



Poland: Weekly Macroeconomic Update

LAST WEEK:

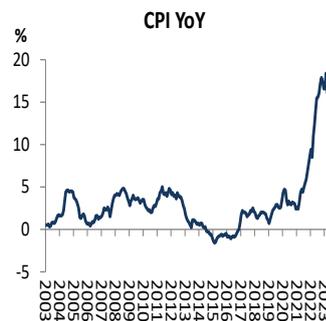
Inflation in March amounted to 1.1% m/m and 18.4% y/y. In March food prices rose by 2.2% m/m and were 24.0% up y/y, prices of footwear and clothing rose by 5.0% m/m and were 7.7% up y/y, prices of housing and energy fell by 0.1% and rose by 19.6% y/y and prices of transport fell by 0.9% m/m and rose by 3.9% y/y. In March the main inflationary factors were rising food prices (that contributed 0.62 pp. to monthly CPI) and footwear and clothing (contributed 0.19pp.), Falling prices of transport subtracted 0.08pp. from monthly CPI and falling prices of housing and energy subtracted 0.03 pp. from monthly CPI. In structure of inflation there is a clear trend of rising prices of services that suggests second round effects has been already present. These effects stem from earlier rise in energy prices and following rise in nominal wages and are now more just as important as the current diminishing supply shock from energy and food prices. Nevertheless inflation will be falling gradually due to decline in prices of energy commodities and declining inflation of producer prices.

In February 2023 there was EUR2586m surplus in the **current account** after EUR2133m surplus in January. In February trade surplus rose to EUR2243m from EUR1559m trade surplus in January. The trade surplus resulted from a 5% y/y decline in imports to EUR24.3bn combined with 10% y/y rise in exports to EUR26.5bn. The decline in imports in February shows that domestic demand decelerates, most likely due to decline in households' demand. In February there was EUR3.4bn surplus in services account while primary income account balance was negative (-EUR2.2bn) and secondary income account was negative (-EUR812m). A surplus in the current account would have stabilizing effect on PLN exchange rate.

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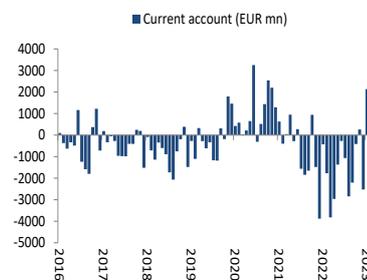
In March **core CPI** amounted to 1.3% m/m and 12.3% y/y. On Wednesday Statistics Poland will release **consumer confidence** for April – we expect moderate improvement in consumer confidence. The indicator should be still deeply in negative territory due to negative assessment of economic situation in Poland. On Thursday **average employment** in enterprises' sector should continue to show weaker y/y growth **while average wage** in enterprises' sector should show somewhat smaller pressure on wages to rise.

Figure 1. CPI



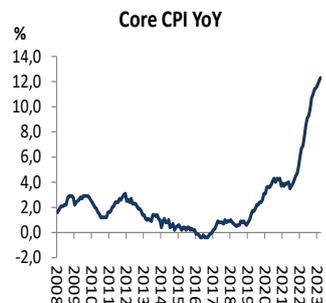
Source: Statistics Poland

Figure 2. The current account (EURm)



Source: NBP

Figure 3. Core CPI



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-17	12:00	Core CPI (Mar)	1.1% (12.1%)	1.3% (12.3%)	1.2% (12.2%)
Apr-20	8:00	Consumer confidence (Apr)	-34.5		-35.0
Apr-21	8:00	Average wage (Mar)	0.0% (0.7%)		0.0% (0.6%)
Apr-21	8:00	Average employment (Mar)	6.5% (12.8%)		6.0% (12.4%)

Source: Deutsche Bank Estimates., Reuters and Bloomberg Finance LP

FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	LIBOR USD 3M*	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
Apr-23	4,630	4,217	4,674	5,209	1,098	6,75	6,90	6,95	3,25	5,27	14,4	6,10
May-23	4,626	4,176	4,654	5,202	1,108	6,75	6,90	6,95	3,60	5,30	13,3	6,00
Jun-23	4,623	4,202	4,577	5,253	1,100	6,75	6,90	6,90	3,90	5,20	12,2	5,90
Jul-23	4,619	4,167	4,581	5,230	1,108	6,75	6,90	6,85	4,00	5,00	11,9	5,80
Aug-23	4,615	4,133	4,584	5,207	1,117	6,75	6,90	6,75	4,00	4,90	11,3	5,70
Sep-23	4,611	4,099	4,588	5,185	1,125	6,75	6,85	6,50	4,00	4,70	10,4	5,55
Oct-23	4,608	4,065	4,592	5,163	1,133	6,50	6,60	6,25	4,00	4,60	8,9	5,40
Nov-23	4,604	4,032	4,596	5,141	1,142	6,25	6,35	6,25	4,00	4,60	8,4	5,30
Dec-23	4,600	4,000	4,600	5,120	1,150	6,00	6,10	6,15	4,00	4,60	8,6	5,30
Jan-24	4,645	4,039	4,636	5,178	1,150	6,00	6,10	6,05	4,00	4,55	7,7	5,30
Feb-24	4,640	4,035	4,626	5,173	1,150	5,75	6,00	5,85	4,00	4,55	7,5	5,30
Mar-24	4,630	4,026	4,612	5,165	1,150	5,75	5,90	5,60	4,00	4,50	7,2	5,30

*- 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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