



Poland: Weekly Macroeconomic Update

LAST 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.

The **Monetary Policy Council**, as expected, didn't change interest rates and reiterated the message that the current level of interest rates was conducive for Poland's economic stability. NBP President Adam Glapinski said that the NBP assumed wait-and-see approach and that this approach was most appropriate. In his view a motion to hike interest rates that was rejected in November, was "exotic" in the light of MPC discussion that was conducted at that meeting. He added that there was no reason to hike interest rates in 2019. In his opinion inflation will somewhat accelerate in 2019 but will be still very low. Referring to level of interest rates in 2020 he said that it was likely that they will be unchanged but it was not so certain. NBP President added that Poland's economy was stable and there were no macro-economic imbalances. MPC member Grazyna Ancyparowicz said she admitted a possibility that rates would be hiked in Q4 2019 and expected GDP growth to be at 4% or above in 2019. NBP President Glapinski underlined that the main two factors impacting consumer prices, namely oil prices and food prices in global markets were declining what reduced upward risks to inflation in 2019.

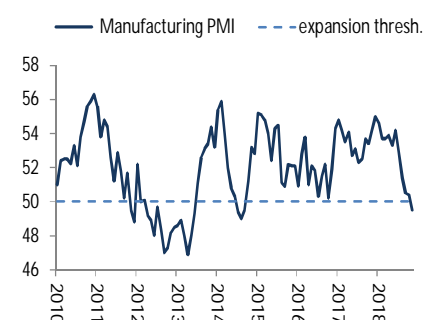
According to estimates of the Ministry of Family, Labor and Social Policy registered **unemployment rate** rose to 5.8% in November from 5.7% in October. Number of registered unemployed increased to 951.6k in November from 937.3k in October 2018. In November this year companies filled up 107.6k job offers versus 131.2k job offers in October 2018.

THIS WEEK:

On Friday the NBP will publish data on balance of payments for October. We estimate that the **current account deficit** amounted to -EUR483mn and **trade deficit** was -EUR533mn in October.

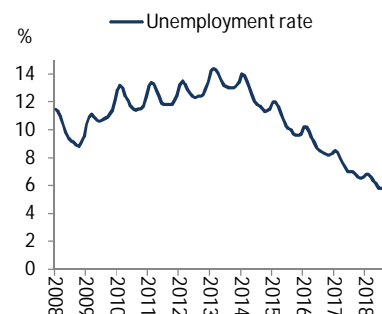
Final **inflation** for November (due on Friday) should be confirmed at 0.0% mom and 1.2% yoy.

Figure 1: PMI manufacturing



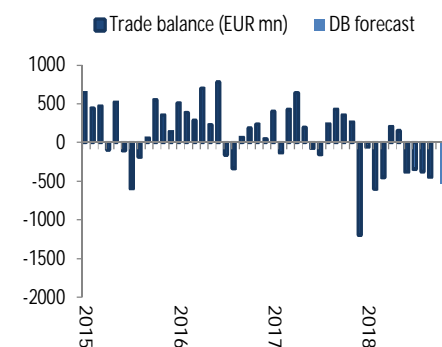
Source: Markit

Figure 2: Registered unemployment rate



Source: GUS

Figure 3: Trade balance



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-14	7:00	Inflation (Nov)	0,0% (1,2%)		0,0% (1,2%)
Dec-14	12:00	Current account (Oct)	-EUR483mn		-EUR472mn
Dec-14	12:00	Trade balance (Oct)	-EUR533mn		-EUR341mn

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