



Poland: Weekly Macroeconomic Update

LAST WEEK:

In July **money supply M3** fell by 0.3% m/m and increased by 16.8% y/y. In July cash in circulation rose by 32.6% y/y, deposits of households increased by 28.8% y/y and deposits of companies rose by 48.2% y/y. Loans to households increased by 3.4% y/y while loans to companies fell by 2.4% y/y in July.

In July 2020 registered **unemployment rate** remained at 6.1%, unchanged versus June. Stabilization of unemployment rate in July was a result of increased demand for seasonal work and government's programmes aimed at stabilization of employment during lock-down. Stabilisation in unemployment rate is an important signal showing that Poland's economy accommodated strong combined demand and supply shock during the lock-down.

In Q2 2020 **unemployment rate** (on the basis of labour force survey) remained at 3.1%, unchanged versus Q1. Stabilisation of labour force survey unemployment rate in Q2 suggests that demand for labour is sustained. Employment data show also that grey economy is not expanding.

THIS WEEK:

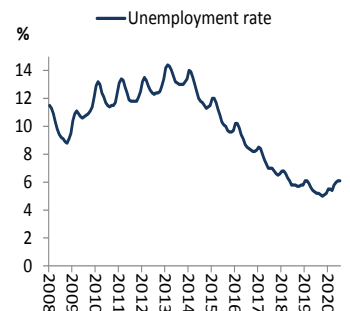
The GUS confirmed preliminary data on Q2 **real GDP** (8.9% q/q decline and 8.2% y/y drop in real GDP). In Q2 real households' consumption fell by 10.9% y/y while public consumption increased by 4.8% y/y. Gross accumulation declined by 19.7% y/y including 10.9% real y/y decline in fixed investments. In Q2 real exports declined by 14.3% y/y and real imports fell by 17.5% y/y. On GDP creation side, the deepest drop in value added occurred in hotels and restaurants (down 78.4% y/y), transport and logistics (down 15.7% y/y), industry (down 11.8% y/y) and trade and car repair (down 11.6% y/y). In Q2 only two components of demand had positive contribution to GDP growth: public consumption and net exports (each added 0.8 perc. point to GDP growth).

Figure 1. Money supply M3 (y/y growth)



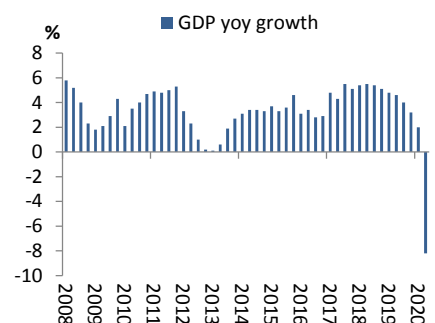
Source: NBP

Figure 2: Unemployment rate



Source: GUS

Figure 3: Real GDP (y/y growth)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Aug-31	8:00	GDP (Q2)	-8.9% (-8.2%)	-8.9% (-8.2%)	-8.9% (-8.2%)
Sep-01	7:00	PMI manufacturing (Aug)	52.5		52.9
Sep-01	8:00	Inflation (Aug, prel.)	0.1% (3.1%)		0.0% (3.0%)

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	4.396	3.682	4.082	4.908	1.194	0.23	0.27	-0.48	0.24	3.1	1.43
Sep-20	4.392	3.738	4.105	4.971	1.175	0.23	0.28	-0.45	0.25	3.2	1.45
Oct-20	4.387	3.724	4.139	4.938	1.178	0.23	0.28	-0.45	0.25	3.1	1.45
Nov-20	4.380	3.712	4.171	4.911	1.180	0.23	0.28	-0.45	0.25	3.1	1.45
Dec-20	4.370	3.703	4.202	4.888	1.180	0.23	0.28	-0.45	0.25	3.2	1.48
Jan-21	4.360	3.677	4.192	4.862	1.186	0.23	0.28	-0.45	0.25	3.1	1.50
Feb-21	4.350	3.650	4.183	4.837	1.192	0.23	0.28	-0.45	0.25	2.8	1.55
Mar-21	4.340	3.624	4.173	4.811	1.198	0.23	0.28	-0.45	0.25	2.9	1.60
Apr-21	4.330	3.598	4.163	4.786	1.203	0.23	0.28	-0.45	0.25	3.5	1.65
May-21	4.320	3.573	4.154	4.761	1.209	0.23	0.28	-0.45	0.25	3.9	1.65
Jun-21	4.310	3.547	4.144	4.736	1.215	0.23	0.28	-0.45	0.25	3.6	1.70
Jul-21	4.300	3.522	4.135	4.711	1.221	0.23	0.28	-0.45	0.25	3.7	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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