



Poland: Weekly Macroeconomic Update

LAST WEEK:

In August **official reserve assets** increased to EUR116.8bn from EUR116.1bn in June.

PM Mateusz Morawiecki said that the current level of the **exchange rate** was good for economy. He added that government was absolutely not concerned with PLN exchange rate that was good for stability of Poland's economy, good for exporting sectors and at the same time had a potential to appreciate. PM Morawiecki underlined that revised budget for 2020 envisaged 4.5% decline in real GDP but the newest estimates suggested that Poland's economy would shrink by about 3.5%. PM Morawiecki added that further rescue programmes were not excluded but government was looking how economy behaved before taking any decision. In our view Poland's economy recovers from crisis relatively fast. We expect Poland's real GDP to contract by 3.2% in 2020 and to grow by 3.1% in 2021.

THIS WEEK:

In July 2020 surplus on the **current account** was equal to EUR1620mn versus a surplus of EUR2842mn in June 2020. Trade surplus was equal to EUR998mn (exports rose by 2.7% y/y while imports fell by 3.9% y/y). In July surplus in the services' account amounted to EUR2.0bn while primary income account was equal to -EUR1.6bn.

At **MPC** policy meeting tomorrow we expect the MPC to keep interest rates unchanged.

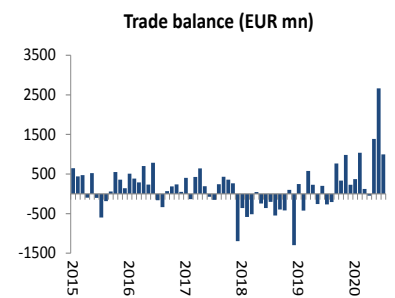
Inflation for August (due on Tuesday) should be confirmed at -0.1% m/m and 2.9% y/y.

Core inflation (Wednesday) will likely amount to 0.2% m/m and 4.3% y/y.

Average wage in enterprises' sector for August (Thursday) should increase by 3.9% y/y while average employment likely fell by 2.1% y/y in August.

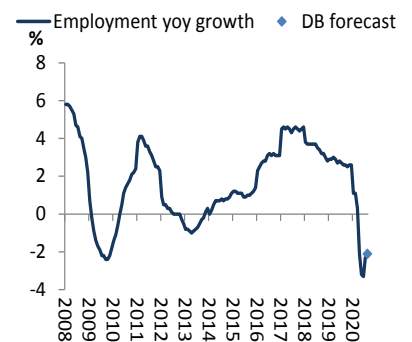
Industrial output for August (Friday) should increase by 1.2% y/y and PPI is estimated at -1.0% y/y.

Figure 1. Trade balance



Source: NBP

Figure 2: Employment growth (y/y)



Source: GUS, Deutsche Bank Polska S.A.

Figure 3: Inflation (y/y)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Sep-14	12:00	Current account (Jul)	EUR2050mn	EUR1620mn	EUR2412mn
Sep-14	8:00	Inflation (Aug)	-0.1% (2.9%)		-0.1% (2.9%)
Sep-15		MPC decision	0.1%		0.1%
Sep-16	12:00	Core inflation (Aug)	0.2% (4.3%)		0.0% (4.1%)
Sep-17	8:00	Average wage (Aug)	-1.0% (3.9%)		-0.9% (4.0%)
Sep-17	8:00	Average employment (Aug)	0.3% (-2.1%)		0.7% (-1.5%)
Sep-18	8:00	Industrial output (Aug)	-6.0% (1.2%)		-4.4% (3.0%)
Sep-18	8:00	PPI (Aug)	-0.1% (-1.0%)		-0.1% (-1.0%)

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)										
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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