



Poland: Weekly Macroeconomic Update

LAST WEEK:

In October **average wage** in enterprises' sector rose by 2.5% m/m and increased by 5.9% y/y to PLN5213. In October **average employment** in enterprises' sector was unchanged m/m and rose by 2.5% y/y to 6 million 383 thousand employees.

Industrial production for October rose by 7.8% y/y and was 3.5% up y/y. Seasonally adjusted industrial production in October rose by 1.1% y/y and increased by 3.7% y/y. An increase in industrial output was reported among others in production of electrical appliances (up 13.0% y/y) computers, electronic and optical devices (up 10.5% y/y), machinery and appliances (up 7.5% y/y), furniture (up 7.3% y/y) plastics and rubber (up 6.5% y/y).

Producer prices for October declined by 0.4% m/m and fell by 0.1% y/y.

According to the **minutes from MPC meeting** in November majority of MPC members expressed a view that interest rates would be unchanged in the coming quarters. At the MPC meeting in November there a motion to cut interest rates by 25bps was submitted, but it was rejected.

The **OECD** forecasts that GDP growth in Poland will decelerate to 3.0% in 2021 from 3.8% in 2020 while inflation is envisaged at 2.9% in 2020 and 2.8% in 2021. The OECD estimates that general government deficit in Poland will amount to -0.6% of GDP in 2020 and -1.4% of GDP in 2021 while the current account gap is expected at -0.6% in 2020 and -0.9% in 2021.

THIS WEEK:

In October **retail sales** in the current prices rose by 7.4% m/m and increased by 5.4% y/y.

Real retail sales increased by 7.0% m/m and was 4.6% up y/y in October.

In the period of January-October 2019 **budget deficit** was -PLN3.19bn versus budget gap of -PLN1.79bn in the period of January-September 2019.

Money supply M3 for October (due on Tuesday) should rise by 9.0% y/y.

Unemployment rate for October (Wednesday) will likely be steady at 5.1%.

Real GDP growth for Q3 (Friday) should be confirmed at 3.9% y/y.

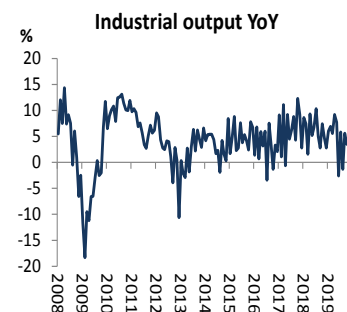
Flash inflation for November (due on Friday) should amount to 0.1% m/m and 2.6% y/y.

Figure 1: Average wage (y/y growth)



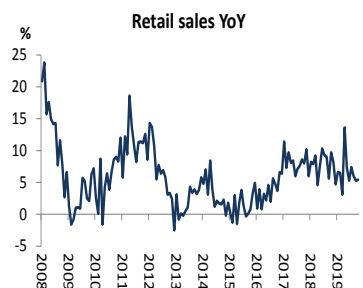
Source: GUS

Figure 2: Industrial output (y/y growth)



Source: GUS

Figure 3: Retail sales (y/y growth)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-25	9:00	Retail sales (Oct)	7.0% (4.9%)	7.4% (5.4%)	5.4% (5.3%)
Nov-26	13:00	Money supply M3 (Oct)	0.7% (9.0%)		0.7% (9.0%)
Nov-27	9:00	Unemployment rate (Oct)	5.1%		5.1%
Nov-29	9:00	GDP (Q3)	1.3% (3.9%)		1.3% (3.9%)
Nov-29	9:00	Inflation (Nov)	0.1% (2.6%)		0.1% (2.5%)

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)										
Nov-19	4.285	3.895	3.903	5.013	1.100	1.71	1.79	-0.40	1.90	2.6	2.08
Dec-19	4.300	3.857	3.874	4.898	1.115	1.71	1.79	-0.40	1.85	2.7	2.10
Jan-20	4.300	3.846	3.871	4.888	1.118	1.71	1.79	-0.40	1.85	3.1	2.10
Feb-20	4.300	3.836	3.868	4.879	1.121	1.71	1.79	-0.40	1.80	2.9	2.10
Mar-20	4.300	3.826	3.865	4.869	1.124	1.71	1.79	-0.40	1.80	2.7	2.10
Apr-20	4.300	3.817	3.862	4.860	1.127	1.71	1.79	-0.40	1.80	2.3	2.10
May-20	4.300	3.807	3.859	4.850	1.130	1.71	1.79	-0.40	1.80	2.2	2.15
Jun-20	4.300	3.797	3.857	4.841	1.133	1.71	1.79	-0.40	1.80	2.0	2.20
Jul-20	4.300	3.787	3.854	4.832	1.135	1.71	1.79	-0.40	1.80	1.9	2.20
Aug-20	4.300	3.777	3.851	4.823	1.138	1.71	1.79	-0.40	1.80	1.9	2.20
Sep-20	4.300	3.768	3.848	4.813	1.141	1.71	1.79	-0.40	1.80	2.2	2.20
Oct-20	4.300	3.758	3.845	4.804	1.144	1.71	1.79	-0.40	1.80	2.3	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

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1,744,449,384 paid up in full.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krzeńskiak