



Poland: Weekly Macroeconomic Update

LAST WEEK:

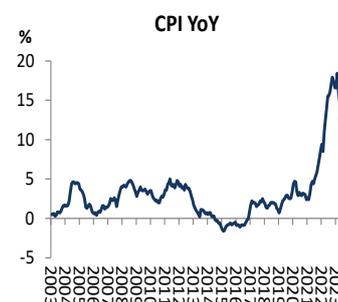
Government of PM Mateusz Morawiecki failed to win confidence vote with 190 votes for and 266 votes against. The Sejm in the next vote chose **Donald Tusk** as new PM with 248 votes for and 201 votes against. In coalition government formed by Civic Committee (KO), Third Way (Trzecia Droga) and New Left (Nowa Lewica) there are two deputy PMs: Władysław Kosiniak-Kamysz, PSL leader and Defense Minister and Krzysztof Gawkowski, leader of KP Lewica and Minister of Digitalisation. Andrzej Domanski former mutual fund manager and an author of economic programme of new government is Finance Minister. During his expose PM Donald Tusk said that Poland would fulfill all its international obligations and no social benefits programme would be cancelled. PM Tusk announced rising salaries of teachers and public employees and said new transfer programme for women with small kids would be introduced. He announced fast unlocking of funds from Recovery and Resilience Plan for Poland, ending international political isolation of Poland and fast resolving of the current problems related to imports of agricultural products from Ukraine and protest of truck drivers. PM Tusk also said that independent Fiscal Board would be created and audits of state-controlled companies would be done.

In November **CPI** amounted to 0.7% m/m and 6.6% y/y. Food and non-alcohol beverage prices rose by 0.9% m/m and were 7.3% up y/y, footwear and clothing prices rose by 0.3% m/m and were 9.9% up y/y while prices of housing and Energy were 0.1% up m/m and rose by 8.1% y/y. Healthcare prices were 0.7% up m/m and rose by 5.5% y/y, transport prices grew by 5.1% m/m and were 6.7% up y/y and prices in hotels and restaurants were up 0.4% m/m and rose by 10.3% y/y. Growth in inflation is quite evenly distributed among major categories of consumption what suggests that decline in inflation will be slow. Worth noting is growth in prices of labour-intensive services that is a result of nominal wage growth and growth in housing prices resulting from hikes in energy prices.

THIS WEEK:

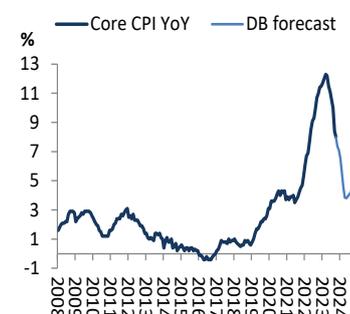
Economic calendar this week contains core CPI (on Monday), PPI, industrial output, average wage, average employment and consumer confidence (on Wednesday), retail sales and construction output (on Thursday) and unemployment rate and money supply (on Friday).

Figure 1. CPI (y/y)



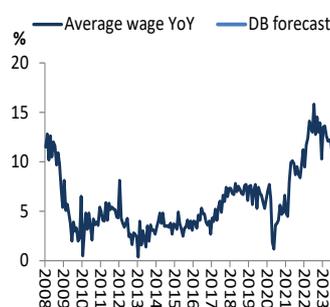
Source: GUS

Figure 2. Core CPI (y/y)



Source: NBP, Deutsche Bank Polska S.A.

Figure 3. Average wage (y/y growth)



Source: GUS, Deutsche Bank Polska S.A.



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Dec-18	13:00	Core CPI (Nov)	-0.1% (7.3%)	0.0% (7.3%)	-0.1% (7.3%)
Dec-20	9:00	PPI (Nov)	(-3.9%)		-0.1% (-3.8%)
Dec-20	9:00	Industrial production (Nov)	(1.1%)		1.5% (0.8%)
Dec-20	9:00	Average wage (Nov)	(11.2%)		1.2% (11.4%)
Dec-20	9:00	Average employment (Nov)	(-0.1%)		0.1% (-0.2%)
Dec-20	9:00	Consumer confidence (Nov)	-14.3		-14.0
Dec-21	9:00	Retail sales (Nov)	(1.7%)		-1.7% (1.4%)
Dec-21	9:00	Industrial production (Nov)	(6.5%)		(7.4%)
Dec-22	9:00	Unemployment rate (Nov)	5.0%		5.0%
Dec-22	13:00	Monet supply M3 (Nov)	(8.2%)		0.6% (8.3%)

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	3,991	4,579	5,048	1,090	5,75	5,85	5,82	3,95	5,66	6,8	5,20
Jan-24	4,378	4,028	4,584	5,079	1,087	5,75	5,85	5,80	3,90	5,53	6,3	5,20
Feb-24	4,400	4,062	4,584	5,104	1,083	5,75	5,70	5,61	3,90	5,39	5,5	5,20
Mar-24	4,423	4,096	4,584	5,130	1,080	5,50	5,45	5,41	3,90	5,26	5,2	5,20
Apr-24	4,446	4,130	4,584	5,155	1,077	5,25	5,28	5,25	3,87	5,03	4,7	5,20
May-24	4,469	4,164	4,584	5,180	1,073	5,00	5,12	5,05	3,83	4,79	5,1	5,20
Jun-24	4,515	4,220	4,607	5,232	1,070	5,00	4,95	4,86	3,80	4,56	5,2	5,20
Jul-24	4,524	4,209	4,601	5,247	1,075	4,75	4,70	4,66	3,73	4,39	5,1	5,20
Aug-24	4,533	4,198	4,595	5,261	1,080	4,50	4,53	4,52	3,67	4,23	4,9	5,15
Sep-24	4,543	4,187	4,588	5,275	1,085	4,25	4,37	4,41	3,60	4,06	5,4	5,15
Oct-24	4,552	4,176	4,582	5,289	1,090	4,25	4,28	4,36	3,53	3,93	5,1	5,10
Nov-24	4,561	4,165	4,576	5,304	1,095	4,00	4,20	4,36	3,47	3,79	4,7	5,10

*- 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

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