



Poland: Weekly Macroeconomic Update

LAST WEEK:

Manufacturing PMI rose to 51.9pts in January from 51.7pts in December and was slightly above expectations. An increase in PMI stemmed from rise in new orders, mainly export ones. Companies in manufacturing were increasing employment due to the need to compensate for absents related to quarantine that were the main factor limiting industrial production. In January output index fell for the third month in a row due to capacity constraints. Supply chain bottlenecks resulted in rising cost inflation and producers increased prices of finished goods the most since July 2018. Business optimism fell from 31-week high in December and was the second highest since March 2019.

The **MPC**, as expected kept monetary policy settings unchanged. The NBP informed it would continue purchases of bonds guaranteed by the State Treasury in secondary market and would continue to offer bill discount credit. The MPC underlined that uncertainty on the future course of pandemics and current sanitary restrictions negatively impacted economic activity but stated that decline in GDP in Q4 2020 was much smaller than that of Q2 2020. The NBP also informed that in order to increase impact of loosening of monetary policy on economy it might intervene in foreign exchange market. Timing and size of FX interventions will depend on market conditions.

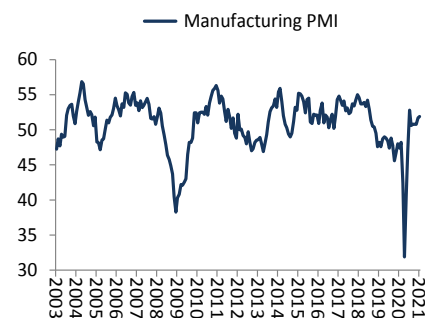
Labour Ministry estimates that **registered unemployment rate** rose to 6.5% in January from 6.2% in December.

At **press conference** NBP President Adam Glapinski said that interest rates most likely would remain unchanged in coming quarters and added that likelihood of rate cuts hadn't changed. In the opinion of NBP President inflation will remain close to the centre of NBP target in Q1 2021 and is likely to be above the centre of MPC target starting from Q2 2021 due to higher fuel prices.

THIS WEEK:

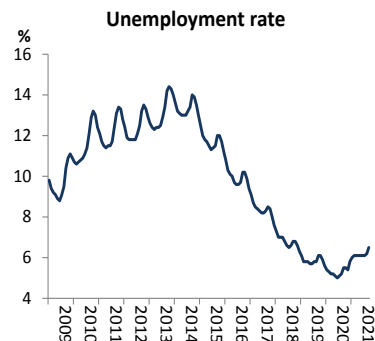
On Friday Statistics Poland (GUS) will release preliminary data on **GDP** for Q4 2020. We estimate that real GDP in Q4 2020 fell by 3.2% y/y.

Figure 1: Manufacturing PMI



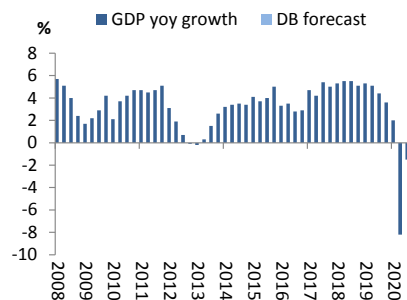
Source: Markit

Figure 2: Unemployment rate



Source: Statistics Poland

Figure 3. Real GDP growth



Source: Statistics Poland, Deutsche Bank Polska



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Feb-12	9:00	GDP (Q4, prel.)	-1.2% (-3.2%)		-1.0% (-3.0%)

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-21	4.500	3.731	4.136	5.093	1.206	0.21	0.25	-0.54	0.20	1.4	1.20
Mar-21	4.495	3.718	4.135	5.069	1.209	0.21	0.25	-0.53	0.21	1.5	1.25
Apr-21	4.490	3.705	4.134	5.045	1.212	0.21	0.25	-0.52	0.22	2.1	1.30
May-21	4.485	3.692	4.134	5.021	1.215	0.21	0.25	-0.51	0.22	2.4	1.30
Jun-21	4.480	3.679	4.133	4.998	1.218	0.22	0.25	-0.50	0.22	2.1	1.35
Jul-21	4.475	3.666	4.132	4.974	1.221	0.22	0.25	-0.50	0.22	2.2	1.35
Aug-21	4.470	3.653	4.131	4.950	1.224	0.22	0.25	-0.50	0.22	2.3	1.40
Sep-21	4.465	3.641	4.130	4.927	1.226	0.22	0.25	-0.50	0.22	2.2	1.40
Oct-21	4.460	3.628	4.130	4.904	1.229	0.22	0.25	-0.50	0.22	2.4	1.40
Nov-21	4.455	3.615	4.129	4.881	1.232	0.22	0.25	-0.50	0.22	2.4	1.45
Dec-21	4.460	3.597	4.168	4.820	1.240	0.22	0.25	-0.50	0.22	2.7	1.45
Jan-21	4.455	3.602	4.164	4.827	1.237	0.22	0.25	-0.50	0.22	2.7	1.45

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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