



Poland: Weekly Macroeconomic Update

LAST WEEK:

Poland's **manufacturing PMI** fell to 42.4 in March from 46.2 in February due to record monthly declines in indices of output, employment and new orders. Manufacturing PMI was the lowest since May 2009. Companies' expectations of future production in a 12-month horizon were the lowest since the start of index in April 2012.

Deputy finance minister Pawel Nowak estimated that Poland's **borrowing needs** would increase by PLN100bn (or 4.4% of GDP) on the top of PLN141.7bn gross borrowings needs envisaged in budget bill for 2020. Poland will fund increased borrowing needs via T-bills, 2-year, 5-year and 10-year POLGBs. Nowak said issuance in EUR and USD was also possible, but added that those market faced problems with liquidity. He said Poland was not talking to the IMF on flexible credit line. He added that a slight weakening of the zloty was beneficial for exporters.

Finance Minister Tadeusz Koscinski said that assuming **lockdown** ends in the end of May, Poland GDP growth would be within 0% to 0.5% range. If lockdown extended to June, Poland's GDP would decline he added. Deputy Finance Minister Jacek Skiba earlier said that one full month of lockdown would subtract 2.5-3.0 percent from annual GDP. PM Mateusz Morawiecki informed the Sejm that government expected the peak of coronavirus cases in May or June.

Deputy PM Jacek Sasin said government had assumed that Poland would slowly go back to a fairly normal functioning after the Easter holiday, but now it seemed lockdown would last one or two weeks longer.

According to preliminary GUS data, Poland's **general government deficit** was -0.7% of GDP in 2019 versus -0.2% of GDP in 2018 while **general government debt** amounted to 46.0% of GDP in 2019 versus 48.8% of GDP in 2018.

In March number of **newly registered passenger cars** amounted to 29.7 thousand (a drop of 41% y/y and 23% m/m decline).

THIS WEEK:

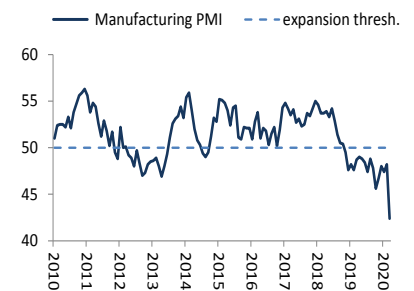
At **auction** today the Finance Ministry sold 19-week T-bills worth PLN1bn (versus demand for PLN1.9bn) with the yield of 0.9% and 51-week T-bills worth PLN1.9bn (versus demand for PLN2.7bn) with the yield of 0.9%.

The **Sejm** rejected motion of Law and Justice to vote by mail in presidential elections scheduled for May 10.

On Tuesday the NBP will release **official reserve assets** for March.

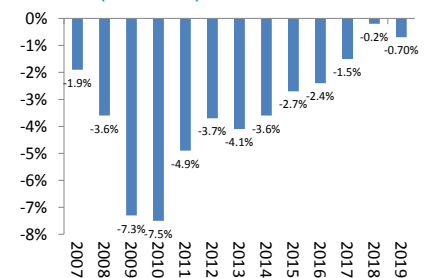
On Wednesday the **MPC** will hold one-day policy meeting. We think that the MPC will keep interest rates unchanged after emergency cut in March.

Figure 1 Manufacturing PMI



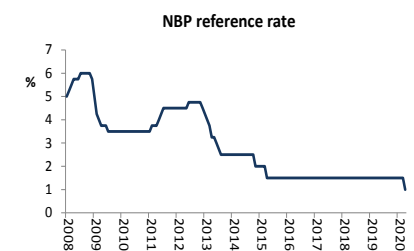
Source: Markit

Figure 2: General government deficit (% GDP)



Source: GUS

Figure 3: NBP reference rate



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-07	12: 00	Official reserve assets (Mar)			
Apr-08		MPC decision	1.00%		1.00%

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	Inflacja (Polska)	Rentowność 10L obligacji skarbowych
(koniec okresu)											
kwi-20	4.520	4.185	4.311	5.171	1.080	1.20	1.25	-0.40	1.15	2.7	1.70
maj-20	4.485	4.105	4.304	5.116	1.093	1.20	1.25	-0.40	0.80	2.2	1.70
cze-20	4.460	4.036	4.307	5.072	1.105	1.20	1.25	-0.40	0.60	1.8	1.75
lip-20	4.445	3.978	4.319	5.041	1.118	1.20	1.25	-0.40	0.50	2.1	1.75
sie-20	4.422	3.913	4.324	5.000	1.130	1.20	1.25	-0.40	0.50	2.5	1.70
wrz-20	4.410	3.860	4.340	4.973	1.143	1.20	1.35	-0.40	0.50	3.1	1.70
paź-20	4.390	3.801	4.347	4.937	1.155	1.20	1.35	-0.40	0.50	3.0	1.70
lis-20	4.370	3.743	4.356	4.901	1.168	1.20	1.35	-0.40	0.50	3.0	1.75
gru-20	4.350	3.686	4.350	4.866	1.180	1.25	1.35	-0.40	0.50	2.6	1.80
sty-21	4.335	3.656	4.321	4.835	1.186	1.25	1.40	-0.40	0.50	2.5	1.80
lut-21	4.320	3.625	4.291	4.803	1.192	1.25	1.40	-0.40	0.50	2.2	1.80
mar-21	4.305	3.595	4.262	4.772	1.198	1.25	1.40	-0.40	0.50	2.6	1.80

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.

Note 2: Due to increased market variability and changes in monetary and fiscal policies, forecasts are subject to higher than usual uncertainty.

Source: Deutsche Bank Polska S.A.



Appendix 1

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