



Poland: Weekly Macroeconomic Update

LAST WEEK:

PMI manufacturing rose to 46.7pts in November from 45.6pts in October. In November the pace of decline in output and new orders decelerated but still was relatively fast. Employment fell has been falling for the fifth month in a row. In November cost inflation was the lowest in three years and prices of finished goods increased only slightly. Producers' prices expectations on output in twelve months horizon declined to the lowest level since 2012 or the beginning of this indicator, due to decline in demand and weak economic forecasts.

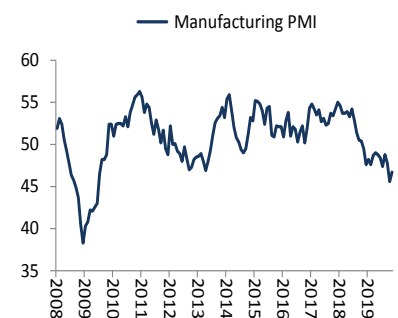
The **Monetary Policy Council**, as expected, didn't change interest rates. In the communique after the meeting the MPC said that global economic growth remained relatively low, and uncertainty about the global outlook persisted. They underlined that in the euro area, economic activity growth remained slow alongside the ongoing downturn in industry. The MPC said that in those conditions, inflation in many countries was running at a moderate level and in the euro area it was low. In Poland, economic conditions remained good, despite slower economic growth in 2019 Q3. In the Council's assessment, the outlook for economic conditions in Poland remains favourable, and GDP growth, despite the expected decline, will continue at a relatively high level in the coming quarters. At the same time, there remains uncertainty about the scale and persistence of the slowdown abroad and its impact on domestic economic activity. Inflation – after a temporary rise in 2020 Q1 – will stay close to the target in the monetary policy transmission horizon. According to NBP President Adam Glapinski, interest rates would remain unchanged until the end of his term in mid-2022. In his view inflation will remain within inflation target i.e. 2.5% +/- 1% in the near time.

Official reserve assets fell to USD119.8bn in November from USD121.9bn in October.

THIS WEEK:

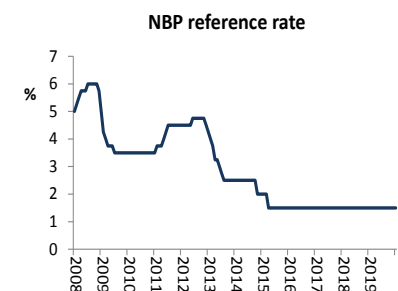
On Friday the GUS will release final **inflation** for November. We expect inflation to be confirmed at 0.1% m/m and 2.6% y/y in November in line with flash estimate.

Figure 1: Manufacturing PMI



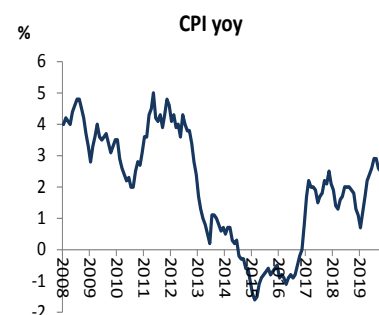
Source: Markit

Figure 2: NBP reference rate



Source: NBP

Figure 3: Inflation (y/y)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-13	9:00	Inflation (Nov)	0.1% (2.6%)		0.1% (2.6%)

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)										
Dec-19	4.320	3.874	3.892	5.037	1.115	1.71	1.79	-0.40	1.85	2.7	2.10
Jan-20	4.323	3.852	3.897	5.027	1.122	1.71	1.79	-0.40	1.85	3.1	2.10
Feb-20	4.325	3.830	3.902	5.018	1.129	1.71	1.79	-0.40	1.80	2.9	2.10
Mar-20	4.328	3.809	3.907	5.008	1.136	1.71	1.79	-0.40	1.80	2.7	2.10
Apr-20	4.330	3.787	3.913	4.999	1.143	1.71	1.79	-0.40	1.80	2.3	2.10
May-20	4.333	3.766	3.918	4.990	1.150	1.71	1.79	-0.40	1.80	2.2	2.15
Jun-20	4.335	3.745	3.923	4.981	1.158	1.71	1.79	-0.40	1.80	2.0	2.20
Jul-20	4.338	3.725	3.928	4.972	1.165	1.71	1.79	-0.40	1.80	1.9	2.20
Aug-20	4.340	3.704	3.934	4.964	1.172	1.71	1.79	-0.40	1.80	1.9	2.20
Sep-20	4.343	3.684	3.939	4.955	1.179	1.71	1.79	-0.40	1.80	2.2	2.20
Oct-20	4.345	3.664	3.944	4.947	1.186	1.71	1.79	-0.40	1.80	2.3	2.20
Nov-20	4.347	3.644	3.949	4.938	1.193	1.71	1.79	-0.40	1.80	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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