



Poland: Weekly Macroeconomic Update

LAST WEEK:

In Q1 **real GDP** growth amounted to 2.4% q/q and 8.5% y/y. Data for Q4 2021 were revised to 1.8% q/q and 7.6% y/y from previously published 1.7% q/q and 7.6% y/y. GDP data confirm robust recovery in the beginning of 2022 seen in monthly activity indicators.

In April **core CPI** (ex food and energy) rose by 1.3% m/m and increased by 7.7% y/y versus market consensus expectations of 1.1% m/m and 7.6% y/y, increasing from 6.9% y/y in March.

In the period of January-March 2022 **exports** amounted to EUR79.5bn (17.1% up y/y) while **imports** rose by 31.2% y/y to EUR86.2bn. In this period exports to developed countries were 18.9% up y/y to EUR70.0bn while exports to developing countries rose by 12.1% y/y to EUR6.1bn. In the period of January-March 2022 imports from developed countries were 23.4% up y/y to EUR52.6bn while imports from developing countries rose by 35.6% y/y to EUR25.5bn. During first three months of the year the main trading partners of Poland were in exports: Germany (27.7%), Czechia (6.2%), France (5.9%), UK (5.1%) and in imports: Germany (20.4%), China (14.9%), Russia (7.5%) and Italy (4.8%).

Government accepted draft bill on social funding of business projects and on aid for borrowers, submitted by Finance Ministry. The draft bill contains, among others, mortgage holidays for financing own housing needs. Assuming that 50% of eligible borrowers enters the programme total cost for banking sector is estimated at about PLN4bn per annum in 2022-2023.

In April **average monthly gross wage** in enterprises' sector amounted to PLN6627 (up 14.1% y/y and down 0.6% m/m). The strongest y/y growth in wages occurred in transport and logistics (up 24.3% y/y), agriculture and forestry (up 19.2% y/y), culture, entertainment and recreation (up 18.9% y/y). Strong growth in wages was reported in hotels and restaurants (up 17.4% y/y), information and telecommunication and construction (up 13.5% y/y each). Average employment in enterprises' sector rose by 0.2% m/m and was 2.8% up to 6.497 million persons.

In April **industrial output** was 11.3% down m/m and rose by 13.0% y/y. The strongest growth in industrial output was reported in coal and lignite mining (up 35.7% y/y), production of other transport equipment (up 34.2% y/y), production of energy (up 29.5% y/y), polygraphy (up 27.0% y/y), oil refining (up 23.9% y/y) and products of metals (up 22.0% y/y). The strongest growth is reported in energy sector and basic industries while growth is robust and balanced in other branches of manufacturing.

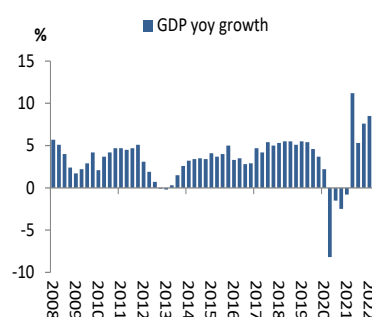
In April **producer prices** rose by 1.9% m/m and were 23.3% up y/y. Cost inflation is generated primarily by rising prices in generation and supply of electricity, natural gas (up 44.0 y/y) and mining (up 29.3% y/y). Prices in manufacturing rose by 20.4% y/y.

THIS 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.

Figure 1: Real GDP (y/y change)



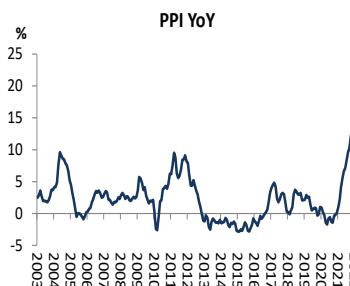
Source: Statistics Poland

Figure 2. Average wage (y/y growth)



Source: Statistics Poland

Figure 3. PPI (y/y change)



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-23	8:00	Real retail sales (Apr)		-0.1% (19.0%)	0.9% (16.2%)
May-23	8:00	Reatail sales (Apr)		2.1% (33.4%)	(25.7%)
May-23	8:00	Construction output (Apr)		-5.9% (9.3%)	0.9% (18.7%)
May-24	12:00	Money supply M3 (Apr)	0.5% (8.6%)		0.0% (8.4%)
May-25	8:00	Consumer confidence (May)	-37.0		-36.0
May-25	8:00	Unemployment rate (Apr)	5.3%		5.3%
May-25	8:00	Unemployment rate (Q1)	2.9%		3.0%

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	4,620	4,338	4,464	5,423	1,065	5,25	6,45	6,75	-0,35	1,45	13,1	6,50
Jun-22	4,617	4,315	4,476	5,419	1,070	6,00	7,20	7,50	0,30	1,50	13,9	6,60
Jul-22	4,614	4,292	4,489	5,415	1,075	6,75	7,20	7,50	0,38	1,70	14,0	6,75
Aug-22	4,611	4,270	4,502	5,410	1,080	6,75	7,95	8,25	0,46	1,80	14,2	6,80
Sep-22	4,609	4,248	4,515	5,407	1,085	7,50	7,95	8,25	0,05	2,05	13,7	6,90
Oct-22	4,606	4,225	4,528	5,403	1,090	7,50	7,95	8,25	0,22	2,30	13,1	6,95
Nov-22	4,603	4,204	4,541	5,399	1,095	7,50	7,95	8,25	0,39	2,30	12,5	7,00
Dec-22	4,600	4,182	4,554	5,395	1,100	7,50	7,95	8,25	0,55	2,30	11,7	7,00
Jan-23	4,591	4,158	4,538	5,374	1,104	7,50			0,70	2,55	10,6	6,90
Feb-23	4,582	4,134	4,521	5,353	1,108	7,50			0,85	2,55	10,9	6,95
Mar-23	4,573	4,110	4,505	5,333	1,113	7,50			1,00	2,55	8,1	6,90
Apr-23	4,563	4,087	4,489	5,313	1,117	7,50			1,17	2,65	7,0	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

Important Disclosures

Additional information available upon request

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