



Poland: Weekly Macroeconomic Update

LAST WEEK:

Inflation for July was confirmed at 0.4% m/m and 5.0% y/y. In July an increase of consumer prices versus June was generated mainly by fuels (that contributed 0.27 p.p. to monthly inflation), tourism (+0.06 p.p.) and furniture (+0.04 p.p.). In July monthly inflation was moderated by a decline in food prices and clothing prices (each subtracted 0.10 p.p. from monthly CPI). In July inflation was driven mainly by rising prices of transport, home maintenance and tourism.

According to flash estimate of Statistics Poland (GUS) **real GDP growth** in Q2 amounted to 1.9% q/q and 10.9% y/y and was above market consensus expectations of 10.7% y/y. The GUS also revised up quarterly GDP growth for Q1 to 1.3% q/q from 1.1% q/q. Data on Q2 GDP are very good and show that Poland's economy recovers after lock-downs at pace slightly above expectations, most likely due to robust exports.

In June in the current account there was EUR281mn surplus after EUR185mn surplus in May. In June trade surplus rose to EUR761mn from EUR185mn in May. Export rose by 23.9% y/y to EUR23.7bn, imports increased by 36.3% y/y to EUR22.9bn, surplus in trade in services amounted to EUR2.0bn, primary income deficit was equal to -EUR2.2bn and secondary income deficit amounted to -EUR358mn in June.

MPC member Jerzy Kropiwnicki said he would support 15bps rate hike in November if November's NBP projection warranted it. In his opinion rate hike before November is unlikely as NBP projection will not be available yet.

THIS WEEK:

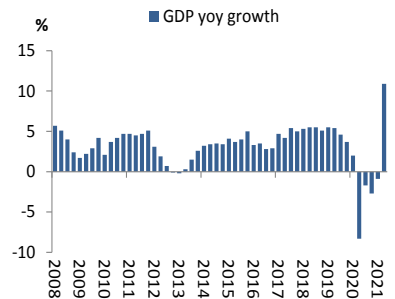
Core inflation for July amounted to 0.4% m/m and 3.7% and was marginally higher than market consensus view. On Wednesday data on **average wage** and **employment** in enterprises' sector are due. On Thursday **industrial output** and **PPI** for July will be released. On Friday data on **retail sales** and **construction output** for July will be published.

Figure 1: Inflation (y/y)



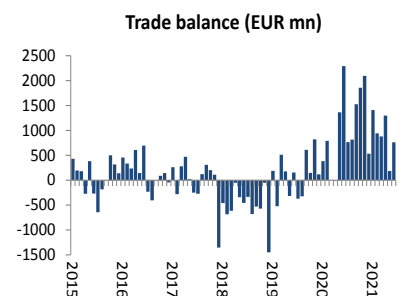
Source: Statistics Poland

Figure 2: Real GDP growth (y/y)



Source: Statistics Poland

Figure 3: Trade balance (EURmn)



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Aug-16	12:00	Core inflation (Jul)	0.3% (3.6%)	0.4% (3.7%)	0.3% (3.6%)
Aug-18	8:00	Average wage (Jul)	1.2% (9.1%)		0.7% (8.9%)
Aug-18	8:00	Average employment (Jul)	0.3% (1.9%)		0.2% (2.0%)
Aug-18	8:00	Zaufanie konsumentów (Aug)	-13.0		-13.5
Aug-19	8:00	PPI (Jul)	0.8% (7.5%)		1.0% (7.7%)
Aug-19	8:00	Industrial production (Jul)	-1.0% (13.3%)		-3.5% (10.1%)
Aug-20	8:00	Construction output (Jul)	(5.6%)		(6.8%)
Aug-20	8:00	Retail sales (Jul)	2.5% (8.9%)		(8.1%)

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)										
Aug-21	4.568	3.867	4.197	5.352	1.181	0.21	0.25	-0.54	0.12	4.9	1.85
Sep-21	4.536	3.825	4.147	5.328	1.186	0.21	0.25	-0.52	0.15	4.8	1.85
Oct-21	4.504	3.783	4.098	5.304	1.191	0.21	0.25	-0.51	0.20	5.0	1.87
Nov-21	4.472	3.741	4.049	5.279	1.195	0.21	0.25	-0.50	0.20	5.0	1.90
Dec-21	4.440	3.700	4.000	5.254	1.200	0.21	0.25	-0.50	0.20	5.2	1.95
Jan-22	4.437	3.684	3.968	5.243	1.204	0.21	0.25	-0.50	0.20	4.6	2.00
Feb-22	4.433	3.669	3.973	5.232	1.208	0.22	0.25	-0.50	0.20	4.7	2.00
Mar-22	4.430	3.654	3.973	5.217	1.213	0.22	0.25	-0.50	0.20	4.2	2.05
Apr-22	4.427	3.638	3.974	5.203	1.217	0.22	0.25	-0.50	0.20	4.1	2.07
May-22	4.423	3.623	3.974	5.181	1.221	0.25	0.30	-0.50	0.20	3.9	2.10
Jun-22	4.420	3.608	3.971	5.160	1.225	0.30	0.35	-0.50	0.20	4.2	2.15
Jul-22	4.417	3.593	3.968	5.138	1.229	0.30	0.40	-0.50	0.20	3.9	2.15

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

Important Disclosures

Additional information available upon request

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