



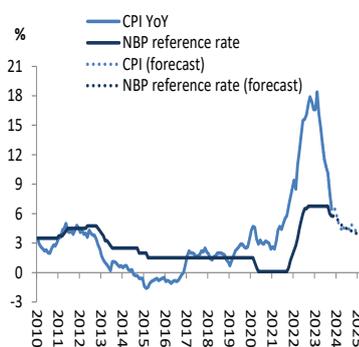
Poland: Weekly Macroeconomic Update

LAST WEEK:

The MPC kept **interest rates** unchanged with the main reference rate of 5.75%. The MPC stated that amid the weakened global economic conditions, also in Poland activity growth remained low, although some data signalled its gradual recovery. The MPC said that the decrease in inflation in annual terms in October was driven mainly by a fall in annual price growth of energy as well as food and non-alcoholic beverages. The NBP estimated that core inflation also decreased in October. The MPC said that in September producer prices were again lower than a year ago, which confirmed the fading of most external supply shocks and a reduction of cost pressures, what would support a further decline in consumer price inflation in the coming quarters. In line with November's projection, prepared under the assumption of unchanged NBP interest rates and taking into account data available until 23 October 2023, there is a 50-percent probability that the annual price growth will be in the range of 11.3 – 11.5% in 2023 (against 11.1 – 12.7% in the July 2023 projection), 3.2 – 6.2% in 2024 (compared to 3.7 – 6.8%) and 2.2 – 5.3% in 2025 (compared to 2.1 – 5.1%). 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 – 0.6% in 2023 (against -0.2 – 1.3% in the July 2023 projection), 1.9 – 3.8% in 2024 (compared to 1.4 – 3.3%) and 2.4 – 4.7% in 2025 (compared to 2.1 – 4.4%). According to the MPC arguments for keeping interest rates unchanged were the adjustment in the NBP interest rates introduced in recent months, together with uncertainty about a future course of fiscal and regulatory policies and their impact on inflation. The MPC said that the current level of the NBP interest rates was conducive to meeting the NBP inflation target in the medium term. The Council upheld the assessment that the decrease in inflation would be faster if supported by an appreciation of the zloty exchange rate, which would be consistent with the fundamentals of the Polish economy and added that further decisions of the Council will depend on incoming information regarding prospects for inflation and economic activity.

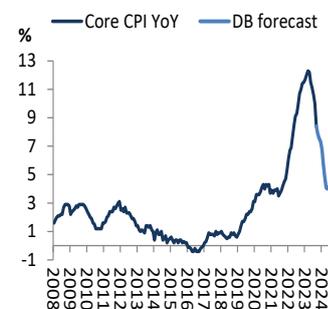
At **press conference** NBP President Adam Glapinski said that due to uncertainty on fiscal policy in 2024 and its impact on inflation the central bank will stop easing cycle at least until beginning of 2024. NBP President said that in his opinion rate hike was very unlikely but underlined that the central bank won't hesitate to act if need be. In his opinion inflation will stabilise or slightly rise until end of 2023 and will return to falling trend in 2024. Taking into account political cycle it means that the MPC is currently less prone to cut interest rates. In short term the MPC most likely assume wain-and-see mode, what means that expected future path of interest rates shifts up and expectations on rate cut are being scaled back.

Figure 1. CPI (y/y) and NBP reference rate



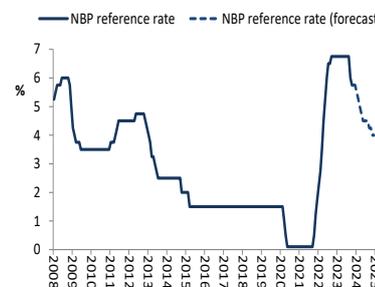
Source: GUS, NBP, Deutsche Bank Polska S.A.

Figure 2. Core CPI (y/y)



Source: NBP, Deutsche Bank Polska S.A.

Figure 3. NBP reference rate



Source: NBP, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Nov-13	13:00	Current account (Sep)	EUR150mn	EUR394mn	-EUR54mn
Nov-14	9:00	GDP (Q3,P)	1.7% (0.3%)		1.9% (0.4%)
Nov-15	9:00	CPI (Oct)	0.2% (6.5%)		0.2% (6.5%)
Nov-16	13:00	Core CPI (Oct)	0.5% (7.9%)		0.6% (8.0%)

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)											
Nov-23	4,428	4,160	4,575	5,063	1,065	5,75	5,87	5,85	4,00	5,66	6,1	5,75
Dec-23	4,400	4,112	4,490	5,017	1,070	5,75	5,70	5,63	4,00	5,66	6,5	5,65
Jan-24	4,421	4,103	4,506	5,037	1,078	5,50	5,45	5,38	4,00	5,53	5,7	5,50
Feb-24	4,443	4,094	4,522	5,057	1,085	5,25	5,20	5,16	3,95	5,39	5,0	5,50
Mar-24	4,464	4,086	4,537	5,077	1,093	5,00	4,95	4,99	3,90	5,26	4,7	5,50
Apr-24	4,485	4,077	4,553	5,097	1,100	4,75	4,78	4,91	3,87	5,03	4,2	5,45
May-24	4,506	4,069	4,569	5,117	1,108	4,50	4,70	4,85	3,83	4,79	4,6	5,40
Jun-24	4,528	4,061	4,585	5,137	1,115	4,50	4,70	4,80	3,80	4,56	4,6	5,40
Jul-24	4,549	4,052	4,601	5,157	1,123	4,50	4,62	4,69	3,73	4,39	4,6	5,40
Aug-24	4,570	4,044	4,616	5,177	1,130	4,50	4,53	4,57	3,67	4,23	4,4	5,40
Sep-24	4,570	4,037	4,616	5,167	1,132	4,25	4,37	4,46	3,60	4,06	4,9	5,40
Oct-24	4,570	4,034	4,616	5,163	1,133	4,25	4,28	4,41	3,53	3,93	4,7	5,40

*- 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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