



## Poland: Weekly Macroeconomic Update

### LAST WEEK:

In June **PMI manufacturing** increased to 54.2pts from the lowest in 9 months level of 53.3pts in May, signalling faster growth in manufacturing sector in Poland. In June improved sub-indices of new orders, output and employment. In June output growth accelerated due to the strongest in 4 months increased new orders. In June new export orders grew slightly after a decline in May but domestic demand was robust. In June companies were increasing employment in the fastest pace since April 2017 as backlogs increased. In June costs of production were on the rise for a third month in a row, mainly due to higher steel prices. Prices of finished goods were the highest since January. Enterprises expected an increase in production in one year's time as more efficient machinery was employed and new orders continued to inflow.

**Flash inflation**, released by the GUS was 0.1% mom and 1.9% yoy in June, increasing from 1.7% yoy in May. In our view inflation will remain close to 2% in coming months. In the second half of this year we expect annual inflation to decline moderately due to negative effect of statistical base (inflation accelerated in Q3 and Q4 2017). Faster growth in inflation (above the centre of MPC target or 2.5%) is expected in the second half of 2019.

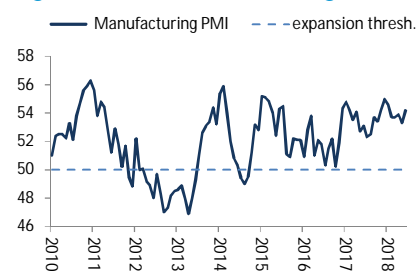
In the end of June **official reserve assets** were EUR93.5bn and declined by EUR2.7bn versus end of May. In USD terms official reserve assets amounted to USD109bn and declined by USD2.8bn versus the end of May.

### THIS WEEK:

On Wednesday the **Monetary Policy Council** ends two-day policy meeting. We expect the MPC to keep interest rates unchanged and to reiterate their policy guidance for steady interest rates in the longer term (at least during the whole 2019). The MPC in their post-meeting communique will publish new central path of inflation and GDP from a new, July's inflation report. The report will be released on next Monday, 16 July.

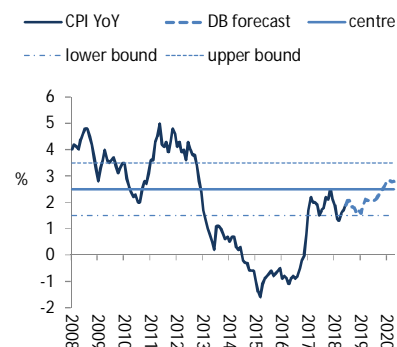
On Friday the GUS will release final **inflation** for June. We expect the GUS to confirm initial estimate of 0.1% mom and 1.9% yoy.

Figure 1: PMI Manufacturing



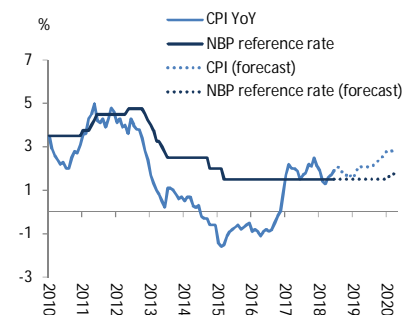
Source: Markit

Figure 2: Inflation (yoy growth)



Source: GUS, NBP, Deutsche Bank.

Figure 3. Core inflation (yoy growth)



Source: NBP, GUS, Deutsche Bank



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jul-11		MPC decision	1.50%		1.50%
Jul-13	8:00	Inflation (Jun)	0.1% (1.9%)		0.1% (1.9%)

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	EURIBOR 3M	LIBOR USD 3M	CPI (Poland)
	(end of period)								
<b>Jul-18</b>	4.315	3.667	3.692	4.890	1.177	1.70	-0.33	2.38	1.9
<b>Aug-18</b>	4.292	3.612	3.639	4.845	1.188	1.70	-0.32	2.41	2.0
<b>Sep-18</b>	4.280	3.567	3.597	4.815	1.200	1.70	-0.32	2.44	2.0
<b>Oct-18</b>	4.260	3.511	3.550	4.775	1.213	1.70	-0.31	2.47	1.7
<b>Nov-18</b>	4.240	3.457	3.504	4.735	1.227	1.70	-0.30	2.50	1.7
<b>Dec-18</b>	4.220	3.403	3.459	4.696	1.240	1.70	-0.30	2.53	1.5
<b>Jan-19</b>	4.214	3.385	3.435	4.682	1.245	1.70	-0.28	2.56	1.6
<b>Feb-19</b>	4.208	3.367	3.412	4.668	1.250	1.70	-0.25	2.59	1.5
<b>Mar-19</b>	4.203	3.349	3.389	4.655	1.255	1.70	-0.25	2.62	1.8
<b>Apr-19</b>	4.197	3.331	3.366	4.641	1.260	1.70	-0.20	2.65	2.0
<b>May-19</b>	4.191	3.313	3.344	4.627	1.265	1.70	-0.15	2.68	2.0
<b>Jun-19</b>	4.185	3.295	3.321	4.613	1.270	1.70	-0.15	2.71	2.0

Source: Deutsche Bank Polska S.A.



# Appendix 1

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