



## Poland: Weekly Macroeconomic Update

### LAST 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.

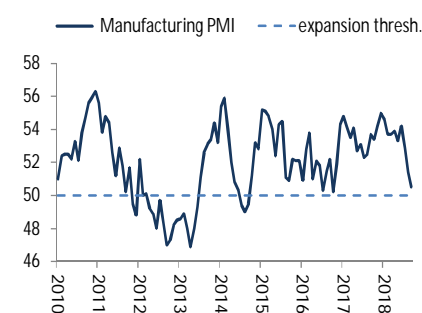
Flash **inflation** for September was 0.2% mom and 1.8% yoy versus 2.0% yoy in August. Despite a rise in core inflation consumer prices are steady as lower food inflation counterbalance rising fuel prices.

The **Monetary Policy Council**, in line with our and market expectations, didn't change interest rates. There were only minor changes to communicate after the meeting with general assessment of Poland's economy and economic environment unchanged. The MPC underlined that slightly higher than in Q1 consumer inflation stemmed mainly from rising fuel prices. In the opinion of the MPC core inflation (excluding food and energy prices) remained low. The MPC stated that prospects of economic growth in the coming quarters remained positive, despite expected decline in GDP growth rate in the following quarters. The Council reiterated their assessment that the current level of interest rates was conducive for keeping Poland's economy at sustainable growth path and allowed for maintaining macro-economic balance. At press conference NBP President Adam Glapinski repeated his view, making it more precise, that he expected rates to remain unchanged in 2019 and possibly in the beginning of 2020. MPC member Jerzy Kropiwnicki underlined that the MPC expects an increase of inflation due to secondary effects of a rise in wholesale energy prices. He added that this was an exogenous factor, beyond control of monetary policy. NBP President said that the NBP had in its disposal exactly the same tools of non-standard monetary policy as the ECB, the only difference was that Poland's macro-economic situation didn't require their use. NBP President also informed that new NBP projections, due in November, would not be much different from the previous one.

### THIS WEEK:

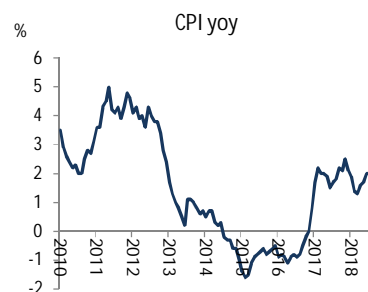
Economic calendar this week is practically empty. On Friday S&P and Fitch Ratings are to review Poland's credit ratings (no change expected).

Figure 1: Manufacturing PMI



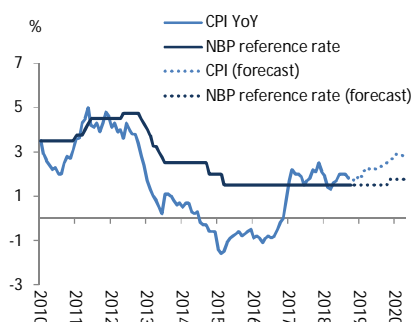
Source: Markit

Figure 2: Inflation



Source: GUS

Figure 3: NBP reference rate and inflation



Source: NBP, GUS, Deutsche Bank



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-10	9:00	Financial results of enterprises (Q2)			
Oct-12	9:00	Trade turnover (on a customs base) (Jan-Aug)			
Oct-12		S&P to review Poland's ratings	BBB+ (positive)		
Oct-12		Fitch Ratings to review Poland's ratings	A-(stable)		

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	3.725	3.779	4.910	1.150	1.72	-0.31	2.43	1.9
<b>Nov-18</b>	4.272	3.698	3.758	4.897	1.155	1.72	-0.30	2.49	1.7
<b>Dec-18</b>	4.260	3.610	3.737	4.802	1.180	1.72	-0.30	2.55	1.8
<b>Jan-19</b>	4.255	3.588	3.727	4.793	1.186	1.72	-0.28	2.61	1.7
<b>Feb-19</b>	4.250	3.566	3.717	4.785	1.192	1.72	-0.25	2.67	2.1
<b>Mar-19</b>	4.245	3.545	3.707	4.777	1.198	1.72	-0.25	2.73	2.3
<b>Apr-19</b>	4.240	3.524	3.698	4.769	1.203	1.72	-0.20	2.79	2.2
<b>May-19</b>	4.235	3.502	3.688	4.760	1.209	1.72	-0.15	2.85	2.2
<b>Jun-19</b>	4.230	3.481	3.678	4.752	1.215	1.72	-0.15	2.91	2.2
<b>Jul-19</b>	4.225	3.461	3.669	4.744	1.221	1.72	-0.15	2.97	2.3
<b>Aug-19</b>	4.220	3.440	3.659	4.736	1.227	1.72	-0.15	3.03	2.3
<b>Sep-19</b>	4.215	3.420	3.649	4.728	1.233	1.72	-0.15	3.09	2.4

Source: Deutsche Bank Polska S.A.



# Appendix 1

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