



Poland: Weekly Macroeconomic Update

LAST WEEK:

In May **manufacturing PMI** fell to 48.8 pts from 49.0 pts in April. In May output, new orders and exports declined again albeit at slower pace than in the beginning of the year. Both level of employment and purchasing activity declined. In May final goods stocks were reduced and inflationary pressure was the lowest in two and a half years.

In May **flash inflation** was 2.3% y/y and 0.2% m/m. In May food and beverages' prices rose by 5.0% y/y and were 1.4% up m/m, energy prices were 0.9% down y/y and 0.1% down m/m while fuel prices rose by 4.1% y/y and increased by 1.2% m/m. Inflation has been rising, albeit at moderate pace what should allow the MPC to safely maintain guidance for steady interest rates in the coming quarters.

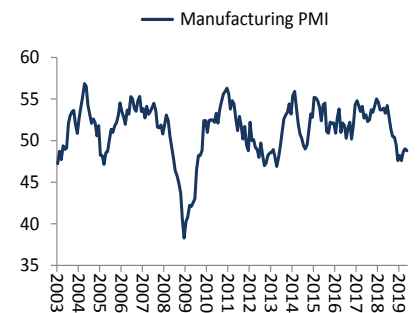
In line with expectations, the **Monetary Policy Council** didn't change interest rates and maintained their informal guidance for steady interest rates in the near future. The MPC stated that business conditions in Poland are still good with continued high contribution of private consumption and investments to GDP growth. The MPC underlined that consumer prices grew in recent months due to rising prices of fuel and food and higher core inflation but added that inflation still remains at moderate level.

THIS WEEK:

On Thursday the NBP will release data on **balance of payments** for April. We estimate that there should be EUR376mn surplus in the **current account** and EUR575mn **trade surplus** in April.

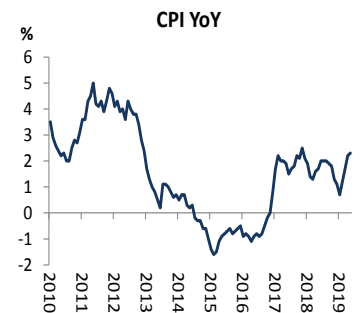
On Friday the central Statistical Office will release final **inflation** for May. We expect confirmation of flash estimate of 0.2% m/m and 2.3% y/y.

Figure 1: Manufacturing PMI



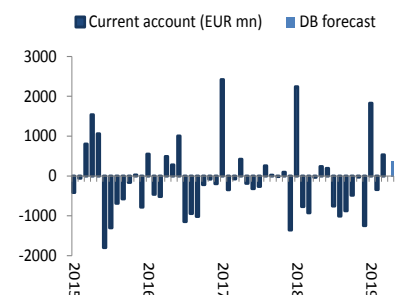
Source: Markit

Figure 2: Inflation y/y



Source: GUS

Figure 3: Current account



Source: NBP, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jun-13	12:00	Current account (Apr)	EUR376mn		EUR648mn
Jun-13	12:00	Trade Balance (Apr)	EUR575mn		EUR467mn
Jun-14	8:00	Inflation (May)	0.2% (2.3%)		0.2% (2.3%)

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)										
Jun-19	4.279	3.855	3.799	4.973	1.110	1.72	1.79	-0.31	2.45	2.3	2.50
Jul-19	4.276	3.869	3.794	5.030	1.105	1.72	1.80	-0.31	2.50	2.5	2.60
Aug-19	4.273	3.884	3.789	5.088	1.100	1.72	1.80	-0.30	2.50	2.5	2.65
Sep-19	4.269	3.846	3.784	5.077	1.110	1.72	1.80	-0.30	2.50	2.6	2.70
Oct-19	4.266	3.809	3.780	5.066	1.120	1.72	1.80	-0.30	2.50	2.7	2.75
Nov-19	4.263	3.773	3.775	5.055	1.130	1.72	1.80	-0.30	2.50	3.0	2.80
Dec-19	4.260	3.737	3.770	5.045	1.140	1.72	1.80	-0.30	2.50	3.1	2.80
Jan-20	4.253	3.720	3.758	5.038	1.143	1.73	1.81	-0.30	2.50	3.5	2.85
Feb-20	4.247	3.703	3.747	5.031	1.147	1.74	1.82	-0.30	2.50	3.3	2.85
Mar-20	4.240	3.687	3.736	5.023	1.150	1.75	1.85	-0.30	2.50	3.1	2.85
Apr-20	4.233	3.671	3.724	5.016	1.153	1.80	1.90	-0.28	2.50	2.7	2.85
May-20	4.227	3.654	3.713	5.009	1.157	1.80	1.90	-0.27	2.50	2.6	2.85

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

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Additional information available upon request

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