



Poland: Weekly Macroeconomic Update

LAST WEEK:

According to spring **forecasts of the European Commission**, real GDP growth in Poland is expected at 4.2% in 2019 after 5.1% in 2018. In the spring forecasts of the European Commission Poland enjoys second highest projected GDP growth for 2019 in the European Union after Malta which is very small economy. The European Commission forecasts that general government deficit in Poland will rise to 1.6% of GDP in 2019 before slightly falling to 1.4% of GDP in 2020. According to the EC spring forecasts GDP growth will amount to 1.4% in the European Union and 1.2% in the euro-zone in 2019.

The **European Bank for Reconstruction and Development (EBRD)** revised up its forecast of GDP growth in Poland in 2019 to 4.1% from 3.6% previously. The EBRD forecasts GDP growth in Poland in 2020 at 3.6%. According to the EBRD government's elections related programme of fiscal expansion started in 2019 constitutes permanent upward shift in structural budget deficit.

Official reserve assets rose to USD117.0bn in April from USD112.9bn in March.

The Labour Ministry informed that registered **unemployment rate** declined to 5.6% in April from 5.9% in March. Number of unemployed fell to 939.7 thousand persons in April, down by 45 thousand m/m and down by 102 thousand y/y. In April employers filled 117.3 thousand job offers, down by 11.6 thousand m/m. Labour Minister Rafalska expects registered unemployment rate to fall to 5.1% in the summer months.

THIS WEEK:

The **current account deficit** for March (Tuesday) should amount to -EUR980mn and **trade gap** for March should be close to -EUR920mn.

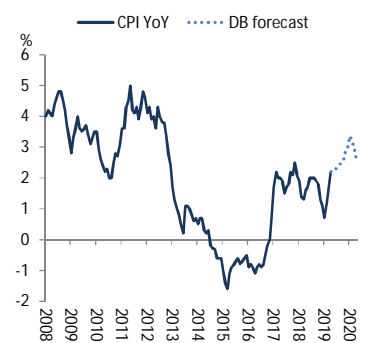
At the meeting ending on Wednesday the **MPC** most likely will keep interest rates unchanged and should maintain its guidance for no change in interest rates in 2019.

On Wednesday the GUS will release flash **GDP for Q1**. We expect GDP to grow by 4.3% y/y in Q1 2019.

Inflation for April (due on Wednesday) should be confirmed at 1.1% m/m and 2.2% y/y.

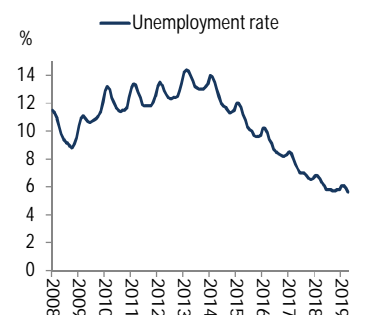
Core inflation for April (due on Thursday) should amount to 0.9% m/m and 1.8% y/y.

Figure 1: Inflation



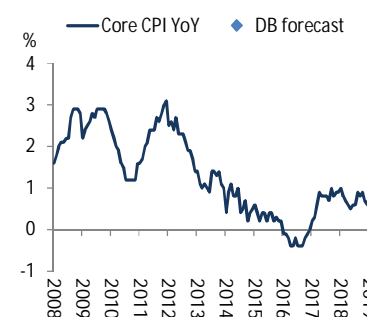
Source: GUS, Deutsche Bank Polska S.A.

Figure 2: Unemployment rate



Source: GUS, Labour Ministry

Figure 3: Core inflation



Source: NBP, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-14	12:00	Current account (Mar)	-EUR980mn		-EUR1210mn
May-14	12:00	Trade deficit (Mar)	-EUR920mn		-EUR961mn
May-15	8:00	GDP (Q1)	(4.3%)		(4.4%)
May-15	8:00	Inflation (Apr)	1.1% (2.2)		1.1% (2.2%)
May-15		MPC decision	1.50%		1.50%
May-16	12:00	Core inflation (Apr)	0.9% (1.8%)		0.9% (1.7%)

Source: Deutsche Bank Estimates, Reuters and Bloomberg Finance LP

FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	WIBOR 3M	WIBOR 6M	EURIBOR 3M	LIBOR USD 3M	CPI (Poland)	Yield on 10Y POLGB
	(end of period)										
May-19	4.282	3.775	3.800	4.999	1.134	1.72	1.79	-0.31	2.50	2.2	3.00
Jun-19	4.279	3.741	3.791	5.027	1.144	1.72	1.79	-0.31	2.55	2.2	3.05
Jul-19	4.276	3.708	3.782	5.054	1.153	1.72	1.80	-0.31	2.60	2.4	3.10
Aug-19	4.273	3.675	3.773	5.081	1.163	1.72	1.80	-0.30	2.62	2.4	3.15
Sep-19	4.269	3.643	3.764	5.107	1.172	1.72	1.80	-0.30	2.65	2.5	3.20
Oct-19	4.266	3.612	3.755	5.133	1.181	1.72	1.80	-0.30	2.70	2.6	3.25
Nov-19	4.263	3.581	3.746	5.158	1.191	1.72	1.80	-0.30	2.72	2.9	3.25
Dec-19	4.260	3.550	3.737	5.183	1.200	1.72	1.80	-0.30	2.75	3.0	3.30
Jan-20	4.253	3.520	3.720	5.160	1.208	1.73	1.81	-0.30	2.75	3.4	3.30
Feb-20	4.247	3.490	3.703	5.137	1.217	1.74	1.82	-0.30	2.75	3.2	3.30
Mar-20	4.240	3.461	3.687	5.114	1.225	1.75	1.85	-0.30	2.75	3.0	3.32
Apr-20	4.233	3.432	3.671	5.091	1.233	1.80	1.90	-0.28	2.70	2.6	3.35

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

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