose by 1.8% y/y after 0.3% m/m and 2.8% y/y growth in June. Growth in employment was below market consensus expectations what may suggest that direct recovery after opening the economy slowly loses its momentum.

In July **average gross monthly wage** in enterprises' sector rose by 0.9% m/m and increased by 8.7% y/y to PLN5852.

In August **consumer confidence** index fell to -14.6 from -13.5 in July. A decline in consumer confidence stemmed mainly from decrease in major purchases index while other sub-indices remained broadly unchanged.

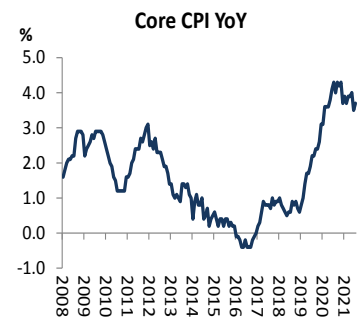
In July **producers prices** increased by 1.2% m/m and rose by 8.2% y/y. Strong increase in PPI was a result of higher prices in manufacturing – the strongest growth took place in oil refining prices (up 5.7% m/m) and production of metals (prices were 5.1% up m/m).

In July **industrial output** fell by 3.9% m/m and increased by 9.8% y/y, Seasonally adjusted industrial output rose by 0.7% m/m and 12.6% y/y in July. On a year-on-year basis the strongest growth in output was reported in electric equipment (up 26.4%), computers, electronic and optical devices (up 25.9%), metals (up 22.3%) and products of metals (up 21.5%). Declines in output were reported, among others, in automobiles (down by 4,7%) and furniture (down 2.4%).

In July **retail sales** in nominal prices rose by 2.5% m/m and increased by 8.9% y/y, in line with our forecast. Real retail sales rose by 2.1% m/m and increased by 3.9% y/y in July, below market consensus forecast. In July the strongest growth in real retail sales was reported in fuels (up 5.3% m/m) and food (up 5.1% m/m) what was due to holiday-related expenditures. In July real retail sales of pharmaceuticals and cosmetics rose by 1.6% m/m, retail sales of furniture, consumer electronics and white goods rose by 0.3% m/m and other retail sales (comprising retail sales via Internet) rose by 2.8%. In July real retail sales of automobiles fell by 4.7% m/m and retail sales of footwear and clothing fell by 6.0% m/m. In July prices in retail sales rose by 4.8% y/y after 4.1% y/y growth in June.

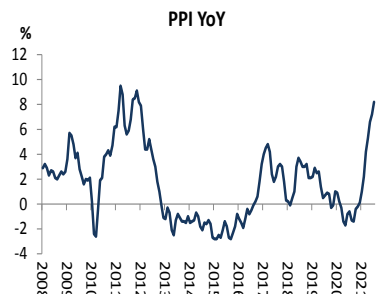
In July **construction output** fell by 4.7% m/m and rose by 3.3% y/y, and was much weaker than market consensus forecast of 6.0% y/y growth. In July construction of buildings fell by 1.5% m/m, specialized construction works were down by 2.9% y/y and infrastructure construction declined by 8.2% m/m.

Figure 1: Core inflation (y/y)



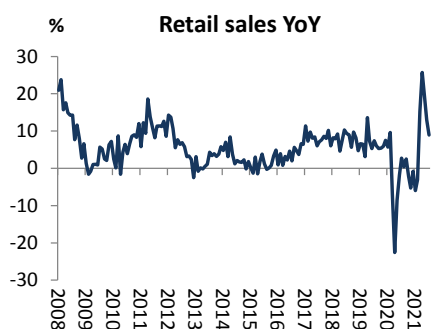
Source: NBP

Figure 2. Producer price index (y/y)



Source: Statistics Poland

Figure 3. Retail sales (y/y growth)



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Aug-23	12:00	Money supply M3 (lip)		1.0% (8.8%)	0.5% (8.7%)
Aug-24	8:00	Unemployment rate (lip)	5.8%	5.8%	5.8%
Aug-24	8:00	Unemployment rate (Q2)		3.5%	
Aug-25	12:00	Minutes from MPC meeting			

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	4.580	3.901	4.280	5.399	1.174	0.21	0.25	-0.54	0.12	4.9	1.80
Sep-21	4.552	3.862	4.233	5.380	1.179	0.21	0.25	-0.52	0.15	4.8	1.85
Oct-21	4.524	3.823	4.186	5.360	1.183	0.21	0.25	-0.51	0.20	5.0	1.87
Nov-21	4.496	3.784	4.139	5.339	1.188	0.21	0.25	-0.50	0.20	5.0	1.90
Dec-21	4.460	3.717	4.018	5.278	1.200	0.21	0.25	-0.50	0.20	5.2	1.95
Jan-22	4.455	3.700	3.985	5.265	1.204	0.21	0.25	-0.50	0.20	4.6	2.00
Feb-22	4.450	3.683	3.987	5.252	1.208	0.22	0.25	-0.50	0.20	4.7	2.00
Mar-22	4.445	3.666	3.987	5.235	1.213	0.22	0.25	-0.50	0.20	4.2	2.05
Apr-22	4.440	3.649	3.986	5.219	1.217	0.22	0.25	-0.50	0.20	4.1	2.07
May-22	4.435	3.633	3.985	5.195	1.221	0.25	0.30	-0.50	0.20	3.9	2.10
Jun-22	4.430	3.616	3.980	5.171	1.225	0.30	0.35	-0.50	0.20	4.2	2.15
Jul-22	4.425	3.600	3.976	5.148	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

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