



Poland: Weekly Macroeconomic Update

LAST WEEK:

Official reserve assets fell to EUR120.5bn in November from EUR122.6bn in October.

NBP President Adam Glapinski said that despite a sharp shock caused by covid-19 Poland's banking system is and will remain stable. He mentioned as stabilizing factors lack of macro-economic and financial imbalances prior to the crisis, high quality of accumulated capital in banking sector and efficiency of public institutions supporting directly and indirectly economy and financial system.

MPC member Lukasz Hardt expressed a view that in 2021 one should consider hiking the main reference rate to 0.50%, simultaneously increasing mandatory reserve rate to 3.50% and maintaining central bank's purchases of bonds and offering bill discount credit to banks. He also added that long-term repo operations might be introduced. In his view economic recovery in 2021 will be accompanied by inflation higher than envisaged in NBP projection.

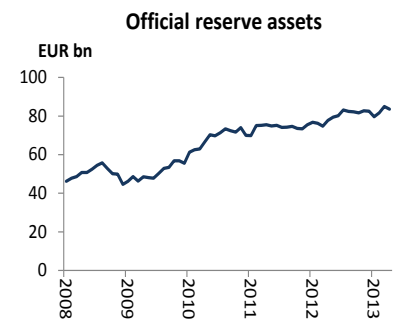
Poland and Hungary withdrew their **veto** to EU 2021-2027 budget accepting Germany's proposal to delay date of implementation of conditionality of EU funds on rule of law principle until new guidelines to be prepared by the European Commission are accepted by the European Court of Justice. It would mean delay of year or so in the adoption of new rule. The agreement was accepted by remaining EU countries at the EU summit of December 10-11.

THIS WEEK:

In October the surplus in the **current account** widened to EUR2241mn from EUR1072mn in September. Very strong increase in the current account surplus in October was a result of a decline in imports of goods and increase in surplus in trade in services.

On Tuesday Statistics Poland will release final data on **inflation** for November. We expect inflation for November to be confirmed at 3.0% y/y. **Core inflation** for November (due on Wednesday) should amount to 4.2% y/y. **Average wage** and **average employment** in enterprises' sector for November (due on Thursday) should respectively increase by 4.8% y/y and decline by 1.1% y/y. **Industrial production** for November (to be released on Friday) should decline by 0.3% y/y while **PPI** for November are expected to rise by 0.2% y/y.

Figure 1: Official reserve assets (EURbn)



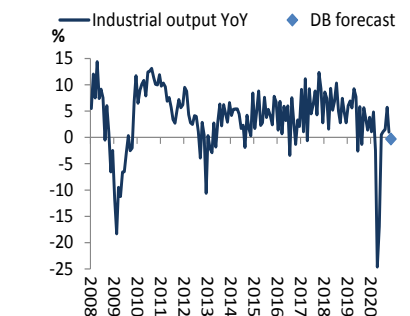
Source: NBP

Figure 2: Inflation (y/y growth)



Source: GUS

Figure 3. Industrial output (y/y growth)



Source: GUS, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-14	13:00	Current account (Oct)	EUR950m	EUR2241m	EUR1185m
Dec-15	9:00	Inflation (Nov)	0.0% (3.0%)		0.0% (3.0%)
Dec-16	13:00	Core inflation (Nov)	0.0% (4.2%)		0.0% (4.2%)
Dec-17	9:00	Average wage (Nov)	0.4% (4.8%)		0.4% (4.7%)
Dec-17	9:00	Average employment (Nov)	0.1% (-1.1%)		-0.3% (-1.5%)
Dec-18	9:00	Industrial production (Nov)	-7.0% (-0.3%)		-3.6% (3.5%)
Dec-18	9:00	PPI (Nov)	0.4% (0.2%)		0.0% (-0.2%)

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

Important Disclosures

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