



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

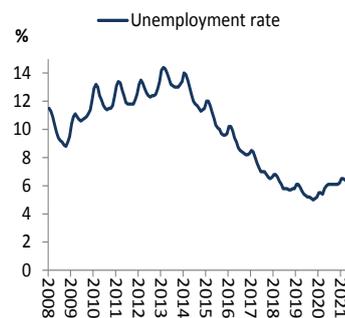
In July registered **unemployment rate** fell to 5.8% from 5.9% in June. According to labour force survey unemployment rate declined to 3.5% in Q2 2021 from 4.0% in Q1 2021.

In 1H2021 a share of foreign investors in turnover in the Warsaw Stock Exchange (GPW) amounted to 55% and was unchanged versus 2H2020. A share of domestic individual investors fell to 24% in 1H2021 from 27% in 2H2020 while share of domestic institutional investors in turnover in the GPW rose to 21% in 1H2021 from 18% in 2H2020. A share of domestic individual investors in turnover in Warsaw bourse doubled in 1H2020 due to decline in interest rates on deposits while share of domestic institutional investors remained relatively steady and foreign investors reduced their share in turnover in the GPW during pandemic.

Government accepted **draft budget** for 2022 with budget gap of PLN30bn, budget revenues of PLN475.6bn and budget expenditures of PLN505.6bn. In 2020 general government deficit is envisaged at 2.8% of GDP and general government debt is planned at 55.5% of GDP. In 2022 government envisages net borrowing requirements at PLN46.5bn and gross borrowing requirements at PLN212.2bn. Finance Ministry expects budget gap of PLN13bn for 2021. Macro-economic assumptions for 2022 budget draft bill envisage average inflation of 3.3% in 2022 (after 4.3% in 2021), PPI of 3.0% in 2022 (after 6.1% in 2021) and real GDP growth of 4.6% in 2022 (after 4.9% in 2021). Gross wages in national economy are envisaged to grow by 6.7% (after 7.4% in 2021) and gross wages in enterprises' sector are expected to grow by 7.1% (after 7.3% in 2021). The government expects employment growth of 0.7% in 2022 (after 0.5% in 2021) and envisages unemployment rate to decline to 5.9% in December 2022 from 6.0% in December 2021. Budgetary assumptions envisage NBP rate hike in the beginning of 2022 – average NBP reference rate is expected to rise to 0.38% in 2022 after 0.10% in 2021. Budget draft bill assumes steady average EUR/PLN exchange rate of 4.54 in 2021 and 2022.

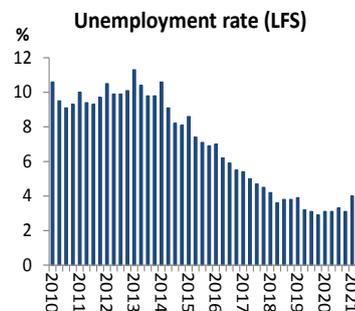
At the meeting on July 8, the MPC voted two motions: motion to raise the required reserve ratio to 3.5%, while maintaining a zero required reserve ratio for deposits over 2 years (3 votes for, 7 votes against) and motion to cut the interest rate on required reserves from 0.10% to 0.01% (4 votes for and 6 votes against).

Figure 1: Unemployment rate



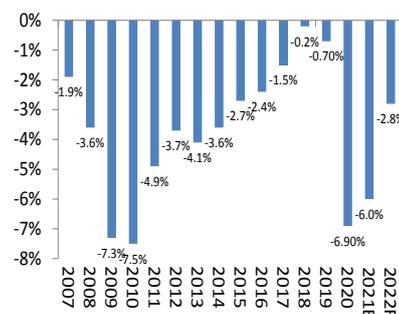
Source: Statistics Poland

Figure 2. Unemployment rate (labour survey)



Source: Statistics Poland

Figure 3. General government deficit (% of GDP)



Source: Finance Ministry



## DIARY (this week)

| Date   | GMT  | Release/Event           | DB Expected  | Actual | Consensus    |
|--------|------|-------------------------|--------------|--------|--------------|
| Aug-30 | 8:00 | Inflation (flash, Aug)  | 0.0% (5.0%)  |        | 0.1% (5.1%)  |
| Aug-30 | 8:00 | PKB (Q2)                | 1.9% (10.9%) |        | 1.9% (10.9%) |
| Sep-01 | 7:00 | Manufacturing PMI (Aug) | 57.1         |        | 56.7         |

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>Aug-21</b> | 4.570           | 3.879   | 4.231   | 5.330   | 1.178   | 0.22     | 0.25     | -0.54      | 0.12         | 5.0          | 1.80               |
| <b>Sep-21</b> | 4.546           | 3.844   | 4.188   | 5.316   | 1.183   | 0.22     | 0.25     | -0.52      | 0.15         | 4.9          | 1.85               |
| <b>Oct-21</b> | 4.522           | 3.808   | 4.146   | 5.301   | 1.187   | 0.22     | 0.25     | -0.51      | 0.20         | 5.1          | 1.87               |
| <b>Nov-21</b> | 4.498           | 3.773   | 4.103   | 5.286   | 1.192   | 0.22     | 0.25     | -0.50      | 0.20         | 5.1          | 1.90               |
| <b>Dec-21</b> | 4.480           | 3.733   | 4.036   | 5.301   | 1.200   | 0.22     | 0.25     | -0.50      | 0.20         | 5.3          | 1.95               |
| <b>Jan-22</b> | 4.473           | 3.715   | 4.001   | 5.286   | 1.204   | 0.22     | 0.25     | -0.50      | 0.20         | 4.7          | 2.00               |
| <b>Feb-22</b> | 4.467           | 3.697   | 4.002   | 5.271   | 1.208   | 0.22     | 0.25     | -0.50      | 0.20         | 4.8          | 2.00               |
| <b>Mar-22</b> | 4.460           | 3.678   | 4.000   | 5.253   | 1.213   | 0.22     | 0.25     | -0.50      | 0.20         | 4.3          | 2.05               |
| <b>Apr-22</b> | 4.453           | 3.660   | 3.998   | 5.234   | 1.217   | 0.22     | 0.25     | -0.50      | 0.20         | 4.2          | 2.07               |
| <b>May-22</b> | 4.447           | 3.642   | 3.995   | 5.209   | 1.221   | 0.25     | 0.30     | -0.50      | 0.20         | 4.0          | 2.10               |
| <b>Jun-22</b> | 4.440           | 3.624   | 3.989   | 5.183   | 1.225   | 0.30     | 0.35     | -0.50      | 0.20         | 4.3          | 2.15               |
| <b>Jul-22</b> | 4.433           | 3.607   | 3.983   | 5.158   | 1.229   | 0.30     | 0.40     | -0.50      | 0.20         | 4.0          | 2.15               |

*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

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1,744,449,384 paid up in full.

## Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krześniak