



Poland: Weekly Macroeconomic Update

LAST WEEK:

The **current account** gap widened to -EUR1.791bn in October from -EUR1.3bn in September what was a result of widening trade deficit to -EUR822mn in October from -EUR111mn in September. Widening of trade deficit in October, in turn, was caused by decline in growth of exports to 6.6% y/y (as exports of automobiles and parts declined) while growth in imports remained robust at 20.4% y/y due to higher prices of fuels, metals and chemical products.

In November **consumer prices** rose by 1.0% m/m and were 7.8% up y/y. In November prices of consumer goods rose by 1.2% m/m and were 8.1% up y/y while prices of services were 0.4% up m/m and 6.6% up y/y. Much lower growth in services' prices show that inflationary shock is mainly of supply-side origin. Sanitary restrictions that are effective from today create new supply-demand shock and will likely redirect part of excess demand towards consumer goods. In November inflation was generated mainly by rise in food prices (up 6.4% y/y, added 0.36 percentage point to monthly inflation), rise in housing and energy prices (up 10.7% y/y, added 0.35 p.p. to monthly inflation) and rise in transport prices (up 24.1% y/y, added 0.17 p.p. to monthly inflation).

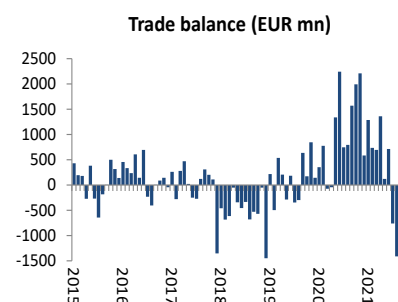
The **current account** gap widened to -EUR1.791bn in October from -EUR1.3bn in September what was a result of widening trade deficit to -EUR822mn in October from -EUR111mn in September. Widening of trade deficit in October, in turn, was caused by decline in growth of exports to 6.6% y/y (as exports of automobiles and parts declined) while growth in imports remained robust at 20.4% y/y due to higher prices of fuels, metals and chemical products.

In November **core inflation** (ex food and energy) rose by 0.4% m/m increasing to 4.7% y/y from 4.5% y/y in September.

In November **average employment** in enterprises' sector rose by 0.2% m/m and was 0.7% y/y. Employment growth is slowly recovering.

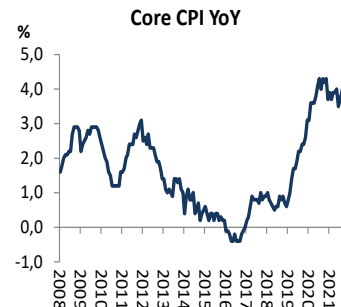
In November **average wage** in enterprises' sector rose by 1.8% y/y and increased by 9.8% y/y. Strong growth in wages stemmed from labour shortages but its pace shows that pressure from inflation on wages increases.

Figure 1: Trade balance (EURm)



Source: NBP

Figure 2. Core CPI (y/y growth)



Source: NBP

Figure 3. Nominal wage (y/y growth)



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-20	9:00	Unemployment rate (Q3)	3.4%	3.0%	3.4%
Dec-20	9:00	PPI (Nov)	1.2% (13.1%)	1.0% (1.2%)	1.0% (13.0%)
Dec-20	9:00	Industrial output (Nov)	-1.5% (8.0%)	5.3% (15.7%)	-1.1% (8.2%)
Dec-21	9:00	Retail sales (Nov)	(14.8%)		(16.1%)
Dec -21	9:00	Real retail sales (Nov)			-3.1% (8.4%)
Dec-21	9:00	Construction output (Nov)	(4.5%)		(5.0%)
Dec-22	9:00	Consumer confidence (Dec)	-24.5		-24.5
Dec-22	13:00	Money supply M3 (Nov)	0.4% (8.5%)		0.8% (9.0%)
Dec-23	9:00	Unemployment rate(Nov)	5.4%		5.4%

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-21	4,600	4,107	4,423	5,463	1,120	2,40	2,65	-0,58	0,21	8,4	3,25
Jan-22	4,592	4,112	4,436	5,455	1,117	2,43	2,80	-0,55	0,22	8,3	3,25
Feb-22	4,583	4,117	4,450	5,448	1,113	2,68	2,80	-0,52	0,23	8,4	3,25
Mar-22	4,575	4,122	4,463	5,441	1,110	2,68	2,80	-0,50	0,24	7,9	3,25
Apr-22	4,567	4,127	4,477	5,433	1,107	2,68	2,80	-0,50	0,25	7,5	3,25
May-22	4,558	4,131	4,491	5,426	1,103	2,68	2,80	-0,50	0,27	7,3	3,25
Jun-22	4,550	4,136	4,505	5,419	1,100	2,68	2,80	-0,50	0,50	7,6	3,25
Jul-22	4,542	4,141	4,519	5,411	1,097	2,68	2,80	-0,50	0,55	7,3	3,25
Aug-22	4,533	4,146	4,533	5,404	1,093	2,68	2,80	-0,50	0,65	7,1	3,30
Sep-22	4,525	4,151	4,548	5,397	1,090	2,68	2,80	-0,50	0,75	6,8	3,35
Oct-22	4,517	4,156	4,562	5,390	1,087	2,68	2,80	-0,50	0,80	6,2	3,40
Nov-22	4,508	4,162	4,577	5,382	1,083	2,68	2,80	-0,50	0,90	5,6	3,40

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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