



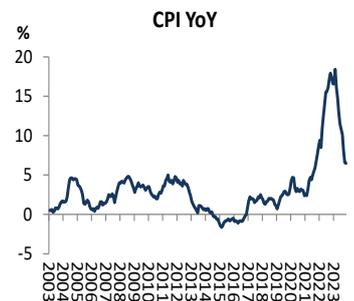
Poland: Weekly Macroeconomic Update

LAST WEEK:

The **Monetary Policy Council**, as expected, kept interest rates unchanged with the main reference rate at 5.75%. The main premises in keeping interest rates unchanged were impact of previous rate cuts in September and October and uncertainty on future fiscal and regulatory policy. In the communique after the meeting the MPC underlined ongoing weak demand, weakening business cycle and softening inflationary pressure in economic environment of Poland's economy . The MPC said that despite weaker economic activity in Poland situation in labour market was still good and unemployment rate remained low. The MPC stated that the main factors reducing inflation were decline in core inflation and, to the lesser extent, decline in food inflation. The MPC added that decline in producer prices and firming of the zloty would be conducive in further reducing of inflation. The MPC repeated that their future decisions would depend on incoming data on prospects for inflation and economic growth.

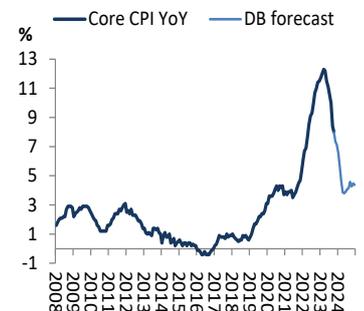
At press conference NBP President Adam Glapinski said that further decisions of the MPC would be data dependent. NBP President underlined that inflation would return to inflation target within two years and added that central bank's forecasts showed that inflation would be declining slower in the near time. NBP President said that strong zloty helped to curb inflation and underlined that the current exchange rate of the zloty had favourable impact on the CPI. He reiterated that the central bank was ready to intervene in the foreign exchange market if changes in exchange rate were too rapid. NBP President declared that he would fully cooperate with new minister of finance and new government, exactly in the same way as he cooperated with previous one. He also stated that decisions on regulated and administered prices will be known at the time of publication of new NBP projection in March 2024 and then further decisions on interest rates would be possible.

Figure 1. CPI (y/y)



Source: GUS

Figure 2. Core CPI (y/y)



Source: NBP, Deutsche Bank Polska

Figure 3. Producer prices (y/y)



Source: GUS



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-14	13:00	Current account (Oct)	EUR1550mn		EUR1788mn
Dec-14	13:00	Trade balance (Oct)	EUR740mn		EUR795mn
Dec-15	9:00	CPI (Nov)	0.7% (6.5%)		0.7% (6.5%)

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)											
Dec-23	4,350	4,065	4,579	5,143	1,070	5,75	5,85	5,82	3,95	5,66	6,8	5,45
Jan-24	4,378	4,091	4,584	5,158	1,070	5,75	5,85	5,80	3,90	5,53	6,3	5,45
Feb-24	4,400	4,113	4,584	5,168	1,070	5,75	5,70	5,61	3,90	5,39	5,5	5,45
Mar-24	4,423	4,134	4,584	5,178	1,070	5,50	5,45	5,41	3,90	5,26	5,2	5,45
Apr-24	4,446	4,155	4,584	5,187	1,070	5,25	5,28	5,25	3,87	5,03	4,7	5,45
May-24	4,469	4,177	4,584	5,197	1,070	5,00	5,12	5,05	3,83	4,79	5,1	5,40
Jun-24	4,515	4,220	4,607	5,232	1,070	5,00	4,95	4,86	3,80	4,56	5,2	5,40
Jul-24	4,524	4,209	4,601	5,247	1,075	4,75	4,70	4,66	3,73	4,39	5,1	5,40
Aug-24	4,533	4,198	4,595	5,261	1,080	4,50	4,53	4,52	3,67	4,23	4,9	5,40
Sep-24	4,543	4,187	4,588	5,275	1,085	4,25	4,37	4,41	3,60	4,06	5,4	5,30
Oct-24	4,552	4,176	4,582	5,289	1,090	4,25	4,28	4,36	3,53	3,93	5,1	5,30
Nov-24	4,561	4,165	4,576	5,304	1,095	4,00	4,20	4,36	3,47	3,79	4,7	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

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Additional information available upon request

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