



Poland: Weekly Macroeconomic Update

LAST WEEK:

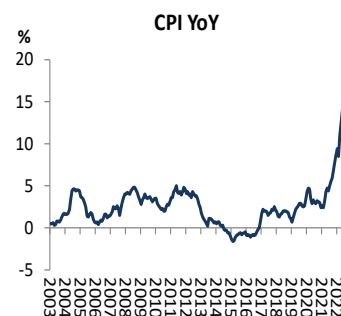
In September **money supply M3** rose by 0.9% m/m and was 7.7% up y/y. An increase in money supply in September was generated mainly by increase in net foreign assets and increase in debt of central government. In September total credit rose by 6.4% y/y, including 0.4% y/y decline in credit to households, 17,0% y/y increase in credit to companies and 33% y/y increase in loans to other financial institutions. In September cash in circulation rose by 7.5% y/y, demand deposits fell by 8.9% y/y and term deposits rose by as much as 103.8% y/y.

Revised **unemployment rate** fell to 5.1% in September from 5.2% in August. Statistics Poland revised unemployment rate 0.2-0.5 percentage point up after including new data from agricultural census. Non-revised unemployment rate would decline to 4.7%.

Flash CPI for October was 1.8% m/m and 17.9% y/y versus 17.2% y/y in September. Food prices rose by 2.7% m/m and increased by 21.9% y/y, energy prices rose by 2.0% m/m and were up 41.7% y/y and fuel prices rose by 4.1% m/m and increased by 19.2% y/y in October. Food prices added 0.7 percentage point to monthly CPI while energy and fuel prices contributed 0.2 p.p. each to monthly CPI in October.

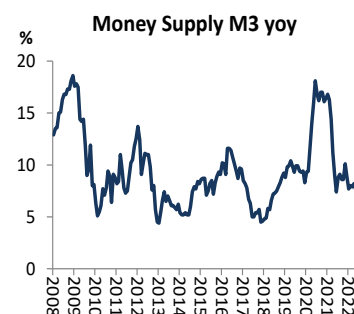
Manufacturing PMI fell to 42.0 in October from 43.0 in September. A decline in PMI in October was caused by a fall in output and new orders, especially export orders. Companies quoted general economic uncertainty, high inflation and war in Ukraine as factors that weaken demand. Business optimism fell to lowest level in two and half a year and companies expect output to decline in future. Employment in industry has been falling for a fifth month in a row. Upward pressure on costs continued due to rising energy prices and producers hiked output prices in the fastest pace since July.

Figure 1: CPI (y/y)



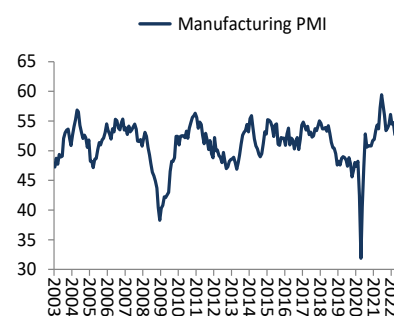
Source: Statistics Poland

Figure 2. Money supply (y/y growth)



Source: NBP

Figure 3. PMI manufacturing



Source: S&P Global



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-29	7:00	CPI (Oct)	1.4% (17.7%)	1.8% (17.9%)	1.6% (17.8%)
Nov-2	8:00	PMI manufacturing (Oct)	41.8	42.0	42.6

Source: Deutsche Bank Estimates., Reuters and Bloomberg Finance LP

FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	LIBOR USD 3M*	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
Nov-22	4,700	4,747	4,747	5,460	0,990	7,00	7,51	7,76	1,75	4,50	18,1	8,00
Dec-22	4,650	4,697	4,745	5,402	0,990	7,00	7,55	7,80	2,40	4,60	18,7	7,50
Jan-23	4,641	4,625	4,719	5,369	1,003	7,00	7,55	7,80	2,55	4,80	18,7	7,20
Feb-23	4,632	4,556	4,694	5,338	1,017	7,00	7,55	7,80	2,70	4,80	19,7	7,00
Mar-23	4,623	4,488	4,669	5,307	1,030	7,00	7,55	7,80	2,90	4,80	16,8	6,80
Apr-23	4,613	4,422	4,644	5,277	1,043	7,00	7,45	7,70	3,25	4,80	15,1	6,50
May-23	4,604	4,357	4,620	5,247	1,057	7,00	7,35	7,50	3,30	4,80	14,0	6,50
Jun-23	4,595	4,294	4,595	5,218	1,070	7,00	7,20	7,35	3,50	4,80	12,9	6,30
Jul-23	4,586	4,233	4,571	5,189	1,083	7,00	7,10	7,25	3,50	4,80	12,6	6,20
Aug-23	4,577	4,173	4,546	5,161	1,097	7,00	6,90	7,05	3,50	4,30	12,0	6,00
Sep-23	4,568	4,115	4,522	5,133	1,110	6,75	6,75	6,90	3,50	4,30	11,1	6,00
Oct-23	4,558	4,058	4,498	5,106	1,123	6,50	6,75	6,90	3,50	4,30	9,6	5,80

*- According to road map published by the PFSA WIBOR cessation will occur in 2025.

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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