



## Poland: Weekly Macroeconomic Update

### LAST WEEK:

In August **money supply M3** rose by 0.6% mom and increased by 7.5% yoy, as expected. Total loans rose by 0.8% mom and increased by 6.0% yoy, of which loans to households rose by 1.0% mom and were 5.9% up yoy and loans to non-financial companies rose by 0.6% mom and by 6.4% yoy. In August the c/a deposits of households rose by 0.9% mom and were 13.9% up yoy, term deposits of households rose by 0.2% mom and were 2.5% down yoy. In August the c/a deposits of non-financial corporations fell by 0.3% mom and were 6.8% up yoy while term deposits of non-financial corporations rose by 4.6% mom and were 3.6% up yoy.

In the period of January-August there was PLN1.052bn **budget surplus**. Budget revenues amounted to PLN243.5bn (68.4% plan for 2018) while budget expenditures were PLN242.4bn or 61% of 2018 plan. In January-August tax revenues amounted to PLN224.6 (67.7% of annual plan). Debt servicing cost was PLN25.7bn or 83.7% of annual plan. Subsidies for local governments were PLN41.9bn (74.2 of annual plan) and subsidy to state pension fund FUS was PLN19.8bn (42.4% of plan for 2018).

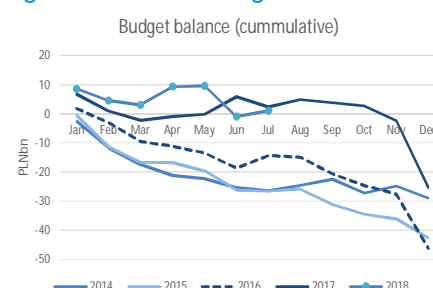
### THIS WEEK:

**PMI manufacturing** index for September fell to 50.5 from 51.4 in August, approaching a neutral level. Recent decline in PMI manufacturing stemmed from a fall in new orders, mainly export orders. In September industrial production continued to increase, despite a decline in new orders. In September employment in manufacturing sector has been rising albeit at the slowest pace in 23 months. Cost inflation and producer prices inflation were growing slower than in previous months, but were relatively strong due to raw materials scarcity.

Flash **inflation** for September was 0.2% mom and 1.8% yoy versus 2.0% yoy in August. Despite a rise in core inflation consumer prices are steady as lower food inflation counterbalance rising fuel prices.

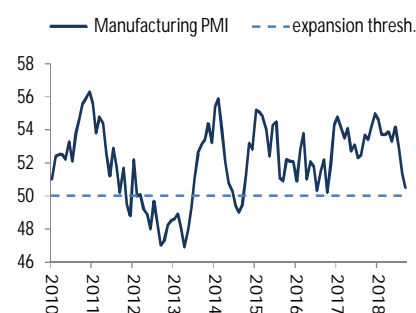
On Wednesday the **Monetary Policy Council** hold policy meeting. We expect the MPC to keep interest rates unchanged and to reiterate guidance for steady interest rates in the medium term.

Figure 1: Central budget balance



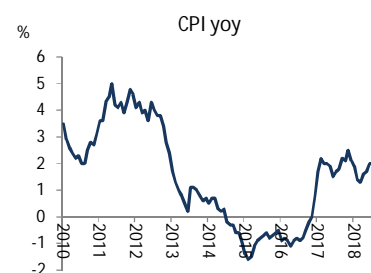
Source: Finance Ministry

Figure 2: Manufacturing PMI



Source: Markit

Figure 3. Inflation



Source: GUS



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-01	7:00	PMI Manufacturing (Sep)	51.0	50.5	51.4
Oct-01	8:00	Flash CPI (Sep)	0.2% (1.8%)	0.2% (1.8%)	0.2% (1.9%)
Oct-03		MPC decision	1.50%		1.50%
Oct-05	14:00	Official reserve assets (Sep)			

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>Oct-18</b>	4.283	3.661	3.779	4.826	1.170	1.71	-0.31	2.43	1.9
<b>Nov-18</b>	4.272	3.635	3.758	4.814	1.175	1.71	-0.30	2.49	1.7
<b>Dec-18</b>	4.260	3.610	3.737	4.802	1.180	1.71	-0.30	2.55	1.8
<b>Jan-19</b>	4.255	3.588	3.727	4.793	1.186	1.71	-0.28	2.61	1.7
<b>Feb-19</b>	4.250	3.566	3.717	4.785	1.192	1.71	-0.25	2.67	2.1
<b>Mar-19</b>	4.245	3.545	3.707	4.777	1.198	1.71	-0.25	2.73	2.3
<b>Apr-19</b>	4.240	3.524	3.698	4.769	1.203	1.71	-0.20	2.79	2.2
<b>May-19</b>	4.235	3.502	3.688	4.760	1.209	1.71	-0.15	2.85	2.2
<b>Jun-19</b>	4.230	3.481	3.678	4.752	1.215	1.71	-0.15	2.91	2.2
<b>Jul-19</b>	4.225	3.461	3.669	4.744	1.221	1.71	-0.15	2.97	2.3
<b>Aug-19</b>	4.220	3.440	3.659	4.736	1.227	1.71	-0.15	3.03	2.3
<b>Sep-19</b>	4.215	3.420	3.649	4.728	1.233	1.71	-0.15	3.09	2.4

Source: Deutsche Bank Polska S.A.



# Appendix 1

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