



## Poland: Weekly Macroeconomic Update

### LAST WEEK:

**Manufacturing PMI** for October remained at 50.8pts, unchanged compared to September. In October new domestic order fell, while new foreign orders increased what resulted in exports rising for a fourth month in a row. In October employment rose in the fastest pace since June 2018 and output has been rising fourth month in a row, but pace of growth was very small. Companies expect output to increase in 12 month horizon, plan introducing new products and purchases of new equipment, but optimism is the weakest since May.

On Wednesday PM Mateusz Morawiecki announced closing of shopping malls (besides grocery shops and pharmacies) and learning from home for all schoolchildren effective from last Saturday. He also stated that **full country lockdown** would be introduced if 7-day average of new infections per 100k inhabitants exceed 70. As currently this indicator is above 65 and  $\frac{1}{2}$ , the threshold of 70 will likely be exceeded by the end of this week. Assuming disease models build by the modelling center of Warsaw University (ICM UW) are true, covid-19 infections in Poland will peak on November 28.

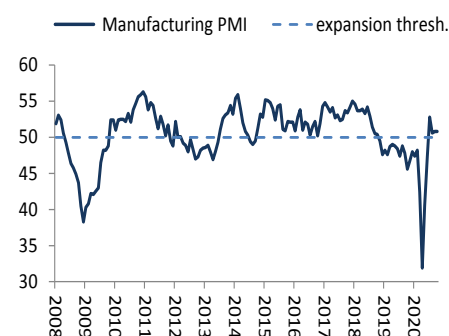
At the meeting on Friday the **MPC** didn't change monetary policy settings. The MPC underlined that the sharp increase in the number of new covid-19 infections in the recent period and the tightening of the pandemic restrictions would contribute to a further deterioration in the economic conditions in 2020 Q4. The MPC said that domestic economic activity may be also limited by the lack of a visible and more durable zloty exchange rate adjustment to the global pandemic-driven shock and to the monetary policy easing introduced by NBP. The Council reassured to continue purchases of government and agency bonds in secondary market and signaled readiness to act to prevent negative impact of covid-19.

### THIS WEEK:

On Tuesday the NBP published November's **Inflation report**. In line with the NBP projection prepared under the assumption of unchanged NBP interest rates and taking into account data available until 4 November 2020, there is a 50-percent probability that the annual price growth will be in the range of 3.4–3.5% in 2020 (against 2.9–3.6% in the July 2020 projection), 1.8–3.2% in 2021 (compared to 0.3–2.2%) and 1.6–3.6% in 2022 (compared to 0.6–2.9%). At the same time, the annual GDP growth – according to NBP's projection – will be with a 50-percent probability in the range of -4.1 – -3.0% in 2020 (against -7.2 – -4.2% in the July 2020 projection), 0.8–4.5% in 2021 (compared to 2.1–6.6%) and 3.8–7.8% in 2022 (compared to 1.9–6.0%).

On Friday the GUS will publish Q3 GDP (our forecast is 8.5% q/q and -0.1% y/y), the NBP will release balance of payments for September (we expect an EUR1.67bn surplus in the current account) and GUS will publish final **inflation** for October (preliminary inflation was 0.1% m/m and 3.0% y/y).

Figure 1: : Manufacturing PMI



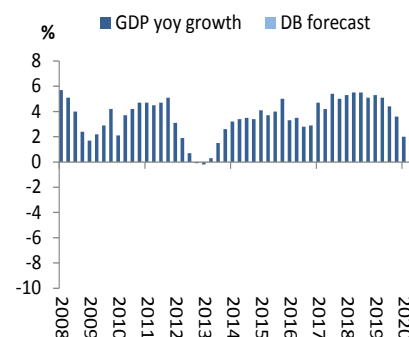
Source: Markit

Figure 2: Inflation (y/y)



Source: GUS

Figure 3. GDP growth (y/y)



Source: GUS, Deutsche Bank Polska S.A.



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-10	9:00	Inflation report (Nov)			
Nov-10	13:00	Minutes from MPC meeting			
Nov-13	9:00	GDP (Q3)	8.5% (-0.1%)		8.0% (-1.8%)
Nov-13	9:00	Inflation (Oct)	0.1% (3.0%)		0.1% (3.0%)
Nov-13	13:00	Current account (Sep)	EUR1672mn		EUR1618mn
Nov-13	13:00	Trade balance (Sep)	EUR1492mn		EUR1400mn

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>Nov-20</b>	4.520	3.831	4.205	4.980	1.180	0.22	0.25	-0.50	0.22	3.1	1.15
<b>Dec-20</b>	4.450	3.787	4.159	4.923	1.175	0.22	0.25	-0.48	0.22	2.7	1.20
<b>Jan-21</b>	4.446	3.780	4.155	4.916	1.176	0.22	0.25	-0.47	0.22	2.1	1.20
<b>Feb-21</b>	4.442	3.772	4.151	4.908	1.178	0.22	0.25	-0.46	0.22	1.6	1.20
<b>Mar-21</b>	4.438	3.765	4.147	4.901	1.179	0.22	0.25	-0.45	0.22	1.7	1.20
<b>Apr-21</b>	4.433	3.757	4.143	4.893	1.180	0.22	0.25	-0.45	0.22	2.3	1.25
<b>May-21</b>	4.429	3.750	4.139	4.885	1.181	0.22	0.25	-0.45	0.22	2.6	1.25
<b>Jun-21</b>	4.425	3.742	4.136	4.878	1.183	0.22	0.25	-0.45	0.22	2.4	1.25
<b>Jul-21</b>	4.421	3.735	4.132	4.870	1.184	0.22	0.25	-0.45	0.22	2.4	1.30
<b>Aug-21</b>	4.417	3.727	4.128	4.863	1.185	0.22	0.25	-0.45	0.22	2.5	1.30
<b>Sep-21</b>	4.413	3.720	4.124	4.855	1.186	0.22	0.25	-0.45	0.22	2.4	1.30
<b>Oct-21</b>	4.408	3.712	4.120	4.848	1.188	0.22	0.25	-0.45	0.22	2.6	1.30

*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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