



Poland: Weekly Macroeconomic Update

LAST WEEK:

In September 2019 **manufacturing PMI** fell to 47.8pts from 48.8pts in August. A decline in manufacturing PMI stemmed mainly from sharp decline in new orders that were at the lowest level in 10 years and the decline was the second biggest in history of the survey. New orders decline in both domestic market and in foreign ones, including Germany and France. In September output declined for 11th month in a row. In September optimism of manufacturing companies was the lowest since 2012 (when the indicator was introduced). In September production costs has been rising the fastest in 4 months but prices of finished goods were stable due to higher competition and pressure on margins.

According to flash estimate, **inflation** in September was -0.1% m/m and decelerated to 2,6% y/y from 2.9% y/y in August. In September food prices fell by 0.2% m/m and rose by 6.3% y/y, energy prices were 0.1% up m/m and fell by 1.6% y/y and fuel prices fell by 1.8% m/m and declined by 2.7% y/y.

The **MPC**, as expected kept interest rates unchanged, with the main reference rate at 1.50% and maintained guidance for steady interest rates in the near future. In the opinion of NBP President Adam Glapinski, GDP growth in 2019 will amount to 4.3% and will slightly decelerate in 2020 while inflation should be equal to 2.3% in 2019 and is expected to temporarily rise in 2020. NBP President Glapinski expressed a view that interest rates would be kept unchanged until the end of his term. In the opinion of MPC member Jerzy Żyżyński there was no need for additional stimulus for demand from monetary policy due to fiscal impulse in 2019 and 2020 that is being applied by the government.

The **European Court of Justice** (ECJ) ruled on case of mortgage denominated in CHF that included abusive clause. The ECJ said that (1) Polish law doesn't allow for introducing changes to terms of loan agreement by domestic courts, (2) in case of so called abusive clause, domestic court may apply the agreement if it is legally viable or (3) the court may cancel the agreement if borrower agrees. The ECJ increased borrower protection in case of abusive clause, but simultaneously ruled out a possibility of treating FX-denominated loans containing abusive indexing clauses as PLN loans with LIBOR CHF interest. The ECJ ruling still leaves the burden of judging on particular cases on domestic courts with increased protection of borrowers but also with less discretion for domestic courts on changing terms of mortgage agreements.

THIS WEEK:

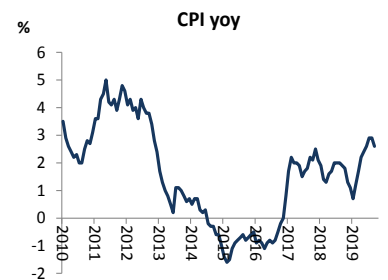
Poland's economic calendar this week contains only official reserve assets for September. Parliamentary elections on Sunday, 13 October, will be major event in the next 7 days.

Figure 1: PMI manufacturing



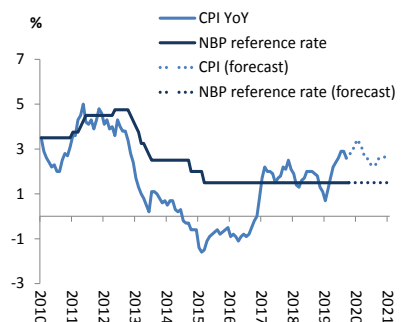
Source: Markit

Figure 2: Inflation (y/y)



Source: GUS

Figure 3: NBP reference rate



Source: NBP, GUS, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-7	12:00	Official reserve assets (Sep)			
Oct-13		Parliamentary elections			

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)										
Oct-19	4.330	3.936	3.991	4.881	1.100	1.72	1.79	-0.43	2.00	2.6	1.90
Nov-19	4.340	3.910	3.993	4.887	1.110	1.72	1.79	-0.45	1.90	3.0	2.00
Dec-19	4.350	3.884	3.991	4.894	1.120	1.72	1.79	-0.45	1.80	3.1	2.05
Jan-20	4.346	3.872	3.978	4.885	1.123	1.72	1.79	-0.45	1.70	3.4	2.10
Feb-20	4.342	3.859	3.965	4.876	1.125	1.72	1.79	-0.45	1.60	3.3	2.10
Mar-20	4.338	3.847	3.952	4.866	1.128	1.72	1.79	-0.45	1.50	3.0	2.10
Apr-20	4.333	3.835	3.939	4.857	1.130	1.72	1.79	-0.45	1.40	2.6	2.10
May-20	4.329	3.823	3.927	4.848	1.133	1.72	1.79	-0.45	1.40	2.6	2.15
Jun-20	4.325	3.811	3.914	4.839	1.135	1.72	1.79	-0.45	1.40	2.3	2.20
Jul-20	4.321	3.799	3.901	4.830	1.138	1.72	1.79	-0.45	1.40	2.3	2.20
Aug-20	4.317	3.787	3.889	4.822	1.140	1.72	1.79	-0.45	1.40	2.3	2.20
Sep-20	4.313	3.775	3.876	4.813	1.143	1.72	1.79	-0.45	1.40	2.5	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

Important Disclosures

Additional information available upon request

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