



Poland: Weekly Macroeconomic Update

LAST WEEK:

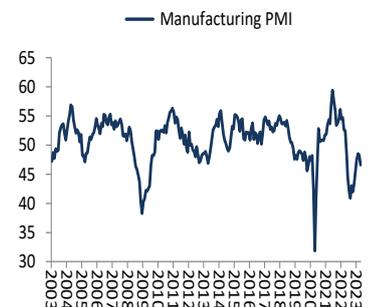
Manufacturing PMI fell to 46.6pts in April from 48.3pts in March. In April sub-indices of output and new orders fell while producers were scaling back purchasing activity and employment. In April prices of finished goods fell for the first time in seven years due to high level of inventories both in producers and customers and due to intense competition. Despite decline in output prices demand continued to weaken primarily due to still high level of prices and continued uncertainty. In April weak foreign demand suggested that manufacturing in Europe was in recession. Employment has been falling for eleventh month in a row in April. In April companies were still optimistic on production within 12 month horizon but optimism was the lowest in three months due concerns about high prices.

THIS WEEK:

According to preliminary data **registered unemployment rate** fell to 5.3% in April from 5.4% in March. In the end of April number of unemployed amounted to 823.7 thousands or 23.1 thousands less than in March. A decline in unemployment in April stemmed mainly from increase in employment in services, including seasonal rise in employment in hotels and restaurants.

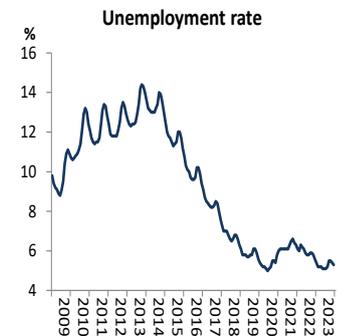
On Wednesday the **MPC** ends two-day policy meeting. Our (and market's) expectations are that the Council will keep interest rates unchanged this week with the main intervention rate at 6.75%. Market participants will await press conference of NBP president on Thursday, particularly concerning prospects of inflation and assessment of the economy by the central bank.

Figure 1. Manufacturing PMI



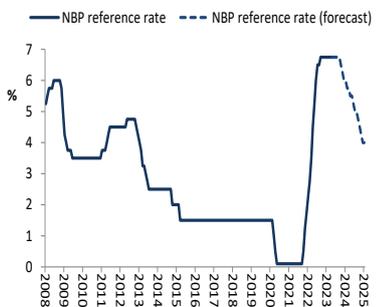
Source: S&P Global

Figure 2. Unemployment rate



Source: Statistics Poland

Figure 3. NBP reference rate



Source: NBP, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-10		MPC decision	6.75%		6.75%
May-11	13:00	Press conference of NBP President			
May-12	12:00	Minutes from MPC meeting			

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-23	4,570	4,136	4,656	5,236	1,105	6,75	6,90	6,95	3,35	5,35	13,2	5,85
Jun-23	4,560	4,145	4,515	5,182	1,100	6,75	6,90	6,90	3,60	5,30	12,2	5,82
Jul-23	4,550	4,105	4,512	5,152	1,108	6,75	6,90	6,85	3,60	5,20	11,9	5,80
Aug-23	4,540	4,066	4,510	5,123	1,117	6,75	6,90	6,75	3,60	4,90	11,2	5,70
Sep-23	4,530	4,027	4,507	5,094	1,125	6,75	6,85	6,50	3,60	4,45	10,4	5,55
Oct-23	4,520	3,988	4,505	5,065	1,133	6,50	6,60	6,25	3,60	4,35	8,8	5,40
Nov-23	4,510	3,950	4,502	5,037	1,142	6,25	6,35	6,25	3,60	4,10	8,3	5,30
Dec-23	4,500	3,913	4,500	5,009	1,150	6,00	6,10	6,15	3,60	4,10	8,6	5,30
Jan-24	4,495	3,902	4,486	5,002	1,152	6,00	6,10	6,05	3,60	3,85	7,9	5,30
Feb-24	4,490	3,887	4,477	4,984	1,155	5,75	6,00	5,85	3,60	3,85	7,8	5,30
Mar-24	4,490	3,877	4,472	4,975	1,158	5,75	5,90	5,60	3,60	3,85	7,5	5,30
Apr-24	4,490	3,874	4,472	4,970	1,159	5,50	5,60	5,60	3,60	3,85	7,3	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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