



Poland: Weekly Macroeconomic Update

LAST WEEK:

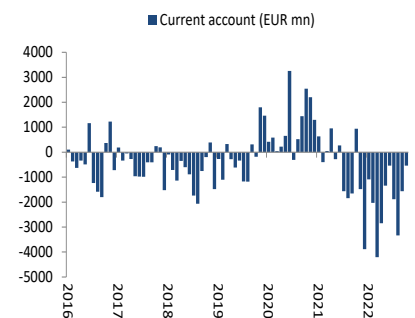
In October the **current account gap** narrowed to -EUR549mn from -EUR1.561bn in September. In October trade gap was -EUR2.0bn, exports rose by 23.7% y/y to EUR28.7bn, imports rose by 24.6% y/y to EUR31.0bn. Surplus in services' account amounted to EUR3.1bn, export of services rose by 21.7% y/t to EUR7.9bn and import of services rose by 17.2% y/y to EUR4.8bn. In October deficit in primary income was -EUR1.3bn while deficit in secondary income was -EUR71mn. The current account deficit narrowed due to higher surplus in services' account and lower gap in primary income account.

In November **CPI** was 0.7% m/m and 17.5% y/y. In November food prices rose by 1.6% m/m and were 22.3% up y/y (adding 0.43 p.p. to monthly CPI). Prices of housing appliance rose by 1.2% m/m and 13.6% y/y and prices of other goods and services rose by 1.3% m/m and 12.8% y/y (adding 0.07 p.p.). Prices of communication rose by 1.3% m/m and 5.0% y/y, prices in hotels and restaurants rose by 1.2% m/m and 18,6% y/y (adding 0.06 p.p.). Transport prices were down 0,8% m/m and rose by 14.4% y/y. In November food prices were the main factor driving inflation up as energy prices stabilized and fuel prices fell. In energy-intensive services impact of higher energy prices is clearly visible.

The Sejm approved **draft budget bill for 2023** with budget deficit of PLN68.0bn. Budget revenues are envisaged at PLN604.7bn and budget expenditures are planned at PLN672.7bn. In 2023 general government deficit is envisaged at 4,5% of GDP and general government debt is envisaged at 53.3% of GDP. Budget draft assumes GDP growth of 1.7% and average CPI of 9.8% in 2023. Budget draft bill is to be yet approved by the Senate and should be finally approved by Parliament by the end of January 2023.

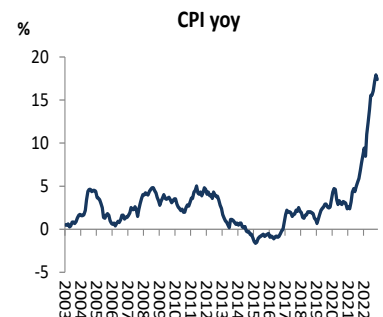
Core CPI (ex food and energy) amounted to 0.7% m/m and 11.4% y/y in November versus 1.0% m/m and 11.0% y/y in October. Inflationary impulse within core CPI slowly diminishes but core CPI will continue to rise in the coming months.

Figure 1. The current account (EURmn)



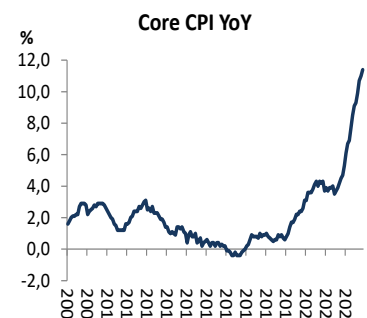
Source: NBP

Figure 2. CPI (y/y)



Source: Statistics Poland

Figure 3. Core CPI (y/y)



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-20	9:00	Average wage (Nov)	0.9% (12.0%)		1.9% (12.9%)
Dec-20	9:00	Average employment (Nov)	0.1% (2.3%)		0.1% (2.3%)
Dec-20	9:00	Industrial output (Nov)	0.5% (2.3%)		1.0% (2.8%)
Dec-20	9:00	PPI (Nov)	0.1% (21.4%)		0.0% (21.2%)
Dec-21	9:00	Consumer confidence (Dec)	-43.5		-43.3
Dec-21	9:00	Industrial output (Nov)	(-2.5%)		(-2.2%)
Dec-21	9:00	Real retail sales (Nov)	-2.4% (-1.0%)		-1.8% (-0.3%)
Dec-21	9:00	Nominal retail sales (Nov)	-1.5% (16.2%)		(16.8%)
Dec-22	13:00	Money supply M3 (Nov)	0.5% (5.5%)		0.8% (5.8%)
Dec-22	9:00	Unemployment rate (Nov)	5.1%		5.1%

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)											
Dec-22	4,680	4,415	4,776	5,364	1,060	6,75	7,10	7,25	2,15	4,80	17,6	6,80
Jan-23	4,669	4,447	4,789	5,347	1,050	6,75	7,10	7,25	2,30	5,05	17,5	6,60
Feb-23	4,658	4,437	4,802	5,279	1,050	6,75	7,10	7,25	2,45	5,05	20,0	6,50
Mar-23	4,648	4,426	4,816	5,212	1,050	6,75	7,10	7,25	2,65	5,30	17,1	6,45
Apr-23	4,637	4,416	4,830	5,144	1,050	6,75	7,10	7,25	3,25	5,30	15,4	6,40
May-23	4,626	4,406	4,844	5,077	1,050	6,75	7,10	7,25	3,30	5,05	14,2	6,40
Jun-23	4,615	4,395	4,858	5,011	1,050	6,75	7,10	7,25	3,50	5,05	13,2	6,30
Jul-23	4,604	4,350	4,804	4,974	1,058	6,75	7,10	7,00	3,50	4,80	12,9	6,20
Aug-23	4,593	4,306	4,752	4,938	1,067	6,75	7,10	6,75	3,50	4,80	12,2	6,00
Sep-23	4,583	4,263	4,700	4,902	1,075	6,75	6,85	6,50	3,50	4,80	11,4	6,00
Oct-23	4,572	4,220	4,649	4,867	1,083	6,50	6,60	6,50	3,50	4,80	9,9	5,80
Nov-23	4,561	4,178	4,599	4,832	1,092	6,25	6,35	6,25	3,50	4,80	9,3	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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