



Poland: Weekly Macroeconomic Update

LAST WEEK:

In March **average employment** in enterprises' sector (above 9 employed persons) fell by 0.5% m/m and was 0.3% up y/y. A decline in employment in March this year was 32.2 thousand versus February.

In March **registered unemployment rate** fell to 5.4% from 5.5% in February. In March number of registered unemployed fell by 10.5 thousands (down 1.1% m/m) to 909.4 thousand.

In March **average wage** in enterprises' sector rose by 3.0% m/m and increased by 6.3% y/y.

In March **industrial output** rose by 2.4% m/m and declined by 2.3% y/y. data on industrial output was much better than market consensus view and showed that impact of initial phase of lockdown on industrial production was moderate. Development Ministry estimates that industrial output in April will decline by 5% y/y. In March **producer prices** were 0.5% down m/m and declined by 0.5% y/y.

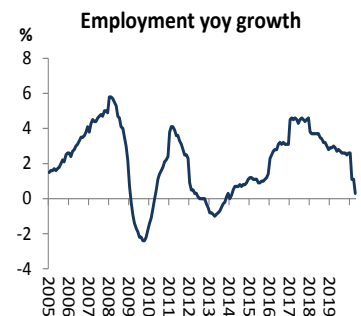
In March **retail sales** in the current prices fell by 3.3% m/m and declined by 7.1% y/y. In March retail sales in constant prices fell by 9.0% y/y. In March, in the current prices the sharpest decline was reported in footwear and clothing (down 45.1% m/m and down 50.5% y/y) and automobiles (down 24.0% m/m and down 32.7% y/y). A decline was also reported in retail sales of furniture and white goods (down 8.1% m/m and down 16.5% y/y) and fuels (down 9.5% m/m and down 14.4% y/y). In March an increase was reported in retail sales of food and beverages (up 11.0% m/m and up 9.9% y/y) and pharmaceuticals (up 1.2% m/m and 11.6% up y/y). Data on retail sales point to a relatively deep decline in demand from households. However, moderate reaction of labour market and relatively good data on industrial production for March show that the sharpest drop will occur in services' sector and in sales of consumer goods being non-necessities.

In March **construction output** rose by 3.7% y/y and was above market consensus view. In March value of investment works fell by 0.1% y/y (versus 9.1% y/y growth in March 2019) while the value of renovation works rose by 8.9% y/y (versus 10.0% y/y growth in March 2019).

The NBP (most likely in May) will transfer a record PLN7.4bn of 2019 **profit** to State budget.

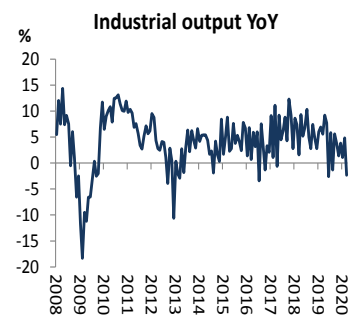
In March **money supply (M3)** significantly rose, increasing by 3.1% m/m and 11.8% y/y. An increase in money supply in March stemmed from increase in value of foreign assets (due to PLN weakening) and increase in loans to households and companies in March.

Figure 1. Employment (y/y)



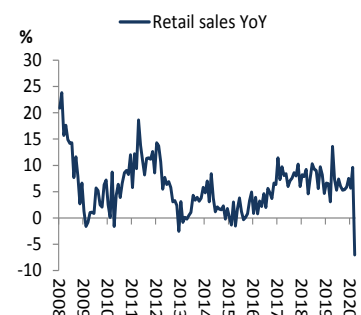
Source: GUS

Figure 2: Industrial output (y/y)



Source: GUS

Figure 3: Retail sales (y/y)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
		Budget balance (Jan-Mar)			

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)										
Apr-20	4.520	4.166	4.284	5.147	1.085	0.70	0.70	-0.25	0.85	3.0	1.35
May-20	4.495	4.098	4.287	5.107	1.097	0.70	0.71	-0.25	0.73	2.5	1.40
Jun-20	4.480	4.041	4.299	5.078	1.109	0.70	0.72	-0.25	0.60	1.8	1.45
Jul-20	4.470	3.989	4.316	5.055	1.121	0.70	0.74	-0.25	0.50	1.6	1.50
Aug-20	4.465	3.943	4.338	5.038	1.133	0.70	0.75	-0.25	0.50	1.6	1.55
Sep-20	4.460	3.897	4.361	5.021	1.144	0.70	0.75	-0.25	0.50	2.0	1.60
Oct-20	4.458	3.856	4.387	5.008	1.156	0.70	0.75	-0.25	0.50	1.9	1.68
Nov-20	4.453	3.812	4.410	4.992	1.168	0.70	0.75	-0.25	0.50	1.9	1.73
Dec-20	4.450	3.771	4.450	4.978	1.180	0.70	0.75	-0.25	0.50	2.0	1.80
Jan-21	4.433	3.739	4.419	4.944	1.186	0.70	0.75	-0.25	0.50	1.9	1.82
Feb-21	4.417	3.706	4.387	4.911	1.192	0.70	0.75	-0.25	0.50	1.6	1.85
Mar-20	4.400	3.674	4.356	4.878	1.198	0.70	0.75	-0.25	0.50	1.7	1.85

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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