



Poland: Weekly Macroeconomic Update

LAST WEEK:

Russia halted deliveries of natural gas via Yamal pipeline to Poland and halted deliveries of natural gas to Bulgaria as these countries refused to pay for natural gas in roubles. After the news European gas prices surged by 17% and today in the morning were 27% higher. Poland's minister of climate and environment informed that Poland had its own deposits of natural gas and was able to purchase natural gas from other sources. She also informed that natural gas storages were filled in 79%.

In March **money supply M3** rose by 1.3% m/m and increased by 7.9% y/y. In March cash in circulation rose by 16.7% y/y, demand deposits rose by 4.9% y/y (including 4.2% y/y increase in households' deposits and 1.8% y/y increase in corporate deposits). In March term deposits rose by 10.8% y/y (including 7.8% y/y decrease in households' deposits and 38.9% y/y increase in corporate deposits). Total loans rose by 6.3% y/y, loans to households rose by 3.9% y/y while loans to companies increased by 8.7% y/y in March.

Government published **2022 update of Convergence Programme**. Finance Ministry envisages real GDP growth of 3.8% in 2022, 3.2% in 2023 and 3.0% in 2024. Average inflation is envisaged at 9.1% in 2022, 7.8% in 2023 and 4.8% in 2024. Finance Ministry's forecasts assume extension of Anti-inflation shield until year-end and assume further interest rate hikes. General government deficit is envisaged at -4.3% of GDP in 2022, -3.7% of GDP in 2023 and -3.1% of GDP in 2024 while general government debt is envisaged at 52.1% of GDP in 2022, 51.5% of GDP in 2023 and 51.0% of GDP in 2024.

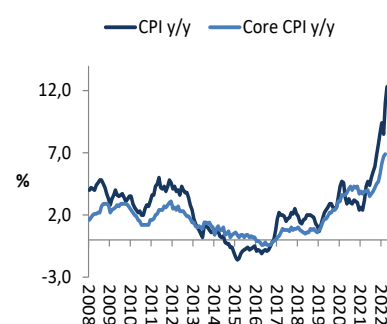
	2021	2022F	2023F	2024F	2025F
Real GDP growth in %	5,9	3,8	3,2	3,0	3,1
Gross fixed investments, real growth in %	3,8	4,8	4,0	2,5	2,7
LFS unemployment rate, %	3,4	2,7	2,6	2,6	2,6
Inflation, avg. %	5,1	9,1	7,8	4,8	3,5
General government balance (% of GDP)	-1,8	-4,3	-3,7	-3,1	-2,5
Gross debt (% of GDP)	53,8	52,1	51,5	51,0	49,7

According to flash estimate, **consumer inflation** in April amounted to 2.0% m/m and 12.3% y/y and was significantly above market expectations. Food prices rose by 4.2% m/m and increased by 12.7% y/y and were the main factor generating inflation (that added 1.12 percentage point to monthly CPI). Energy prices rose by 2.4% m/m and increased by 27.3% y/y while fuel prices fell by 0.8% m/m and rose by 27.8% y/y.

THIS WEEK:

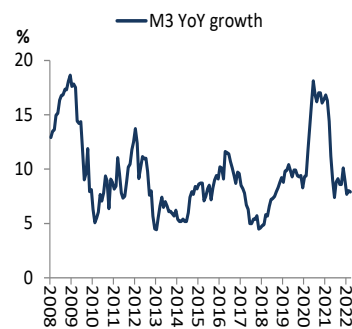
On Thursday the **MPC** holds its policy meeting. We expect another 100 bps hike in interest rates due to sharp rise in inflation in April and expected further increases in energy prices.

Figure 1: CPI and core CPI (y/y change)



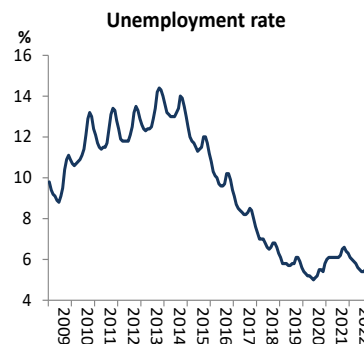
Source: NBP, Statistics Poland

Figure 2: Money supply M3 (y/y growth)



Source: NBP

Figure 3: Unemployment rate



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-05		MPC decision	5.50%		5.50%

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)										
May-22	4,675	4,435	4,526	5,567	1,054	6,60	6,95	-0,45	1,45	13,1	6,40
Jun-22	4,664	4,410	4,530	5,556	1,058	7,35	7,60	-0,45	1,50	13,9	6,45
Jul-22	4,654	4,384	4,534	5,546	1,061	7,35	7,60	-0,45	1,70	14,0	6,50
Aug-22	4,643	4,359	4,538	5,536	1,065	7,35	7,60	-0,45	1,80	14,2	6,50
Sep-22	4,632	4,334	4,542	5,526	1,069	7,35	7,60	-0,45	2,05	13,7	6,50
Oct-22	4,621	4,309	4,546	5,515	1,073	7,35	7,60	-0,40	2,30	13,1	6,50
Nov-22	4,611	4,284	4,550	5,505	1,076	7,35	7,60	-0,35	2,30	12,5	6,50
Dec-22	4,600	4,259	4,554	5,494	1,080	7,35	7,60	-0,30	2,30	11,7	6,50
Jan-23	4,591	4,228	4,538	5,465	1,086	7,35	7,60	-0,28	2,55	10,6	6,50
Feb-23	4,582	4,197	4,521	5,435	1,092	7,35	7,60	-0,28	2,55	10,9	6,50
Mar-23	4,573	4,166	4,505	5,406	1,098	7,35	7,60	-0,28	2,55	8,1	6,50
Apr-23	4,563	4,136	4,489	5,377	1,103	7,35	7,60	-0,25	2,65	7,0	6,50

*- or its successor

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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