



Poland: Weekly Macroeconomic Update

LAST WEEK:

In April **construction output** fell by 5.9% m/m and rose by 9.3% y/y of which buildings construction rose by 20.5%, specialized construction works increased by 6.6% and civil engineering works rose by 1.4% y/y.

In April **real retail sales** rose by 19.0% y/y and fell by 0.1% m/m. The strongest growth in real retail sales was reported in furniture, consumer electronics and white goods (up 27.9% y/y), textiles, clothing and footwear (up 21.4% y/y) and other retail sales (up 21.2% y/y). Strong growth was reported in real retail sales of pharmaceuticals and cosmetics (up 18.9% y/y) but sharp decline of 11.2% y/y occurred in real retail sales of automobiles and parts. Nominal retail prices rose by 2.1% m/m and increased by 33.4% y/y.

In May **consumer confidence** indicator fell to -38.4pts from -37.2pts in April. In May indicator of the current economic situation of Poland fell by 4.1pts to -56.6pts while indicator of the expected economic situation of Poland in 12 months horizon fell by 3.2pts to -51.8pts. Negative and worsening assessment of economic situation of Poland follows from sharp rise in inflation, pertaining in particular to costs of living.

Minister of climate and environment Anna Moskwa informed that Poland's government had adopted a resolution to terminate an agreement on construction gas transit systems in Poland and supply of natural gas from Russia. Diplomatic note on that matter was sent on Monday last week.

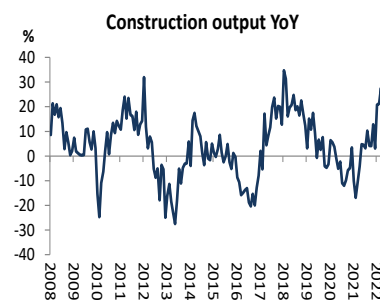
In April **money supply M3** rose by 0.2% m/m and increased by 8.2% y/y.

In April **registered unemployment rate** fell to 5.2% from 5.4% in March.

According to labour force survey, **unemployment rate** in Poland in Q1 2022 rose to 3.1% from 2.9% in Q4 2021. In Q1 2022 labour force participation rate was 58.0%, unchanged from Q4 2021 and increased by 0.7 percentage point versus Q1 2021.

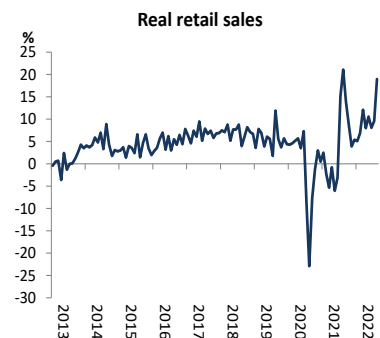
On Thursday Sejm approved amendment to bill on the Supreme Court that, among others, removed Disciplinary Chamber of the Supreme Court and introduced "test for impartiality and independence of a judge". Disciplinary Chamber of the Supreme Court will be replaced by Professional Responsibility Chamber, members of which would be selected by President from randomly drawn judges of the Supreme Court. 231 deputies voted for, 208 voted against and 13 abstained from vote. Removal of Disciplinary Chamber of the Supreme Court opens the way for unfreezing disbursement of EU recovery funds for Poland. According to PM Morawiecki an agreement on disbursement the funds may be signed in the beginning of June. The amendment still requires approval of Senate and signing by President.

Figure 1: Construction output (y/y change)



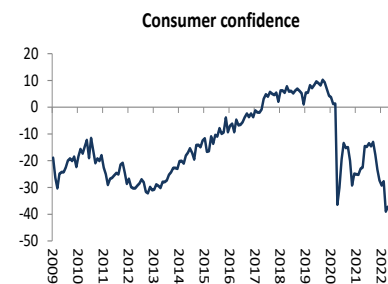
Source: Statistics Poland

Figure 2: Real retail sales (y/y growth)



Source: Statistics Poland

Figure 3: Consumer confidence



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-31	8:00	GDP (Q1)	2.4% (8.5%)		2.4% (8.5%)
May-31	8:00	Inflation (May, prel.)	1.5% (13.8%)		1.5% (13.6%)
Jun-01	9:00	PMI manufacturing (May)	52.0		52.0

Source: Deutsche Bank Estimates., Reuters and Bloomberg Finance LP

FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	LIBOR USD 3M*	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
May-22	4,580	4,253	4,447	5,371	1,077	5,25	6,56	6,77	-0,35	1,60	13,8	6,75
Jun-22	4,569	4,229	4,448	5,358	1,080	6,00	7,20	7,50	-0,20	1,70	14,5	6,80
Jul-22	4,557	4,206	4,449	5,344	1,084	6,75	7,20	7,50	-0,12	1,80	14,7	6,80
Aug-22	4,546	4,182	4,450	5,331	1,087	6,75	7,95	8,25	-0,04	1,90	14,9	6,85
Sep-22	4,534	4,159	4,452	5,317	1,090	7,50	7,95	8,25	0,05	2,05	14,4	6,90
Oct-22	4,523	4,136	4,453	5,304	1,093	7,50	7,95	8,25	0,22	2,30	13,8	6,95
Nov-22	4,511	4,114	4,454	5,291	1,097	7,50	7,95	8,25	0,39	2,30	13,1	7,00
Dec-22	4,500	4,091	4,455	5,277	1,100	7,50	7,95	8,25	0,55	2,30	12,3	7,00
Jan-23	4,499	4,075	4,447	5,267	1,104	7,50			0,70	2,55	11,9	6,90
Feb-23	4,498	4,059	4,439	5,256	1,108	7,50			0,85	2,55	12,2	6,95
Mar-23	4,498	4,043	4,431	5,245	1,113	7,50			1,00	2,55	9,7	6,90
Apr-23	4,497	4,027	4,423	5,235	1,117	7,50			1,17	2,65	8,6	6,90

*- *PM Mateusz Morawiecki announced intention to replace WIBOR by a new benchmark as of the end of 2022, but no details were given yet nor there was any regulatory trigger to initiate transition from WIBOR.*

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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