



Poland: Weekly Macroeconomic Update

LAST WEEK:

In July **manufacturing PMI** rose to 52.8 pts from 47.2 pts in June. An increase of PMI index by 5.6 pts in July was the third highest in history of the survey (after increases in May and June this year). An increase of PMI in July stemmed from improvement in all sub-indices, in particular index of output (up 2.6pts) new orders (up 2.1pts) and delivery time (up 0.6pts). Growth in output was a result of increase of new orders, both domestic and foreign what was an effect of lifting-off covid-19 related restrictions. Exports increase for the first time in two years but the pace of export growth was weak due to social distancing that were in effect in many countries. In July domestic producers were still optimistic on output in 12-month horizon. In July employment was reduced again, albeit at the pace similar to the trend in employment in the last two years. Cost inflation has been one of the weakest since beginning of 2020 and prices of finished goods declined for the fourth month in a row. Recovery in PMI index after the lockdown is much faster than that after financial crisis of 2009 what shows that demand was depressed only for the short period of time, and there were no prolonged decline in demand typical for recessions causes by financial crises.

In July **official reserve assets** increased to EUR116.10bn from EUR115.06bn in June.

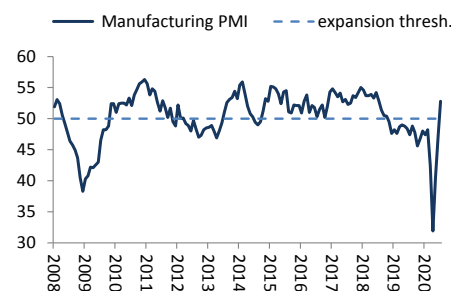
THIS WEEK:

On Thursday the NBP will publish current account for June. We forecast **trade surplus** of EUR706mn and **current account surplus** of EUR1933mn in June.

On Friday **final inflation** for July will be released. We expect inflation to be confirmed at -0.1% m/m and 3.1% y/y in July.

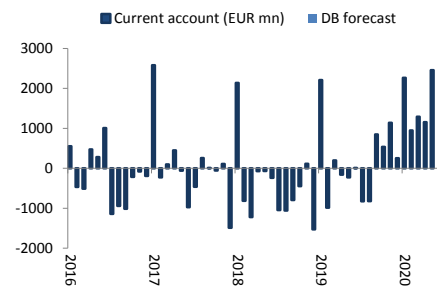
The most interesting release of the this week will be **preliminary Q2 GDP growth** due on Friday. We estimate that real GDP growth contracted by 8.6% y/y and fell by 10.7% q/q in Q2 2020.

Figure 1. Manufacturing PMI



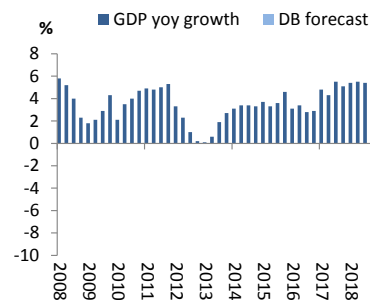
Source: Markit

Figure 2: Current account (EURmn)



Source: NBP, Deutsche Bank Polska S.A.

Figure 3: Real GDP y/y growth



Source: GUS, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Aug-13	12:00	Current account (Jun)	EUR1933mn		EUR2219mn
Aug-13	12:00	Trade balance (Jun)	EUR706mn		EUR1210mn
Aug-14	8:00	GDP (Q2)	-10.7% (-8.7%)		-9.5% (-9.0%)
Aug-14	8:00	Inflation (Jul)	-0.1% (3.1%)		-0.1% (3.1%)

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)										
Aug-20	4.430	3.786	4.102	4.903	1.170	0.23	0.28	-0.48	0.25	3.1	1.35
Sep-20	4.420	3.762	4.131	4.911	1.175	0.23	0.28	-0.45	0.25	3.5	1.38
Oct-20	4.415	3.748	4.165	4.933	1.178	0.23	0.28	-0.45	0.25	3.4	1.40
Nov-20	4.410	3.737	4.200	4.958	1.180	0.23	0.28	-0.45	0.25	3.4	1.45
Dec-20	4.400	3.729	4.231	4.922	1.180	0.23	0.28	-0.45	0.25	3.5	1.48
Jan-21	4.388	3.700	4.219	4.893	1.186	0.23	0.28	-0.45	0.25	3.4	1.50
Feb-21	4.375	3.671	4.207	4.865	1.192	0.23	0.28	-0.45	0.25	3.1	1.55
Mar-21	4.363	3.643	4.195	4.836	1.198	0.23	0.28	-0.45	0.25	3.2	1.60
Apr-21	4.350	3.615	4.183	4.808	1.203	0.23	0.28	-0.45	0.25	3.8	1.65
May-21	4.338	3.587	4.171	4.780	1.209	0.23	0.28	-0.45	0.25	4.2	1.65
Jun-21	4.325	3.560	4.159	4.752	1.215	0.23	0.28	-0.45	0.25	3.9	1.70
Jul-21	4.313	3.532	4.147	4.725	1.221	0.23	0.28	-0.45	0.25	3.9	1.75

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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