



Poland: Weekly Macroeconomic Update

LAST WEEK:

Real retail sales rose by 1.8% m/m and increased by 8.1% y/y in February after a 10.6% y/y growth in January. The strongest growth in real retail sales was reported in other retail sales (up 31% y/y) and fuels (up 22.1% y/y), pharmaceuticals and cosmetics (up 18.2% y/y) and food (up 6.6% y/y). A decline was reported in real retail sales of automobiles and parts (down 20% y/y) and furniture, white goods and consumer electronics (down 4.4% y/y). Nominal retail sales rose by 16.5% y/y in February after 20.0% y/y growth in January. A share of retail sales via Internet fell to 0.0% in February from 11.1% in January.

In February **construction output** grew by 21.2% y/y what was a result of 38.7% y/y growth in conduction of buildings and 22.2% y/y growth in specialized works.

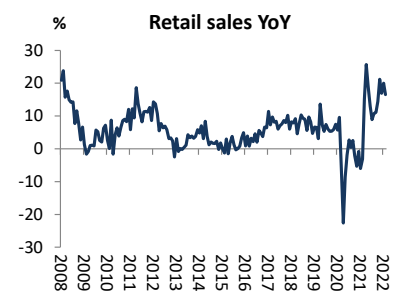
In February **money supply M3** grew by 8.0% y/y and 1.2% m/m, as we expected. In February cash in circulation rose by 4.6% m/m and was 13.6% up y/y, demand deposits fell by 0.8% m/m and rose by 7.2% y/y and term deposits rose by 7.4% y/y and increased by 4.8% y/y. In February loans to households rose by 0.2% m/m and were 5.0% up y/y while loans to companies rose by 3.0% m/m and increased by 7.3% y/y.

Registered unemployment rate for February was 5.5% , unchanged from January.

Consumer confidence indicator for March fell to -39.0 from -27.7 in February. All components of confidence indicator fell vs. February. The highest drop occurred in future economic situation of Poland and future financial status of household (declines of 22.0 and 15.8 points). Other components fell as well: ability to purchase major items (drop by 11 pts), financial standing of the household (down by 4.6 pts) and current economic situation of Poland (down 2.8 pts). Consumers are much more pessimistic concerning the future while weaker confidence in the current situation of households is visible, but still moderate.

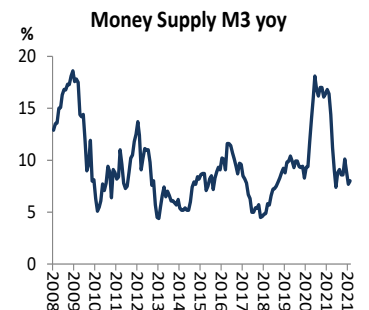
The Finance Ministry announced amendments to **Polish Deal** comprising a cut in tax rate in the lowest income bracket to 12% from 17% and removal of "medium class allowance". Amendments are planned to enter into existence on July 1 and will reduce budget revenues by PLN15bn.

Figure 1: Nominal retail sales (y/y change)



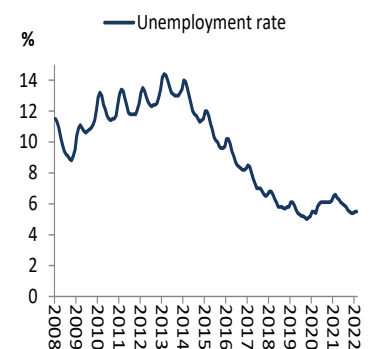
Source: Statistics Poland

Figure 2: Money supply M3 (y/y growth)



Source: NBP

Figure 3: Unemployment rate



Source: Statistics Poland



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-21	9:00	PMI manufactruing (Mar)	52,8		53,0
Apr-21	10:00	Inflation (Mar, prel.)	2,1% (9,7%)		2,4% (9,8%)

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)										
Mar-22	4,660	4,206	4,489	5,510	1,108	4,45	4,80	-0,50	1,05	9,8	5,20
Apr-22	4,653	4,212	4,496	5,508	1,105	4,85	5,20	-0,50	1,30	9,7	5,00
May-22	4,647	4,217	4,504	5,506	1,102	5,35	5,55	-0,50	1,55	10,3	4,80
Jun-22	4,640	4,223	4,511	5,504	1,099	5,35	5,55	-0,50	1,55	11,0	4,80
Jul-22	4,633	4,229	4,518	5,503	1,096	5,35	5,55	-0,50	1,80	11,3	4,80
Aug-22	4,627	4,235	4,525	5,501	1,092	5,35	5,55	-0,48	1,80	11,9	4,85
Sep-22	4,620	4,241	4,532	5,499	1,089	5,35	5,55	-0,45	2,05	11,7	4,80
Oct-22	4,613	4,247	4,540	5,498	1,086	5,35	5,55	-0,40	2,30	11,2	4,80
Nov-22	4,607	4,253	4,547	5,496	1,083	5,35	5,55	-0,35	2,30	10,5	4,77
Dec-22	4,600	4,259	4,554	5,494	1,080	5,35	5,55	-0,30	2,30	9,7	4,75
Jan-23	4,591	4,228	4,538	5,465	1,086	5,35	5,55	-0,28	2,55	8,7	4,70
Feb-23	4,582	4,197	4,521	5,435	1,092	5,35	5,55	-0,28	2,55	9,0	4,60

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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