



Poland: Weekly Macroeconomic Update

LAST WEEK:

In February there was EUR1619mn surplus in **the current account** and EUR883mn trade surplus. Services balance was positive at EUR2490mn while both primary and secondary income accounts were negative respectively at –EUR1213mn and –EUR541mn. In February exports of goods rose by 6.2% y/y to EUR21.3bn while imports of goods increased by 6.0% y/y to EUR20.4bn. In February exports of services fell by 7.7% y/y to EUR5.1bn while imports of services declined by 10.5% y/y to EUR2.7bn.

Inflation for March was confirmed at 1.0% m/m and 3.2% y/y. Food prices rose by 0.7% m/m and 0.5% y/y, prices of footwear and clothing were 4.1% up m/m and were 1.4% y/y, prices of housing and energy rose by 0.2% m/m and were 6.0% up y/y, healthcare prices were 0.1% down m/m and rose by 3.7% y/y, transport prices rose by 4.1% m/m and were 5.4% up y/y, communication prices rose by 2.6% m/m and were 7.4% up y/y and prices of education rose by 0.1% m/m and were 5.5% up y/y in March. Prices in locked sectors like recreation and culture were 0.6% up m/m and rose by 4.9% y/y and prices in hotels and restaurants rose by 0.1% m/m and were 4.6% up y/y in March. In March fuel prices contributed 0.37 p.p. to monthly inflation, telecommunication services contributed 0.13 p.p. and clothing contributed 0.12 p.p. to monthly CPI.

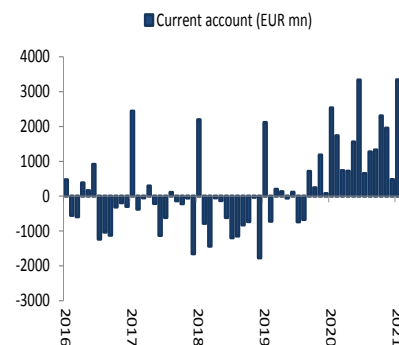
Core inflation (ex food and energy) for March amounted to 0.7% m/m and 3.9% y/y. Core inflation ex administered prices was equal to 1.1% m/m and 2.6% y/y in March.

In the period of January – February 2021 Poland's **exports** of goods rose by 1.0% y/y to EUR41.1bn while **imports** of goods fell by 1.4% y/y to EUR39.2bn. In the period of January – February 2021 trade turnover with developing countries increased (share of developing countries in total exports rose to 8.2% from 7.4% in corresponding period last year while share in imports rose to 30.3% from 27.6%). In the period of January – February 2021 share of euro-zone in Poland's exports rose as well (to 59.7% from 59.2%) primarily due to increase in share of Germany in Poland's exports (to 29.0% from 27.0%). In the period of January- February share of the UK in Poland's exports fell to 4.8% from 5.9% in the corresponding period last year, as a direct consequence of Brexit.

THIS WEEK:

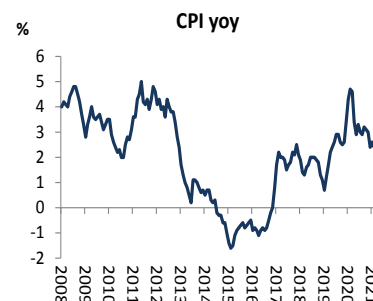
On Wednesday macroeconomic calendar contains wages and employment for March and industrial output and PPI for March. On Thursday retail sales and construction output for March are released. This week ends with release of money supply for March.

Figure 1: Current account (EURmn)



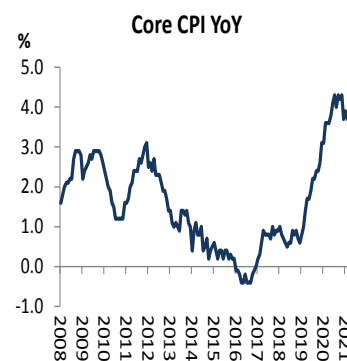
Source: NBP

Figure 2: Inflation (y/y)



Source: Statistics Poland

Figure 3: Core inflation (y/y)



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-21	9:00	Average wage (Mar)	3.2% (4.8%)		4.0% (5.3%)
Apr-21	9:00	Average employment (Mar)	0.0% (-1.2%)		0.0% (-1.2%)
Apr-21	9:00	PPI (Mar)	1.2% (3.6%)		1.1% (3.6%)
Apr-21	9:00	Industrial output (Mar)	8.5% (8.9%)		13.2% (13.1%)
Apr-22	9:00	Retail sales (Mar)	7.5% (8.1%)		(12.5%)
Apr-22	9:00	Construction output (Mar)	(-8.5%)		(-9.7%)
Apr-22	9:00	Consumer confidence (Apr)	-24.0		-22.6
Apr-23	13:00	Money supply M3 (Mar)	1.5% (14.5%)		1.5% (14.1%)

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)										
Apr-21	4.580	3.852	4.130	5.335	1.189	0.21	0.25	-0.54	0.20	3.8	1.60
May-21	4.565	3.805	4.111	5.277	1.200	0.22	0.25	-0.53	0.20	4.2	1.65
Jun-21	4.550	3.759	4.093	5.220	1.211	0.22	0.25	-0.52	0.20	3.9	1.70
Jul-21	4.535	3.713	4.074	5.164	1.221	0.22	0.25	-0.51	0.20	4.0	1.73
Aug-21	4.520	3.669	4.056	5.109	1.232	0.22	0.25	-0.50	0.20	4.0	1.75
Sep-21	4.505	3.625	4.037	5.055	1.243	0.22	0.25	-0.50	0.20	4.0	1.80
Oct-21	4.490	3.582	4.019	5.001	1.254	0.22	0.25	-0.50	0.20	4.1	1.85
Nov-21	4.475	3.540	4.000	4.949	1.264	0.22	0.25	-0.50	0.20	4.2	1.87
Dec-21	4.460	3.498	3.982	4.897	1.275	0.22	0.25	-0.50	0.20	4.4	1.90
Jan-22	4.455	3.488	3.985	4.901	1.277	0.22	0.25	-0.50	0.20	4.0	1.95
Feb-22	4.450	3.479	3.987	4.905	1.279	0.22	0.25	-0.50	0.20	4.0	1.97
Mar-22	4.445	3.469	3.987	4.909	1.281	0.22	0.25	-0.50	0.20	3.6	2.00

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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