



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

The **current account** for February was negative at –EUR1.386bn, trade deficit widened to –EUR1.327bn in February from –EUR290mn in January. In February exports rose by 10.0% y/y to EUR18.3bn while imports increased by 13.4% to EUR19.6bn. An increase in imports in February stemmed mainly from a rise in imports of oil, computer parts, airplanes and new passenger cars.

On Friday the **S&P** kept Poland's rating and outlook (A-, stable outlook) unchanged, in line with expectations. According to S7P real wage growth, public investments from EU funds and fiscal stimulus should support solid GDP growth in 2019. According to the S&P external risks to Poland's economy (mainly economic slowdown in Germany) are on the rise. S&P may raise Poland's rating if real growth in wages will continue to exceed that of key foreign partners, without creating external imbalances. Rating positive may be budget surpluses resulting in lower public debt in real terms. Rating may be upgraded if Employees Capital Plans (PPK) plan rises private savings, reducing government pension liabilities. S&P said that rating may be under pressure to downgrade if tax collection efficiency declines or wage growth results in higher foreign debt. S&P expects general government deficit to rise to 1.5% of GDP in 2019 and 2.6% of GDP in 2020.

## THIS WEEK:

In March **inflation** was confirmed at 0.3% m/m and 1.7% y/y, unchanged from GUS flash estimate.

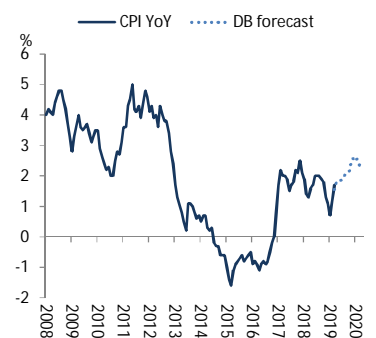
**Core inflation** for March (due on Tuesday) should amount to 1.3% y/y.

**Average wage** for March (due on Wednesday) should rise by 6.9% y/y. **Average employment** for March is expected to rise by 2.9% y/y.

**Industrial output** for March (due on Thursday) should rise by 3.8% y/y. **PPI** for March are forecast at 3.0% y/y.

On Friday the **Moody's** will review Poland's rating (A2, stable outlook). We expect both the rating and outlook to remain unchanged.

Figure 1: Inflation



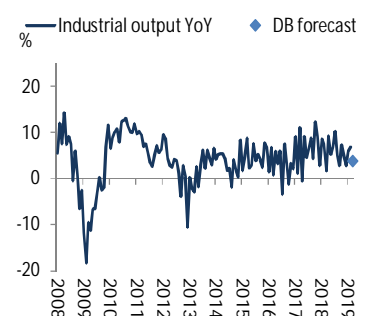
Source: GUS, Deutsche Bank Polska S.A.

Figure 2: Average wage (y/y growth)



Source: GUS, Deutsche Bank Polska S.A.

Figure 3: Industrial output (y/y growth)



Source: GUS, Deutsche Bank Polska S.A.



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-15	8:00	Inflation (Mar)	0.3% (1.7%)	0.3% (1.7%)	0.3% (1.7%)
Apr-16	8:00	Core inflation (Mar)	0.3% (1.3%)		0.3% (1.3%)
Apr-17	8:00	Average wage (Mar)	5.5% (6.9%)		5.5% (7.3%)
Apr-17	8:00	Average employment (Mar)	0.1% (2.9%)		0.1% (2.9%)
Apr-18	8:00	Industrial output (Mar)	8.0% (3.8%)		8.6% (4.5%)
Apr-18	8:00	PPI (Mar)	0.5% (3.0%)		0.3% (2.6%)
Apr-18	12:00	Minutes from MPC meeting			

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>Apr-19</b>	4.285	3.809	3.809	4.971	1.125	1.72	1.80	-0.31	2.55	1.8	2.95
<b>May-19</b>	4.282	3.775	3.800	4.999	1.134	1.72	1.80	-0.31	2.60	1.8	3.00
<b>Jun-19</b>	4.279	3.741	3.791	5.027	1.144	1.72	1.80	-0.31	2.65	1.8	3.05
<b>Jul-19</b>	4.276	3.708	3.782	5.054	1.153	1.72	1.80	-0.31	2.70	2.0	3.10
<b>Aug-19</b>	4.273	3.675	3.773	5.081	1.163	1.72	1.80	-0.30	2.72	2.0	3.15
<b>Sep-19</b>	4.269	3.643	3.764	5.107	1.172	1.72	1.80	-0.30	2.75	2.1	3.20
<b>Oct-19</b>	4.266	3.612	3.755	5.133	1.181	1.72	1.80	-0.30	2.80	2.2	3.25
<b>Nov-19</b>	4.263	3.581	3.746	5.158	1.191	1.72	1.80	-0.30	2.82	2.5	3.25
<b>Dec-19</b>	4.260	3.550	3.737	5.183	1.200	1.72	1.80	-0.30	2.85	2.6	3.30
<b>Jan-20</b>	4.253	3.520	3.720	5.160	1.208	1.73	1.80	-0.30	2.85	2.6	3.30
<b>Feb-20</b>	4.247	3.490	3.703	5.137	1.217	1.74	1.80	-0.30	2.80	2.5	3.30
<b>Mar-20</b>	4.240	3.461	3.687	5.114	1.225	1.75	1.80	-0.30	2.75	2.3	3.30

*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.*

Source: Deutsche Bank Polska S.A.



# Appendix 1

## Important Disclosures

### Additional information available upon request

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