



Poland: Weekly Macroeconomic Update

LAST WEEK:

Industrial output fell by 9.2% m/m and rose by 44.5% y/y in April.

In April **real retail sales** fell by 7.7% m/m and rose by 21.1% y/y.

Money supply M3 declined by 0.1% m/m and rose by 11.2% y/y in April, below market consensus expectations.

Registered **unemployment rate** in April fell to 6.3% from 6.4% in March due to increase in seasonal jobs in services and agriculture.

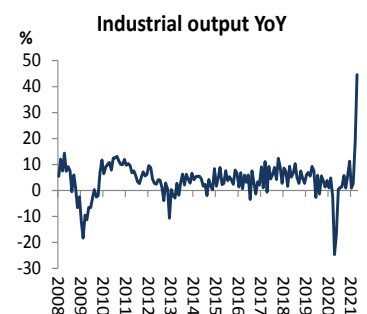
THIS WEEK:

Statistics Poland revised up real **GDP growth** for Q1 to 1.1% q/q and -0.9% y/y from previously estimated 0.9% q/q and -1.2% y/y. In Q1 2021 real households' consumption increased by 0.2% while public consumption increased by 2.5% y/y in real terms. Gross capital formation rose by as much as 3.4% y/y including 1.3% y/y growth in gross fixed investments. In Q1 exports rose by 5.7% y/y while imports grew by as much as 10.0% y/y. In Q1 gross value added rose by 7.3% y/y in industry, increased by 2.1% y/y in transport and rose by 2.6% y/y in public services. The strongest decline in gross value added was reported in hotels and restaurants (down 77.2% y/y) and financial services and insurance (down 18.8%). In Q1 net exports subtracted 1.9 p.p. from GDP growth while domestic demand added 1 p.p. to GDP growth. In Q1 public consumption generated 0.4 p.p. and inventory investments added 0.3 p.p. to GDP growth while contribution of private consumption and investments in fixed assets was 0.1 p.p and 0.2 p.p. respectively.

According to initial estimate **inflation** in May rose to 0.3% m/m and 4.8% y/y from 4.3% y/y in April. In May food prices rose by 1.7% y/y and were 0.6% up m/m, energy prices rose by 4.4% y/y and were 0.3% up m/m while fuel prices were up 33.0% y/y and fell by 0.9% m/m.

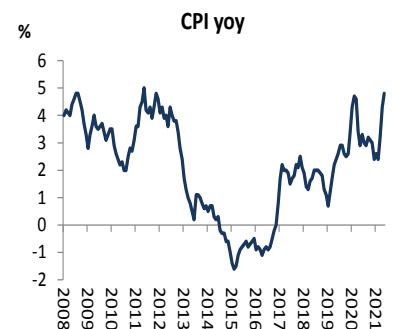
In May **manufacturing PMI** rose to historical high of 57.2 from 53.7 in April. In May the strongest growth was reported in new orders and production indices. Domestic demand was growing strongly while foreign orders remained robust. Industrial output has been rising for a fourth month in a row, employment has been increasing for a ninth month in a row and costs of production have been rising at the fastest pace in three months, similarly to growth in output prices.

Figure 1: Industrial output (y/y growth)



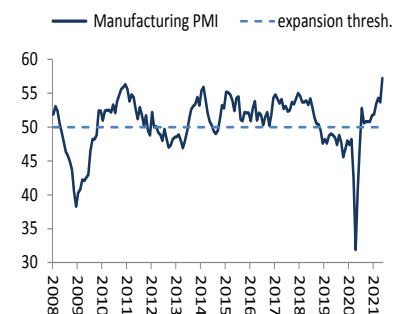
Source: Statistics Poland

Figure 2: Inflation



Source: Statistics Poland

Figure 3. PMI manufacturing



Source: Markit



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-31	8:00	GDP (Q1)	0.9% (-1.2%)	1.1% (-0.9%)	0.9% (-1.2%)
Jun-01	7:00	PMI manufacturing (May)	54.5	57.2	54.1
Jun-01	8:00	Inflation (May, flash)	0.2% (4.7%)	0.3% (4.8%)	0.3% (4.8%)

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)										
Jun-21	4.455	3.622	4.040	5.161	1.230	0.21	0.25	-0.52	0.14	4.4	1.90
Jul-21	4.446	3.593	4.021	5.116	1.238	0.21	0.25	-0.51	0.15	4.4	1.93
Aug-21	4.437	3.564	4.002	5.072	1.245	0.21	0.25	-0.50	0.16	4.5	1.95
Sep-21	4.428	3.535	3.984	5.028	1.253	0.21	0.25	-0.50	0.18	4.4	2.00
Oct-21	4.418	3.507	3.965	4.985	1.260	0.21	0.25	-0.50	0.20	4.6	2.00
Nov-21	4.409	3.479	3.947	4.943	1.268	0.21	0.25	-0.50	0.20	4.6	2.05
Dec-21	4.400	3.451	3.929	4.900	1.275	0.21	0.25	-0.50	0.20	4.9	2.10
Jan-22	4.400	3.445	3.936	4.903	1.277	0.21	0.25	-0.50	0.20	4.4	2.15
Feb-22	4.400	3.440	3.943	4.905	1.279	0.22	0.25	-0.50	0.20	4.5	2.20
Mar-22	4.400	3.434	3.946	4.904	1.281	0.22	0.25	-0.50	0.20	4.0	2.25
Apr-22	4.400	3.429	3.950	4.903	1.283	0.22	0.25	-0.50	0.20	3.9	2.30
May-22	4.400	3.423	3.953	4.895	1.285	0.22	0.25	-0.50	0.20	3.7	2.30

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

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