



Poland: Weekly Macroeconomic Update

LAST WEEK:

Polish Development Fund (PFR) chief Paweł Borys said that equilibrium interest rate was around 5.5% due to unprecedented growth in prices of food, steel, mineral raw materials and due to strong wage growth. In his opinion price shock on energy commodities will wane in 3-4 quarters. He also expressed an opinion that the NBP was nearing the end of tightening cycle. In his view freezing WIBOR rates as a form of help to borrowers would reduce effectiveness of monetary policy. PFR chief added that unblocking EU funds would strengthen the zloty, would reduce fiscal pressure and would support investments.

Seym's Public Finances Committee supported candidature of Adam Glapinski that was nominated by President Andrzej Duda for the second term in the post of NBP President. The term of NBP President ends in June. NBP President reiterated that the central bank will continue its efforts to curb inflation.

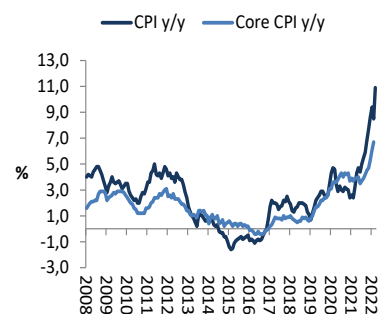
In February the **current account** deficit amounted to -EUR2.871bn while trade gap was -EUR1.741bn. In February exports rose by 10.4% y/y to EUR25.3bn and imports increased by 21.6% y/y to EUR27.0bn. In February there was EUR2.3bn surplus in services account, a -EUR2.5bn gap in primary income account and -EUR0.87bn gap in secondary income account.

Inflation in March was revised up to 3.3% m/m and 11.0% y/y versus previously released 3.2% m/m and 10.9% y/y. Transport prices rose by 1.3% m/m and were 24.1% up y/y) and impacted inflation the most adding 1.60 p.p. to monthly CPI. Housing and energy prices rose by 3.2% m/m and 17.7% y/y adding 0.65 p.p. to monthly CPI, food prices rose by 2.2% m/m and 9.2% y/y adding 0.60 p.p. to monthly CPI and footwear and clothing prices rose by 3.9% m/m and 3.3% y/y contribution 0.16 p.p. to monthly CPI. An increase in consumer prices was generated by necessities (food, housing/energy, transport and clothing) for which demand is inelastic, what means that rising prices in these categories would be reducing purchasing power of households.

THIS WEEK:

This week economic calendar contains core CPI (on Tuesday), consumer confidence, average wage and employment in enterprises' sector, PPI and industrial output (on Thursday) and construction output and retail sales (on Friday).

Figure 1: CPI and core CPI (y/y change)



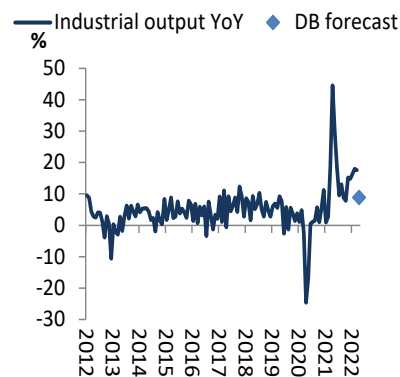
Source: NBP, Statistics Poland

Figure 2. Average wage (y/y growth)



Source: Statistics Poland, Deutsche Bank Polska

Figure 3. Industrial output (y/y growth)



Source: Statistics Poland, Deutsche Bank Polska



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-19	12:00	Core CPI (Mar)	1.1% (7.1%)	1.0% (6.9%)	0.9% (7.0%)
Apr-21	8:00	Consumer confidence (Apr)	-38.0		-36.0
Apr-21	8:00	Average wage (Mar)	5.5% (10.7%)		5.4% (10.6%)
Apr-21	8:00	Average employment (Mar)	0.0% (2.3%)		0.1% (2.4%)
Apr-21	8:00	Industrial production (Mar)	9.5% (8.9%)		12.5% (11.6%)
Apr-21	8:00	PPI (Mar)	3.8% (18.5%)		4.5% (18.1%)
Apr-22	8:00	Construction output (Mar)	(13.0%)		(14.8%)
Apr-22	8:00	Retail sales (Mar)	18.0% (18.0%)		(18.6%)
Apr-22	8:00	Real retail sales (Mar)	(16.7%)		13.7% (8.8%)

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)										
Apr-22	4,640	4,222	4,549	5,615	1,099	5,60	5,85	-0,50	1,15	11,1	5,90
May-22	4,635	4,227	4,550	5,600	1,097	5,85	6,20	-0,50	1,40	11,4	5,65
Jun-22	4,630	4,231	4,550	5,585	1,094	6,35	6,60	-0,50	1,55	11,6	5,20
Jul-22	4,625	4,236	4,551	5,570	1,092	6,35	6,60	-0,50	1,80	11,7	5,00
Aug-22	4,620	4,240	4,552	5,555	1,090	6,35	6,60	-0,48	1,80	11,9	4,90
Sep-22	4,615	4,245	4,552	5,540	1,087	6,35	6,60	-0,45	2,05	11,4	4,80
Oct-22	4,610	4,250	4,553	5,525	1,085	6,35	6,60	-0,40	2,30	10,9	4,80
Nov-22	4,605	4,255	4,554	5,510	1,082	6,35	6,60	-0,35	2,30	10,2	4,77
Dec-22	4,600	4,259	4,554	5,494	1,080	6,35	6,60	-0,30	2,30	9,4	4,75
Jan-23	4,591	4,228	4,538	5,465	1,086	6,35	6,60	-0,28	2,55	8,4	4,75
Feb-23	4,582	4,197	4,521	5,435	1,092	6,35	6,60	-0,28	2,55	8,7	4,75
Mar-23	4,573	4,166	4,505	5,406	1,098	6,35	6,60	-0,28	2,55	6,0	4,75

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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