



Poland: Weekly Macroeconomic Update

LAST WEEK:

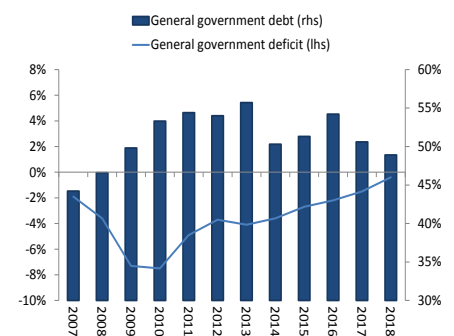
In Q1 2019 **debt of the sector of public finances** was PLN1005.26bn and increased by PLN20.94bn (up 2.1%) versus the end of 2018. An increase of public debt in Q1 2019 stemmed from PLN21.3bn increase in central government debt (up 2.3%) and decline in debt of local governments by PLN362mn (down 0.5%). In Q1 2019 domestic debt (versus residents) rose by PLN35.06bn (up 6.8%) while foreign debt (versus non-residents) declined by PLN14.1bn (down 3.0%). In 2018 domestic debt (versus residents) rose by PLN42.7bn (up 9.0%) while foreign debt (versus non-residents) declined by PLN20.2bn (down 4.1%).

In the period of January-April 2019 Poland's **trade deficit** (calculated on a customs basis) was -EUR0.2bn. In the period of January-April 2019 exports rose by 4.7% y/y to EUR75.6bn while imports increased by 2.9% y/y to EUR75.8bn. In this period the highest share in Poland's exports had Germany (EUR20.5bn or 27.1%), UK (EUR4.7bn or 6.2%), Czech Republic (EUR4.6bn or 6.1%) and France (EUR4.5bn or 6.0%). Exports to the US amounted to EUR2.3bn or 3.0% of total exports. The highest share in Poland's imports had Germany (EUR17.0bn or 22.4% of total imports), China (EUR9.1bn or 12.0%), Russia (EUR4.7bn or 6.2%) and Italy (EUR3.6bn or 4.7%).

In April there was EUR718mn surplus in the **current account** and EUR279mn **trade surplus**. In April exports increased by 10.3% y/y to EUR19.44bn while imports rose by 8.7% y/y to EUR19.161bn. Services' balance was positive at EUR1.964bn but primary income and secondary income accounts were negative at -EUR1.458bn and -EUR76mn respectively.

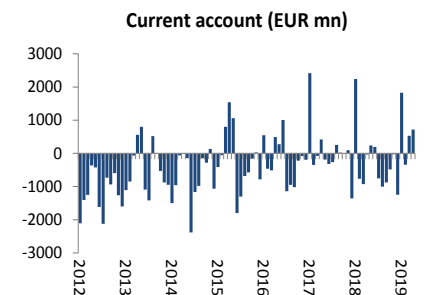
Final **inflation** for May was 0.2% m/m and 2.4% y/y coming a bit higher than flash estimate. In May food inflation rose 1.4% m/m and 4.9% y/y and it was the main reason for higher inflation. An increase in prices was reported in hotels and restaurants (+0.7% m/m and 4.1% y/y), healthcare (+0.5% m/m and 3.1% y/y) and housing and household maintenance (+0.2% m/m and 1.1% y/y).

Figure 1: General government deficit and debt



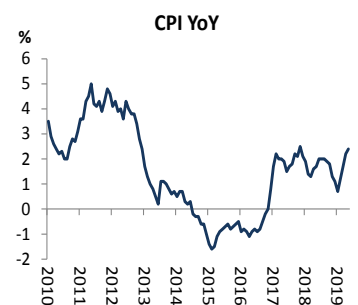
Source: Finance Ministry

Figure 2: Current account



Source: NBP

Figure 3: Inflation



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jun-17		Budget balance (Jan-May)		-PLN2.2bn	
Jun-17	12:00	Core inflation (May)	-0.2% (1.7%)	-0.3% (1.7%)	-0.2% (1.7%)
Jun-19	8:00	Average wage (May)	-3.2% (6.8%)		-3.0% (7.1%)
Jun-19	8:00	Average employment (May)	0.0% (2.9%)		0.0% (2.9%)
Jun-21	8:00	Industrial output (May)	0.7% (8.4%)		-0.4% (7.5%)
Jun-21	8:00	PPI (May)	0.3% (1.6%)		0.3% (1.6%)
Jun-21	12:00	Minutes from MPC meeting			

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)										
Jun-19	4.265	3.808	3.787	4.798	1.120	1.72	1.79	-0.31	2.45	2.3	2.50
Jul-19	4.264	3.796	3.784	4.821	1.123	1.72	1.80	-0.31	2.50	2.4	2.60
Aug-19	4.263	3.784	3.781	4.844	1.127	1.72	1.80	-0.30	2.50	2.5	2.65
Sep-19	4.263	3.772	3.778	4.847	1.130	1.72	1.80	-0.30	2.50	2.6	2.70
Oct-19	4.262	3.760	3.776	4.851	1.133	1.72	1.80	-0.30	2.50	2.6	2.75
Nov-19	4.261	3.749	3.773	4.854	1.137	1.72	1.80	-0.30	2.50	2.9	2.80
Dec-19	4.260	3.737	3.770	4.858	1.140	1.72	1.80	-0.30	2.50	3.0	2.80
Jan-20	4.253	3.720	3.758	4.867	1.143	1.73	1.81	-0.30	2.50	3.4	2.85
Feb-20	4.247	3.703	3.747	4.876	1.147	1.74	1.82	-0.30	2.50	3.2	2.85
Mar-20	4.240	3.687	3.736	4.885	1.150	1.75	1.85	-0.30	2.50	3.0	2.85
Apr-20	4.233	3.671	3.724	4.894	1.153	1.80	1.90	-0.28	2.50	2.7	2.85
May-20	4.227	3.654	3.713	4.903	1.157	1.80	1.90	-0.27	2.50	2.6	2.85

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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Additional information available upon request

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