



Poland: Weekly Macroeconomic Update

LAST WEEK:

The **Monetary Policy Council** didn't change interest rates, as expected. In the communique after the meeting the MPC underlined that due to gradual opening of economies, business conditions improved in services' sector, also in euro-zone. The MPC expects further recovery in economic activity in industry and continued disruptions to supply chains in some markets. The MPC underlined that prices of raw materials, including oil, were clearly higher than year ago what together with supply disruptions resulted in higher inflation in global economy. Concerning Poland, the MPC said that strong recovery in industry was not coupled with return of retail sales to pre-covid level. The Council said that increase of inflation to 4.8% in May stemmed mainly from increase in fuel prices, higher energy prices, rising food prices and a hike in utility prices. The above factors will keep inflation above upper bound of inflation target in coming months, but the MPC expect inflation to decelerate next year. The NBP will continue to conduct purchases of Treasury bonds and bonds guaranteed by State Treasury in secondary market. The MPC also signaled, that the NBP might intervene in FX market, in order to amplify impact of loosening of monetary policy on the economy. At press conference NBP President Adam Glapinski confirmed central bank's stance of keeping interest rates unchanged until beginning of next year.

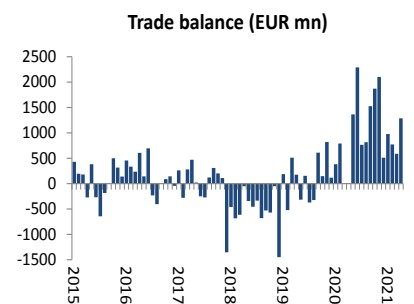
THIS WEEK:

In April **current account** surplus amounted to EUR1740mn and **trade surplus** widened to EUR1289mn. In April exports rose by 69.2% y/y to EUR23.4bn while imports increased by 59.8% y/y to EUR22.1bn. Very strong growth in exports and imports stemmed partially from low base (in April 2020 exports and imports declined respectively by 29.6% y/y and 28.9% y/y) and partially from strong revival in foreign trade in Europe.

On Tuesday Statistics Poland will release final **inflation** for May (we expect inflation to be confirmed at 4.8% y/y) and on Wednesday the NBP will release **core inflation** (our call is 4.3% y/y).

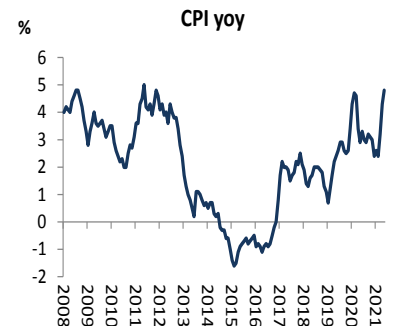
On Friday **average employment** in enterprises' sector for May (our forecast is 2.4% y/y growth) and **average wage** in enterprises' sector for May (we expect 10.6% y/y growth) will be published.

Figure 1: Trade balance



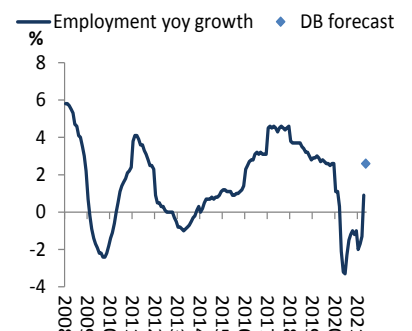
Source: NBP

Figure 2: Inflation



Source: Statistics Poland

Figure 3. Average employment



Source: Statistics Poland, Deutsche Bank Polska



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jun-14	12:00	Current account (Apr)	EUR1150mn	EUR1740mn	EUR1215mn
Jun-14	12:00	Trade balance (Apr)	EUR550mn	EUR1289mn	EUR512mn
Jun-15	8:00	Inflation (May)	0.3% (4.8%)		0.3% (4.8%)
Jun-16	12:00	Core inflation (May)	0.2% (4.2%)		0.2% (4.0%)
Jun-18	8:00	Average wage (May)	-2.5% (10.6%)		-2.8% (10.4%)
Jun-18	8:00	Average employment (May)	0.1% (2.4%)		0.2% (2.5%)

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)										
Jun-21	4.470	3.685	4.101	5.203	1.213	0.21	0.25	-0.52	0.14	4.4	1.85
Jul-21	4.458	3.644	4.080	5.151	1.223	0.21	0.25	-0.51	0.15	4.4	1.90
Aug-21	4.447	3.604	4.058	5.099	1.234	0.21	0.25	-0.50	0.16	4.5	1.95
Sep-21	4.435	3.565	4.037	5.048	1.244	0.21	0.25	-0.50	0.18	4.4	2.00
Oct-21	4.423	3.526	4.016	4.998	1.254	0.21	0.25	-0.50	0.20	4.6	2.00
Nov-21	4.412	3.488	3.995	4.949	1.265	0.21	0.25	-0.50	0.20	4.6	2.05
Dec-21	4.400	3.451	3.929	4.900	1.275	0.21	0.25	-0.50	0.20	4.9	2.10
Jan-22	4.400	3.445	3.936	4.903	1.277	0.21	0.25	-0.50	0.20	4.4	2.15
Feb-22	4.400	3.440	3.943	4.905	1.279	0.22	0.25	-0.50	0.20	4.5	2.20
Mar-22	4.400	3.434	3.946	4.904	1.281	0.22	0.25	-0.50	0.20	4.0	2.25
Apr-22	4.400	3.429	3.950	4.903	1.283	0.22	0.25	-0.50	0.20	3.9	2.30
May-22	4.400	3.423	3.953	4.895	1.285	0.22	0.25	-0.50	0.20	3.7	2.30

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.

Note 2: Due to increased market variability and changes in monetary and fiscal policies, forecasts are subject to higher than usual uncertainty.

Source: Deutsche Bank Polska S.A.



Appendix 1

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