



Poland: Weekly Macroeconomic Update

LAST WEEK:

In September **average employment** in enterprises' sector fell by 0.1% m/m and was 0,6% up y/y. In September there were 6347 thousand person employed in enterprises' sector, almost 100k less (down 1.5%) compared to February 2020. In September **average wage** in enterprises' sector was unchanged m/m and rose by 8.7% y/y compared to 9.5% y/y growth in August. Decline in employment and slower growth in wages suggest that economic recovery is about to end.

In September **industrial output** rose by 11.0% m/m and was 8,8% up y/y. Data on industrial output are robust and there are no signs of deceleration industry, besides automobiles production of which fell by 13.7% y/y due to shortages of parts. In September **producer prices** rose by 0.7% m/m and increased by 10.2% y/y. In September **construction output** rose by 9.3% m/m and increased by 4.3% y/y.

Consumer confidence indicator declined to -17.8pts in October from -13.0pts in September. In October all sub-indices of confidence indicator fell, but major impact was from less capacity to purchase major items and lower assessments of current and future financial standing of households.

In the end of August 2021 **State Treasury debt** amounted to PLN1135.6bn and rose by PLN557.3mn or 0.05% in August and increased by PLN38.2bn or 3.5% versus the end of 2020. In August 2021 FX debt was 24.3% of total debt and fell by 0.2 pp. m/m and rose by 0.04pp. compared to end of 2020.

In September **construction output** rose by 9.3% m/m and increased by 4.3% y/y.

In September nominal **retail sales** fell by 1.4% m/m and rose by 11.1% m/m. Real retail sales fell by 2.4% m/m and increased by 5.1% y/y in September.

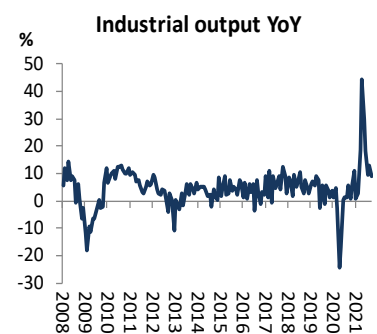
Statistics Poland revised up **GDP growth** for 2020 to -2.5% from earlier released -2.7%. The revision stemmed from stronger growth rates of public consumption (up 0.5 pp. to 4.9%), investments (up 0.6% pp. to -9.0%), imports (up 0.7% pp. to -1.2%) and exports (up 0.3 pp. to 0.1%).

Minutes from MPC meeting on October 6, showed that the MPC expects robust business conditions in Poland in coming quarters. Majority of MPC members underlined that current and future supply shocks, comprising, among others, hikes in electricity and natural gas prices would cause inflation to remain above inflation path from July's projection and stated that inflation wouldn't return to the target on its own. Majority of MPC members considers wage growth that exceeded inflation as following from increasing productivity of labour. Majority of the MPC stated that second-round effects were not present, but in order to prevent anchoring of inflation above inflation target in medium term, the Council made decision to hike interest rates. The minutes showed that the MPC would be analysing incoming data and future decisions in monetary policy would aim at stabilisation of inflation in medium term and supporting economic recovery and balanced growth in Poland.

In October (compared to September) **business conditions indicators** declined in industry (to -6.3 from -3.6), construction (to -9.4 from -7.9), retail trade (to -1.2 from -1.0) and hotels and restaurants (to -12.3 from -10.9). Business conditions improved in information and communication (to 16.8 from 16.0) and finance and insurance (to 13.3 from 11.4)

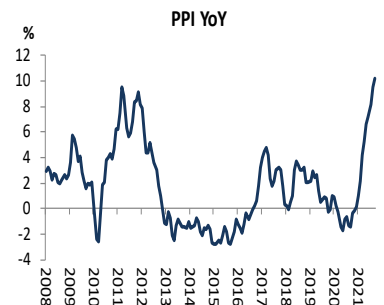
In September **money supply M3** rose by 0.6% m/m and was 8.6% up y/y.

Figure 1: Industrial output (y/y)



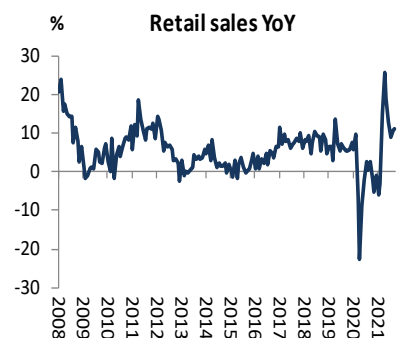
Source: Statistics Poland

Figure 2: PPI (y/y)



Source: Statistics Poland

Figure 3: Retail sales (y/y growth)



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Oct-25	8:00	Unemployment rate (Sep)	5.7%	5.6%	5.7%
Oct-29	8:00	Inflation (Oct,flash)	0.4% (6.2%)		0.6% (6.4%)

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)										
Oct-21	4,600	3,966	4,286	5,445	1,160	0,70	0,91	-0,55	0,12	6,2	2,85
Nov-21	4,577	3,951	4,271	5,373	1,159	0,93	1,05	-0,53	0,15	6,2	2,95
Dec-21	4,520	3,897	4,224	5,260	1,160	1,18	1,30	-0,52	0,18	6,4	3,10
Jan-22	4,503	3,871	4,199	5,232	1,163	1,43	1,55	-0,50	0,20	5,9	3,15
Feb-22	4,506	3,862	4,192	5,227	1,167	1,43	1,55	-0,50	0,20	5,7	3,20
Mar-22	4,510	3,855	4,186	5,223	1,170	1,68	1,80	-0,50	0,20	5,0	3,25
Apr-22	4,512	3,845	4,178	5,217	1,173	1,68	1,80	-0,50	0,20	4,6	3,25
May-22	4,512	3,835	4,168	5,209	1,177	1,68	1,80	-0,50	0,20	4,5	3,25
Jun-22	4,510	3,822	4,157	5,198	1,180	1,68	1,80	-0,50	0,20	4,7	3,25
Jul-22	4,505	3,807	4,143	5,184	1,183	1,68	1,80	-0,50	0,20	4,5	3,25
Aug-22	4,500	3,792	4,128	5,170	1,187	1,68	1,80	-0,50	0,20	4,3	3,30
Sep-22	4,495	3,777	4,114	5,156	1,190	1,68	1,80	-0,50	0,20	3,9	3,30

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

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