



Poland: Weekly Macroeconomic Update

LAST WEEK:

Core inflation (ex food and energy) for August amounted to 0.2% m/m and 2.2% y/y. Core inflation is growing towards the centre of inflation target due to the fact that rising wages translate on higher cost of services. Despite a strong growth in 2019, core inflation still remains within central bank's tolerance zone.

Average wage in enterprises' sector for August fell by 1.1% m/m and increased by 6.8% y/y to PLN5125.26. In August **average employment** in enterprises sector fell by 0.1% m/m and increased by 2.6% y/y to 2.6 million persons.

Consumer confidence index rose by two points to 10.2pts in September, boosted by improvement in assessment of the current economic conditions and increased propensity to consume and capacity to save. An increase in consumer confidence may be linked to announced increase in transfers to households and announcement of strong rise in minimal wage in the post-election period.

In August number of **newly registered cars** in Poland amounted to 57.2k what means an increase of 9.5% m/m and decline of 12.2% y/y.

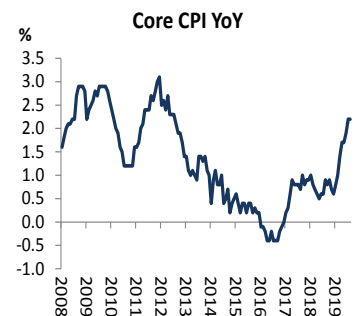
In August 2019 **industrial output** fell by 6.0% m/m and decreased by 1.3% y/y. Seasonally adjusted industrial output fell by 1.2% m/m and was 1.7% up y/y. In August production of investment goods fell by 4.5% y/y, production of energy goods declined by 4.4% y/y and production of intermediate goods fell by 0.8% y/y. However, production of durable consumer goods rose by 0.6% y/y and production of non-durable consumer goods increased by 0.2% y/y. A year on year decline in industrial production was reported in 18 (out of 34) branches of industry including automobiles (down 10.8%), coke and product of oil refining (down 8.9%), coal mining (down 8.4%), metals (down 6.3%), products of other non-metal raw materials (down 4.6%). An increase in production was reported in 16 branches of industry, including computers, electronic and optical devices (up 7.3%), electrical machinery (up 6.4%), rubber and plastics (up 4.2%). In August **producer prices** rose by 0.2% m/m and increased by 0.7% y/y.

Retail sales for August rose by 6.0% y/y and declined by 0.4% m/m. Real retail sales rose by 4.4% y/y in August.

THIS WEEK:

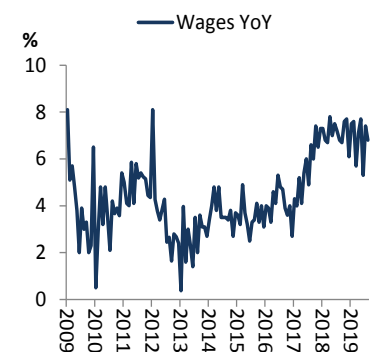
In August 2019 **construction output** rose by 2,7% y/y. **Money supply M3** for August is expected to increase by 10.0% y/y. **Unemployment rate** for August most likely remained unchanged at 5.2%. On Thursday the NBP will release **minutes from MPC meeting**.

Figure 1: Core inflation (y/y)



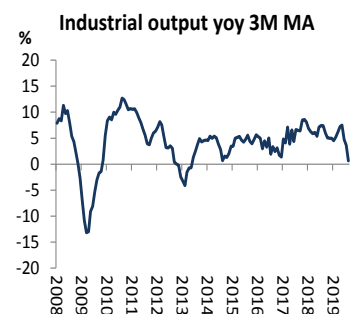
Source: NBP

Figure 2: Average wage (y/y growth)



Source: GUS

Figure 3: Industrial production (y/y growth)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Sep-23	8:00	Construction output (Aug)	(5.0%)	(2.7%)	(2.0%)
Sep-23	12:00	Money Supply M3 (Aug)	(10.0%)		0.8% (10.0%)
Sep-24	8:00	Unemployment rate (Aug)	5.2%		5.2%
Sep-26	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)										
Sep-19	4.380	4.000	4.018	4.980	1.095	1.72	1.79	-0.40	2.10	2.9	2.10
Oct-19	4.360	3.946	4.000	4.932	1.105	1.72	1.79	-0.43	2.00	3.0	2.08
Nov-19	4.355	3.923	3.995	4.924	1.110	1.72	1.79	-0.45	1.90	3.3	2.05
Dec-19	4.350	3.884	3.991	4.894	1.120	1.72	1.79	-0.45	1.80	3.4	2.05
Jan-20	4.346	3.872	3.978	4.885	1.123	1.72	1.79	-0.45	1.70	3.8	2.10
Feb-20	4.342	3.859	3.965	4.876	1.125	1.72	1.79	-0.45	1.60	3.6	2.10
Mar-20	4.338	3.847	3.952	4.866	1.128	1.72	1.79	-0.45	1.50	3.4	2.10
Apr-20	4.333	3.835	3.939	4.857	1.130	1.72	1.79	-0.45	1.40	3.0	2.10
May-20	4.329	3.823	3.927	4.848	1.133	1.72	1.79	-0.45	1.40	2.9	2.15
Jun-20	4.325	3.811	3.914	4.839	1.135	1.72	1.79	-0.45	1.40	2.7	2.20
Jul-20	4.321	3.799	3.901	4.830	1.138	1.72	1.79	-0.45	1.40	2.6	2.20
Aug-20	4.317	3.787	3.889	4.822	1.140	1.72	1.79	-0.45	1.40	2.6	2.20

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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