



Poland: Weekly Macroeconomic Update

LAST WEEK:

In October **retail sales** rose by 2.3% and declined by 2.1% y/y. Real retail sales fell by 2.3% y/y. The highest decline was reported in retail sales of fuels (down 13.4% y/y), footwear and clothing (down 9.7% y/y) and automobiles and parts (down 8.0% y/y). In October the highest growth in real retail sales was reported in furniture, white goods and consumer electronics (up 11.9% y/y) and pharmaceuticals and cosmetics (up 1.3% y/y). A share of retail sales via Internet (in the current prices) rose from 5.6% in January to 8.1% in March, 11.9% in April, 9.1% in May and amounted to 7.3% in October. The highest shares of Internet sales were in press, books and specialized shops (25%), footwear and clothing (20%) and furniture, white goods and electronics (13%)

In October **construction output** fell by 5.9% y/y. In October construction of buildings were 11.3% down y/y, infrastructure engineering was 4.0% down y/y and specialized works were 1.8% down y/y.

In October **money supply M3** rose by 1.2% m/m and increased by 17.0% y/y.

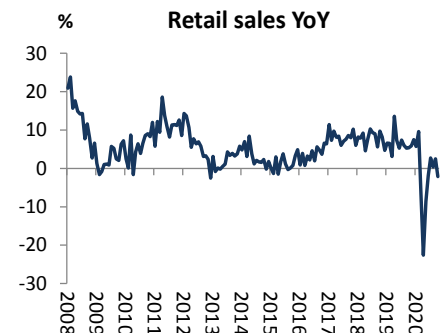
In October **registered unemployment rate** remained unchanged at 6.1% for fifth month in a row. According to the labour force survey in Q3 unemployment rate rose to 3.4% from 3.1% in Q2 2020.

THIS WEEK:

The GUS revised up data on **GDP** growth for Q3 2020. In Q3 GDP growth was 7.9% q/q and -1.5% y/y (versus initial estimate 7.7% q/q and -1.6% y/y). In Q3 households' consumption rose by 0.4% y/y, public consumption increased by 3.4% y/y and investments in fixed assets fell by 9.0% y/y. In Q3 exports increased by 2.0% y/y and imports fell by 1.0% y/y in real terms. In Q3 domestic demand reduced real GDP growth by 3.2 percentage points and net export increased real GDP growth by 1.7 p.p. In Q3 GDP structure was better than expected, in particular concerning households' consumption and net exports.

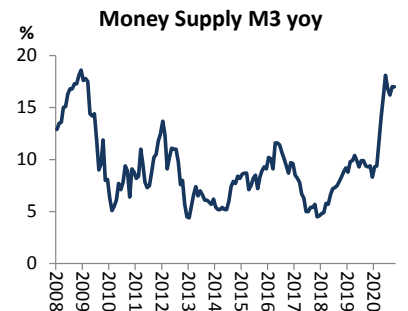
On Tuesday economic calendar contains **preliminary inflation** and **manufacturing PMI** for November. On Wednesday the **MPC** holds policy meeting – we expect no change in settings of monetary policy.

Figure 1: Retail sales (y/y growth)



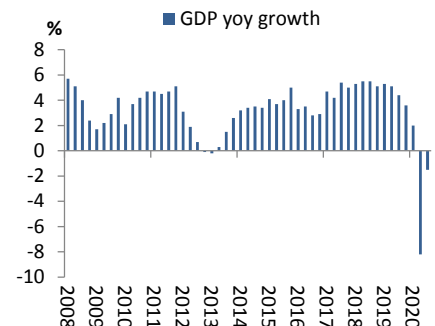
Source: GUS

Figure 2: Money supply M3 (y/y growth)



Source: GUS

Figure 3: Real GDP (y/y growth)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-30	9:00	GDP (Q3)	7.7% (-1.6%)	7.9% (-1.5%)	7.7% (-1.6%)
Dec-01	8:00	PMI manufacturing (Nov)	51.2		50.2
Dec-01	9:00	Inflation (Nov, prel.)	0.1% (3.1%)		0.1% (3.0%)
Dec-02		MPC decision	0.10%		0.10%

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)										
Nov-20	4.475	3.767	4.124	4.991	1.188	0.22	0.25	-0.52	0.21	3.1	1.20
Dec-20	4.450	3.787	4.159	4.923	1.175	0.22	0.25	-0.48	0.22	2.7	1.25
Jan-21	4.446	3.780	4.155	4.916	1.176	0.22	0.25	-0.47	0.22	2.1	1.25
Feb-21	4.442	3.772	4.151	4.908	1.178	0.22	0.25	-0.46	0.22	1.6	1.25
Mar-21	4.438	3.765	4.147	4.901	1.179	0.22	0.25	-0.45	0.22	1.7	1.25
Apr-21	4.433	3.757	4.143	4.893	1.180	0.22	0.25	-0.45	0.22	2.3	1.25
May-21	4.429	3.750	4.139	4.885	1.181	0.22	0.25	-0.45	0.22	2.6	1.25
Jun-21	4.425	3.742	4.136	4.878	1.183	0.22	0.25	-0.45	0.22	2.4	1.25
Jul-21	4.421	3.735	4.132	4.870	1.184	0.22	0.25	-0.45	0.22	2.4	1.30
Aug-21	4.417	3.727	4.128	4.863	1.185	0.22	0.25	-0.45	0.22	2.5	1.30
Sep-21	4.413	3.720	4.124	4.855	1.186	0.22	0.25	-0.45	0.22	2.4	1.30
Oct-21	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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