



## Poland: Weekly Macroeconomic Update

### LAST WEEK:

The **current account deficit** amounted to –EUR457mn and **trade deficit** was –EUR588mn in October. In October exports increased by 10.2% yoy to EUR20.143bn while imports rose by as much as 15.7% yoy to EUR20.731bn. Services balance was positive at EUR1.93bn. In October primary income balance was negative (-EUR1.769bn) while secondary income balance was close to zero (-EUR30mn).

Final **inflation** for November amounted to 0.0% mom and 1.3% yoy, marginally above initial CSO estimate of 1.2% yoy. On a monthly basis food prices didn't change, footwear and clothing prices marginally declined by 0.1% mom, communication prices fell by 2.6% mom, prices of recreation and culture also decreased by 0.7% mom. Monthly increase in prices was reported in housing and energy (up 0.2% mom), transport (up 0.2% mom), education (up 0.3% mom), hotels and restaurants (up 0.3% mom) and other services (up 0.2% mom). A decline of consumer inflation to 1.3% in November makes room for accommodation of future inflationary impulse that would stem from hikes in energy prices and rising wages.

### THIS WEEK:

**Core inflation** (excluding food and energy) for November was -0.1% mom and 0.7% yoy in line with market consensus view.

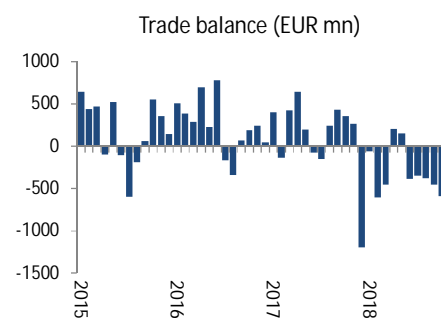
On Tuesday the CSO will release data on average wage and average employment in enterprises' sector for November. We forecast **average wage** to grow by 0.5% mom and 7.3% yoy in November. **Average employment** should rise by 0.1% mom and by 3.0% yoy in November.

**Industrial production** for November should decline by 4.0% mom and is expected to rise by 4.3% yoy. Producer prices should be 3.0% up yoy in November.

On Thursday the NBP will publish **minutes from MPC meeting** in December.

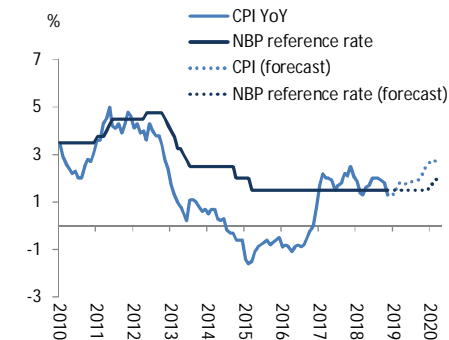
**Retail sales** in November (to be released on Friday) should increase by 7.9% yoy in the current prices and is likely to grow by 5.9% in constant prices.

Figure 1: Trade balance



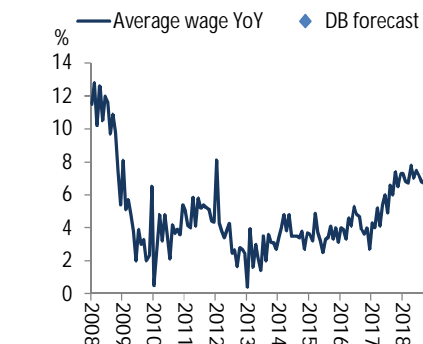
Source: NBP

Figure 2: Inflation and NBP reference rate



Source: GUS, NBP, Deutsche Bank

Figure 3: Average wage (yoy growth)



Source: GUS, Deutsche Bank



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-17	8:00	Core inflation (Nov)	0.0% (0.8%)	-0.1% (0.7%)	-0.1% (0.7%)
Dec-18	8:00	Average wage (Nov)	0.5% (7.3%)		0.4% (7.2%)
Dec-18	8:00	Average employment (Nov)	0.1% (3.0%)		0.1% (3.0%)
Dec-19	8:00	Industrial output (Nov)	-4.0% (4.3%)		-4.0% (4.3%)
Dec-19	8:00	Construction output (Nov)	(21.5%)		(16.4%)
Dec-19	8:00	PPI (Nov)	-0.2% (3.0%)		-0.1% (3.1%)
Dec-20	12:00	Minutes from MPC meeting			
Dec-20	8:00	Retail sales (Nov)	-3.0% (7.9%)		-2.9% (7.9%)

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	WIBOR 6M	EURIBOR 3M	LIBOR USD 3M	CPI (Poland)	Yield on 10Y POLGB
	(end of period)										
<b>Dec-18</b>	4.280	3.788	3.788	4.772	1.130	1.72	1.79	-0.30	2.80	1.4	3.00
<b>Jan-19</b>	4.275	3.769	3.775	4.793	1.134	1.72	1.79	-0.30	2.83	1.3	3.05
<b>Feb-19</b>	4.270	3.751	3.762	4.814	1.138	1.72	1.80	-0.30	2.87	1.6	3.10
<b>Mar-19</b>	4.265	3.733	3.749	4.834	1.143	1.72	1.81	-0.30	2.90	1.8	3.12
<b>Apr-19</b>	4.260	3.715	3.737	4.854	1.147	1.72	1.82	-0.20	2.98	1.8	3.13
<b>May-19</b>	4.255	3.697	3.724	4.874	1.151	1.72	1.82	-0.18	3.07	1.8	3.14
<b>Jun-19</b>	4.250	3.680	3.712	4.894	1.155	1.72	1.83	-0.16	3.15	1.8	3.15
<b>Jul-19</b>	4.245	3.662	3.699	4.913	1.159	1.72	1.85	-0.14	3.23	1.9	3.17
<b>Aug-19</b>	4.240	3.645	3.687	4.932	1.163	1.72	1.86	-0.12	3.32	1.9	3.18
<b>Sep-19</b>	4.235	3.627	3.675	4.951	1.168	1.72	1.87	-0.10	3.40	1.9	3.19
<b>Oct-19</b>	4.230	3.610	3.662	4.970	1.172	1.72	1.88	-0.10	3.47	2.1	3.20
<b>Nov-19</b>	4.225	3.593	3.650	4.989	1.176	1.73	1.90	-0.10	3.54	2.4	3.20
<b>Dec-19</b>	4.220	3.576	3.638	5.007	1.180	1.76	1.92	-0.10	3.61	2.6	3.20

*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

## Important Disclosures

### Additional information available upon request

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