



# Poland: Weekly Macroeconomic Update

## LAST TWO WEEKS:

In December **flash inflation** was 0.8% m/m and 3.4% y/y, much above expected by analysts 2.8% y/y. In December food and non-alcohol beverage prices rose by 1.2% y/y and fuel prices were up 2.1% m/m. An increase in inflation in December 2019 was caused by supply-side factors but services prices likely rose as well, due to higher wages.

The **Monetary Policy Council**, as expected, kept interest rates unchanged, with the main reference rate at 1.50%. NBP President Adam Glapinski maintained guidance for steady interest rates until the end of his term that is 2022. President Glapinski underlined that strong rise in inflation was expected in Q1 2020. Despite inflation hike occurred earlier than envisaged by the central bank, rise in inflation was caused by supply-side factors and majority of MPC members thinks monetary policy shouldn't react to it, unless higher inflation appear persistent. In the communique after the meeting the MPC pointed to uncertainty on the size of economic slowdown in Poland and Europe. At press conference was present new MPC member Cezary Kochalski who was appointed by President Duda to replace MPC member Jerzy Osiatynski who ended his term on December 20 2019.

The **World Bank** maintained his forecasts for GDP growth in Poland: 4.3% in 2019, 3.6% in 2020, 3.3% in 2021 and 3.1% in 2022.

The Finance Ministry estimates that **registered unemployment rate** in Poland inched up by 0.1 percentage point to 5.2% in December 2019.

At regular **bond auction** on Thursday the Finance Ministry sold bonds series OK0722 worth PLN405m (with the yield of 1.667%), PS1024 worth PLN1.8bn (yield 1.936%), WZ0525 worth PLN1.473bn, DS1029 worth PLN1.0bn (with the yield of 2.257%), WZ1129 worth PLN130mn and WS0447 worth PLN190m (yield 2.698%). The Finance Ministry sold bonds worth total 5.0bn with a bid-to-cover ratio of 1.39. After Thursday's bond auction the Finance Ministry financed 56% of borrowing needs for 2020.

## THIS WEEK:

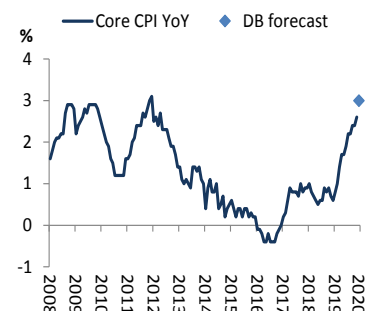
Today the NBP will release **balance of payments** for November. On Wednesday the GUS will publish final **inflation** for December. On Thursday the NBP will publish **core inflation** for December.

Figure 1: Inflation (y/y)



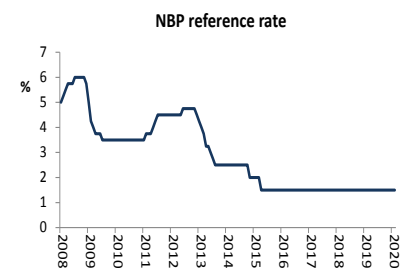
Source: GUS

Figure 2: Core inflation (y/y)



Source: NBP, Deutsche Bank Polska S.A.

Figure 3: NBP reference rate



Source: NBP



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jan-13	13:00	Current account (Nov)	-EUR9mn		EUR451mn
Jan-13	13:00	Trade balance (Nov)	EUR41mn		EUR356mn
Jan-15	9:00	Inflation (Dec)	0.8% (3.4%)		0.8% (3.4%)
Jan-16	13:00	Core inflation (Dec)	0.5% (3.0%)		0.6% (3.2%)

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>Jan-20</b>	4.240	3.813	3.926	5.063	1.112	1.71	1.79	-0.40	1.85	4.0	2.25
<b>Feb-20</b>	4.245	3.791	3.931	5.045	1.120	1.71	1.79	-0.40	1.80	4.0	2.30
<b>Mar-20</b>	4.251	3.769	3.918	5.026	1.128	1.71	1.79	-0.40	1.80	3.8	2.30
<b>Apr-20</b>	4.256	3.747	3.905	5.008	1.136	1.71	1.79	-0.40	1.80	3.4	2.25
<b>May-20</b>	4.262	3.725	3.892	4.990	1.144	1.71	1.79	-0.40	1.80	3.4	2.25
<b>Jun-20</b>	4.267	3.704	3.897	4.973	1.152	1.71	1.79	-0.40	1.80	3.1	2.25
<b>Jul-20</b>	4.273	3.683	3.902	4.956	1.160	1.71	1.79	-0.40	1.80	3.0	2.25
<b>Aug-20</b>	4.278	3.663	3.889	4.939	1.168	1.71	1.79	-0.40	1.80	3.0	2.30
<b>Sep-20</b>	4.284	3.643	3.894	4.922	1.176	1.71	1.79	-0.40	1.80	3.3	2.30
<b>Oct-20</b>	4.289	3.623	3.899	4.906	1.184	1.71	1.79	-0.40	1.80	3.5	2.30
<b>Nov-20</b>	4.295	3.603	3.904	4.889	1.192	1.71	1.79	-0.40	1.80	3.6	2.30
<b>Dec-20</b>	4.300	3.583	3.909	4.873	1.200	1.71	1.79	-0.40	1.80	3.2	2.30

*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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