



Poland: Weekly Macroeconomic Update

LAST WEEK:

In September **average employment** in enterprises' sector increased by 0.3% m/m and fell by 1.2% y/y. Employment in enterprises' sector in Q3 was recovering slowly what suggests that social distancing (voluntary and/or administrative), restrictions on services and smaller foreign demand (mainly from the EU) will result in slower post-covid recovery. In September **average wage** in enterprises' sector increased by 0.6% m/m and rose by 5.6% y/y, above expectations.

In September **construction output** fell by 9.8% y/y of which buildings construction fell by 6.3% y/y, infrastructure construction declined by 14.5% y/y and specialized works fell by 4.4% y/y.

Industrial output rose by 15.5% m/m and increased by 5.9% y/y in September. An increase in industrial output stemmed from a strong rise in production of consumer durables (up 21.2%) and intermediate goods (up 7.3%). Consumer non-durables were 4.1% up while investment goods were 2.6% up in September.

In September **producer prices** rose by 0.1% m/m and fell by 1.6% y/y.

In September **retail sales** in constant prices fell by 2.2% m/m and rose by 2.5% y/y while retail sales in the current prices declined by 1.8% m/m and increased by 2.7% y/y. Retail sales in constant prices of automobiles rose by 4.9% y/y, retail sales of food were 1.4% y/y up and retail sales of consumer durables rose by 8.6% y/y. In September decline in nominal retail sales was reported in fuels (down 4.6% y/y) and footwear and clothing (down 1.7% y/y).

In September **money supply M3** rose by 1.0% m/m and increased by 17.0% y/y. An increase in money supply in September stemmed primarily from a rise in monetary base due to PLN weakening in the end of September. In September cash in circulation increased by 1.1% m/m and 30.4% y/y, current deposit of households rose by 1.1% m/m and were 28.4% up y/y (term deposits fell by 2.0% m/m and were 26.6% down y/y), current deposits of companies were 2.6% up m/m and rose by 51.4% y/y (term deposits fell by 1.6% m/m and were 24.0% down y/y) and current deposits of local governments were 9.4% up m/m and rose by 51.1% y/y (term deposits rose by 3.2% m/m and fell by 32.7% y/y). In September loans to households rose by 0.7% m/m and were 2.7% up y/y while loans to companies fell by 0.5% m/m and declined by 3.9% y/y.

The GUS revised down **GDP** growth to 1.9% y/y from 2.0% y/y for Q1 2020, and to -8.4% y/y from -8.2% y/y for Q2 2020.

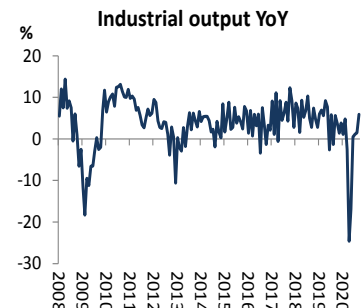
In September **registered unemployment rate** has been unchanged at 6.1% for a fourth month in a row, as expected.

Figure 1: Employment growth (y/y)



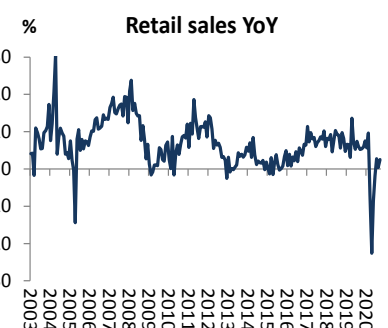
Source: GUS

Figure 2: Industrial output (y/y growth)



Source: GUS

Figure 3: Retail sales (y/y growth)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-30	8:00	Inflation (Oct., flash)	0.1% (3.1%)		0.2% (3.2%)

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)										
Oct-20	4.570	3.866	4.259	5.050	1.182	0.22	0.25	-0.51	0.22	3.1	1.25
Nov-20	4.515	3.826	4.200	4.974	1.180	0.22	0.25	-0.50	0.22	3.1	1.25
Dec-20	4.450	3.787	4.159	4.923	1.175	0.22	0.25	-0.48	0.22	2.7	1.30
Jan-21	4.446	3.780	4.155	4.916	1.176	0.22	0.25	-0.47	0.22	2.1	1.30
Feb-21	4.442	3.772	4.151	4.908	1.178	0.22	0.25	-0.46	0.22	1.6	1.32
Mar-21	4.438	3.765	4.147	4.901	1.179	0.22	0.25	-0.45	0.22	1.7	1.32
Apr-21	4.433	3.757	4.143	4.893	1.180	0.22	0.25	-0.45	0.22	2.3	1.35
May-21	4.429	3.750	4.139	4.885	1.181	0.22	0.25	-0.45	0.22	2.6	1.35
Jun-21	4.425	3.742	4.136	4.878	1.183	0.22	0.25	-0.45	0.22	2.4	1.35
Jul-21	4.421	3.735	4.132	4.870	1.184	0.22	0.25	-0.45	0.22	2.4	1.35
Aug-21	4.417	3.727	4.128	4.863	1.185	0.22	0.25	-0.45	0.22	2.5	1.35
Sep-21	4.413	3.720	4.124	4.855	1.186	0.22	0.25	-0.45	0.22	2.4	1.35

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

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