



Poland: Weekly Macroeconomic Update

LAST WEEK:

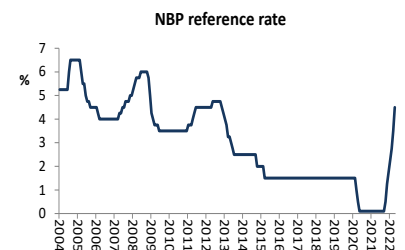
The **MPC** surprised with 100bps hike, raising the main reference rate to 4.50%. In communique after the meeting the Council said that rise in inflation in March was driven mainly by rising fuel and energy prices caused by Russian military aggression on Ukraine. In the opinion of the MPC earlier significant rise in energy and agricultural commodity prices and increases in regulated tariffs on electricity, natural gas and thermal energy have continued to contribute to markedly elevated inflation. The MPC added that ongoing economic recovery supported by rising households' incomes was a factor that contributed to higher inflation. In turn, a curbing impact on inflation has been exerted by a reduction in some tax rates as part of the Anti-inflationary Shield. The Council expects inflation to remain elevated in coming quarters. The MPC decided to hike interest rates in order to diminish likelihood of inflation staying above the upper bound of inflation target in medium term and in order to diminish inflationary expectations. In the opinion of the Council, shocks to inflation will fade in coming years, and decline in inflation will be supported by appreciation of the zloty. MPC's decision to hike by 100bps means that the Council prefers to react quickly to rising inflation and will adjust the pace and size of further rate hikes to the actual inflationary pressure.

At **press conference**, NBP President Adam Glapinski said that if there were no war in Ukraine, inflation in Poland would fall to 6-7%. NBP President informed that the MPC reacted by hiking rates by 100bps to actual inflation and added that in the coming months the Council would be reacting to incoming data. He didn't specify terminal level of interest rates in this cycle. NBP President underlined that the central bank analysed impact of already implemented rate hikes on inflation, inflation expectations and economic growth. NBP President informed that the NBP had entered an agreement on swap line with the ECB, and that similar guarantees were granted by the Fed. NBP President stressed that Poland's economy was very robust, and was able to accommodate current shocks from war in Ukraine, including inflow of refugees. He added that as fiscal policy would remain loose the role of monetary policy would be to control inflation. NBP President added that monetary policy of the NBP would be supportive for PLN exchange rate.

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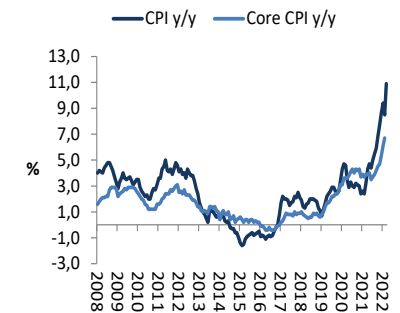
On Wednesday the NBP will release **balance of payments** data for February. On Friday the Statistics Poland will release **final CPI** for March.

Figure 1: NBP reference rate



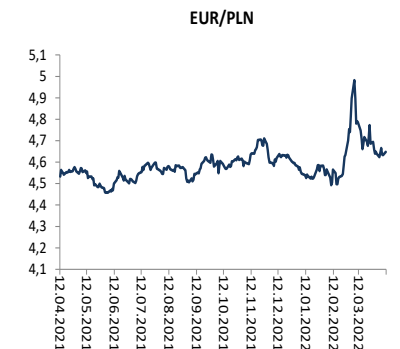
Source: NBP

Figure 2. CPI and core CPI (y/y growth)



Source: NBP, Statistics Poland

Figure 3. EUR/PLN



Source: NBP



DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
Apr-13	12:00	Current account (Feb)	-EUR2305mn		-EUR2305mn
Apr-13	12:00	Trade balance (Feb)	-EUR1610mn		-EUR1610mn
Apr-15	8:00	Inflation (Mar)	3.2% (10.9%)		3.2% (10.9%)

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)										
Apr-22	4,640	4,222	4,549	5,510	1,099	5,45	5,80	-0,50	1,15	11,1	5,85
May-22	4,635	4,227	4,550	5,508	1,097	5,85	6,20	-0,50	1,40	11,4	5,65
Jun-22	4,630	4,231	4,550	5,506	1,094	6,10	6,35	-0,50	1,55	11,6	5,20
Jul-22	4,625	4,236	4,551	5,504	1,092	6,10	6,35	-0,50	1,80	11,7	5,00
Aug-22	4,620	4,240	4,552	5,502	1,090	6,10	6,35	-0,48	1,80	11,9	4,90
Sep-22	4,615	4,245	4,552	5,500	1,087	6,10	6,35	-0,45	2,05	11,4	4,80
Oct-22	4,610	4,250	4,553	5,498	1,085	6,10	6,35	-0,40	2,30	10,9	4,80
Nov-22	4,605	4,255	4,554	5,496	1,082	6,10	6,35	-0,35	2,30	10,2	4,77
Dec-22	4,600	4,259	4,554	5,494	1,080	6,10	6,35	-0,30	2,30	9,4	4,75
Jan-23	4,591	4,228	4,538	5,465	1,086	6,10	6,35	-0,28	2,55	8,4	4,75
Feb-23	4,582	4,197	4,521	5,435	1,092	6,10	6,35	-0,28	2,55	8,7	4,75
Mar-23	4,573	4,166	4,505	5,406	1,098	6,10	6,35	-0,28	2,55	6,0	4,75

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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