



Poland: Weekly Macroeconomic Update

LAST WEEK:

In October **industrial output** rose by 6.8% y/y and fell by 0.7% m/m. Seasonally adjusted industrial output rose by 7.5% y/y and declined by 0.3% m/m. Compared to October 2021 an increase in sold production was reported in 25 industry divisions, among others, in manufacture of motor vehicles, trailers and semi-trailers – by 41.6%, manufacture of electrical equipment – by 25.2%, in repair and installation of machinery and equipment – by 23.4%, in manufacture of machinery and equipment – by 17.6%, manufacture of computer, electronic and optical products – by 12.3%, manufacture of metal products – by 8.5%, manufacture of food products – by 7.9%. A decrease in sold production of industry, as compared to October 2021, was recorded in 9 divisions, among others, in electricity, gas, steam and air conditioning supply – by 16.2%, in manufacture of chemicals and chemical products – by 12.1%, manufacture of furniture – by 8.6%, manufacture of basic metals – by 4.5%, manufacture of products of wood, cork, straw and wicker – by 3.6%.

In October **producer prices** rose by 0.7% m/m and increased by 22.9% y/y. Inflation in producer prices peaked in June and PPI has been gradually declining since July, remaining still high.

In October **average wage** was unchanged m/m and rose by 13.0% y/y. In October a decline in real wages deepened to -4.2% y/y. **Average employment** rose by 0.1% m/m and was 2.4% up y/y in October.

In October real **retail sales** rose by 0.3% m/m and increased by 0.7% y/y. Real retail sales of footwear and clothing rose by 14.3% y/y, real retail sales of pharmaceuticals and cosmetics rose by 8.4% y/y, real retail sales of food was 2.4% up y/y. A decline in real retail sales was reported in fuels (down 20.5% y/y), automobiles and parts (down 5.4% y/y), consumer durables (down 5.0% y/y). In October retail sales in nominal prices were 2.3% up m/m and were 18.3% up y/y.

Construction output rose by 4.0% m/m and was 3.9% up y/y in October.

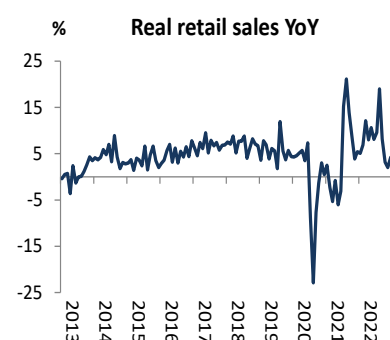
In November **consumer confidence** indicator rose to -44.0 from -45.5 in October.

In October **money supply M3** rose by 0.4% m/m and was 7.0% up y/y. In October total loans fell by 0.6% m/m and were 4.3% up y/y, including 1.3% m/m and 2.4% y/y decline in loans to households and 0.1% m/m decline and 14.5% y/y increase in loans to non-financial enterprises. In October cash in circulation rose by 6.7% y/y, demand deposits fell by 10.9% y/y including 10.4% y/y decline in demand deposits of households while total term deposits rose by 108.6% y/y including 86.6% y/y rise in term deposits of households.

In the period of January-October 2022 **budget surplus** amounted to PLN27.23bn versus a surplus of PLN51.89bn in the period of January-October 2021. In the period of January-October this year budget revenues rose by 5% y/y to PLN425.94bn while budget expenditures rose by 12.7% y/y to PLN398.7bn.

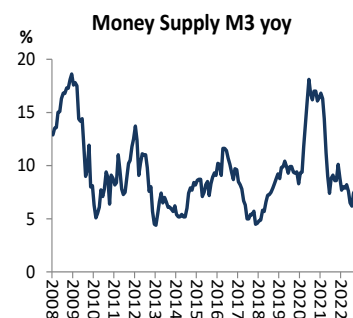
In October **registered unemployment rate** remained unchanged at 5.1%. In Q3 **unemployment rate** (based on labour survey) rose to 2.9% from 2.6% in Q2.

Figure 1: Real retail sales (y/y growth)



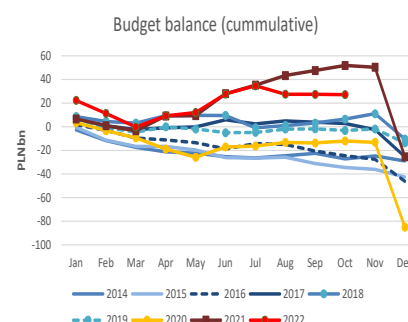
Source: Statistics Poland

Figure 2: Money supply M3 (y/y growth)



Source: NBP

Figure 3: Central budget balance



Source: Finance Ministry



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-30	9:00	GDP (Q3)	0.9 (3.5%)		0.9% (3.5%)
Nov-30	9:00	Inflation (Nov, flash)	1.2% (18.4%)		1.1% (18.0%)
Dec-01	8:00	PMI manufacturing (Nov)	42.6		43.0

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)											
Nov-22	4,682	4,468	4,753	5,406	1,048	6,75	7,30	7,50	1,96	4,75	18,4	6,85
Dec-22	4,680	4,457	4,776	5,304	1,050	6,75	7,40	7,60	2,40	5,00	18,9	6,90
Jan-23	4,669	4,447	4,789	5,255	1,050	6,75	7,40	7,60	2,55	5,20	19,0	6,90
Feb-23	4,658	4,437	4,802	5,206	1,050	6,75	7,40	7,60	2,70	5,30	19,9	6,90
Mar-23	4,648	4,426	4,816	5,157	1,050	6,75	7,40	7,60	2,90	5,30	17,0	6,80
Apr-23	4,637	4,416	4,830	5,108	1,050	6,75	7,25	7,50	3,25	5,30	15,3	6,50
May-23	4,626	4,406	4,844	5,059	1,050	6,75	7,10	7,25	3,30	5,20	14,2	6,50
Jun-23	4,615	4,395	4,858	5,011	1,050	6,75	7,20	7,35	3,50	5,00	13,1	6,30
Jul-23	4,604	4,350	4,804	4,974	1,058	6,75	7,10	7,25	3,50	4,80	12,9	6,20
Aug-23	4,593	4,306	4,752	4,938	1,067	6,75	6,90	7,05	3,50	4,65	12,2	6,00
Sep-23	4,583	4,263	4,700	4,902	1,075	6,75	6,75	6,90	3,50	4,40	11,3	6,00
Oct-23	4,572	4,220	4,649	4,867	1,083	6,50	6,75	6,90	3,50	4,30	9,8	5,80

*- 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

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