



Poland: Weekly Macroeconomic Update

LAST WEEK:

In January **inflation** amounted to 1.2% m/m and 2.7% y/y, increasing from 2.4% y/y in December. In January food prices rose by 1.6% m/m and were 1.3% up y/y, housing prices rose by 2.5% m/m and were 6.4% up y/y while transport prices rose by 1.3% m/m and were 3.7% down y/y. An increase in food prices in January stemmed partially from introduction of sugar tax while rising fuel prices were caused by rising oil prices due to improving demand. An increase in inflation in January will shift up whole inflation path for 2021 – we estimate that inflation in 2H2021 will be moving within a range of 3.0%-3.6% y/y and should amount to 3.1% y/y in December 2021.

In December there was EUR430mn surplus in the **current account** and EUR333mn **trade surplus**, much below market expectations. In December exports rose by 14.8% y/y to EUR19.814bn while imports rose by 13.6% y/y to EUR19.481bn what was the main reason for narrowing trade surplus. In December there was an EUR1.811bn surplus in services account while primary income account was negative at -EUR1.438bn. Secondary income account was negative as well (-EUR273mn).

In December **average employment** in enterprises' sector fell by 0.2% m/m and declined by 2.0% y/y, much below consensus expectations of a 1.3% y/y decline. Data on employment show that second lockdown that was extended by several weeks caused stronger than expected decline in employment, in particular in most affected sectors of tourism, hotels and restaurants.

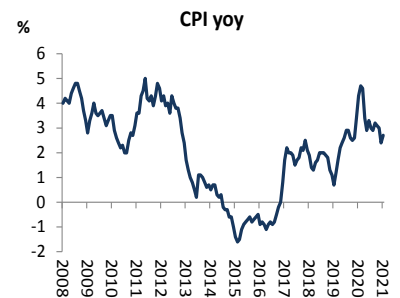
In January **average wage** in enterprises' sector fell by 7.3% y/y and rose by 4.8% y/y. Somewhat weaker than expected annual growth in average wage in January is not particularly as wage growth is still robust, suggesting that demand for labour remains intact.

In January **industrial output** fell by 5.1% m/m and increased by 0.9% y/y. On an annual basis the strongest growth in industrial output was reported in waste utilization (up 12.5% y/y), manufacturing of computers, optical and electronic devices (up 8.6% y/y), repair of machinery (up 6.8% y/y), plastics (up 5.9% y/y), manufacturing of metals (up 4.6% y/y), manufacturing of machinery and equipment and manufacturing of products of wood (both up 2.8% y/y). In January **PPI** was 0.7% up m/m and rose by 0.7% y/y.

In January nominal **retail sales** fell by 24.6% m/m and declined by 6.0% y/y. Real retail sales declined by 6.0% y/y.

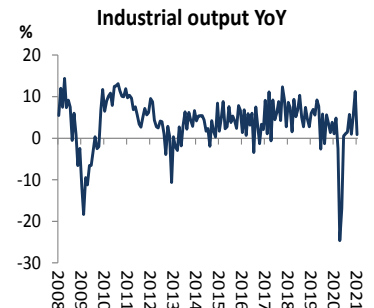
Construction output fell by 10.0% y/y in January.

Figure 1: Inflation



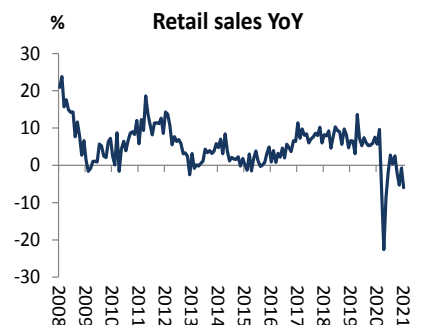
Source: Statistics Poland

Figure 2: Industrial output (y/y growth)



Source: Statistics Poland

Figure 3: Retail sales (y/y growth)



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Feb-22	13:00	Money supply M3 (Jan)	-0.4% (16.5%)	-0.1% (16.8%)	-0.5% (16.6%)
Feb-23	9:00	Unemployment rate (Jan)	6.5%		6.5%
Feb-23	9:00	Unemployment rate (Q4)	3.5%		3.5%
Feb-26	9:00	GDP (Q4)	-0.7% (-2.8%)		-0.7% (-2.8%)

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)										
Feb-21	4.490	3.708	4.154	5.136	1.211	0.22	0.25	-0.54	0.20	2.4	1.38
Mar-21	4.487	3.697	4.155	5.103	1.214	0.22	0.25	-0.53	0.21	2.5	1.40
Apr-21	4.484	3.685	4.156	5.071	1.217	0.22	0.25	-0.52	0.22	3.0	1.40
May-21	4.481	3.674	4.157	5.039	1.220	0.22	0.25	-0.51	0.22	3.4	1.40
Jun-21	4.478	3.663	4.158	5.007	1.223	0.22	0.25	-0.50	0.22	3.1	1.40
Jul-21	4.475	3.652	4.159	4.976	1.225	0.22	0.25	-0.50	0.22	3.2	1.40
Aug-21	4.472	3.641	4.160	4.944	1.228	0.22	0.25	-0.50	0.22	3.2	1.45
Sep-21	4.469	3.630	4.161	4.913	1.231	0.22	0.25	-0.50	0.22	3.2	1.45
Oct-21	4.466	3.619	4.162	4.882	1.234	0.22	0.25	-0.50	0.22	3.3	1.45
Nov-21	4.463	3.608	4.163	4.851	1.237	0.22	0.25	-0.50	0.22	3.4	1.45
Dec-21	4.460	3.597	4.168	4.820	1.240	0.22	0.25	-0.50	0.22	3.6	1.45
Jan-22	4.455	3.602	4.164	4.827	1.237	0.22	0.25	-0.50	0.22	3.1	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

Additional information available upon request

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