



Poland: Weekly Macroeconomic Update

LAST WEEK:

In May the number of economic entities in Poland (including self-employed persons) rose by 0.3% m/m and increased by 2.5% y/y comparing to a 0.1% m/m and 2.6% y/y increase in April. In May the number of newly registered entities increased by 62.8% m/m versus a 42.4% m/m decline in April. In May 21 thousands of entities suspended their activities versus 18.3 thousand suspensions in April and 14.3 thousand suspensions in February. It means that vast majority of economic entities continued their activities during lock-down and the number of new registrations returned to pre-lockdown level. However, number of monthly suspensions remains at elevated level (is 4-6 thousands higher than usual). Economic impact of lock-down will be fully visible after the end of government's help programmes, i.e during the next quarter.

World Bank estimates that world's GDP growth will decline by 5.2% y/y in 2020 and will rise by 4.2% in 2021. World Bank's forecast of Poland's GDP growth is -4.2% in 2020 and 2.8% in 2021.

THIS WEEK:

In May **inflation** amounted to -0.2% m/m and 2,9% y/y. In May prices of food and non-alcohol beverages rose by 0.2 m/m and were 6.2% up y/y, prices of housing and energy rose by 0.1% m/m and were 7,5% y/y, prices of healthcare rose by 1.6% m/m and increased by 5.5% y/y, prices in hotels and restaurants rose by 0.4% m/m and were 6.0% up y/y while prices of education fell by 0.2% m/m and rose by 4.8% y/y. In May prices of transport fell by 4.5% m/m and declined by 12.8% y/y. Prices of footwear and clothing declined by 0.9% m/m and fell by 4.2% y/y. Transport prices reduced monthly inflation by 0.4 percentage point.

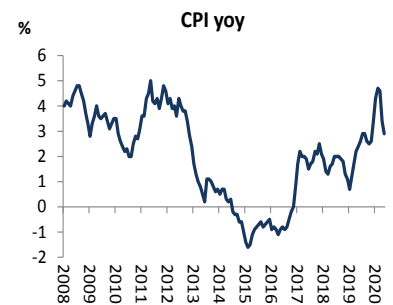
Today the NBP will release data on the **current account** for April. We expect a surplus of EUR1.2bn.

On Tuesday the **MPC** will hold policy meeting. We expect the MPC to keep monetary policy settings unchanged.

Average employment in enterprises' sector (Thursday) should decline by 2.6% y/y while **average wage** in enterprises' sector should rise by 1.5% y/y.

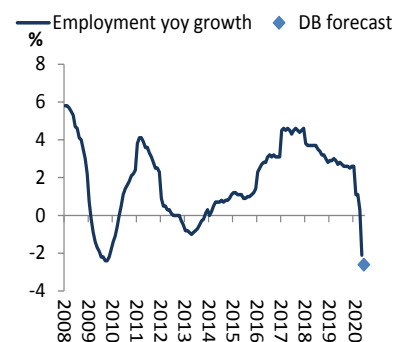
Industrial output for May (due on Friday) should decline by 13.2% y/y.

Figure 1. Inflation (y/y)



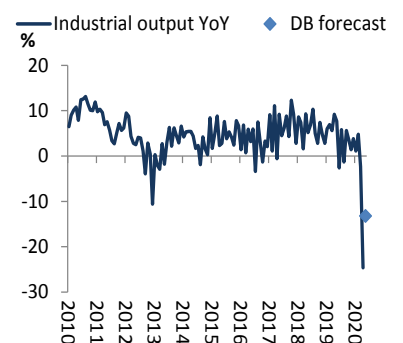
Source: GUS

Figure 2: Average employment (y/y change)



Source: GUS, Deutsche Bank Polska S.A.

Figure 3: Industrial output (y/y growth)



Source: GUS, Deutsche Bank Polska S.A.



DIARY (this week)

| Date | GMT | Release/Event | DB Expected | Actual | Consensus |
|--------|-------|--------------------------|----------------|--------------|---------------|
| Jun-15 | 8:00 | Inflation (May) | -0.2% (2.9%) | -0.2% (2.9%) | -0.2% (2.9%) |
| Jun-15 | 12:00 | Current account (Apr) | EUR1200mn | | EUR1334mn |
| Jun-15 | 12:00 | Trade balance (Apr) | -EUR350mn | | -EUR400mn |
| Jun-16 | | MPC decision | 0.10% | | 0.10% |
| Jun-16 | 12:00 | Core inflation (May) | -0.2% (3.6%) | | -0.2% (3.6%) |
| Jun-18 | 8:00 | Average wage (May) | -2.9% (1.5%) | | -2.3% (1.7%) |
| Jun-18 | 8:00 | Average employment (May) | -0.7% (-2.6%) | | -0.7% (-2.7%) |
| Jun-18 | 12:00 | Minutes from MPC meeting | | | |
| Jun-19 | 8:00 | Industrial output (May) | 15.0% (-13.2%) | | 8.9% (-18.0%) |
| Jun-19 | 8:00 | PPI (May) | 0.1% (-1.5%) | | 0.1% (1.5%) |

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) | | | | | | | | | | |
| Jun-20 | 4.430 | 3.955 | 4.160 | 4.907 | 1.120 | 0.28 | 0.29 | -0.30 | 0.34 | 2.3 | 1.35 |
| Jul-20 | 4.415 | 3.900 | 4.159 | 4.879 | 1.132 | 0.28 | 0.29 | -0.30 | 0.40 | 2.0 | 1.40 |
| Aug-20 | 4.410 | 3.854 | 4.169 | 4.862 | 1.144 | 0.29 | 0.30 | -0.30 | 0.45 | 2.0 | 1.45 |
| Sep-20 | 4.407 | 3.811 | 4.180 | 4.848 | 1.156 | 0.30 | 0.32 | -0.30 | 0.50 | 2.4 | 1.50 |
| Oct-20 | 4.405 | 3.770 | 4.192 | 4.836 | 1.169 | 0.50 | 0.60 | -0.30 | 0.50 | 2.3 | 1.55 |
| Nov-20 | 4.402 | 3.728 | 4.204 | 4.822 | 1.181 | 0.50 | 0.60 | -0.30 | 0.50 | 2.3 | 1.60 |
| Dec-20 | 4.400 | 3.729 | 4.231 | 4.922 | 1.180 | 0.55 | 0.65 | -0.30 | 0.50 | 2.5 | 1.65 |
| Jan-21 | 4.388 | 3.700 | 4.219 | 4.893 | 1.186 | 0.70 | 0.80 | -0.30 | 0.50 | 2.3 | 1.70 |
| Feb-21 | 4.375 | 3.671 | 4.207 | 4.865 | 1.192 | 0.70 | 0.80 | -0.30 | 0.50 | 2.1 | 1.75 |
| Mar-21 | 4.363 | 3.643 | 4.195 | 4.836 | 1.198 | 0.70 | 0.80 | -0.30 | 0.50 | 2.2 | 1.80 |
| Apr-21 | 4.350 | 3.615 | 4.183 | 4.808 | 1.203 | 0.70 | 0.80 | -0.30 | 0.50 | 2.7 | 1.85 |
| May-21 | 4.338 | 3.587 | 4.171 | 4.780 | 1.209 | 0.70 | 0.80 | -0.30 | 0.50 | 3.0 | 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

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1,744,449,384 paid up in full.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krzeńskiak