



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

According to official results in [elections to the Sejm](#) Law and Justice (PiS) got 43.6% of vote, Civic Coalition (KO) 27.4%, Left 12.6%, PSL + Kukiz 8.6% and Confederation 6.8%. Final distribution of seats in new Sejm is: PiS 235, KO 134, Left 49, PSL +Kukiz 30, Confederation 11 and German minority 1. Law and Justice won parliamentary elections and will be able to form majority government but the party is not any closer to constitutional 2/3 majority than four years ago. Comparing to 2015 elections PiS won exactly the same number of seats, PO + Nowoczesna (KO) lost 32 seats, and PSL + Kukiz lost jointly 28 seats. Two new coalitions entered the Sejm: leftist Left and rightist Confederation. In [elections to the Senate](#) PiS won 48 seats + 1 independent while KO 43 seats, PSL 3 seats, SLD 2 seats + 3 independents what means that PiS doesn't have majority in Senate.

In August the [current account](#) deficit was –EUR606m while trade gap was only –EUR55m.

In September [inflation](#) was flat m/m and 2.6% y/y. Among factors driving monthly inflation up were clothing (added 0.1 p.p.), meat, catering and insurance (each added 0.06 p.p.), pharmaceuticals and waste disposal (each added 0.03 p.p.). In September monthly inflation was reduced by a decline in transport prices (that subtracted 0.18 p.p.), vegetables (-0.14 p.p.), fuels (-0.1 p.p.), tourism (-0.08 p.p.) and telecommunication (-0.03 p.p.).

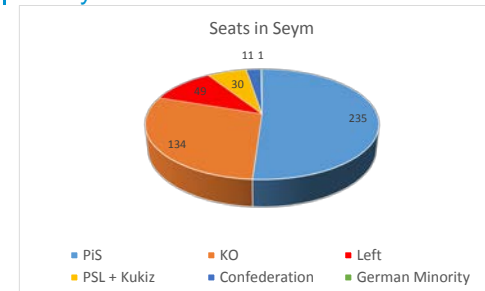
In September [core inflation](#) amounted to 0.2% m/m and 2.4% y/y, coming above market consensus expectations. An increase in core inflation stemmed from rising services prices and higher prices of housing.

In September [gross average wage](#) in enterprises' sector amounted to PLN5084.56 what means a 0.8% m/m decline and 6.6% y/y growth. In September [average employment](#) in enterprises' sector fell by 0.1% m/m and was 2.6% up y/y to 6.386 million persons.

In September [industrial production](#) increased by 10.7% y/y and rose by 5.6% y/y. In September PPI was 0.4% m/m and 0.9% y/y.

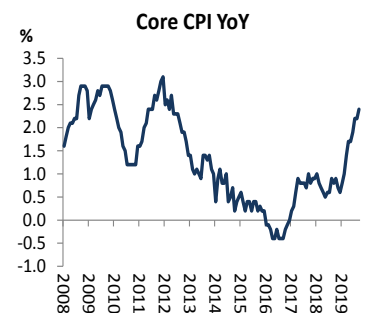
In the [minutes from October's MPC meeting](#) the Council members judged that economic conditions in Poland remained favourable, even though incoming data pointed to a weakening in economic growth in 2019 Q3. It was observed that the main factor behind softer activity growth was the deterioration in economic conditions abroad. It was noted that economic growth would still be driven by consumption demand growth, supported by the sustained rise in household disposable income due to favourable labour market conditions combined with the increase in the minimum wage in 2020, as well as the disbursement of social benefits and the tax cuts. In the MPC's opinion inflation may be close to the upper bound of inflation target, but in the 12-month horizon inflation is likely to stabilise around 2.5%.

Figure 1: Distribution of seats in Sejm



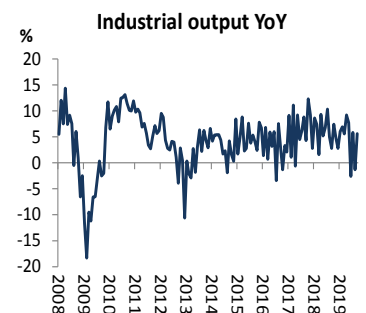
Source: PKW

Figure 2: Core inflation



Source: NBP

Figure 3: Industrial output



Source: GUS



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-21	8:00	Retail sales (Sep)	(8.6%)	-4.0% (5.3%)	-1.7% (8.1%)
Oct-21	8:00	Real retail sales (Sep)	(5.7%)	(4.3%)	(6.2%)
Oct-22	8:00	Construction output (Sep)	(6.5%)		(6.7%)
Oct-22	12:00	Money supply M3 (Sep)	0.6% (9.7%)		0.7% (9.8%)
Oct-23	10:00	Unemployment rate (Sep)	(5.1%)		(5.1%)

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)										
<b>Oct-19</b>	4.285	3.826	3.895	4.955	1.120	1.72	1.79	-0.41	1.95	2.6	2.05
<b>Nov-19</b>	4.315	3.836	3.941	4.910	1.125	1.72	1.79	-0.42	1.90	3.0	2.08
<b>Dec-19</b>	4.330	3.832	3.972	4.866	1.130	1.72	1.79	-0.45	1.80	3.1	2.10
<b>Jan-20</b>	4.328	3.824	3.961	4.860	1.132	1.72	1.79	-0.45	1.70	3.4	2.10
<b>Feb-20</b>	4.325	3.816	3.950	4.853	1.133	1.72	1.79	-0.45	1.60	3.3	2.10
<b>Mar-20</b>	4.323	3.808	3.938	4.846	1.135	1.72	1.79	-0.45	1.50	3.0	2.10
<b>Apr-20</b>	4.320	3.801	3.927	4.839	1.137	1.72	1.79	-0.45	1.40	2.6	2.10
<b>May-20</b>	4.318	3.793	3.916	4.833	1.138	1.72	1.79	-0.45	1.40	2.6	2.15
<b>Jun-20</b>	4.315	3.785	3.905	4.826	1.140	1.72	1.79	-0.45	1.40	2.3	2.20
<b>Jul-20</b>	4.313	3.777	3.894	4.819	1.142	1.72	1.79	-0.45	1.40	2.3	2.20
<b>Aug-20</b>	4.310	3.770	3.883	4.813	1.143	1.72	1.79	-0.45	1.40	2.3	2.20
<b>Sep-20</b>	4.308	3.762	3.872	4.806	1.145	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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Additional information available upon request

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