



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

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

In March **core inflation** was 0.4% m/m and 1.4% y/y, marginally above 1.3% y/y market consensus forecast. Higher than expected rise in core inflation may point to rising services' prices due to ongoing robust growth in wages. An increase in core inflation may be an argument for hawkish wing of the MPC to return to discussions on rate hike in the future.

In March **average wage** in enterprises' sector was 4.3% up and increased by 5.7% y/y after 7.6% y/y growth in February. Average employment in enterprises' sector rose by 0.2% m/m and increased by 3.0% y/y in March. In March growth in wages decelerated but employment is still on the rise. It may mean that firms continue to hire but skills of newly employed are not fully consistent with skills demanded by companies, what is reflected in lower wage growth.

**Industrial output** for March rose by 5.6% y/y and increased by 9.8% m/m. **PPI** for March rose by 2.5% y/y.

**Moody's** confirmed Poland's rating (A2, stable outlook). According to the Moody's government debt was safe and should not be jeopardized by fiscal expansion planned by the government. Moody's said that stable outlook reflects belief that risks to debt were balanced and growth prospects were robust what counter-balance challenges relates to institutional weakness.

## THIS WEEK:

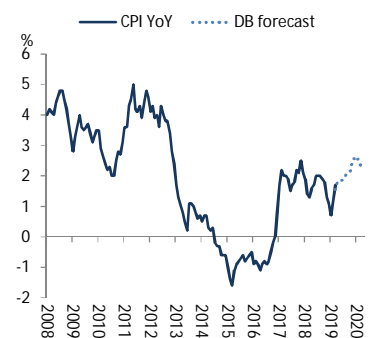
**Budget deficit** in the period of January-March 2019 was PLN4.5bn or 15.7% of annual plan for 2019. In the period of January-March budget revenues were PLN90.3bn and were PLN1.8bn up comparing to corresponding period last year. Budget expenditures in January-March 2019 amounted to PLN94.8bn or 22.8 percent of annual plan.

In March nominal **retail sales** grew by 14.1% m/m and increased by 3.1% m/m, in line with our forecast. In real terms retail sales were 2.5% up y/y in March.

**Money supply M3** in March was 0.9% up m/m and increased by 9.9% y/y.

**Unemployment rate** fell to 5,9% in March from 6.1% in February.

Figure 1: Inflation



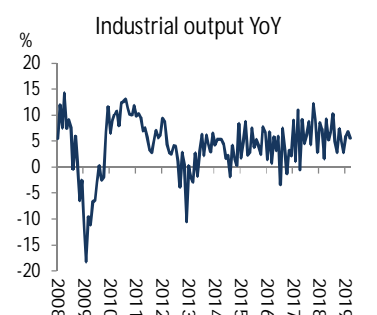
Source: GUS, Deutsche Bank Polska S.A.

Figure 2: Average wage (y/y growth)



Source: GUS

Figure 3: Industrial output (y/y growth)



Source: GUS



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-23	8:00	Retail sales (Mar)	14.0% (3.0%)	14.1% (3.1%)	14.9% (4.1%)
Apr-23	8:00	Real retail sales (Mar)	(1.7%)	(1.8%)	(2.7%)
Apr-23	12:00	Money supply M3 (Mar)	0.7% (9.7%)	0.9% (9.9%)	(9.6%)
Apr-24	8:00	Budget balance (Jan - Mar)		-PLN4.488bn	
Apr-24	8:00	Unemployment rate (Mar)	5.9%	5.9%	5.9%

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

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1,744,449,384 paid up in full.

## Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krześniak