



Poland: Weekly Macroeconomic Update

LAST 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. The lowest levels were reached in indices of output, new orders, exports, purchases, purchasing, backlogs of work, supplier performance and output expectations. The rate of job shedding was almost equal to the record posted in April 1999. Index of new orders declined to 17.1pts (down 29pts versus February) due to sharp decline in domestic and foreign orders. In April producers confidence (expressed by expected output in 12 month horizon) were the lowest in history of the survey as companies feared long-term impact of lock-down.

On Thursday the Sejm rejected Senate's resolution on rejection of draft bill on mail vote in Presidential elections. 236 deputies voted for rejection of Senate's resolution, 213 deputies voted against rejection of the resolution and 11 deputies abstained. Due to the presence of all 360 members of parliament a minimum number of votes needed to reject Senate's resolution was 231. Sejm Speaker will have two weeks to announce the date of Presidential elections. As for now, most likely scenario is postponement of Presidential elections to end of June.

Labour Ministry estimated that in April number of registered unemployed rose by 58k to about 960k what means an increase of **unemployment rate** to 5.7% in April from 5.4% in March.

THIS WEEK:

This week most interesting release will be preliminary **GDP growth** for Q1 to be released on Friday. Our forecast for Q1 GDP growth is 1.9% y/y.

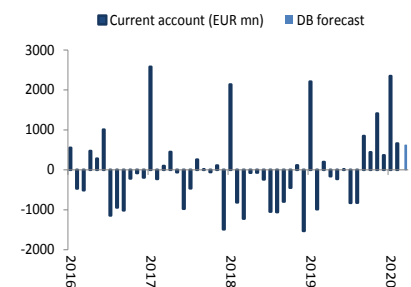
On Thursday the NBP will release **balance of payments** for March. We expect an EUR550mn surplus in the current account and trade surplus of EUR620mn in March.

Figure 1. PMI manufacturing



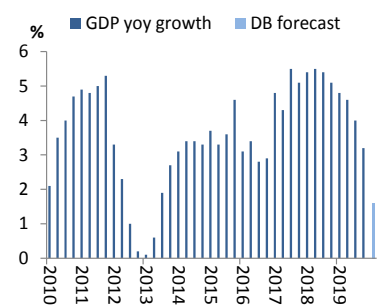
Source: Markit

Figure 2: Current account



Source: NBP, Deutsche Bank Polska S.A.

Figure 3: Real GDP growth (y/y)



Source: GUS, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-14	12:00	Current account (Mar)	EUR550mn		EUR580mn
May-14	12:00	Trade balance (Mar)	EUR620mn		EUR642mn
May-15	8:00	GDP (Q1)	(1,9%)		-1,2% (1,7%)

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.



Appendix 1

Important Disclosures

Additional information available upon request

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