



Poland: Weekly Macroeconomic Update

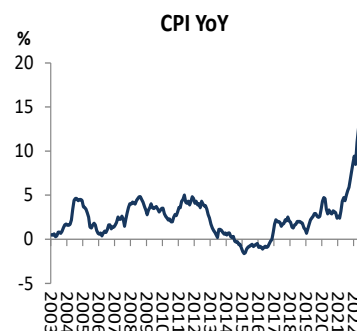
LAST WEEK:

In September **CPI** rose by 1.6% m/m and increased by 17.2% y/y, in line with flash estimate. The main drivers of higher CPI were housing and energy prices (up 2.7% m/m and up 29.9% y/y) that added 0.56 p.p. to monthly CPI, food prices (up 1.7% m/m and up 19.3% y/y) that added 0.46 p.p. to monthly CPI and footwear and clothing (up 4.8% m/m and up 7.0% y/y) that added 0.19 p.p. to monthly CPI. In September transport prices fell by 1.5% m/m and rose by 16.4% y/y subtracting 0.15 p.p. from monthly CPI.

Government plans to impose **maximum price for electric energy** in 2023 at PLN693 per 1MWh for households and PLN785 per 1MWh for “sensitive” public entities, local governments and small and medium enterprises. Price cap for “sensitive” public entities, local governments and small and medium enterprises would apply to whole electric energy consumption in 2023. Government also plans to regulate wholesale energy prices on a basis of production costs, ETS costs, environmental taxes, mandatory taxes imposed on energy production, justified margin and investment provisions. New price mechanism for wholesale energy prices is aimed at funding of subsidized prices for end-users. Government envisages total cost of freeze in energy prices at PLN19.8bn. Government also submitted draft bill that sets **price cap for imported coal for local governments** at PLN1500 per tonne, and price cap for coal re-sold by local governments to households at PLN2000 per tonne, The difference between market price of imported coal and maximum price for local governments will be subsidized from state budget revenues. Draft bills on freezing energy prices and coal distribution will be discussed at Seym sitting on Thursday.

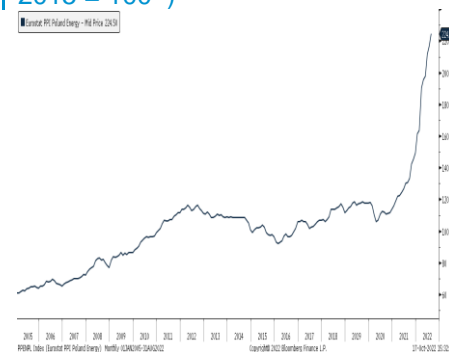
In August the **current account** deficit amounted to -EUR3.967bn, trade deficit widened to -EUR2.927bn, services balance was positive at EUR2.2bn and primary income account was -EUR3.1bn. In August exports rose by 24.8% y/y to EUR25.4bn while imports increased by 28.2% y/y to EUR28.3bn. Strong nominal growth in exports and imports stemmed mainly from increase in transaction prices, including prices of energy commodities.

Figure 1: CPI (y/y)



Source: GUS

Figure 2. Energy prices, Poland, (producer prices, Eurostat, 2015 = 100)



Source: Bloomberg

Figure 3. Coal prices (Newcastle, Australia)



Source: Bloomberg



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-17	12:00	Core CPI (Sep)	1.4% (10.7%)	1.4% (10.7%)	1.5% (10.7%)
Oct-19	8:00	Consumer confidence (Oct)	-45.0		-44.7
Oct-20	8:00	Average wage (Sep)	(13.0%)		0.0% (13.4%)
Oct-20	8:00	Average employment (Sep)	-0.1% (2.4%)		-0.1% (2.4%)
Oct-20	8:00	Industrial output (Sep)	(8.5%)		8.8% (8.8%)
Oct-20	8:00	PPI (Sep)	0.9% (25.5%)		0.9% (25.5%)

Source: Deutsche Bank Estimates., Reuters and Bloomberg Finance LP

FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	LIBOR USD 3M*	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
Oct-22	4,830	4,979	4,994	5,622	0,970	6,75	7,35	7,50	1,46	4,25	17,7	7,80
Nov-22	4,795	4,903	4,925	5,464	0,978	7,00	7,35	7,50	1,60	4,30	17,7	7,50
Dec-22	4,760	4,808	4,857	5,289	0,990	7,00	7,35	7,50	1,75	4,30	18,2	7,20
Jan-23	4,742	4,726	4,822	5,269	1,003	7,00	7,35	7,50	1,90	4,55	18,3	7,00
Feb-23	4,723	4,646	4,787	5,250	1,017	7,00	7,35	7,50	2,05	4,55	19,2	6,80
Mar-23	4,705	4,568	4,753	5,230	1,030	7,00	7,35	7,50	2,25	4,55	16,3	6,40
Apr-23	4,687	4,492	4,718	5,211	1,043	7,00	7,35	7,50	2,30	4,55	14,6	6,20
May-23	4,668	4,418	4,684	5,191	1,057	7,00	7,35	7,50	2,40	4,55	13,5	6,00
Jun-23	4,650	4,346	4,650	5,171	1,070	7,00	7,20	7,35	2,50	4,55	12,5	5,80
Jul-23	4,632	4,275	4,616	5,152	1,083	7,00	7,10	7,25	2,60	4,55	12,2	5,60
Aug-23	4,613	4,207	4,583	5,132	1,097	7,00	6,90	7,05	2,70	4,30	11,5	5,60
Sep-23	4,595	4,140	4,550	5,112	1,110	6,75	6,75	6,90	2,75	4,30	10,7	5,50

*- According to road map published by the PFSA WIBOR cessation will occur in 2025 .

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 Krześniak