



Poland: Weekly Macroeconomic Update

LAST WEEK:

Climate and Environment Minister Anna Moskwa informed that government would implement measures that would limit increase in heating costs for households to 40% above price of September 2022. The difference between maximum price of heat and price of heat supplier accepted by energy regulatory office URE will be paid to heat supplier by clearing office Zarządca Rozliczeń S.A. Climate and Environment Minister also informed that according to preliminary data, natural gas consumption in Poland fell by 16-17% y/y in 2022, and declined by 18% y/y in Q4 2022.

CPI for December amounted to 0.1% m/m and 16.6% y/y. Food prices rose by 1.4% m/m and were 21.5% up y/y, (adding 0.39 pp. to monthly CPI), housing costs fell by 2.0% m/m and were 22.6% up y/y (subtracting 0.43 pp. from monthly CPI). CPI data suggest that inflation is fuelled by second round effects while total impact of food, fuel and energy prices on CPI was negative in December.

In November the **current account deficit** narrowed to -EUR422m versus -EUR597m in October. In November exports rose by 20.3% y/y to EUR30.0bn while imports rose by 17.3% y/y to EUR31.5bn. In November annual growth in imports was weaker than annual growth in exports what resulted in narrowing of **trade deficit** to -EUR1496m from -EUR2294m in October. It was a signal that domestic demand was gradually weakening while foreign demand benefited from still good business conditions in Europe. In November a surplus in trade in services was EUR2939m while deficit in primary income account was -EUR1794m.

Fitch Ratings affirmed Poland's foreign currency **rating** at A- with a stable outlook.

THIS WEEK:

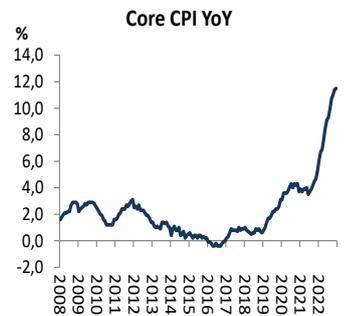
Core inflation amounted to 0.6% m/m and 11.5% y/y in December versus 0.7% m/m and 11.4% y/y in November. An increase in core inflation on an annual basis shows that despite alleviating supply shocks, return of inflation to NBP's target will be long-lasting process.

Figure 1. CPI (y/y growth)



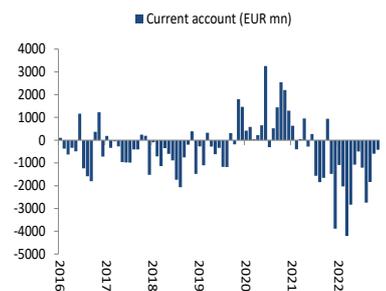
Source: Statistics Poland, Deutsche Bank Polska S.A.

Figure 2. Core CPI (y/y)



Source: NBP

Figure 3. Current account (EURm)



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Jan-16	13:00	Core CPI (Dec)	0.4% (11.4%)	0.6% (11.5%)	0.5% (11.5%)
Jan-19	09:00	Consumer confidence (Jan)	-41.0		-40.8
Jan-20	09:00	Average wage (Dec)	9.6% (13.2%)		8.8% (13.1%)
Jan-20	09:00	Average employment (Dec)	0.0% (2.3%)		0.0% (2.3%)

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)											
Jan-23	4,674	4,388	4,663	5,350	1,065	6,75	6,95	7,08	2,35	5,00	16,5	6,00
Feb-23	4,663	4,399	4,645	5,292	1,060	6,75	6,95	7,08	2,50	5,05	19,0	6,00
Mar-23	4,651	4,409	4,626	5,235	1,055	6,75	6,95	7,08	2,70	5,30	16,1	6,20
Apr-23	4,640	4,419	4,608	5,177	1,050	6,75	6,95	7,08	3,25	5,30	14,4	6,00
May-23	4,629	4,408	4,590	5,095	1,050	6,75	6,95	7,08	3,30	5,05	13,3	5,80
Jun-23	4,618	4,398	4,572	5,013	1,050	6,75	6,95	7,00	3,50	5,05	12,2	5,75
Jul-23	4,606	4,352	4,546	4,976	1,058	6,75	6,95	6,95	3,50	4,80	12,0	5,70
Aug-23	4,595	4,308	4,520	4,940	1,067	6,75	6,95	6,75	3,50	4,80	11,3	5,60
Sep-23	4,584	4,264	4,494	4,904	1,075	6,75	6,85	6,50	3,50	4,80	10,5	5,40
Oct-23	4,573	4,221	4,468	4,868	1,083	6,50	6,60	6,25	3,50	4,80	8,9	5,30
Nov-23	4,561	4,178	4,443	4,833	1,092	6,25	6,35	6,25	3,50	4,80	8,4	5,20
Dec-23	4,550	4,136	4,417	4,798	1,100	6,00	6,10	6,20	3,50	4,80	8,7	5,20

*- 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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