



## Poland: Weekly Macroeconomic Update

### LAST 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.

In November **manufacturing PMI** remained unchanged at 50.8pts for a third month in a row and was above market consensus expectations. In November industrial output started to decline again due to decline in new orders and disruptions to logistic chains. Delivery time extended and companies in industry increased employment to compensate for lack of employees that were sent to quarantine. In November exports declined but the pace of decline was smaller than during the lockdown in spring. Companies expectations on industrial output in 12-month horizon improved slightly.

Preliminary **inflation** for November amounted to 0.0% m/m and 3.0% y/y compared to 0.1% m/m and 3.1% y/y in October. In November food prices rose by 2.0% y/y and fell by 0.1% m/m, energy prices were 0.1% up m/m and increased by 4.7% y/y while fuel prices were 0.2% up m/m and were 9.2% down y/y. In November the main inflationary factors were increasing prices of services and rising energy prices.

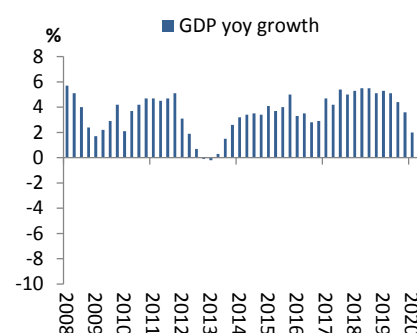
The **Monetary Policy Council**, as expected, didn't change settings of monetary policy. The MPC didn't signal the need for new instruments of quantitative easing like longer-term refinancing operations either. The Council confirmed that the NBP would continue to buy government and agency bonds in secondary market and would continue to offer bill discount credit. The MPC assessed business conditions in Q3 as relatively positive but the Council expects real GDP to decline in Q4 and envisages weaker GDP growth in 2021 compared to pre-covid. The MPC reiterated its preference for weaker zloty. The tone of communique reinforces expectations of longer period of steady interest rates in Poland.

The **OECD** forecasts real GDP in Poland to decline by 3.5% in 2020 and to increase by 2.9% in 2021 and rose by 3.8% in 2022. The OECD underlined that covid-19 impact on Poland was more mild than in many other economies due to the strength of economy and prompt reaction of monetary and fiscal policies.

### THIS WEEK:

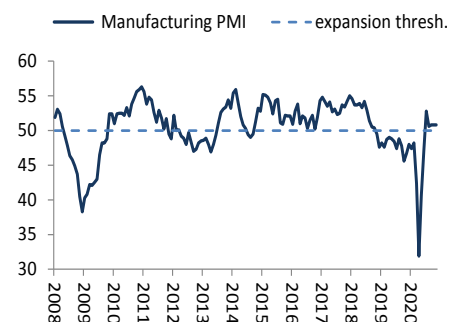
This week market participants will be focusing on **EU Summit** on 10-11 December at which decisions on EU budget for 2021-2027 and pandemic Rescue Fund should be taken. On a domestic side the only macro-economic release this week is **official reserve assets** for November (due on Monday).

Figure 1: Real GDP (y/y growth)



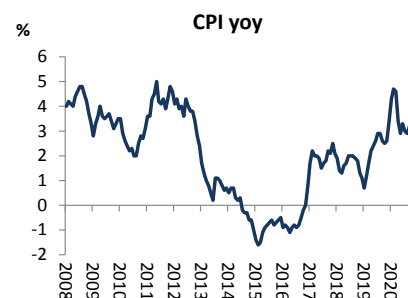
Source: GUS

Figure 2: PMI manufacturing



Source: Markit

Figure 3. Inflation (y/y growth)



Source: GUS



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-07	13:00	Official reserve assets (Nov)			
Dec-10	12:45	ECB decision	0,00%		0,00%
Dec-10		EU Summit (until 11 Decemeber)			

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>Dec-20</b>	4.450	3.693	4.120	4.875	1.205	0.22	0.25	-0.50	0.22	2.7	1.32
<b>Jan-21</b>	4.446	3.678	4.120	4.851	1.209	0.22	0.25	-0.47	0.22	2.1	1.35
<b>Feb-21</b>	4.442	3.663	4.119	4.828	1.213	0.22	0.25	-0.46	0.22	1.6	1.35
<b>Mar-21</b>	4.438	3.649	4.118	4.804	1.216	0.22	0.25	-0.45	0.22	1.7	1.35
<b>Apr-21</b>	4.433	3.634	4.118	4.781	1.220	0.22	0.25	-0.45	0.22	2.3	1.40
<b>May-21</b>	4.429	3.619	4.117	4.758	1.224	0.22	0.25	-0.45	0.22	2.6	1.40
<b>Jun-21</b>	4.425	3.605	4.116	4.735	1.228	0.22	0.25	-0.45	0.22	2.4	1.40
<b>Jul-21</b>	4.421	3.591	4.116	4.712	1.231	0.22	0.25	-0.45	0.22	2.4	1.40
<b>Aug-21</b>	4.417	3.576	4.115	4.690	1.235	0.22	0.25	-0.45	0.22	2.5	1.45
<b>Sep-21</b>	4.413	3.562	4.114	4.667	1.239	0.22	0.25	-0.45	0.22	2.4	1.45
<b>Oct-21</b>	4.408	3.548	4.114	4.645	1.243	0.22	0.25	-0.45	0.22	2.6	1.45
<b>Nov-21</b>	4.404	3.534	4.113	4.623	1.246	0.22	0.25	-0.45	0.22	2.6	1.45

*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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