



# Poland: Weekly Macroeconomic Update

## LAST TWO WEEKS:

In October **industrial output** rose by 2.3% m/m and was 7.8% up y/y, despite one working day less than in October 2020. Much better than expected industrial output in October was mainly a result of 40.6% y/y growth in production and distribution of electricity, natural gas and steam (with 8.1% share in total industrial output). Production of chemicals rose by 21.9% y/y (with the share of 5.0% in total industrial output). A sharp 19.5% y/y decline in output was reported in automobile industry (7.4% share in total industrial output). In October **producer prices** rose by 1.8% m/m and increased by 11.8% y/y. The strongest growth in prices was reported in manufacturing of coke and oil refining (up 86.3% y/y), metals (up 40.9% y/y), metal mining (up 36.7% y/y), products of wood (up 18.9% y/y), chemical industry (up 17.4% y/y) and coal and lignite mining (up 15.4% y/y).

In October **nominal retail sales** rose by 5.4% m/m and increased by 14.4% y/y. **Real retail sales** rose by 3.6% m/m and were 6.9% up y/y. Particularly strong growth in real retail sales was reported in footwear and clothing (up 29.3% y/y) and other retail sales (including via Internet) by 13.2% y/y.

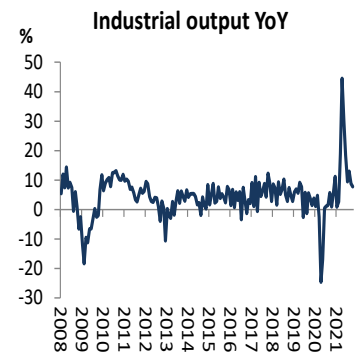
In October **construction output** rose by 0.4% m/m and increased by 4.2% y/y. In October construction of buildings fell by 1.2% m/m and declined by 0.6% y/y, infrastructure investments rose by 2.2% m/m and were 3.0% up y/y and specialized construction works fell by 0.7% m/m and were up by as much as 12.7% y/y.

In October **money supply M3** rose by 1.1% m/m and was 8.6% up y/y. Loans to households rose by 0.7% m/m and increased by 4.4% y/y while loans to non-financial corporations rose by 2.0% m/m and were 0.9% up y/y. In October demand deposits of households rose by 1.0% m/m and were 15.6% up y/y while demand deposits of non-financial corporations rose by 1.6% m/m and were 11.9% up y/y. In October term deposits of households fell by 1.0% m/m and declined by 26.4% y/y.

PM Mateusz Morawiecki announced „**anti-inflation shield**” comprising of a cut in excise tax on fuels from December 20 for 5 months, reduction in VAT rate on natural gas to 8% from 23% from January for 3 months, zero excise tax and VAT rate on electricity reduced to 5% from 23% from January for 3 months and subsidy for low-income households paid in two instalments in 2022, to compensate for rising food prices. Government also plans savings in budget expenditures (including, among others a freeze on new jobs in central government). The whole programme is worth PLN10bn while cuts in taxes on energy and fuels are expected to reduce household’s bills by PLN150 on average. The programme will temporarily reduce inflation in 1Q 2022 but will not curb inflationary impulse from higher energy prices to non-energy consumer goods and services. From the point of view of the MPC, “anti-inflation shield” gives more room for manoeuvre in monetary policy and may reduce size of rate hikes in coming months.

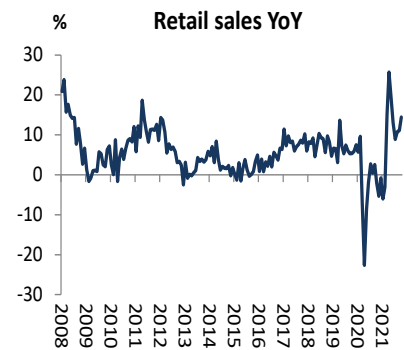
**Registered unemployment rate**, as expected, fell to 5.5% in October, from 5.6% in September.

Figure 1: Industrial output (y/y growth)



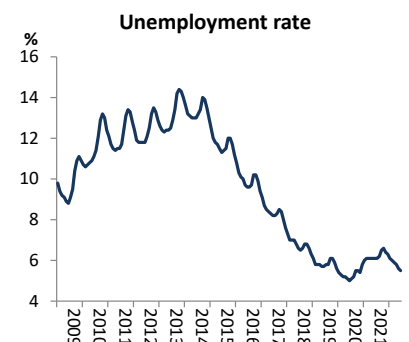
Source: Statistics Poland

Figure 2: Retail sales (y/y growth)



Source: Statistics Poland

Figure 3: Unemployment rate



Source: Statistics Poland



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-30	10:00	Inflation (Nov, flash)	0.5% (7.2%)		0.6% (7.3%)
Nov-30	10:00	GDP (Q3, F)	2.1% (5.1%)		2.1% (5.1%)
Dec-01	9:00	PMI manufacturing (Nov)	53.7		53.9

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>	4,680	4,160	4,478	5,554	1,125	1,95	2,30	-0,57	0,17	7,2	3,25
<b>Dec-21</b>	4,600	4,107	4,423	5,463	1,120	2,25	2,50	-0,55	0,18	7,5	3,20
<b>Jan-22</b>	4,592	4,112	4,436	5,455	1,117	2,68	2,80	-0,53	0,20	7,5	3,15
<b>Feb-22</b>	4,583	4,117	4,450	5,448	1,113	2,68	2,80	-0,52	0,20	7,5	3,20
<b>Mar-22</b>	4,575	4,122	4,463	5,441	1,110	2,68	2,80	-0,50	0,20	7,0	3,25
<b>Apr-22</b>	4,567	4,127	4,477	5,433	1,107	2,68	2,80	-0,50	0,20	6,6	3,25
<b>May-22</b>	4,558	4,131	4,491	5,426	1,103	2,68	2,80	-0,50	0,20	6,5	3,25
<b>Jun-22</b>	4,550	4,136	4,505	5,419	1,100	2,68	2,80	-0,50	0,20	6,8	3,25
<b>Jul-22</b>	4,542	4,141	4,519	5,411	1,097	2,68	2,80	-0,50	0,20	6,5	3,25
<b>Aug-22</b>	4,533	4,146	4,533	5,404	1,093	2,68	2,80	-0,50	0,20	6,3	3,30
<b>Sep-22</b>	4,525	4,151	4,548	5,397	1,090	2,68	2,80	-0,50	0,20	5,9	3,35
<b>Oct-22</b>	4,517	4,156	4,562	5,390	1,087	2,68	2,80	-0,50	0,20	5,4	3,40

*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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