



Poland: Weekly Macroeconomic Update

LAST WEEK:

According to Central Statistical Office's flash estimate **inflation** in April was 1.1% m/m and 2.2% y/y increasing from 1.7% y/y in March. Strong monthly rise in inflation in April stemmed mainly from 1.0% m/m increase in food and non-alcohol beverages (what increased monthly inflation by 0.3 percentage points) and 4.0% m/m increase in fuel prices (what increased monthly inflation by 0.2 percentage points). These two categories generated almost half of monthly rise in CPI. Significant part of rise in food prices was due to seasonal factors (partially related to the Easter) but structure of inflation suggests that services prices rose as well, most likely caused by growth in wages.

In April **manufacturing PMI** in Poland rose to 49.0 points from 48.7 points in March, remaining for a sixth month in a row below neutral threshold. New orders has been declining for a seventh month in a row and new export orders were down for a ninth month in a row. Business conditions on domestic market mildly improved. Output declined for a sixth month in a row but reduction of backlogs has been supporting manufacturing production. In April employment fell in the fastest pace since March 2013 and decline in orders resulted in increase in stocks of finished goods.

THIS WEEK:

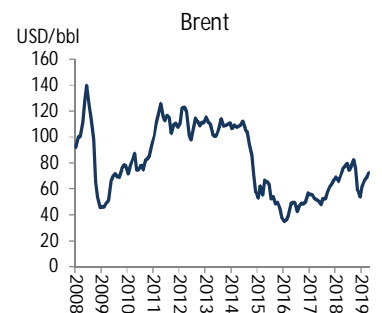
On Tuesday the National Bank of Poland will release **official reserve assets** for April. We expect official reserves to increase to USD114.5bn in April.

Figure 1: Inflation



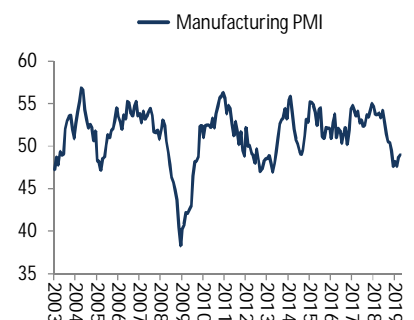
Source: GUS, Deutsche Bank Polska S.A.

Figure 2: Oil price (Brent)



Source: Bloomberg

Figure 3: Manufacturing PMI



Source: Markit



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-07	12:00	Official reserve assets (Apr)	USD114.5bn		N/A

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)										
May-19	4.282	3.775	3.800	4.999	1.134	1.72	1.80	-0.31	2.60	2.2	3.00
Jun-19	4.279	3.741	3.791	5.027	1.144	1.72	1.80	-0.31	2.65	2.2	3.05
Jul-19	4.276	3.708	3.782	5.054	1.153	1.72	1.80	-0.31	2.70	2.4	3.10
Aug-19	4.273	3.675	3.773	5.081	1.163	1.72	1.80	-0.30	2.72	2.4	3.15
Sep-19	4.269	3.643	3.764	5.107	1.172	1.72	1.80	-0.30	2.75	2.5	3.20
Oct-19	4.266	3.612	3.755	5.133	1.181	1.72	1.80	-0.30	2.80	2.6	3.25
Nov-19	4.263	3.581	3.746	5.158	1.191	1.72	1.80	-0.30	2.82	2.9	3.25
Dec-19	4.260	3.550	3.737	5.183	1.200	1.72	1.80	-0.30	2.85	3.0	3.30
Jan-20	4.253	3.520	3.720	5.160	1.208	1.73	1.80	-0.30	2.85	3.4	3.30
Feb-20	4.247	3.490	3.703	5.137	1.217	1.74	1.80	-0.30	2.80	3.2	3.30
Mar-20	4.240	3.461	3.687	5.114	1.225	1.75	1.80	-0.30	2.75	3.0	3.32
Apr-20	4.233	3.432	3.671	5.091	1.233	1.80	1.80	-0.28	2.70	2.6	3.35

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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