



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

PM Mateusz Morawiecki announced that government would amend anti-Putin shield with **support programme for borrowers**. The aid would comprise of three components: mortgage holidays, increasing of Borrowers' Support Fund and new interest rate to replace **WIBOR**. The programme embrace four months of mortgage holidays in 2022 and 2023 each (two months in each Q3 and Q4 2022 and one month in each quarter of 2023) at the cost of about PLN3bn. Government plans to increase Borrowers' Support Fund to PLN2bn from the current PLN600m. PM Morawiecki announced that starting from January 1, 2023, WIBOR would be replaced by overnight POLONIA calculated by the NBP which was on average 40bps lower than 3M WIBOR. PM Morawiecki said that would mean annual savings for borrowers of about PLN1bn at the expense of banks. PM Morawiecki said that aid programme would be worth PLN5bn total and added that in his opinion it would be neutral for inflation.

On Thursday Sejm appointed **NBP President** Adam Glapinski for his second six-year term. 234 members of parliament voted for and 223 members of parliament voted against, nobody abstained.

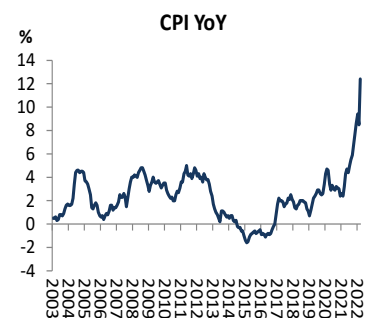
In April **CPI** index rose by 2.0% m/m and increased by 12.4% y/y (versus initial estimate of 12.3% y/y). Food prices had the highest impact on inflation, rising 4.1% m/m and 12.7% y/y and contributing 1.09 perc. point to monthly inflation. Housing and energy costs were second source of inflation, rising 1.7% m/m and 8.6% y/y and contributing 0.38 perc. point to monthly inflation. In turn footwear and clothing prices added 0.13 perc. point to monthly inflation and were up 3.0% m/m and 3.7% y/y while prices of recreation and culture added 0.12 perc. point to monthly inflation, increasing 2.0% y/y and 9.3% y/y.

In March the **current account** gap widened to -EUR2.972bn from -EUR2.663bn in February. The reason of widening the current account gap in March was strong widening in trade gap to -EUR3.253bn in March from -EUR1.559bn in February. Trade gap in March widened due to (1) strong increase in value of imports as prices of energy commodities rose sharply and as the zloty weakened and (2) decline in exports to Russia and Belorussia (due to sanctions) and drop in exports to Ukraine (due to war). In March value of exports rose by rose by 16.2% y/y to EUR25.8bn while value of imports rose by 34.2% y/y to EUR29.1bn. In March services balance was positive at EUR2.102bn while balances on primary and secondary income accounts were negative at respectively -EUR1.527bn and -EUR294mn.

## THIS WEEK:

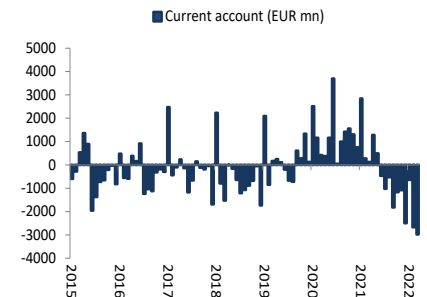
On Monday NBP releases **core CPI** for April. On Tuesday preliminary **GDP** for Q1 is due. On Friday data on **average wage**, **average employment**, **industrial output** and **PPI** for April will be published.

Figure 1: CPI (y/y change)



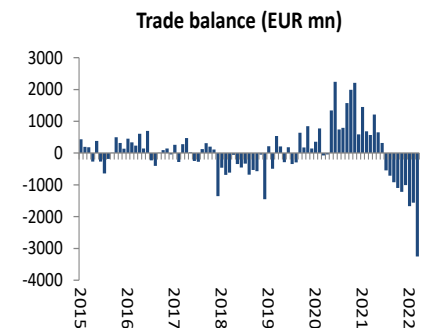
Source: Statistics Poland

Figure 2. Current account (EURmn)



Source: NBP

Figure 3. Trade balance (EURmn)



Source: NBP



## DIARY (this week)

Date	GMT	Release/Event	DB Expected	Actual	Consensus
May-16	12:00	Core CPI (Apr)	1.1% (7.6%)		1.1% (7.6%)
May-17	8:00	GDP (Q1)	2.2% (9.0%)		1.8% (8.2%)
May-20	8:00	Average wage (Apr)	-2.0% (12.5%)		-2.0% (12.8%)
May-20	8:00	Average employment (Apr)	0.1% (2.8%)		0.1% (2.7%)
May-20	8:00	Industrial production (Apr)	-10.0% (16.5%)		-10.2% (16.2%)
May-20	8:00	PPI (kwi)	0.7% (20.0%)		0.7% (20.3%)

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)											
May-22	4,675	4,484	4,495	5,484	1,043	5,25	6,45	6,75	-0,45	1,45	13,1	6,90
Jun-22	4,664	4,451	4,503	5,486	1,048	6,00	7,20	7,50	-0,45	1,50	13,9	6,80
Jul-22	4,654	4,418	4,512	5,488	1,053	6,75	7,20	7,50	-0,45	1,70	14,0	6,75
Aug-22	4,643	4,386	4,520	5,490	1,059	6,75	7,95	8,25	-0,45	1,80	14,2	6,80
Sep-22	4,632	4,354	4,529	5,491	1,064	7,50	7,95	8,25	-0,45	2,05	13,7	6,90
Oct-22	4,621	4,322	4,537	5,492	1,069	7,50	7,95	8,25	-0,40	2,30	13,1	6,95
Nov-22	4,611	4,290	4,546	5,494	1,075	7,50	7,95	8,25	-0,35	2,30	12,5	7,00
Dec-22	4,600	4,259	4,554	5,494	1,080	7,50	7,95	8,25	-0,30	2,30	11,7	7,00
Jan-23	4,591	4,228	4,538	5,465	1,086	7,50			-0,28	2,55	10,6	6,90
Feb-23	4,582	4,197	4,521	5,435	1,092	7,50			-0,28	2,55	10,9	6,95
Mar-23	4,573	4,166	4,505	5,406	1,098	7,50			-0,28	2,55	8,1	6,90
Apr-23	4,563	4,136	4,489	5,377	1,103	7,50			-0,25	2,65	7,0	6,90

\*- PM Mateusz Morawiecki announced intention to replace WIBOR by a new benchmark as of the end of 2022, but no details were given yet nor there was any regulatory trigger to initiate transition from WIBOR

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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