



# Poland: Weekly Macroeconomic Update

## LAST 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.

In May **core inflation** was -0.1% m/m and 3.8% y/y, versus core inflation of 3.6% y/y in April. Core inflation increases mainly due to higher prices of services.

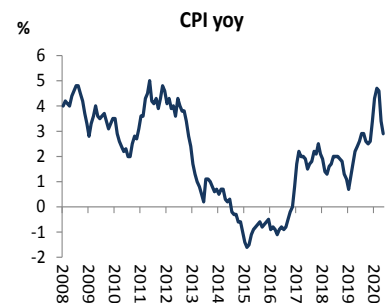
The **MPC**, as expected kept settings of monetary policy unchanged. In the communique after the meeting the MPC underlined that the April data pointed to a significant fall in economic activity, a decrease in wages and employment in enterprises as well as weak consumer and business sentiment. The MPC said the recent weeks had seen a gradual lifting of economic activity restrictions which had translated into some improvement in sentiment. This had been accompanied by a considerable decline in inflation. The MPC stated that over the near term, a further recovery in economic activity might be expected. Apart from the likely further loosening of the pandemic-related restrictions, this will be supported by economic policy measures, including monetary policy easing by NBP that mitigates the fall in employment, supporting incomes of households and financial situation of enterprises. The MPC added, however, that the scale of the expected recovery could be curbed by uncertainty about the consequences of the pandemic, lower incomes and weaker sentiment of economic agents than in previous years. In the opinion of the MPC the pace of the economic recovery could also be mitigated by the lack of visible zloty exchange rate adjustment to the global pandemic shock and to the monetary policy easing introduced by NBP. NBP will continue to purchase government securities and government-guaranteed debt securities in the secondary market as part of the structural operations.

In May **average wage** in enterprises' sector declined by 1.4% m/m and fell by 3.2% y/y. **Average wage** in enterprises' sector fell by 3.1% m/m and increased by 1.2% y/y.

In May **industrial output** fell by 17.0% y/y and increased by 10.1% m/m. The main sector that generated almost 1/3 of total decline of output in industry was automobile industry in which output fell by 58% y/y in May. Three other sectors, each generating almost 1/10 of total decline of output in industry were products of metals (down 6.5% y/y), food industry (down 6.8% y/y) and rubber and plastics industry (down 7.2% y/y). In May industry recovered less than half of output losses of April and as a result, industrial output in May was at the level of July 2017.

In May **producer prices** were 1.5% down y/y and were unchanged m/m. The biggest decline in prices was reported in oil refining (down 36.5% y/y), production of metals (down 6.0% y/y) and chemical industry (down 4.6% y/y).

Figure 1. Inflation (y/y)



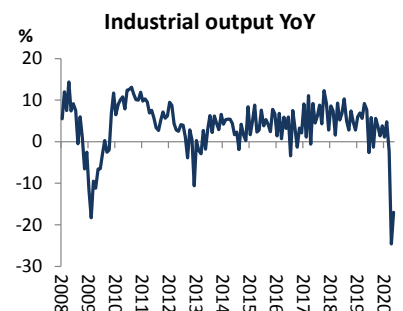
Source: GUS

Figure 2: Average employment (y/y change)



Source: GUS

Figure 3: Industrial output (y/y growth)



Source: GUS.



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jun-22	8:00	Retail sales (May)	12.4% (-10.3%)	14.5% (-8.6%)	11.2% (-13.3%)
Jun-22	8:00	Real retail sales (May)	-11.0%	-7.7%	-11.7%
Jun-23	8:00	Construction output (May)	-1.5%		-1.5%
Jun-23	12:00	Money supply M3 (May)	1.2% (14.4%)		1.8% (14.6%)
Jun-24	8:00	Unemployment rate (May)	6.3%		6.1%

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	-0.40	0.30	2.3	1.35
Jul-20	4.415	3.900	4.159	4.879	1.132	0.28	0.29	-0.35	0.35	2.0	1.40
Aug-20	4.410	3.854	4.169	4.862	1.144	0.29	0.30	-0.30	0.40	2.0	1.45
Sep-20	4.407	3.811	4.180	4.848	1.156	0.30	0.32	-0.30	0.45	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

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