



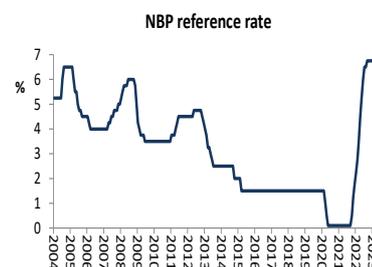
Poland: Weekly Macroeconomic Update

LAST WEEK:

The **MPC**, in line with market consensus view kept interest rates unchanged. The Council didn't signal the end of tightening cycle leaving the room for manoeuvre in monetary policy according to incoming data. In new NBP projection, in line with our expectations, central path of CPI was slightly lowered and central path of GDP growth was slightly higher. In line with the projection, there is a 50-percent probability that the annual price growth will be in the range of 10.2 – 13.5% in 2023 (against 11.1 – 15.3% in the November 2022 projection), 3.9 – 7.5% in 2024 (compared to 4.1 – 7.6%) and 2.0 – 5.0% in 2025 (compared to 2.1 – 4.9%). At the same time, the annual GDP growth – according to this projection – will be with a 50-percent probability in the range of -0.1 – 1.8% in 2023 (against -0.3 – 1.6% in the November 2022 projection), 1.1 – 3.1% in 2024 (compared to 1.0 – 3.1%) and 2.0 – 4.3% in 2025 (compared to 1.8 – 4.4%). The MPC reiterated that earlier rate hikes combined with economic slowdown would be curbing inflation but the strength and persistence of supply shocks that were outside control of domestic monetary policy would result in slow return of inflation to the central bank's target.

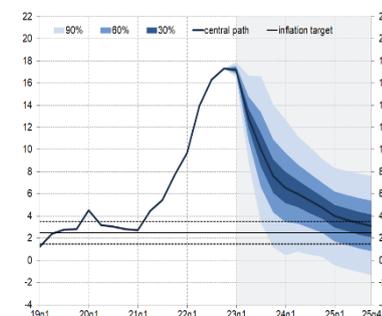
NBP President Adam Glapinski at **press conference** informed that the MPC didn't end tightening cycle and added that the NBP decisions would continue to be data dependent. He said that if inflation fell below 10%, the central bank would start discussing rate cut that might happen in Q4 this year. NBP President Glapinski expects CPI to reach peak in February and then to start falling rapidly in the coming months. He expect inflation to decline to 6-7% range in the year end versus 7.5% level envisaged by the NBP. NBP President expressed a view that core inflation won't rise significantly and added that core CPI was not a cause of inflationary pressure in Poland. In his view the zloty will remain firm due to strong fundamentals of Poland's economy.

Figure 1. NBP reference rate



Source: NBP

Figure 2. CPI projection



Source: NBP

Figure 3. GDP growth projection



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Mar-15	9:00	CPI (Feb)	1.0% (18.7%)		0.8% (18.5%)
Mar-16	13:00	Current account (Jan)	-EUR1250mn		-EUR993mn
Mar-16	13:00	Trade balance (Jan)	-EUR1380mn		-EUR1175mn
Mar-16	13:00	Core CPI (Feb)	(11.9%)		1.1% (11.9%)

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)											
Mar-23	4,700	4,389	4,806	5,311	1,071	6,75	6,95	7,00	3,30	4,87	15,8	6,00
Apr-23	4,693	4,344	4,782	5,300	1,081	6,75	6,95	7,00	3,50	4,75	14,1	6,00
May-23	4,687	4,299	4,758	5,290	1,090	6,75	6,95	7,00	3,80	4,50	13,0	5,80
Jun-23	4,680	4,255	4,634	5,318	1,100	6,75	6,95	7,00	4,05	4,50	12,0	5,75
Jul-23	4,674	4,217	4,635	5,292	1,108	6,75	6,95	6,98	4,25	4,30	11,7	5,70
Aug-23	4,667	4,179	4,636	5,266	1,117	6,75	6,91	6,75	4,25	4,30	11,0	5,60
Sep-23	4,660	4,143	4,637	5,240	1,125	6,75	6,85	6,50	4,25	4,30	10,2	5,40
Oct-23	4,654	4,106	4,638	5,215	1,133	6,50	6,60	6,25	4,25	4,30	8,7	5,30
Nov-23	4,647	4,071	4,639	5,190	1,142	6,25	6,35	6,25	4,25	4,30	8,1	5,20
Dec-23	4,650	4,043	4,650	5,176	1,150	6,00	6,10	6,20	4,25	4,30	8,4	5,20
Jan-24	4,645	4,039	4,636	5,178	1,150	6,00	6,10	6,20	4,25	4,80	7,8	5,10
Feb-24	4,640	4,035	4,631	5,173	1,150	5,75	6,10	6,20	4,25	4,80	7,1	5,10

*- 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

Deutsche Bank Polska S.A. represents that the data contained in this publication are of information nature only, and the content presented herein does not constitute an offer within the meaning of Art. 66 of the Civil Code of 23 April 1964, an invitation to offer or a recommendation to enter into any transaction. This publication may not be treated as advice and does not perform any function of advice. All information used in this publication has been obtained from generally accessible sources which are generally recognized as reliable. Deutsche Bank Polska S.A. has exercised due diligence to verify the above information and bring it up to date, but it disclaims any and all liability for its accuracy or completeness, or for any damage that the Client or third parties may incur as a result of decisions made in reliance on the information contained in this publication.

The transactions or products listed herein may not be appropriate for all investors. Before making a decision on entering into a transaction or acquiring a product the Client should, without relying only on the information provided in this publication, make an independent assessment of the economic risk of such transaction and his ability to incur it, its tax and legal nature, the legal consequences of the transaction and potential benefits and losses associated with it, as well as assess the market characteristics.

The assumptions, simulations and opinions contained in this publication constitute the sole judgment of Deutsche Bank Polska S.A.'s / persons preparing it as at the date of publication of this document which is subject to change without a requirement to publish it. Any and all projections are based on assumptions pertaining to market conditions and there is no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results.

Deutsche Bank Polska S.A. represents that the information presented above should not be in any case treated by the Client as Deutsche Bank Polska S.A.'s recommendation or advice. This publication may not be duplicated or distributed in any way, in particular through mass media, without the prior written consent of Deutsche Bank Polska S.A., al. Armii Ludowej 26, 00-609 Warsaw, NIP no. 676-01-07-416, District Court for the capital city of Warsaw, 12th Corporate Division of the National Court Register, file number KRS 0000022493, share capital PLN 1,744,449,384 paid up in full.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Arkadiusz Krześniak