



Poland: Weekly Macroeconomic Update

LAST WEEK:

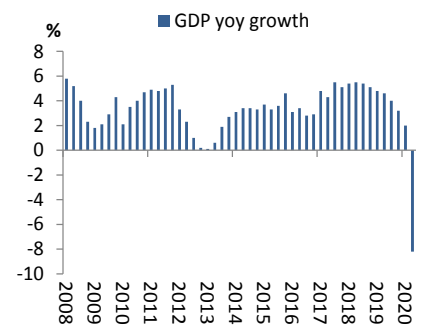
The GUS confirmed preliminary data on Q2 **real GDP** (8.9% q/q decline and 8.2% y/y drop in real GDP). In Q2 real households' consumption fell by 10.9% y/y while public consumption increased by 4.8% y/y. Gross accumulation declined by 19.7% y/y including 10.9% real y/y decline in fixed investments. 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).

In August **manufacturing PMI** declined to 50.6pts from 52.8pts in June when it reached the highest value in two years. In August manufacturing remained in an expansion phase but the pace of expansion was limited by stabilization of inflow of new orders, including export orders. Some companies reported an increase in export orders but the other group pointed to decline in domestic orders due to rising uncertainty due to increasing number of covid cases in Europe. In August employment in manufacturing sector increased but output declined.

In August **flash inflation** was -0.1% m/m and 2.9% y/y. A decline in inflation in August resulted from a seasonal fall in food prices (down 1.1% m/m, up 3.0% y/y) and decline in prices of fuels (down 12.3% m/m, up 3.3% y/y). Energy prices were 0.1% up m/m and 4.5% up y/y in August.

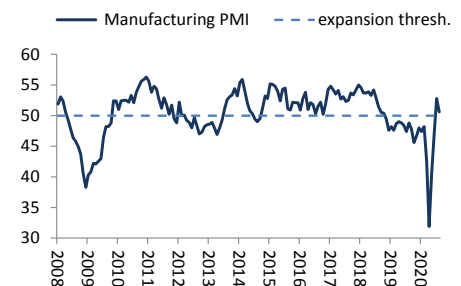
According to estimates of Labour Ministry, **registered unemployment rate** in August remained steady at 6.1%. Registered unemployment rate has been steady since June this year when surge in unemployment triggered by lockdown was stopped by anti-crisis shield and increased demand for seasonal jobs in the summer. Last months of 2020 will be crucial for labour market as impact of employment stabilizing programmes will wane. Demand from households should be gradually normalizing but companies will face diminished demand for exports and decline in demand in services that require intense social contacts.

Figure 1. Real GDP (y/y growth)



Source: GUS

Figure 2: Manufacturing PMI



Source: Markit

Figure 3: Inflation (y/y)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Sep-07	12:00	Official reserve assets (Aug)			

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)										
Sep-20	4.420	3.762	4.131	4.947	1.175	0.23	0.28	-0.45	0.25	3.0	1.45
Oct-20	4.410	3.744	4.083	4.930	1.178	0.23	0.28	-0.45	0.25	2.9	1.45
Nov-20	4.400	3.729	4.093	4.915	1.180	0.23	0.28	-0.48	0.25	2.9	1.45
Dec-20	4.390	3.720	4.103	4.911	1.180	0.23	0.28	-0.47	0.25	3.0	1.48
Jan-21	4.381	3.694	4.104	4.886	1.186	0.23	0.28	-0.45	0.25	2.9	1.50
Feb-21	4.372	3.669	4.105	4.861	1.192	0.23	0.28	-0.45	0.25	2.6	1.55
Mar-21	4.363	3.643	4.106	4.836	1.198	0.23	0.28	-0.45	0.25	2.7	1.60
Apr-21	4.353	3.618	4.107	4.812	1.203	0.23	0.28	-0.45	0.25	3.3	1.65
May-21	4.344	3.593	4.108	4.787	1.209	0.23	0.28	-0.45	0.25	3.6	1.65
Jun-21	4.335	3.568	4.109	4.763	1.215	0.23	0.28	-0.45	0.25	3.4	1.70
Jul-21	4.326	3.543	4.110	4.739	1.221	0.23	0.28	-0.45	0.25	3.5	1.75
Aug-21	4.317	3.519	4.111	4.715	1.227	0.23	0.28	-0.45	0.25	3.6	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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