



Poland: Weekly Macroeconomic Update

LAST WEEK:

According to data from 92% of polling stations in **elections** to the Sejm Law and Justice (PiS) got 44.38% of vote, Civic Coalition (KO) 26.77%, Left 12.34%, PSL + Kukiz 8.63% and Confederation 6.76%. Estimated number of seats in new Sejm are: PiS 239, KO 130, Left 43, PSL +Kukiz 34, Confederation 13. Law and Justice won parliamentary elections and most likely will be able to form majority government but the party is not any closer to constitutional 2/3 majority than four years ago. Official election results should be announced tomorrow.

Moody's didn't publish rating review for Poland, keeping its current rating at A2 with a stable outlook.

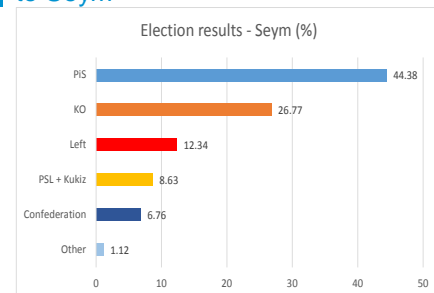
S&P maintained Poland's rating at A- with a stable outlook. S&P estimates Poland's GDP growth at 4.3% in 2019 and 3.2% in 2020 while general government deficit is expected at 1.5% of GDP in 2019 and 2.5% of GDP in 2020 and 2021.

World Bank raised GDP growth forecast for Poland in 2019 to 4.3% from 4.0% and maintained its forecasts for Poland's GDP growth at 3.6% in 2020 and 3.3% in 2021. According to the World Bank economic growth in Poland will be fuelled by persistently robust consumption and higher than expected investments. The World Bank estimates that impact of new social programmes on consumption will be lower than initial effect of 500+ programme due to rising consumer prices – it is expected that contribution of personal consumption on GDP growth will be declining in the coming years. The World Bank expects that stable banking sector, low interest rates and availability of EUR funds should support private investments and should counterbalance expected decline of public investments after the elections.

THIS WEEK:

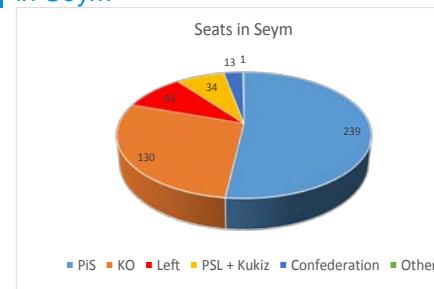
Today **balance of payments** data for August are due. On Tuesday the GUS will release final **inflation** for September. On Wednesday **core inflation** for September is released. On Thursday wage and **employment data** for September will be released. On Friday the GUS will publish **industrial output** and **PPI** for September.

Figure 1: Partial results of elections to Sejm



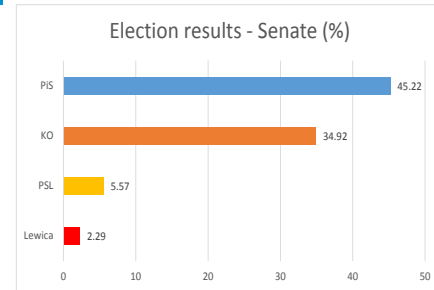
Source: PKW

Figure 2: Likely distribution of seats in Sejm



Source: PKW

Figure 3: Partial results of elections to Senate



Source: PKW



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-14	12:00	Current account (Oct)	-EUR459mn		-EUR568mn
Oct-14	12:00	Trade balance (Oct)	-EUR353mn		-EUR440mn
Oct-15	8:00	Inflation (Sep)	-0.1% (2.6%)		-0.1% (2.6%)
Oct-16	8:00	Core inflation (Sep)	0.1% (2.3%)		0.1% (2.3%)
Oct-17	8:00	Average wage (Sep)	-0.6% (6.7%)		-0.3% (7.1%)
Oct-17	8:00	Average employment (Sep)	-0.1% (2.6%)		-0.1% (2.6%)
Oct-18	8:00	Industrial production (Sep)	3.5% (3.9%)		9.8% (5.0%)
Oct-18	8:00	PPI (Sep)	0.4% (0.6%)		0.3% (0.5%)

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	4.300	3.909	3.909	4.886	1.100	1.72	1.79	-0.43	2.00	2.6	2.00
Nov-19	4.315	3.887	3.941	4.879	1.110	1.72	1.79	-0.45	1.90	3.0	2.05
Dec-19	4.330	3.866	3.972	4.871	1.120	1.72	1.79	-0.45	1.80	3.1	2.10
Jan-20	4.328	3.855	3.961	4.864	1.123	1.72	1.79	-0.45	1.70	3.4	2.10
Feb-20	4.325	3.844	3.950	4.857	1.125	1.72	1.79	-0.45	1.60	3.3	2.10
Mar-20	4.323	3.834	3.938	4.850	1.128	1.72	1.79	-0.45	1.50	3.0	2.10
Apr-20	4.320	3.823	3.927	4.842	1.130	1.72	1.79	-0.45	1.40	2.6	2.10
May-20	4.318	3.812	3.916	4.835	1.133	1.72	1.79	-0.45	1.40	2.6	2.15
Jun-20	4.315	3.802	3.905	4.828	1.135	1.72	1.79	-0.45	1.40	2.3	2.20
Jul-20	4.313	3.791	3.894	4.821	1.138	1.72	1.79	-0.45	1.40	2.3	2.20
Aug-20	4.310	3.781	3.883	4.814	1.140	1.72	1.79	-0.45	1.40	2.3	2.20
Sep-20	4.308	3.770	3.872	4.807	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

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