



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

Flash **CPI** for November amounted to 0,7% m/m and 17,4% y/y versus 1.8% m/m and 17.9% y/y in October. In November food prices rose by 1.6% m/m and were 22.3% up y/y, energy prices declined by 0.1% m/m and were 36.8% up y/y and fuel prices fell by 1.2% m/m and were 15.5% up y/y. A decline in consumer inflation in November (and likely decline of core inflation) means that the current pause in monetary policy will likely turn into the end of interest rate hiking cycle.

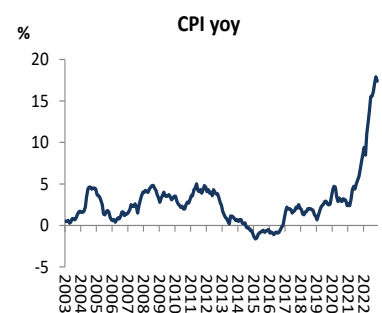
In Q3 real **GDP** growth amounted to 1.0% q/q and 3.6% y/y. Households' consumption rose by 0.9% (contributing 0.56 percentage point to GDP growth), investments in fixed assets rose by 2.0% y/y (adding 0.3 p.p. to GDP) and inventory investments added as much as 2.7 p.p. to GDP growth. In Q3 net exports added 0.6 p.p. to GDP growth. Structure of GDP growth in Q3 shows a declining consumption growth in households' sector and points to strong accumulation of inventories suggesting significant weakening of demand.

**Manufacturing PMI** rose to 43.4 in November from 42.0 in October. An increase in PMI stemmed mainly from increased business optimism on future production as cost pressure alleviated and disturbances in supply chains eased. In November sub-indices of output and new orders have been sharply declining albeit at slower pace than in October. A decline in new orders were particularly visible in key European markets. Manufacturers pointed to high inflation, war in Ukraine and general uncertainty as a reasons for weaker demand in Poland and abroad. In November companies continued to reduce employment via lay-offs and the non-replacement of leavers. Despite of reduction of employment, backlogs of work fell in November. Cost inflation declined to the lowest level in 2 years but high prices of electricity and gas resulted in still strong rise in output prices.

## THIS WEEK:

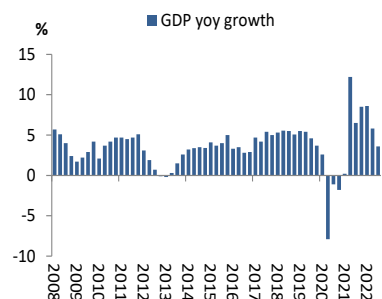
At policy meeting on Wednesday the **MPC** should keep interest rates unchanged due to much lower than expected CPI for November and sings of weakening of domestic demand in Q3.

Figure 1: CPI (y/y)



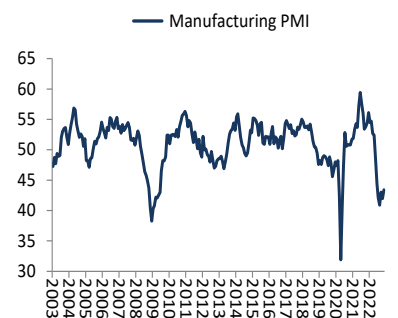
Source: Statistics Poland

Figure 2. Real GDP (y/y growth)



Source: Statistics Poland

Figure 3. PMI manufacturing



Source: S&P Global



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-07		MPC decision	6,75%		6,75%
Dec-07	13:00	Official reserve assets (Nov)			

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)											
<b>Dec-22</b>	4,680	4,457	4,776	5,371	1,050	6,75	7,25	7,45	2,40	5,00	17,5	6,40
<b>Jan-23</b>	4,669	4,447	4,789	5,310	1,050	6,75	7,25	7,45	2,55	5,20	17,4	6,40
<b>Feb-23</b>	4,658	4,437	4,802	5,250	1,050	6,75	7,25	7,45	2,70	5,05	18,9	6,40
<b>Mar-23</b>	4,648	4,426	4,816	5,190	1,050	6,75	7,25	7,45	2,90	5,05	16,0	6,40
<b>Apr-23</b>	4,637	4,416	4,830	5,130	1,050	6,75	7,25	7,50	3,25	5,05	14,3	6,40
<b>May-23</b>	4,626	4,406	4,844	5,070	1,050	6,75	7,10	7,25	3,30	5,20	13,2	6,40
<b>Jun-23</b>	4,615	4,395	4,858	5,011	1,050	6,75	7,10	7,25	3,50	5,00	12,1	6,30
<b>Jul-23</b>	4,604	4,350	4,804	4,974	1,058	6,75	7,10	7,25	3,50	4,80	11,9	6,20
<b>Aug-23</b>	4,593	4,306	4,752	4,938	1,067	6,75	6,90	7,05	3,50	4,65	11,2	6,00
<b>Sep-23</b>	4,583	4,263	4,700	4,902	1,075	6,75	6,75	6,90	3,50	4,40	10,4	6,00
<b>Oct-23</b>	4,572	4,220	4,649	4,867	1,083	6,50	6,75	6,90	3,50	4,05	8,8	5,80
<b>Nov-23</b>	4,561	4,178	4,599	4,832	1,092	6,25	6,75	6,90	0,00	4,05	8,4	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

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