



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

In September **core CPI** (ex food and energy) rose by 1.4% m/m and increased by 10.7% y/y. Core inflation has been rising since June 2021 following rising consumer prices. As of the current inflationary shock is mainly generated by shock to energy prices, pass-through to core CPI is relatively quick. This is also facilitated by rising wages as Poland's economy is practically at full employment and unemployment rate is record low.

In September **average wage** in enterprises' sector rose by 1.6% m/m and increased by 14.5% y/y. Real wage fell by 2.3% y/y in September. Current structure of inflation (rising prices of energy and food) will lead to further erosion of households' purchasing power at the same time limiting ability of companies (especially SMEs) to raise wages. **Average employment** in enterprises' sector fell by 0,1% m/m and was 2.3% up y/y.

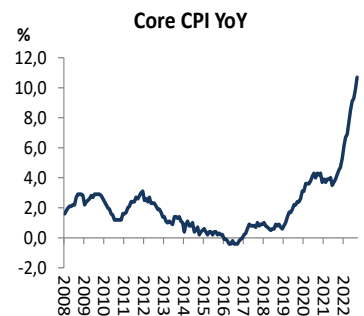
In September **industrial output** rose by 9.8% m/m and was 9.8% up y/y. Output of investment goods rose by 29.1% y/y, output of non-durable consumer goods was 9.1% up y/y and output of intermediate goods rose by 6.9% y/y while output of durable consumer goods fell by 4.9% y/y and output of energy goods fell by 0.9% y/y in September. The strongest growth in industrial production was reported in production of automobiles (up 46.5% y/y), machinery and equipment (up 26.1% y/y), other transport equipment (up 19.2% y/y) and electric equipment (up 17.9% y/y). The deepest declines were reported in chemical industry (down 9.7% y/y) and manufacturing of furniture (down 7.5% y/y). In September **producer prices** rose by 0.2% m/m and increased by 24.6% y/y.

In September real **retail sales** fell by 2.8% m/m and rose by 4.1% y/y. Nominal retail sales fell by 1.1% m/m and rose by 21.9% y/y in September. The strongest increase in real retail sales was reported in footwear and clothing (up 25.2% y/y), food, tobacco and alcohol (up 7.8% y/y) and pharmaceuticals and cosmetics (up 11.1% y/y). The strongest decline in real retail sales occurred in fuels (down 20.4% y/y), furniture and white goods (down 4.3% y/y) and automobiles (down 2.9% y/y).

In September **construction output** rose by 3.5% m/m and rose by 0.3% y/y. Weak data on construction output were driven by a fall in infrastructure construction (down 2.3% y/y) and specialised works (down 4.9% y/y). In September construction of buildings rose by 8.7% y/y.

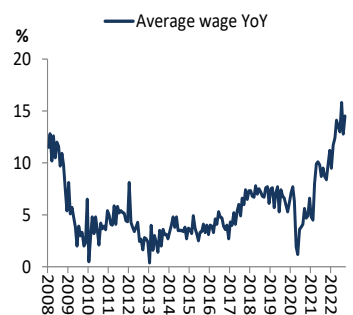
Statistics Poland revised data on **general government deficit and debt** following recent revision of national accounts. In 2021 general government deficit amounted to -1.8% of GDP versus -6.9% of GDP in 2020 while general government debt in 2021 was 53.8% of GDP versus 57.2% of GDP in 2020.

Figure 1: Core CPI (y/y)



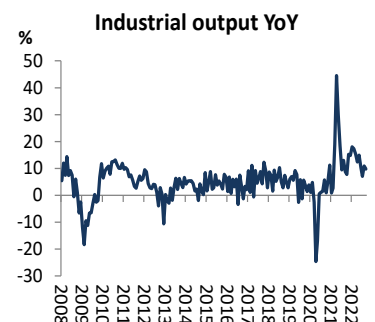
Source: NBP

Figure 2. Average wage (y/y growth)



Source: Statistics Poland

Figure 3. Industrial output (y/y growth)



Source: Statistics Poland



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-24	12:00	Money supply M3 (Sep)	0.7% (7.5%)	0.9% (7.7%)	0.9% (7.6%)
Oct-25	8:00	Unemployment rate (Sep)	4.8%		4.8%

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

## FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	LIBOR USD 3M*	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
<b>Oct-22</b>	4,790	4,888	4,863	5,509	0,980	6,75	7,45	7,65	1,57	4,33	17,7	8,00
<b>Nov-22</b>	4,775	4,833	4,860	5,382	0,988	7,00	7,45	7,65	1,60	4,40	17,7	7,50
<b>Dec-22</b>	4,760	4,808	4,857	5,289	0,990	7,00	7,45	7,65	1,75	4,45	18,2	7,20
<b>Jan-23</b>	4,742	4,726	4,822	5,269	1,003	7,00	7,45	7,65	1,90	4,55	18,3	7,00
<b>Feb-23</b>	4,723	4,646	4,787	5,250	1,017	7,00	7,45	7,65	2,05	4,55	19,2	6,80
<b>Mar-23</b>	4,705	4,568	4,753	5,230	1,030	7,00	7,45	7,65	2,25	4,55	16,3	6,40
<b>Apr-23</b>	4,687	4,492	4,718	5,211	1,043	7,00	7,45	7,60	2,30	4,55	14,6	6,20
<b>May-23</b>	4,668	4,418	4,684	5,191	1,057	7,00	7,35	7,50	2,40	4,55	13,5	6,00
<b>Jun-23</b>	4,650	4,346	4,650	5,171	1,070	7,00	7,20	7,35	2,50	4,55	12,5	5,80
<b>Jul-23</b>	4,632	4,275	4,616	5,152	1,083	7,00	7,10	7,25	2,60	4,55	12,2	5,60
<b>Aug-23</b>	4,613	4,207	4,583	5,132	1,097	7,00	6,90	7,05	2,70	4,30	11,5	5,60
<b>Sep-23</b>	4,595	4,140	4,550	5,112	1,110	6,75	6,75	6,90	2,75	4,30	10,7	5,50

\*- 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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