



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

In March 2021 **registered unemployment rate** fell to 6.4% from 6.5% in February what suggests that, despite lockdown, seasonal jobs in agriculture and construction led to decline in unemployment. Seasonal decline in unemployment occurred also in March 2020. In March 2021 number of registered unemployed amounted to 1078.4 thousand and was 169 thousand up y/y.

Government announced gradual softening of sanitary restrictions : starting from May 1, sport facilities, hairdressers and beauty shops are opened. On May 4, shopping malls and museums opened, children in schooling years 1-4 started learning in schools and older children started learning in a hybrid regime. From May 8, hotels will start limited operations, from May 15 restaurants will be opened (with service outdoor) and from May 29, children will return to grammar and secondary schools and restaurants will start service indoor.

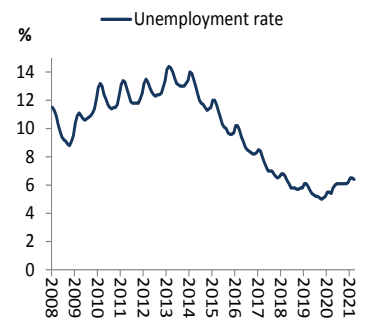
Flash **inflation** in April amounted to 0.7% m/m and 4.3% y/y after 3.2% y/y in March. In April inflation was much higher than median market forecast of 3.9% y/y. Much stronger than expected increase in inflation in April stemmed from 1.0% m/m rise in food prices and 3.6% m/m rise in fuel prices that contributed respectively 0.3 perc. point and 0.2 perc. point to monthly CPI. Strong growth in inflation in April shifts up inflation path for remaining months of this year. We forecast average inflation in 2021 at 3.8% and 4.6% y/y in December 2021.

## THIS WEEK:

**Manufacturing PMI** in April fell to 53.7 from 54.3 in March. In April strong export orders compensated for weak domestic demand what resulted in only slight increase of industrial output coupled with decrease in stocks of finished goods. In April costs of production and prices of finished goods rose at the highest pace in history of the survey. Surveyed companies reported disruptions in supply of raw materials and intermediate goods and absenteeism of workers due to coronavirus pandemic. In April companies continued to hire employees and employment rose for the eight month in a row. Companies remained optimistic on the level of production in the horizon of 12-months but optimism was reduced by supply disruptions.

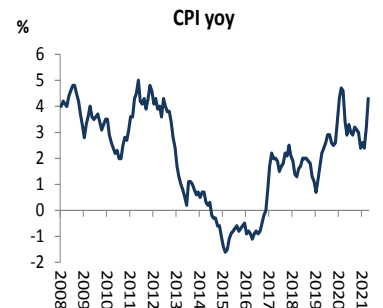
On Wednesday the **MPC** will hold policy meeting. We expect no change in monetary policy settings. Market participants will focus on any comments from the MPC on recent sharp rise in inflation and on increasing cost pressures in industry.

Figure 1: Unemployment rate



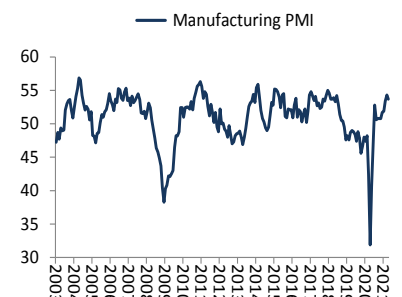
Source: Statistics Poland

Figure 2: Inflation (y/y)



Source: Statistics Poland

Figure 3: PMI manufacturing



Source: Markit



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-04	8:00	PMI manufacturing (Apr)	55.7	53.7	55.7
May-05		MPC decision	0.10%		0.10%
May-07	13:00	Official reserve assets (Apr)			
May-07	13:00	Minutes from MPC meeting			

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)										
<b>May-21</b>	4.556	3.740	4.103	5.187	1.218	0.21	0.25	-0.53	0.19	4.4	1.65
<b>Jun-21</b>	4.543	3.704	4.086	5.144	1.226	0.22	0.25	-0.52	0.20	4.1	1.70
<b>Jul-21</b>	4.529	3.669	4.069	5.102	1.234	0.22	0.25	-0.51	0.20	4.2	1.73
<b>Aug-21</b>	4.515	3.634	4.051	5.060	1.243	0.22	0.25	-0.50	0.20	4.3	1.75
<b>Sep-21</b>	4.501	3.599	4.034	5.019	1.251	0.22	0.25	-0.50	0.20	4.2	1.80
<b>Oct-21</b>	4.488	3.565	4.017	4.978	1.259	0.22	0.25	-0.50	0.20	4.4	1.85
<b>Nov-21</b>	4.474	3.531	3.999	4.937	1.267	0.22	0.25	-0.50	0.20	4.4	1.87
<b>Dec-21</b>	4.460	3.498	3.982	4.897	1.275	0.22	0.25	-0.50	0.20	4.6	1.90
<b>Jan-22</b>	4.455	3.488	3.985	4.901	1.277	0.22	0.25	-0.50	0.20	4.2	1.95
<b>Feb-22</b>	4.450	3.479	3.987	4.905	1.279	0.22	0.25	-0.50	0.20	4.2	1.97
<b>Mar-22</b>	4.445	3.469	3.987	4.909	1.281	0.22	0.25	-0.50	0.20	3.8	2.00
<b>Apr-22</b>	4.440	3.460	3.986	4.913	1.283	0.22	0.25	-0.50	0.20	3.7	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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