



## Poland: Weekly Macroeconomic Update

### LAST WEEK:

Gabriela Masłowska from the **Monetary Policy Council** said that the Council could return to discussions about cutting interest rates this year if inflation stays below 3.5% for a longer period and the war in the Middle East doesn't escalate. In her view, the chances of interest rate hikes are currently lower after the unexpected slowdown in inflation in May. She added, however, that the situation is so uncertain that rate hikes can't be completely ruled out. The MPC member emphasized that whether inflation stays within the NBP's target range will depend on whether the government extends the current fuel price regulations. According to the NBP, otherwise, inflation could rise above 4%.

Prof. Ireneusz Dąbrowski from the **Monetary Policy Council** stated that there is no basis for raising interest rates in Poland because inflation has slowed down and it is unlikely that inflation will exceed the NBP's inflation target. He added that if the international situation calms down, there will be room to cut rates. In his opinion, it is difficult to predict when that might happen.

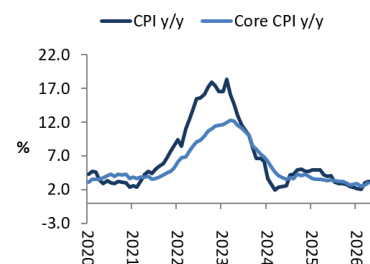
The **current account** deficit in April was -1,558 million EUR, while the trade deficit was -1,995 million EUR. In April, exports increased by 7.4% year-on-year to 30.6 billion EUR, and imports rose by 13.8% year-on-year to 32.6 billion EUR. In April, there was an increase in exports of intermediate goods and computers, while a decrease in exports was seen in the automotive sector and consumer goods. In April, the value of imports of fuels, computers, vaccines, and passenger cars increased significantly.

### THIS WEEK:

**Inflation** for May was confirmed at 3.1% year-on-year and -0.3% month-on-month. In May, the prices of food and non-alcoholic beverages went up by 0.5% y/y and dropped by 1.0% m/m (lowering month-on-month inflation by 0.25 percentage points), clothing and footwear prices fell by 3.4% y/y and decreased by 3.1% m/m (reducing month-on-month inflation by 0.03 p.p.), recreation prices dropped by 2.1% m/m (lowering month-on-month inflation by 0.13 p.p.) and went up 5.6% y/y, and transport prices fell by 0.5% m/m (decreasing month-on-month inflation by 0.05 p.p.).

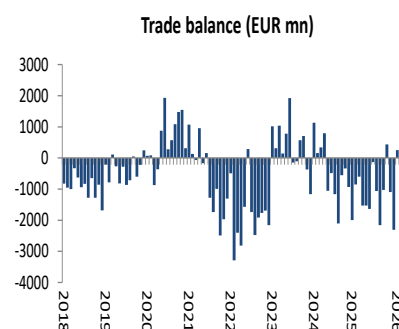
Ludwik Kotecki from the **Monetary Policy Council** said that the National Bank of Poland will probably keep interest rates unchanged for a longer period because geopolitical risks will be present even if the US and Iran sign a peace treaty. In his view, the Council will leave interest rates unchanged until the end of the year or even until March 2027. The Council member added that the Board is currently less inclined to raise rates and emphasized that even a month ago, a rate hike wasn't the most likely scenario. In his opinion, even if the government abandons setting maximum fuel prices, the Council should remain calm because underlying inflationary pressure is low.

Figure 1. CPI inflation (y/y)



Source: GUS, NBP

Figure 2. Trade balance (EURm)



Source: NBP

Figure 3. Brent oil price



Source: Bloomberg



## DIARY (this week)

Date	CET	Release/Event	DB Expected	Actual	Consensus
Jun-15	9:30	CPI inflation (May)		-0.3% (3.1%)	
Jun-15	16:29	State budget balance (Jan-May)		-PLN108.2bn	
Jun-16	14:00	Core CPI (May)	-0.1% (3.0%)		-0.1% (3.0%)
Jun-18	9:30	Consumer confidence (Jun)	-10.6		-11.0
Jun-18	9:30	Industrial production (May)	(2.5%)		-2.2% (2.8%)

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

## FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	NBP Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	Fed Funds (mid)	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
<b>Jun-26</b>	4.249	3.663	4.605	4.926	1.160	3.75	3.85	3.90	2.41	3.625	2.9	5.35
<b>Jul-26</b>	4.255	3.637	4.615	4.910	1.170	3.75	3.85	3.90	2.45	3.625	2.8	5.30
<b>Aug-26</b>	4.260	3.626	4.620	4.894	1.175	3.75	3.85	3.90	2.50	3.625	2.8	5.30
<b>Sep-26</b>	4.260	3.610	4.620	4.910	1.180	3.75	3.84	3.92	2.65	3.625	3.1	5.25
<b>Oct-26</b>	4.260	3.595	4.605	4.889	1.185	3.75	3.82	3.95	2.65	3.625	3.3	5.25
<b>Nov-26</b>	4.262	3.582	4.593	4.871	1.190	3.75	3.82	3.98	2.65	3.625	3.3	5.25
<b>Dec-26</b>	4.265	3.584	4.586	4.874	1.190	3.75	3.85	4.00	2.65	3.625	3.4	5.20
<b>Jan-27</b>	4.263	3.582	4.584	4.872	1.190	3.75	3.87	4.05	2.65	3.625	3.3	5.20
<b>Feb-27</b>	4.260	3.574	4.581	4.871	1.192	3.75	3.92	4.10	2.65	3.625	3.4	5.20
<b>Mar-27</b>	4.255	3.564	4.575	4.864	1.194	4.00	4.15	4.25	2.65	3.625	2.7	5.15
<b>Apr-27</b>	4.250	3.556	4.570	4.855	1.195	4.00	4.15	4.25	2.65	3.625	2.4	5.10
<b>May-27</b>	4.250	3.556	4.570	4.855	1.195	4.00	4.15	4.25	2.65	3.625	3.0	5.10

\*- According to the announcement published by the Polish Financial Supervision Authority (UKNF) and GPW Benchmark. the departure from WIBOR for currently existing contracts based on WIBOR is to take place on January 1. 2037. The departure from WIBOR for new contracts is to take place from the beginning of 2027.

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.

Source: Deutsche Bank Polska S.A.



# Appendix 1

## Important Disclosures

### Additional information available upon request

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