



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

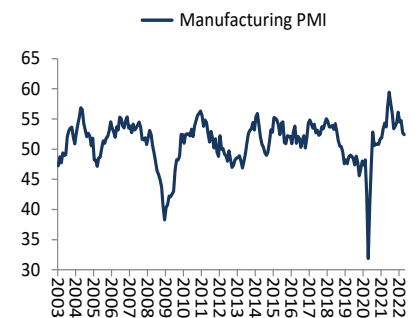
In April **manufacturing PMI** fell to 53.7 pts from 52.4 pts, signalling the slowest pace of expansion since beginning of 2021. A decline in PMI index in April was a result of decline (for the second time in a row) of new orders index. In April new export orders (to EU countries in particular) declined strongly. In April companies reported that war in Ukraine weakened demand and worsened problems in supply chains and boosted variability in prices. In April cost inflation was one of the highest in history of the survey. Prices of raw materials, metals and fuels rose leading to record-high increase in prices of finished goods. In April companies continued to hire employees – level of employment has been rising for a fifth month in a row but a rise in employment was insignificant. Expectations on coming 12 months were subdued due to worries on price inflation, war in Ukraine and shortages of raw materials. Companies continue to fast accumulate stocks of raw materials and semi-products.

The **Monetary Policy Council** hiked interest rates by 75bps, increasing the main reference rate to 5.25%. The size of the hike was below market consensus view of 100bps. The MPC hiked cautiously, probably aiming at balancing costs to borrowers and costs of higher inflation to consumers and real part of economy. On Thursday government's spokesman informed that PiS had secured majority necessary to accept NBP President Adam Glapinski for his second term. As the vote in parliament is scheduled for the next week NBP President Glapinski was probably more restrained in proposing rate hikes, especially as in his opinion interest rates above 5% start to impact real part of the economy. MPC decision might be also influenced by softer tone of the Fed and indication that 50bps hikes rather than 75bps hikes should be expected at next meetings. At next meetings the MPC will probably pay more attention to the current data on inflation and hiking cycle will last longer. Cautious hike suggests also that the MPC was not sure what terminal level of interest rates ought to be. Therefore terminal level of interest rates will be determined by incoming data on inflation and economic activity.

## THIS WEEK:

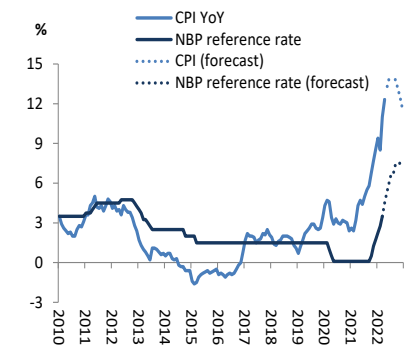
On Thursday a vote on second term of NBP President Adam Glapinski is scheduled. On Friday final data on **inflation** for April are released. Also on Friday the NBP releases **balance of payments** for March.

Figure 1: Manufacturing PMI



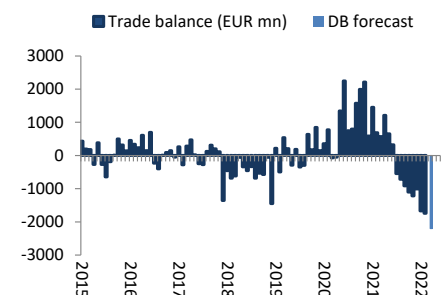
Source: S&P Global

Figure 2: NBP reference rate and inflation



Source: NBP, Statistics Poland

Figure 3: Trade balance (EURmn)



Source: NBP, Deutsche Bank Polska S.A.



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-12		Vote on second term of NBP President			
May-13	8:00	Inflation (Apr)	2,0% (12,3%)		2,0% (12,3%)
May-13	12:00	Current account (Mar)	-EUR2561mn		-EUR2869mn
May-13	12:00	Trade balance (Mar)	-EUR2200mn		-EUR2088mn

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-22</b>	4,675	4,435	4,526	5,567	1,054	6,35	6,70	-0,45	1,45	13,1	6,90
<b>Jun-22</b>	4,664	4,410	4,530	5,556	1,058	7,10	7,35	-0,45	1,50	13,9	6,80
<b>Jul-22</b>	4,654	4,384	4,534	5,546	1,061	7,10	7,35	-0,45	1,70	14,0	6,75
<b>Aug-22</b>	4,643	4,359	4,538	5,536	1,065	7,85	8,10	-0,45	1,80	14,2	6,80
<b>Sep-22</b>	4,632	4,334	4,542	5,526	1,069	7,85	8,10	-0,45	2,05	13,7	6,90
<b>Oct-22</b>	4,621	4,309	4,546	5,515	1,073	7,85	8,10	-0,40	2,30	13,1	6,95
<b>Nov-22</b>	4,611	4,284	4,550	5,505	1,076	7,85	8,10	-0,35	2,30	12,5	7,00
<b>Dec-22</b>	4,600	4,259	4,554	5,494	1,080	7,85	8,10	-0,30	2,30	11,7	7,00
<b>Jan-23</b>	4,591	4,228	4,538	5,465	1,086	7,85	8,10	-0,28	2,55	10,6	6,90
<b>Feb-23</b>	4,582	4,197	4,521	5,435	1,092	7,85	8,10	-0,28	2,55	10,9	6,95
<b>Mar-23</b>	4,573	4,166	4,505	5,406	1,098	7,85	8,10	-0,28	2,55	8,1	6,90
<b>Apr-23</b>	4,563	4,136	4,489	5,377	1,103	7,85	8,10	-0,25	2,65	7,0	6,90

\*- or its successor

*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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