



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

In Q3 2018 **unemployment rate** according to labour force survey rose to 3.8 percent from 3.6 percent in Q2 2018. In Q3 this year participation rate rose to 56.8% from a 56.5% in Q2 2018. Participation rate increased mainly among young people and middle-aged ones and declined in retiring age group. In Q3 2018 number of working persons rose by 0.6% yoy and was 0.3% up qoq. An increase in unemployment rate in Q3 stemmed mainly from increased job rotation and inflow of new entrants to labour market.

In the period of January-October 2018 **budget surplus** widened to PLN6.4bn from PLN3.2bn in the period of January-September 2018.

**Flash inflation** in November declined to 1.2% yoy from 1.8% yoy in October. On a month to month basis consumer prices were flat in November. Most probably causes of sharp drop in inflation in November were sharp decline in oil prices and seasonal cuts in prices of footwear and clothing.

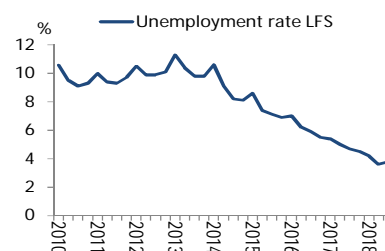
In Q3 2018 **real GDP growth** amounted to 5.1% yoy (versus 5.1% yoy growth in Q2 and 5.3% yoy growth in Q1) while seasonally adjusted quarterly growth was 1.7% qoq. Very robust GDP growth in Q3 stemmed from a stable contribution of personal consumption (that added 2.7 perc. points to GDP growth), stable contribution of public consumption (0.6 p.p.), strong contribution of investments in fixed assets (1.0 p.p) and strong contribution of inventory investments (1.0 p.p.). In Q3 contribution of net exports to GDP growth was negative (-0.9 p.p.).

## THIS WEEK:

In November **manufacturing PMI** fell to 49.5 pts from 50.4 pts in October, declining for the first time in 4 years below contraction threshold of 50 pts. A decline of manufacturing PMI for November resulted from a fall in new orders, in particular new export orders. Companies have been reducing employment for a second month in a row due to lower orders and difficulties in finding new skilled employees. In November companies' expectations on production in a 12-month horizon have been declining for a 8 month in a row to the lowest level since January 2013.

On Wednesday at the **MPC meeting** the Council most likely will keep interest rates unchanged. Market participants will be interested in MPC's comment on recent decline of headline inflation in the context of projected significant rise in inflation path for 2019 in November's inflation projection.

Figure 1: Unemployment rate LFS



Source: GUS

Figure 2: Inflation



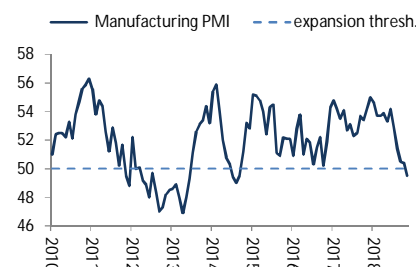
Source: GUS

Figure 3: GDP growth (yoy growth)



Source: GUS

Figure 4: PMI manufacturing



Source: Markit



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-3	7:00	PMI manufacturing (Nov)	50.2	49.5	50.3
Dec-5		MPC decision	1.50%		1.50%
Dec-7	12:00	Official reserve assets (Nov)			

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>Dec-18</b>	4.280	3.788	3.771	4.867	1.130	1.72	1.79	-0.30	2.75	1.3	3.10
<b>Jan-19</b>	4.275	3.769	3.760	4.880	1.134	1.72	1.79	-0.30	2.80	1.3	3.15
<b>Feb-19</b>	4.270	3.751	3.748	4.892	1.138	1.72	1.80	-0.30	2.85	1.6	3.20
<b>Mar-19</b>	4.265	3.733	3.737	4.904	1.143	1.72	1.81	-0.30	2.90	1.8	3.22
<b>Apr-19</b>	4.260	3.715	3.726	4.916	1.147	1.72	1.82	-0.20	2.98	1.7	3.23
<b>May-19</b>	4.255	3.697	3.715	4.928	1.151	1.72	1.82	-0.18	3.07	1.7	3.24
<b>Jun-19</b>	4.250	3.680	3.704	4.940	1.155	1.72	1.83	-0.16	3.15	1.7	3.25
<b>Jul-19</b>	4.245	3.662	3.693	4.951	1.159	1.72	1.85	-0.14	3.23	1.8	3.27
<b>Aug-19</b>	4.240	3.645	3.682	4.963	1.163	1.72	1.86	-0.12	3.32	1.8	3.28
<b>Sep-19</b>	4.235	3.627	3.671	4.974	1.168	1.72	1.87	-0.10	3.40	1.9	3.29
<b>Oct-19</b>	4.230	3.610	3.660	4.985	1.172	1.72	1.88	-0.10	3.47	2.0	3.30
<b>Nov-19</b>	4.225	3.593	3.649	4.996	1.176	1.73	1.90	-0.10	3.54	2.4	3.30
<b>Dec-19</b>	4.220	3.576	3.638	5.007	1.180	1.76	1.92	-0.10	3.61	2.6	3.30

*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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### Additional information available upon request

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