



Poland: Weekly Macroeconomic Update

LAST WEEK:

In November the **current account deficit** amounted to –EUR221mn and trade deficit narrowed to –EUR229mn. In November exports rose by 7.1% yoy to EUR20.0bn and imports increased by 9.9% yoy to EUR20.2bn. In November there was EUR1.88bn surplus in the services account while primary income account was negative at EUR1.83bn.

Inflation for December was confirmed at 0.0% mom and 1.1% yoy. In December services prices were 0.4% up mom and 0.9% yoy while prices of goods were 0.2% down mom and rose by 1.2% yoy. In December food prices were 0.7% up mom, prices of footwear and clothing were 1.4% down mom and prices of housing and energy rose by 0.1% mom. Transport prices were 1.4% down mom and prices of recreation and culture were 0.5% up mom. In 2018 average inflation was 1.6%.

Core inflation for December was 0.0% mom and 0.6% yoy and was lower than 0.7% yoy market consensus.

Average wage in enterprises' sector for December rose 6.2% mom and was 6.1% up yoy.

Average employment in enterprises' sector for December was flat mom and rose by 2.8% yoy.

Industrial output for December declined by 11.5% mom and rose by 2.8% yoy. Seasonally adjusted industrial output rose by 3.1% yoy in December. An increase in output was reported in 17 out of 34 branches of industry, among others in production of other transport equipment (up 33.6% yoy), repair, maintenance and installing of machinery and equipment (up 16.1% yoy), coke and oil refining (up 14.9% yoy), production and supply of electricity, gas and hot water (up 13.4% yoy), electro-machinery (up 12.1% yoy) and computers, electronic and optical devices (up 5.0% yoy). A decline in output was reported in 17 branches of industry among others in pharmaceuticals (down 29.5% yoy), machinery and equipment (down 4.3% yoy), coal mining (down 3.5% yoy), metals (down 2.8% yoy), beverages (down 2.5% yoy) and products of metals (down 2.0% yoy).

Construction output for December rose by 12.2% yoy. In December producer prices fell by 0.9% mom and rose by 2.2% yoy.

THIS WEEK:

Retail sales for December (due on Tuesday) should increase by 7.2% yoy. **Money supply** for December (to be released on Wednesday) likely rose by 8.7% yoy. **Unemployment rate** for December (Thursday) is expected to increase to 5.8% from 5.7% in November.

Figure 1: Inflation (yoy)



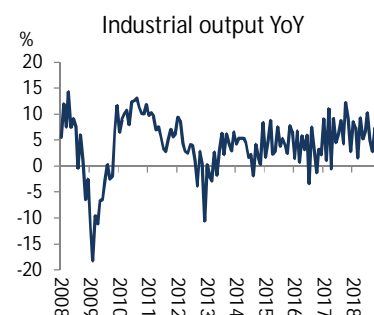
Source: GUS

Figure 2: Average wage (yoy growth)



Source: GUS

Figure 3: Industrial production (yoy growth)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jan-22	8:00	Retail sales (Dec)	15.5% (7.2%)		16.5% (8.1%)
Jan-23	12:00	Money Supply M3 (Dec)	2.1% (8.7%)		2.1% (8.6%)
Jan-24	8:00	Unemployment rate (Dec)	5.8%		5.8%

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)										
Jan-19	4.293	3.778	3.797	4.863	1.136	1.72	1.79	-0.31	2.77	1.0	2.85
Feb-19	4.287	3.763	3.782	4.885	1.139	1.72	1.80	-0.30	2.80	1.3	2.90
Mar-19	4.280	3.748	3.768	4.907	1.142	1.72	1.81	-0.30	2.90	1.5	2.95
Apr-19	4.273	3.734	3.753	4.928	1.145	1.72	1.82	-0.20	2.98	1.5	3.00
May-19	4.267	3.719	3.738	4.950	1.147	1.72	1.82	-0.18	3.07	1.5	3.05
Jun-19	4.260	3.704	3.724	4.971	1.150	1.72	1.83	-0.16	3.15	1.5	3.10
Jul-19	4.253	3.690	3.709	4.992	1.153	1.72	1.85	-0.14	3.23	1.6	3.15
Aug-19	4.247	3.675	3.695	5.013	1.156	1.72	1.86	-0.12	3.32	1.6	3.16
Sep-19	4.240	3.661	3.681	5.033	1.158	1.72	1.87	-0.10	3.40	1.6	3.17
Oct-19	4.233	3.646	3.666	5.054	1.161	1.72	1.88	-0.10	3.47	1.8	3.20
Nov-19	4.227	3.632	3.652	5.074	1.164	1.73	1.90	-0.10	3.54	2.1	3.20
Dec-19	4.220	3.576	3.638	5.007	1.180	1.76	1.92	-0.10	3.61	2.5	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

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