



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

The **MPC**, as expected, kept settings of monetary policy unchanged. In the communique after the meeting the Council underlined that an increase of inflation in March to 3.2% stemmed primarily from an increase in fuel prices that in turn followed from rising oil prices. The MPC stated that inflation was also increased by the hike in energy prices in beginning of the year and from earlier hikes in waste management prices - factors that remained out of control of monetary policy. The MPC pointed out that higher inflation resulted also from higher operating costs of enterprises during the pandemic including higher transport costs and transitory disruptions in supply chains. In the communique the Council reiterated that the central bank would continue purchases of POLGBs and bonds guaranteed by State Treasury in the secondary market, depending on market conditions. The MPC deleted a passage suggesting preference of the central bank for weaker PLN that was present in previous communiqués.

At **press conference** NBP President said that inflation might transitorily rose above the upper band of inflation target, but in his opinion factors that were behind recent rise in inflation will not be affecting inflation in medium term. President Glapinski underlined that central banks in developed countries during pandemic reacted by lowering interest rates and strong expansion of quantitative easing. NBP President said that it was too early to start discussion on rate hikes, before economy enters expansion path. NBP assumes that pandemic situation will improve but in case of worsening pandemic situation the NBP is ready to cut interest rates and to ease monetary policy further. NBP President underlined that the NBP didn't target particular level of exchange rate but the central bank was always ready to intervene in the FX market if the need be.

## THIS WEEK:

**The Supreme Court** rescheduled its ruling on foreign exchange loans from April 13 to May 11.

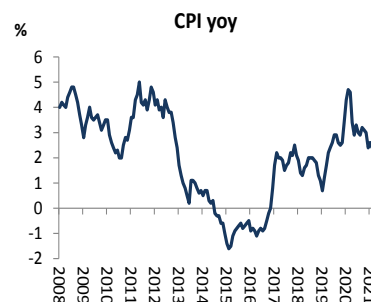
This week the Sejm will not ratify **European Recovery Fund**, but the vote is planned at special Sejm sitting later in April.

The **current account** data for March due today should show EUR1974mn surplus.

**Inflation** for March (Thursday) should be confirmed at 1.0% m/m and 3.2% y/y.

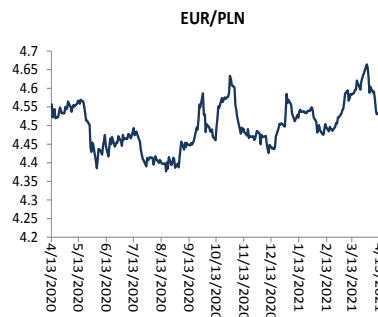
**Core inflation** (due on Friday) should amount to 0.5% m/m and 3.8% y/y.

Figure 1: Inflation (y/y)



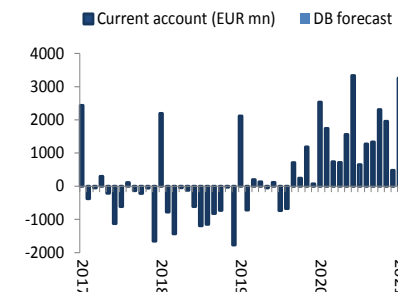
Source: Statistics Poland

Figure 2: EUR/PLN



Source: NBP

Figure 3. Current account (EURmn)



Source: NBP, Deutsche Bank Polska S.A.



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-13	13:00	Current account (Feb)	EUR1974mn		EUR1602mn
Apr-13	13:00	Trade balance (Feb)	EUR1141mn		EUR1141mn
Apr-15	9:00	Inflation (Mar)	1.0% (3.2%)		1.0% (3.2%)
Apr-16	13:00	Core inflation (Mar)	0.5% (3.8%)		0.7% (3.9%)

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

## FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	WIBOR 3M	WIBOR 6M	EURIBOR 3M	LIBOR USD 3M	CPI (Poland)	Yield on 10Y POLGB
	(end of period)										
<b>Apr-21</b>	4.580	3.852	4.130	5.335	1.189	0.21	0.25	-0.54	0.20	3.8	1.60
<b>May-21</b>	4.565	3.805	4.111	5.277	1.200	0.22	0.25	-0.53	0.20	4.2	1.65
<b>Jun-21</b>	4.550	3.759	4.093	5.220	1.211	0.22	0.25	-0.52	0.20	3.9	1.70
<b>Jul-21</b>	4.535	3.713	4.074	5.164	1.221	0.22	0.25	-0.51	0.20	4.0	1.73
<b>Aug-21</b>	4.520	3.669	4.056	5.109	1.232	0.22	0.25	-0.50	0.20	4.0	1.75
<b>Sep-21</b>	4.505	3.625	4.037	5.055	1.243	0.22	0.25	-0.50	0.20	4.0	1.80
<b>Oct-21</b>	4.490	3.582	4.019	5.001	1.254	0.22	0.25	-0.50	0.20	4.1	1.85
<b>Nov-21</b>	4.475	3.540	4.000	4.949	1.264	0.22	0.25	-0.50	0.20	4.2	1.87
<b>Dec-21</b>	4.460	3.498	3.982	4.897	1.275	0.22	0.25	-0.50	0.20	4.4	1.90
<b>Jan-22</b>	4.455	3.488	3.985	4.901	1.277	0.22	0.25	-0.50	0.20	4.0	1.95
<b>Feb-22</b>	4.450	3.479	3.987	4.905	1.279	0.22	0.25	-0.50	0.20	4.0	1.97
<b>Mar-22</b>	4.445	3.469	3.987	4.909	1.281	0.22	0.25	-0.50	0.20	3.6	2.00

*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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