



# Poland: Weekly Macroeconomic Update

## LAST 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.

In August **inflation** was confirmed at -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 footwear and clothing (down 1.5% m/m, down 1.9% y/y). Housing and energy prices were 0.3% up m/m and 7.2% up y/y in August.

At policy meeting last Tuesday the **MPC** kept interest rates unchanged, as expected. In the communique the MPC stated that in recent months sentiment had improved and economy had recovered after a 8.2% y/y drop in real GDP in Q2. The MPC underlined that inflation fell to 2.9% y/y in August. MPC expect economic recovery to continue in following months that will be supported by improvement in business conditions in the EU and by expansionary monetary policy conducted by the NBP. The MPC underlined that PLN exchange rate hadn't adjusted to global shock caused by covid pandemic and to easing of monetary policy by the central bank.

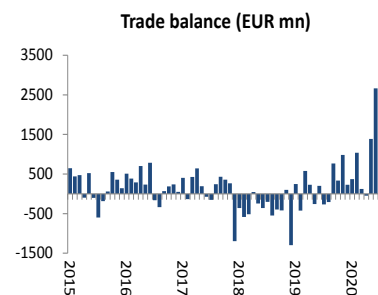
In August inflation **core inflation** (ex food and energy) amounted to 0.0% m/m and 4.0% y/y versus core inflation of 4.3% y/y in July. In August core inflation (excluding administered prices) was 2.0% y/y. Relatively high level of core inflation stems from two factors: (1) hikes in administered prices and (2) rising prices of services that follows from steady increase in wage level in Poland's economy.

In August **average employment** in enterprises' sector increased by 0.7% m/m and was 1.5% down y/y, in line with market consensus expectations. In July 2020 average employment in enterprises' sector was 2.3% lower than in July 2019. Employment in enterprises' sector is recovering fast what is a result of higher demand for seasonal jobs in services and agriculture. Data on employment shows also that impact of covid-19 on labour market is moderate.

In August **average wage** in enterprises' sector fell by 0,8% m/m and increased by 4.1% y/y after a 3.8% y/y growth in July. Relatively robust growth in wages in August, combined with healthy pace of recovery in jobs in August is an evidence of still robust demand for labour in Poland.

**Industrial output** for August fell by 5.8% m/m and rose by 1.5% y/y while **PPI** for August amounted to -0.3% m/m and -1.2% y/y.

Figure 1. Trade balance



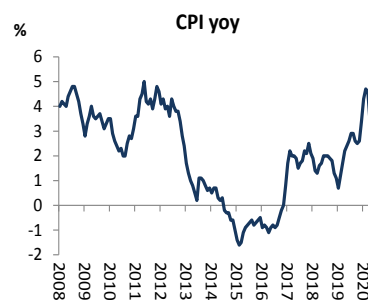
Source: NBP

Figure 2: Employment growth (y/y)



Source: GUS,

Figure 3: Inflation (y/y)



Source: GUS



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Sep-21	8:00	Retail sales (Aug)	2.2% (5.4%)	-2.6% (0.4%)	0.4% (2.4%)
Sep-21	8:00	Construction output (Aug)	(-8.5%)	(-12.1%)	(-9.3%)
Sep-22	12:00	Money supply M3 (Aug)	0.2% (16.3%)		0.5% (16.4%)
Sep-23	8:00	Unemployment rate (Aug)	6.1%		6.1%
Sep-24	12::00	Minutes from MPC meeting			

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