



Poland: Weekly Macroeconomic Update

LAST WEEK:

In January an increase in **industrial output** (in constant prices) fell by 2.5% m/m and rose by 2.6% y/y. In January the production of capital goods rose by 10.8% y/y and the production of non-durable consumer goods rose by 8.0% y/y. Production of durable consumer goods fell by 6.2% y/y and production of intermediate goods decreased by 0.4% y/y. Production of energy remained at the same level. In January PPI rose by 0.8% m/m and increased by 18.5% y/y. In January **construction output** rose by 2.4% y/y, well above a decline 5.4% y/y expected by analysts. In January buildings construction fell by 10.7% y/y in real terms while robust growth took place in infrastructure construction (up 15.0% y/y) and specialized works (up 7.5% y/y).

In January **average employment** in enterprises' sector rose by 0.4% m/m and increased by 1.1% y/y. Growth in employment decelerated from 2.2% y/y in December as companies slowed down hiring in industries that experienced decline in output. Average wage in enterprises' sector fell by 6.1% m/m and was 13.5% up y/y in January.

In January **real retail sales** fell by 23.1% m/m and declined by 0.3% y/y. A decline in real retail sales was reported in retail sales of fuels (down 12.3% y/y), press, books and sales in specialized shops (down 8.6% y/y), vehicles and parts (down 1.7% y/y), food and beverages (down 1.7% y/y) and other retail sales (down 1.0% y/y). An increase in real retail sales was reported in textiles, footwear and clothing (up 15.7% y/y), pharmaceuticals and cosmetics (up 4.5% y/y) and furniture, consumer electronics and white goods (up 1.4% y/y). Worth noting is real decline in retail sales of food and nominal decline in retail sales via Internet (down 13.6% y/y) what suggest that consumer purchasing power fell due to inflation of costs of living.

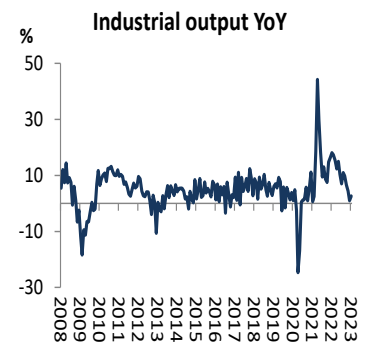
Consumer confidence rose to -36.0 in February from -38.1 in January due to improvement in expectations of households' financial conditions and macroeconomic situation in Poland. Assessment of the current financial situation of households deteriorated to -28.6 in February from -26.1 in January. Ability to purchase important items also deteriorated to -36.2 in February from -34.4 in January. Consumers' expectations on their future financial situation improved to -23.2 in February from -34.4 in January, expectations on future economic situation in Poland improved to -38.0 in February from -43.5 in January as well as an assessment of the current economic situation of Poland (-54.4 in February from -57.2 in January). Consumers feel a strong pressure from high inflation, but they expect both their financial situation and economic situation of Poland to gradually improve in the future.

Business climate in industry improved to -14.0 in February from -18.2 in January. A small improvement in negative business climate was reported in construction (to -20.4 in February from -21.7 in January) and hotels and restaurants (-22.4 in February from -23.5 in January). Moderately negative business conditions prevailed in retail trade (-8.6 in February vs. -9.4 in January) and transport and logistics (-5.2 in February vs -6.5 in January). Good business climate prevailed in finance and insurance (+13.7 in February vs 11.7 in January) and information and telecommunication (10.2 in February vs. 10.2 in January).

In January **money supply M3** rose by 0.2% m/m and 6.9% y/y. In January total deposits rose by 7.4% y/y, including 4.0% y/y rise in households' deposits and 15.9% y/y rise in enterprises' deposits while total loans rose by 1.5% y/y including 4.4% y/y decline in loans to households and 10.1% y/y rise in loans to enterprises.

In January 2023 **registered unemployment rate** rose to 5.5% from 5.2% in December 2022. Number of registered unemployed fell to 857.6 thousands in January 2023 from 927.1 thousands in January 2022. According to the labour force survey in Q4 2022 unemployment rate amounted to 2.9% remaining unchanged from Q3 2022. According to the **labour force survey** there were 499 thousands unemployed in Q4 2022 out of which 25.5% were of the age of 15-24 and 10.4% were at least 55 years old.

Figure 1. Industrial output (y/y growth)



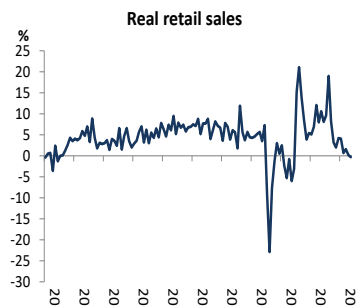
Source: Statistics Poland

Figure 2. Average employment (y/y growth)



Source: Statistics Poland

Figure 3. Real retail sales (y/y growth)



Source: S&P Global



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Feb-28	9:00	GDP (Q4)	-2.4% (2.0%)	-2.4% (2.0%)	-2.4% (2.0%)
Mar-01	8:00	PMI manufacturing (Feb)	47.3		48.0

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)											
Feb-23	4,716	4,445	4,735	5,374	1,061	6,75	6,95	7,00	2,75	4,96	19,7	6,55
Mar-23	4,709	4,398	4,712	5,363	1,071	6,75	6,95	7,00	2,95	5,25	16,8	6,25
Apr-23	4,703	4,352	4,689	5,351	1,081	6,75	6,95	7,00	3,25	5,25	15,1	6,00
May-23	4,696	4,307	4,666	5,340	1,090	6,75	6,95	7,00	3,30	5,00	14,0	5,80
Jun-23	4,690	4,263	4,643	5,329	1,100	6,75	6,95	7,00	3,50	5,00	12,9	5,75
Jul-23	4,683	4,225	4,644	5,303	1,108	6,75	6,95	6,95	3,50	4,80	12,6	5,70
Aug-23	4,676	4,188	4,645	5,277	1,117	6,75	6,91	6,75	3,50	4,80	12,0	5,60
Sep-23	4,670	4,151	4,647	5,251	1,125	6,75	6,85	6,50	3,50	4,80	11,1	5,40
Oct-23	4,663	4,115	4,648	5,226	1,133	6,50	6,60	6,25	3,50	4,80	9,6	5,30
Nov-23	4,657	4,079	4,649	5,200	1,142	6,25	6,35	6,25	3,50	4,80	9,0	5,20
Dec-23	4,650	4,043	4,650	5,176	1,150	6,00	6,10	6,20	3,50	4,80	9,3	5,20
Jan-24	4,650	4,026	4,641	5,161	1,155	6,00	6,10	6,20	3,50	4,80	8,7	5,10

*- 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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