



Poland: Weekly Macroeconomic Update

LAST WEEK:

In December 2018 the **current account** deficit amounted to –EUR1400mn while trade gap was –EUR1340mn. In December merchandise exports rose by 2.3% yo to EUR16.0bn while imports rose by 3.0% yoy to EUR17.3bn. In December services balance was positive at EUR1.8bn while balances of primary and secondary income were negative and amounted respectively to EUR1.566bn and EUR321mn.

In Q4 2018 **GDP growth** was 4.9% yoy. Seasonally adjusted GDP growth was 0.5% qoq and 4.6% yoy in Q4. The Central Statistical Office revised down annual seasonally adjusted growth in Q2 2017, Q2 2018 and Q3 2018 by 0.1 percentage point. GDP growth in Q4 2018 was still strong but relatively low quarterly growth in Q4 suggests moderate slowdown in economic growth in the coming quarters.

In January 2018 **inflation** was 0.1% mom and 0.9% yoy. Food prices were 0.9% up mom, house maintenance prices fell by 0.7% mom and transport prices were 1.9% down mom. Annual inflation has been declining for a fifth month in a row and inflation remains below the lower bound of inflation target third month in a row.

THIS WEEK:

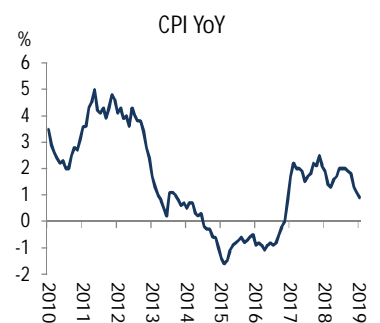
On Tuesday the GUS will release average wage and average employment in enterprises' sector. We expect that **average wage** rose by 6.0% yoy and **average employment** increased by 2.3% yoy in January.

Industrial production for January (to be released on Wednesday) likely increased by 3.1% yoy and **producer prices** should rise by 2.1% yoy in January.

Nominal **retail sales** for January (due on Thursday) should increase by 4.7% yoy and real retail sales for January likely rose by 3.9% yoy.

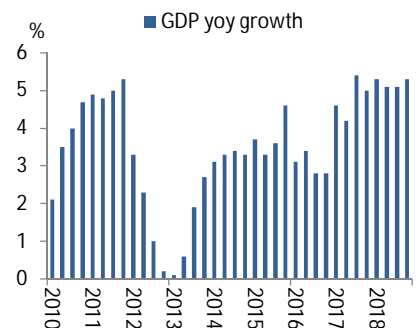
Money supply for January (to be released on Friday) likely rose by 9.3% yoy.

Figure 1: Inflation (yoy)



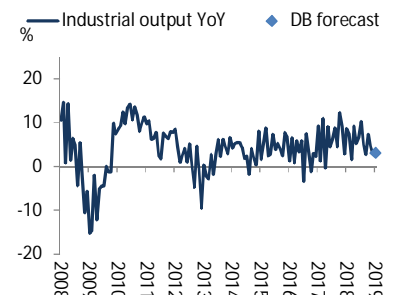
Source: GUS

Figure 2: GDP growth



Source: GUS

Figure 3: Industrial production (yoy growth)



Source: GUS, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Feb-19	8:00	Average wage (Jan)	-7.7% (6.0%)		-7.0% (6.9%)
Feb-19	8:00	Average employment (Jan)	1.5% (2.3%)		1.0% (1.8%)
Feb-20	8:00	Industrial production (Jan)	4.5% (3.1%)		5.0% (3.6%)
Feb-20	8:00	PPI (Jan)	0.1% (2.1%)		0.1% (2.1%)
Feb-21	8:00	Construction output (Jan)	(10.0%)		(8.0%)
Feb-21	8:00	Retail sales (Jan)	-20.5% (4.7%)		-19.3% (6.4%)
Feb-21	12:00	Money supply M3 (Jan)	-1.0% (9.3%)		-0.9% (9.4%)

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)										
Feb-19	4.320	3.823	3.789	4.989	1.130	1.72	1.80	-0.30	2.60	1.3	2.75
Mar-19	4.313	3.777	3.780	4.998	1.142	1.72	1.81	-0.30	2.70	1.5	2.85
Apr-19	4.306	3.731	3.771	5.007	1.154	1.72	1.82	-0.30	2.80	1.5	2.90
May-19	4.299	3.687	3.761	5.016	1.166	1.72	1.82	-0.30	2.90	1.5	3.00
Jun-19	4.292	3.643	3.752	5.024	1.178	1.72	1.83	-0.30	3.00	1.5	3.10
Jul-19	4.285	3.601	3.742	5.032	1.190	1.72	1.85	-0.30	3.10	1.6	3.15
Aug-19	4.278	3.559	3.733	5.040	1.202	1.72	1.86	-0.30	3.20	1.6	3.16
Sep-19	4.271	3.518	3.724	5.047	1.214	1.72	1.87	-0.30	3.30	1.6	3.17
Oct-19	4.264	3.478	3.714	5.054	1.226	1.72	1.88	-0.30	3.40	1.8	3.20
Nov-19	4.257	3.439	3.705	5.060	1.238	1.73	1.90	-0.30	3.45	2.1	3.20
Dec-19	4.250	3.400	3.696	5.066	1.250	1.73	1.92	-0.30	3.50	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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Additional information available upon request

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