



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

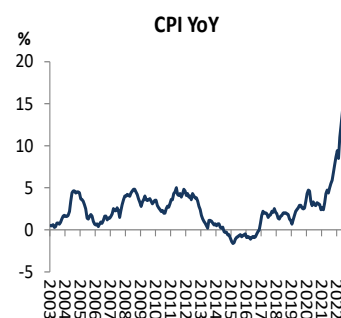
**Flash CPI** for October was 1.8% m/m and 17.9% y/y versus 17.2% y/y in September. Food prices rose by 2.7% m/m and increased by 21.9% y/y, energy prices rose by 2.0% m/m and were up 41.7% y/y and fuel prices rose by 4.1% m/m and increased by 19.2% y/y in October. Food prices added 0.7 percentage point to monthly CPI while energy and fuel prices contributed 0.2 p.p. each to monthly CPI in October.

**Manufacturing PMI** fell to 42.0 in October from 43.0 in September. A decline in PMI in October was caused by a fall in output and new orders, especially export orders. Companies quoted general economic uncertainty, high inflation and war in Ukraine as factors that weaken demand. Business optimism fell to lowest level in two and half a year and companies expect output to decline in future. Employment in industry has been falling for a fifth month in a row. Upward pressure on costs continued due to rising energy prices and producers hiked output prices in the fastest pace since July.

Head of Polish Development Fund (PFR) Paweł Borys said that rising costs of Poland's debt required fiscal tightening and signalled that government's **anti-inflation shields** might be cancelled in the beginning of 2023. Paweł Borys informed that government would be seeking financing in foreign bonds markets. In his view priority for macroeconomic policy should be firming of the zloty. He concluded that the MPC ought to be hiking interest rate in a small steps of 25bps to 7.50%. In his view the need of further interest rate hikes by the MPC follows from rapid tightening by the Fed rather than from domestic factors.

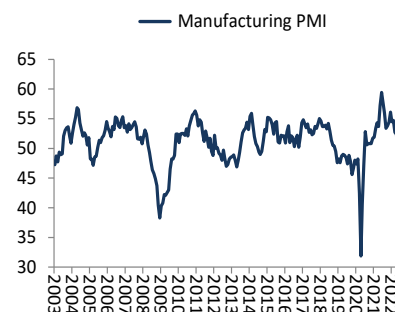
Statistics Poland published **revised quarterly GDP** data for 2010-2021 and for Q1 and Q2 2022. In 2019 real GDP growth amounted to 4.4% (revised down by 0.3 percentage point), in 2020 amounted to -2.0% (up 0.2 percentage point) and in 2021 amounted to 6.8% (up 0.9 percentage point). Real GDP growth was 8.6% in Q1 2022 (up 0.1 p.p.) and 5.8% in Q2 2022 (up 0.3 p.p.). Revision comprises of majority of components of GDP with the biggest changes to foreign trade, personal and public consumption and value added by sector.

Figure 1: CPI (y/y)



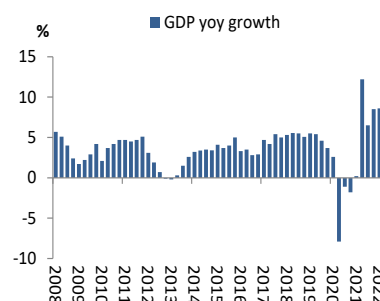
Source: Statistics Poland

Figure 2: PMI manufacturing



Source: S&P Global

Figure 3.



Source: S&P Global



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-07	13:00	Official reserve assets (Oct)			
Nov-09		MPC decision	7.00%		7.00%

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)											
<b>Nov-22</b>	4,700	4,747	4,747	5,412	0,990	7,00	7,65	7,85	1,75	4,55	18,1	8,00
<b>Dec-22</b>	4,650	4,697	4,745	5,402	0,990	7,00	7,65	7,85	2,40	4,60	18,7	7,50
<b>Jan-23</b>	4,641	4,625	4,719	5,369	1,003	7,00	7,65	7,85	2,55	5,30	18,7	7,20
<b>Feb-23</b>	4,632	4,556	4,694	5,338	1,017	7,00	7,65	7,85	2,70	5,30	19,7	7,00
<b>Mar-23</b>	4,623	4,488	4,669	5,307	1,030	7,00	7,65	7,85	2,90	5,30	16,8	6,80
<b>Apr-23</b>	4,613	4,422	4,644	5,277	1,043	7,00	7,50	7,75	3,25	5,30	15,1	6,50
<b>May-23</b>	4,604	4,357	4,620	5,247	1,057	7,00	7,35	7,50	3,30	5,20	14,0	6,50
<b>Jun-23</b>	4,595	4,294	4,595	5,218	1,070	7,00	7,20	7,35	3,50	5,00	12,9	6,30
<b>Jul-23</b>	4,586	4,233	4,571	5,189	1,083	7,00	7,10	7,25	3,50	4,80	12,6	6,20
<b>Aug-23</b>	4,577	4,173	4,546	5,161	1,097	7,00	6,90	7,05	3,50	4,65	12,0	6,00
<b>Sep-23</b>	4,568	4,115	4,522	5,133	1,110	6,75	6,75	6,90	3,50	4,40	11,1	6,00
<b>Oct-23</b>	4,558	4,058	4,498	5,106	1,123	6,50	6,75	6,90	3,50	4,30	9,6	5,80

\*- According to road map published by the PFSA WIBOR cessation will occur in 2025.

*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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