



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

**Registered unemployment rate** fell to 5.6% in September from 5.8% in August. Situation in labour market is still very good, what is a result of strong demand for labour from services' sector and sustained demand for labour from industry. A decline in employment and slower growth of wages in September suggest that labour market is gradually cooling down.

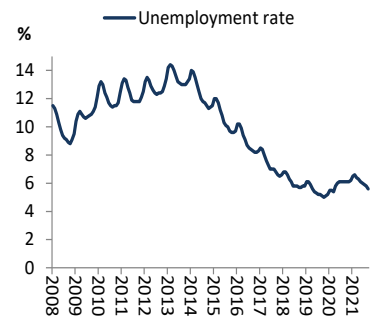
In October **consumer prices**, according to flash estimate of the GUS, rose by 1.0% m/m and increased by 6.8% y/y. The main drivers of inflation in October were energy prices (up 3.0% m/m and 10.2% y/y), fuel prices (up 3.1% m/m and 33.9% y/y) and food prices (up 0.5% m/m and 4.9% y/y). In October energy prices contributed 0.50 pp. to monthly CPI, fuel prices added 0.17 p.p. and food prices added 0.14 pp. to monthly inflation. These three categories contributed jointly 0.8 pp. while other categories contributed 0.2 p.p. to monthly CPI. Inflation in October was much stronger than market consensus view. Inflation will certainly be above 7% in December 2021. Inflationary supply side shock is so strong, that it must impact the Monetary Policy Council. To counteract second round effects the MPC must act promptly. In this context, it is likely that the Council chooses to hike by 50bps already at the meeting this week.

## THIS WEEK:

**Manufacturing PMI** rose to 53.8 in October from 53.4 in September, signalling moderate acceleration in manufacturing. In October industrial output and new orders increased, but the pace of expansion was slow what stemmed from moderate decline in exports and decline in new export orders from neighbouring countries of the EU what was related to disturbances in supply chains. Companies signalled problems with purchasing components and raw materials, as well as difficulties in transport. As a result, costs of production increased the strongest since June. In October there were hikes not only in prices of raw materials, but also electricity and energy. In October companies reported also shortages of labour, what was limiting capacity to hire new employees and resulted in only small increase in employment.

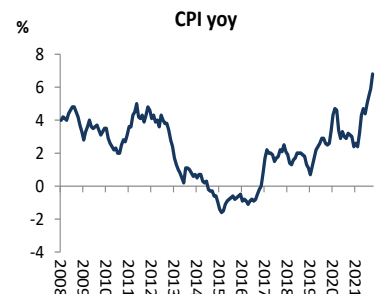
On Wednesday the **MPC** will hold policy meeting. Due to very sharp rise in inflation in recent months the Council will have to act quickly, in order to prevent second round effects. We expect that the MPC will hike the main reference rate by 50 bps.

Figure 1. Official unemployment rate



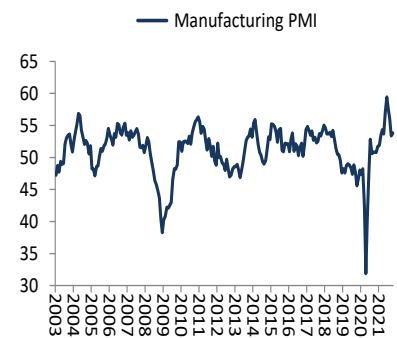
Source: Statistics Poland

Figure 2. CPI (y/y)



Source: Statistics Poland

Figure 3. PMI manufacturing



Source: Markit



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-02	8:00	PMI manufacturing (Oct)	53.2	53.8	53.0
Nov-03		MPC decision	1.00%		0.75%

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)										
<b>Nov-21</b>	4,600	3,966	4,340	5,411	1,160	1,18	1,30	-0,55	0,15	7,2	2,95
<b>Dec-21</b>	4,570	3,940	4,311	5,319	1,160	1,18	1,30	-0,55	0,18	7,5	3,10
<b>Jan-22</b>	4,563	3,922	4,291	5,304	1,163	1,43	1,55	-0,53	0,20	7,5	3,15
<b>Feb-22</b>	4,555	3,904	4,270	5,290	1,167	1,43	1,55	-0,52	0,20	7,3	3,20
<b>Mar-22</b>	4,548	3,887	4,250	5,276	1,170	1,68	1,80	-0,50	0,20	6,6	3,25
<b>Apr-22</b>	4,540	3,869	4,230	5,262	1,173	1,68	1,80	-0,50	0,20	6,2	3,25
<b>May-22</b>	4,533	3,852	4,210	5,248	1,177	1,68	1,80	-0,50	0,20	6,1	3,25
<b>Jun-22</b>	4,525	3,835	4,190	5,234	1,180	1,68	1,80	-0,50	0,20	6,3	3,25
<b>Jul-22</b>	4,518	3,818	4,170	5,221	1,183	1,68	1,80	-0,50	0,20	6,0	3,25
<b>Aug-22</b>	4,510	3,801	4,150	5,207	1,187	1,68	1,80	-0,50	0,20	5,8	3,30
<b>Sep-22</b>	4,503	3,784	4,131	5,193	1,190	1,68	1,80	-0,50	0,20	5,5	3,30
<b>Oct-22</b>	4,495	3,767	4,111	5,179	1,193	1,68	1,80	-0,50	0,20	5,0	3,30

*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

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1,744,449,384 paid up in full.

## Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krzeńskiak