



# Poland: Weekly Macroeconomic Update

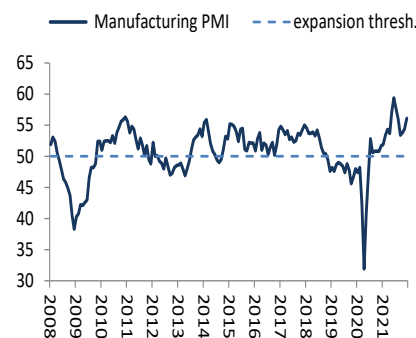
## LAST WEEK:

In December **manufacturing PMI** rose to 56.1 from 54.4 in November. An increase in PMI was mainly caused by an increase in sub-index of production and resulted from increase in new orders, including export orders. In December companies were increasing stocks of inputs to partially compensate for impact of rising prices of inputs and to create safety stocks as disruptions in supplies continued. In December surveyed companies increased employment and reported further rise in costs of production following rising prices of raw materials, natural gas and electricity. Companies expect robust demand for their products to be maintained also in 2022.

At the meeting on January 4, the **MPC** hiked interest rates, as expected, by 50 basis points, raising the main reference rate to 2.25%. The MPC signalled that they would stabilize inflation in medium term, at the same time trying not to hamper post-covid economic recovery. The MPC pointed to slow pace of withdrawal of monetary impulse by the ECB and the FOMC. In our view the MPC decided to hike interest rates gradually, in order not to extinguish economic recovery and to have more time to calibrate target level of interest rates in this tightening cycle. We think that MPC's target reference rate, implied by recent path of interest rates and current forecasts of inflation is 3.50% in the second half of 2022. If inflation continues to surprise on the upside, the target reference rate may rise to 4.00%.

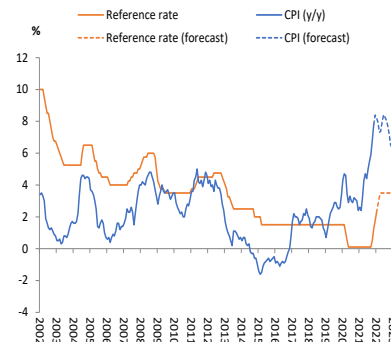
Preliminary **consumer inflation** for December amounted to 0.9% m/m and 8.6% y/y. In December prices of food and non-alcohol beverages rose by 2.1% m/m and 8.6% y/y, energy prices rose by 0.8% m/m and were 14.3% up y/y and fuel prices were 0.2% up m/m and rose by 32.9% y/y. In December inflation was still generated by food prices and energy prices while increase in fuel prices was moderate due to Anti-Inflation Shield. Structure of inflation in December shows impact of higher prices of energy and fuels on food inflation but their impact on prices of services was limited. We expect the MPC to hike interest rates by 50 bps on February, 8.

Figure 1: Manufacturing PMI



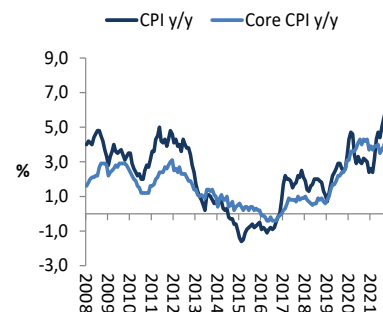
Source: Markit

Figure 2: Reference rate and CPI



Source: NBP, Statistics Poland, Deutsche Bank

Figure 3: CPI and core CPI



Source: NBP, Statistics Poland



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jan-13	13:00	Current account (Nov)	-EUR1250mn		-EUR1477mn
Jan-13	13:00	Trade balance (Nov)	-EUR860mn		-EUR550mn
Jan-14	9:00	Inflation (Dec)	0.9% (8.6%)		0.9% (8.6%)
Jan-14	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>Jan-22</b>	4,540	4,018	4,340	5,440	1,130	2,65	3,05	-0,57	0,24	8,5	4,05
<b>Feb-22</b>	4,536	4,031	4,362	5,434	1,125	2,93	3,55	-0,55	0,24	8,3	4,10
<b>Mar-22</b>	4,533	4,044	4,384	5,428	1,121	3,43	3,80	-0,53	0,24	7,6	4,10
<b>Apr-22</b>	4,529	4,057	4,406	5,422	1,116	3,68	3,80	-0,50	0,25	7,7	4,15
<b>May-22</b>	4,525	4,070	4,428	5,416	1,112	3,68	3,80	-0,50	0,27	8,3	4,20
<b>Jun-22</b>	4,522	4,084	4,451	5,411	1,107	3,68	3,80	-0,50	0,50	8,7	4,25
<b>Jul-22</b>	4,518	4,097	4,473	5,405	1,103	3,68	3,80	-0,50	0,55	8,6	4,25
<b>Aug-22</b>	4,515	4,111	4,497	5,399	1,098	3,68	3,80	-0,50	0,65	8,4	4,25
<b>Sep-22</b>	4,511	4,125	4,520	5,393	1,094	3,68	3,80	-0,50	0,75	8,0	4,25
<b>Oct-22</b>	4,507	4,139	4,544	5,387	1,089	3,68	3,80	-0,50	0,80	7,5	4,25
<b>Nov-22</b>	4,504	4,153	4,568	5,381	1,085	3,68	3,80	-0,50	0,90	6,9	4,25
<b>Dec-22</b>	4,500	4,167	4,592	5,375	1,080	3,68	3,80	-0,50	1,00	6,5	4,30

*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

## Important Disclosures

### Additional information available upon request

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