



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

In June **money supply M3** fell by 0.2% m/m and increased by 9.3% y/y. In June total loans rose by 6.7%, including 6.0% y/y growth loans to households and 4.0% y/y growth in loans to non-financial corporations. In June cash in circulation rose by 10.4% y/y, the current deposit grew by 14.2% y/y, including 15.9% y/y growth in the current deposits of households and 12.9% y/y growth in the current deposits of companies. In June term deposits increased by 0.4% y/y including 2.6% y/y growth in term deposits of households and 4.8% y/y decline in term deposits of companies.

In June **construction output** rose by 9.3% m/m and declined by 0.7% y/y. Buildings' construction rose by 9.0% m/m and fell by 1.8% y/y. Infrastructure construction rose by 13.5% m/m and was flat y/y. Specialised construction output rose by 2.7% m/m and fell by 0.6% y/y. Visible deceleration in construction may be partially explained by fewer working days and high base year ago. It is apparent, however that investment cycle started to weaken.

In June **unemployment rate** fell to 5.3% from 5.4% in May. Unemployment rate gradually approaches natural rate of unemployment.

## THIS WEEK:

On Wednesday the GUS will release **flash inflation** for July. We expect inflation of -0.1% m/m and 2.7% y/y in July.

Also on Wednesday the US **FOMC** holds monetary policy meeting with the most likely outcome of 25 bps cut in interest rates.

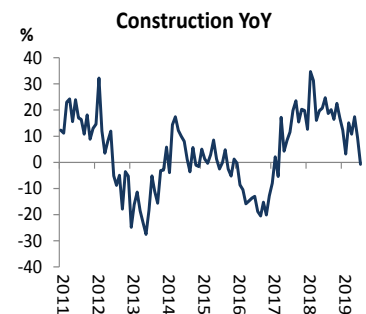
On Thursday Poland's **manufacturing PMI** for July will be released. We expect manufacturing PMI to decline to 48.1 in July from 48.4 in June.

Figure 1: Money supply M3 (y/y growth)



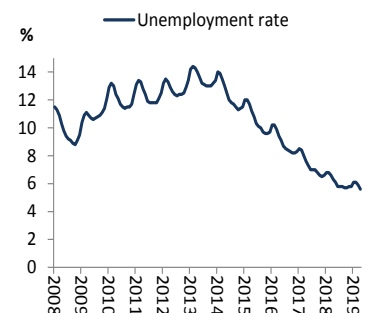
Source: NBP

Figure 2: Construction output (y/y growth)



Source: GUS

Figure 3: Unemployment rate



Source: GUS



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jul-31	8:00	Inflation (Jul, flash)	-0.1% (2.7%)		-0.1% (2.6%)
Sep-01	7:00	Manufacturing PMI (Jul)	48.1		48.0

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>Jul-19</b>	4.275	3.841	3.886	4.744	1.113	1.72	1.80	-0.31	2.25	2.7	2.10
<b>Aug-19</b>	4.270	3.821	3.861	4.739	1.117	1.72	1.80	-0.30	2.15	2.7	2.12
<b>Sep-19</b>	4.265	3.802	3.835	4.733	1.122	1.72	1.80	-0.30	2.05	2.8	2.15
<b>Oct-19</b>	4.260	3.783	3.810	4.728	1.126	1.72	1.80	-0.30	2.00	2.8	2.15
<b>Nov-19</b>	4.255	3.763	3.786	4.723	1.131	1.72	1.80	-0.30	1.90	3.2	2.20
<b>Dec-19</b>	4.250	3.744	3.761	4.718	1.135	1.72	1.80	-0.30	1.85	3.3	2.22
<b>Jan-20</b>	4.244	3.727	3.750	4.724	1.139	1.72	1.80	-0.30	1.80	3.7	2.25
<b>Feb-20</b>	4.238	3.710	3.740	4.730	1.143	1.72	1.80	-0.30	1.80	3.5	2.25
<b>Mar-20</b>	4.233	3.692	3.729	4.736	1.146	1.72	1.80	-0.30	1.80	3.2	2.28
<b>Apr-20</b>	4.227	3.675	3.718	4.741	1.150	1.72	1.80	-0.30	1.80	2.9	2.30
<b>May-20</b>	4.221	3.658	3.708	4.747	1.154	1.72	1.80	-0.30	1.80	2.8	2.30
<b>Jun-20</b>	4.215	3.641	3.697	4.752	1.158	1.72	1.80	-0.30	1.80	2.6	2.30

*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

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