



Poland: Weekly Macroeconomic Update

LAST WEEK:

The **MPC** kept interest rates unchanged for a second month in a row, keeping the main reference rate at 6.75%. It follows from the communique after the meeting that the MPC identify high prices of commodities as the main cause of headline and core inflation. According to the new NBP projection inflation will remain elevated in 2023 while Poland's economy will enter recession. Recent MPC decisions show that the central bank started to focus more on risks to growth. The MPC is convinced that approaching slowdown in global economic growth and tightening of monetary policy already done by the main central banks coupled with economic slowdown and hitherto rate hikes in Poland would led to gradual decline of inflation. The central path of inflation in new NBP projection was raised by 0.15 perc. point in 2022, by 0,75 pp. in 2023 and by 1,75 pp. in 2024 while central path of GDP growth declined by 0.1 pp. , 0.6 pp. and 0.2 pp. respectively in 2022 , 2023 and 2024. According to the new NBP projection there is a 50-percent probability that the annual price growth will be in the range of 14.4 – 14.5% in 2022 (against 13.2 – 15.4% in the July 2022 projection), 11.1 – 15.3% in 2023 (compared to 9.8 – 15.1%), 4.1 – 7.6% in 2024 (compared to 2.2 – 6.0%) and 2.1 – 4.9% in 2025. At the same time, the annual GDP growth – according to this projection – will be with a 50-percent probability in the range of 4.3 – 4.9% in 2022 (against 3.9 – 5.5% in the July 2022 projection), -0.3 – 1.6% in 2023 (compared to 0.2 – 2.3%), 1.0 – 3.1% in 2024 (compared to 1.0 – 3.5%) and 1.8 – 4.4% in 2025. The MPC signalled readiness to act on incoming data and reiterated the NBP might intervene in FX market to limit exchange rate movements inconsistent with the direction of monetary policy.

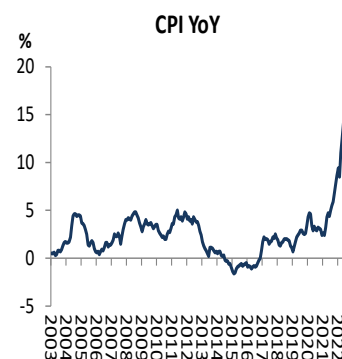
THIS WEEK:

The **current account** deficit for September amounted to -EUR1561mn while trade gap was -EUR2054mn. In September exports rose by 25.5% y/y to EUR28.4bn while imports rose by 28.9% y/y to EUR30.6bn. Services surplus amounted to EUR2742mn and primary income deficit was -EUR2240mn in September.

CPI for October was 1.8% m/m and 17.9% y/y versus 17.2% y/y in September. Food prices rose by 2.7% m/m and increased by 22.0% y/y, housing and energy prices rose by 1.5% m/m and were up 28.7% y/y, transport prices rose by 3.1% m/m and increased by 17.3% y/y and footwear and clothing prices rose by 3.2% m/m and were 7,0% up y/y in October. Food prices added 0.73 percentage point to monthly CPI, housing and energy prices added 0.32 p.p., transport prices contributed 0.30 p.p. and footwear and clothing added 0.13 p.p. to monthly CPI in October.

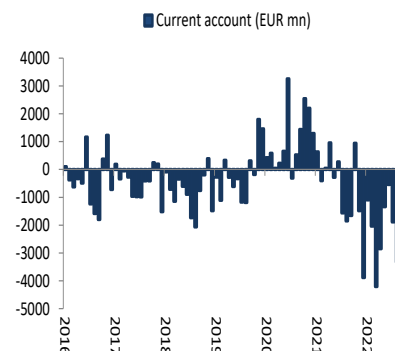
In Q3 2022 **real GDP growth** was 0.9% q/q and 3.5% y/y versus -2.4% q/q and 5.8% y/y in Q2 2022. Poland's economy is still not in a technical recession due to relatively strong domestic demand and weakening of the zloty in Q3 2022.

Figure 1: CPI (y/y)



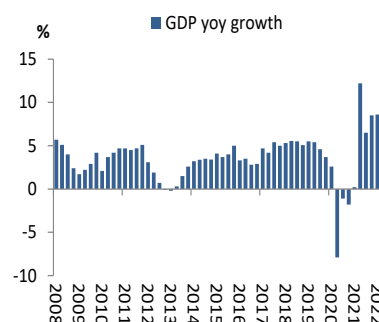
Source: Statistics Poland

Figure 2. Current account (EURm)



Source: NBP

Figure 3. Real GDP growth (y/y)



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-14	13:00	Current account (Sep)		-EUR1561mn	-EUR3100mn
Nov-15	9:00	GDP (Q3)	(2.9%)	0.9% (3.5%)	0.0% (3.4%)
Nov-15	9:00	Inflation (Oct)	1.8% (17.9%)	1.8% (17.9%)	1.8% (17.9%)
Nov-16	13:00	Core inflation (Oct)	1.2% (11.3%)		1.0% (11.1%)

Source: Deutsche Bank Estimates., Reuters and Bloomberg Finance LP

FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	LIBOR USD 3M*	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
Nov-22	4,700	4,519	4,796	5,400	1,040	6,75	7,40	7,60	1,85	4,65	18,1	7,00
Dec-22	4,650	4,559	4,745	5,471	1,020	6,75	7,40	7,60	2,40	4,80	18,7	7,00
Jan-23	4,641	4,502	4,719	5,432	1,031	6,75	7,40	7,60	2,55	5,20	18,7	7,00
Feb-23	4,632	4,446	4,694	5,395	1,042	6,75	7,40	7,60	2,70	5,30	19,7	6,90
Mar-23	4,623	4,392	4,669	5,358	1,053	6,75	7,40	7,60	2,90	5,30	16,8	6,80
Apr-23	4,613	4,339	4,644	5,322	1,063	6,75	7,25	7,50	3,25	5,30	15,1	6,50
May-23	4,604	4,286	4,620	5,286	1,074	6,75	7,10	7,25	3,30	5,20	14,0	6,50
Jun-23	4,595	4,235	4,595	5,251	1,085	6,75	7,20	7,35	3,50	5,00	12,9	6,30
Jul-23	4,586	4,185	4,571	5,217	1,096	6,75	7,10	7,25	3,50	4,80	12,6	6,20
Aug-23	4,577	4,136	4,546	5,183	1,107	6,75	6,90	7,05	3,50	4,65	12,0	6,00
Sep-23	4,568	4,087	4,522	5,150	1,118	6,75	6,75	6,90	3,50	4,40	11,1	6,00
Oct-23	4,558	4,040	4,498	5,117	1,128	6,50	6,75	6,90	3,50	4,30	9,6	5,80

*- According to road map published by the PFSA WIBOR cessation will occur in 2025.

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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