



Poland: Weekly Macroeconomic Update

LAST WEEK:

According to flash estimate of the GUS **inflation** in April amounted to 0% m/m and 3.4% y/y, decelerating from 4.6% y/y in March. In April prices of food and beverages rose by 0.3% m/m and increased by 7.4% y/y. Prices of energy were 0.2% up m/m and increased by 5.2% y/y. In April fuel prices fell by 12.9% m/m and declined by 18.8% y/y.

Government accelerated the pace of **lift-off** shifting some measures expected in phase 3 of opening of the economy to phase 2. From May 4 (Phase 2) shops in malls, hotels, libraries and some institutions of culture are opened. Restaurants are opened only for delivery. From May 6 kindergartens and nurseries may be opened under strict sanitary restrictions (decision to be taken by local governments). Acceleration of the pace of opening of the economy show that government evaluated positively the impact of societal quarantine and distancing on number of new covid-19 cases and deaths.

MPC member Jerzy Kropiwnicki said that the MPC should increase interest rates and interest on mandatory reserves to their previous levels as soon as possible (perhaps within next couple of months).

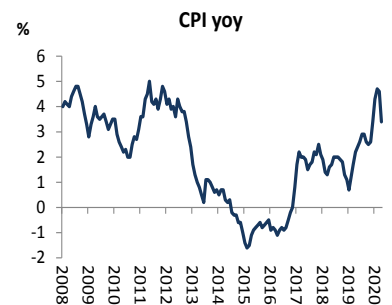
In the period of January-March 2020 **budget deficit** widened to –PLN9.0bn after budget gap of –PLN3.3bn in the period of January-February 2020.

THIS WEEK:

In April **manufacturing PMI** fell to 31.9 from 42.4 in March reaching the lowest level in its history or since June 1998.

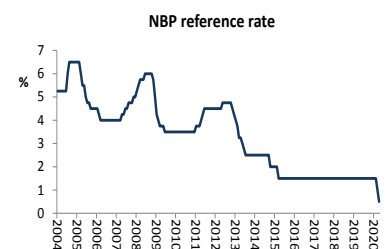
This week the Sejm will vote on the date and the form of presidential elections.

Figure 1. Inflation (y/y)



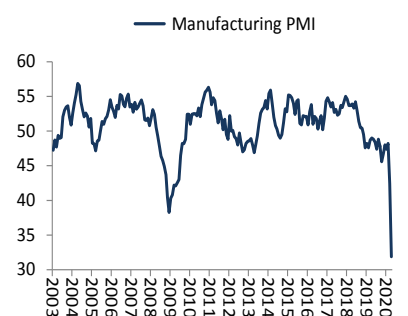
Source: GUS

Figure 2: NBP reference rate



Source: NBP

Figure 3: PMI manufacturing



Source: Markit



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-07	12:00	Official reserve assets (Apr)			

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)										
May-20	4.540	4.154	4.303	5.176	1.093	0.68	0.69	-0.25	0.50	2.9	1.50
Jun-20	4.520	4.089	4.317	5.138	1.105	0.70	0.72	-0.30	0.50	2.2	1.50
Jul-20	4.500	4.026	4.330	5.101	1.118	0.70	0.74	-0.30	0.50	2.0	1.55
Aug-20	4.490	3.972	4.353	5.076	1.130	0.70	0.75	-0.30	0.50	2.0	1.57
Sep-20	4.480	3.920	4.377	5.051	1.143	0.70	0.75	-0.30	0.50	2.4	1.60
Oct-20	4.470	3.870	4.401	5.026	1.155	0.70	0.75	-0.30	0.50	2.3	1.68
Nov-20	4.460	3.820	4.425	5.002	1.168	0.70	0.75	-0.30	0.50	2.3	1.73
Dec-20	4.450	3.771	4.450	4.978	1.180	0.70	0.78	-0.30	0.50	2.4	1.80
Jan-21	4.433	3.739	4.419	4.944	1.186	0.70	0.80	-0.30	0.50	2.3	1.82
Feb-21	4.417	3.706	4.387	4.911	1.192	0.70	0.80	-0.30	0.50	2.0	1.85
Mar-21	4.400	3.674	4.356	4.878	1.198	0.70	0.80	-0.30	0.50	2.1	1.85
Apr-21	4.383	3.643	4.326	4.845	1.203	0.70	0.80	-0.30	0.50	2.6	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.



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