



Poland: Weekly Macroeconomic Update

LAST TWO WEEKS:

Real GDP in Q3 rose by 2.1% q/q and increased by 5.1%, slightly above our forecast of 4.8% y/y. Structure of GDP or Q3 will be released on Tuesday next week. Due to robust activity indicators in October, we envisage Q4 GDP growth at 6.4% y/y and maintain our call for GDP growth in 2021 at 5.3%.

In October **consumer inflation** amounted to 1.1% m/m and 6.8% y/y. In October prices of goods rose by 1.3% m/m and prices of consumer services rose by 0.3% m/m resulting in 6.8% y/y growth in both categories. In October the most impact on monthly inflation had prices of housing maintenance and energy (that contributed 0.40 p.p. to monthly CPI), transport (added 0.23 p.p.), food (contributed 0.14 p.p.), footwear and clothing (contributed 0.13 p.p.) and housing appliances (added 0.10 p.p. to monthly CPI).

Core inflation rose by 0.7% m/m to 4.5% in October from 4.2% y/y in September.

The **current account gap** narrowed to -EUR1339mn in September from -EUR1441mn in August while trade deficit diminished to -EUR111mn in September from -EUR1279mn in August. In September exports rose by 12.2% y/y to EUR24.5bn while imports rose by 24.6% y/y to EUR24.6bn.

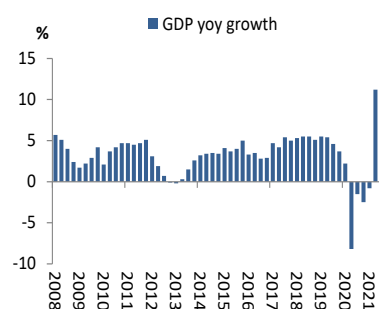
In October **average employment** in enterprises' sector rose by 0.1% m/m and was 0,5% up y/y. In October **average wage** in enterprises' sector was 1.3% up m/m and rose by 8.4% y/y. Data from labour market show that wage growth doesn't accelerate but stabilises above 8%, while insignificant growth in employment suggests that recovery in employment in enterprises' sector is slow.

Consumer confidence indicator declined to -23.3pts in November from -17.8pts in October.

THIS WEEK:

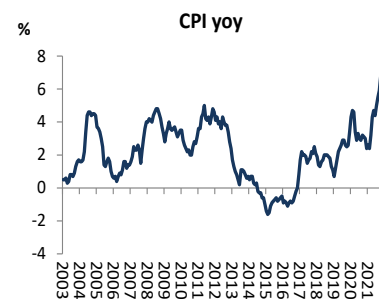
In October **industrial output** rose by 2.3% m/m and was 7.8% up y/y, despite one working day less than in October 2020. Much better than expected industrial output in October was mainly a result of 40.6% y/y growth in production and distribution of electricity, natural gas and steam (with 8.1% share in total industrial output). Production of chemicals rose by 21.9% y/y (with the share of 5.0% in total industrial output). A sharp 19.5% y/y decline in output was reported in automobile industry (7.4% share in total industrial output). In October **producer prices** rose by 1.8% m/m and increased by 11.8% y/y. The strongest growth in prices was reported in manufacturing of coke and oil refining (up 86.3% y/y), metals (up 40.9% y/y), metal mining (up 36.7% y/y), products of wood (up 18.9% y/y), chemical industry (up 17.4% y/y) and coal and lignite mining (up 15.4% y/y).

Figure 1: Real GDP (y/y growth)



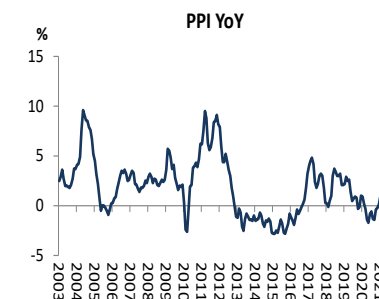
Source: Statistics Poland

Figure 2: CPI (y/y)



Source: Statistics Poland

Figure 3: PPI (y/y)



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-22	9:00	Industrial output (Oct)		2.3% (7.8%)	-0.5% (5.3%)
Nov-22	9:00	PPI (Oct)		1.8% (11.8%)	1.3% (11.0%)
Nov-23	9:00	Industrial production (Oct)	(3.7%)		(3.4%)
Nov-23	9:00	Retail sales (Oct)	(12.0%)		(12.5%)
Nov-23	9:00	Realna retail sales (Oct)	(6.0%)		(6.3%)
Nov-24	13:00	Money supply M3 (Oct)	1.0% (8.5%)		1.0% (8.4%)
Nov-25	9:00	Unemployment rate (Oct)	5.5%		5.5%
Nov-25	9:00	Unemployment rate (Q3)	3.5%		3.4%

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)										
Nov-21	4,640	4,135	4,440	5,542	1,122	1,75	2,05	-0,56	0,17	7,2	3,25
Dec-21	4,600	4,107	4,423	5,463	1,120	2,25	2,37	-0,55	0,18	7,5	3,20
Jan-22	4,592	4,112	4,436	5,455	1,117	2,68	2,80	-0,53	0,20	7,5	3,15
Feb-22	4,583	4,117	4,450	5,448	1,113	2,68	2,80	-0,52	0,20	7,5	3,20
Mar-22	4,575	4,122	4,463	5,441	1,110	2,68	2,80	-0,50	0,20	7,0	3,25
Apr-22	4,567	4,127	4,477	5,433	1,107	2,68	2,80	-0,50	0,20	6,6	3,25
May-22	4,558	4,131	4,491	5,426	1,103	2,68	2,80	-0,50	0,20	6,5	3,25
Jun-22	4,550	4,136	4,505	5,419	1,100	2,68	2,80	-0,50	0,20	6,8	3,25
Jul-22	4,542	4,141	4,519	5,411	1,097	2,68	2,80	-0,50	0,20	6,5	3,25
Aug-22	4,533	4,146	4,533	5,404	1,093	2,68	2,80	-0,50	0,20	6,3	3,30
Sep-22	4,525	4,151	4,548	5,397	1,090	2,68	2,80	-0,50	0,20	5,9	3,35
Oct-22	4,517	4,156	4,562	5,390	1,087	2,68	2,80	-0,50	0,20	5,4	3,35

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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