



Poland: Weekly Macroeconomic Update

LAST WEEK:

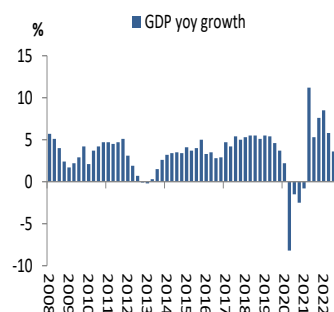
Real GDP growth for Q4 2022 was confirmed at -2.4% q/q and 2.0% y/y. In Q4 consumption in households' sector fell by 1.5% y/y and consumption in public sector declined by 1.6% y/y. Accumulation rose by 8.0% y/y due to strong increase in inventory investments while investments in fixed assets rose by 4.6% y/y. In Q4 2022 exports rose by 2.0% y/y while imports increased by only 0.2% y/y what resulted in net exports contribution to GDP growth of 0.9 percentage points. In Q4 private demand was cooled down as households' purchasing power was reduced by high inflation of prices of necessities (energy, housing, food) and public demand was reduced by declining tax revenues and high energy costs.

In December 2022 **State Treasury debt** amounted to PLN1238.5bn (40.4% of GDP) and increased by PLN27.6bn (up 2.3% m/m) in December and rose by PLN100.4bn (up 8.8% y/y) versus December 2021. In December 2022 a share of FX debt in total debt was 23.3% remaining unchanged m/m and versus the end of 2021. In December 2022 State Treasury debt held by non-residents amounted to 33.2% and fell by 0.5 perc. point m/m and rose by 1.1 perc. points versus the end of 2021.

Manufacturing PMI rose to 48.5 in February from 47.5 in January and was above market consensus view of 48.0. PMI index has been tenth month in a row below neutral level of 50 but deterioration in business conditions in January were the shallowest since May 2022. An improvement in PMI index followed from smaller declines in output and new orders. In January new exports orders continued to decline. Due to low sales companies reduced both employment and purchasing activity. Reduction in employment was achieved by slowing down hiring and slower replacement in job quits. Due to high inflation companies used stocks of semi-products and raw materials what reduced pressure on deliveries. Companies signalled that balance between demand and supply improved what resulted in visible reduction in inflation of input and output prices. Business optimism was the highest for 10 months as inflation was lower and there were signs of stabilization of demand.

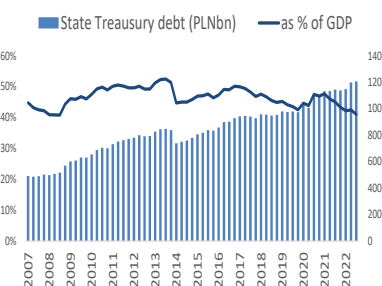
According to the Eurostat, seasonally adjusted **unemployment rate** in Poland fell to 2.8% in January 2023 from 2.9% in December 2022. According to the Eurostat, number of unemployed in Poland fell to 480 thousand from 494 thousand in December.

Figure 1. Real GDP (y/y growth)



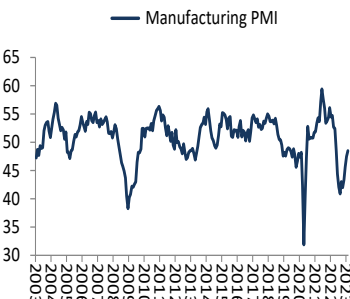
Source: Statistics Poland

Figure 2. State Treasury debt



Source: Finance Ministry, Statistics Poland

Figure 3. Manufacturing PMI



Source: S&P Global



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Mar-07	13:00	Official reserve assets (Feb)			
Mar-08		MPC decision	6.75%		6.75%

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)											
Mar-23	4,709	4,398	4,712	5,322	1,071	6,75	6,95	7,00	3,30	5,25	16,8	6,25
Apr-23	4,703	4,352	4,689	5,311	1,081	6,75	6,95	7,00	3,50	5,25	15,1	6,00
May-23	4,696	4,307	4,666	5,300	1,090	6,75	6,95	7,00	3,80	5,00	14,0	5,80
Jun-23	4,690	4,263	4,643	5,329	1,100	6,75	6,95	7,00	4,05	5,00	12,9	5,75
Jul-23	4,683	4,225	4,644	5,303	1,108	6,75	6,95	6,98	4,25	4,80	12,6	5,70
Aug-23	4,676	4,188	4,645	5,277	1,117	6,75	6,91	6,75	4,25	4,80	12,0	5,60
Sep-23	4,670	4,151	4,647	5,251	1,125	6,75	6,85	6,50	4,25	4,80	11,1	5,40
Oct-23	4,663	4,115	4,648	5,226	1,133	6,50	6,60	6,25	4,25	4,80	9,6	5,30
Nov-23	4,657	4,079	4,649	5,200	1,142	6,25	6,35	6,25	4,25	4,80	9,0	5,20
Dec-23	4,650	4,043	4,650	5,176	1,150	6,00	6,10	6,20	4,25	4,80	9,3	5,20
Jan-24	4,645	4,039	4,636	5,178	1,150	6,00	6,10	6,20	4,25	4,80	8,7	5,10
Feb-24	4,640	4,035	4,631	5,173	1,150	5,75	6,10	6,20	4,25	4,80	7,8	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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