



# Poland: Weekly Macroeconomic Update

## LAST WEEK:

**Core inflation** (excluding energy and food prices) in April this year amounted to 0.9% month-on-month and 3.0% year-on-year, rising from 2.7% year-on-year in March this year. The increase in core inflation indicates a gradual transmission of higher fuel prices to the prices of goods and services. The rise in core inflation is closely monitored by the Monetary Policy Council (RPP) and will constitute one of the arguments for a rate hike in the second half of the year.

The GPW Benchmark and the Polish Financial Supervision Authority issued a statement that the transition away from WIBOR rates for existing contracts will occur in 2037, not as previously planned in 2027. By that time, most contracts based on WIBOR rates will expire, including government bonds linked to WIBOR. From the beginning of 2027, WIBOR rates will no longer be applied in new contracts.

**Consumer confidence** increased to -11.3 in May from -14.1 in April. All indicators improved except for making major purchases (declining to -3.6 in May from -3.2 in April). The greatest improvement was recorded in the expected financial situation of households over the next 12 months (rising to -3.0 in May from -7.7 in April) and in the assessment of Poland's economic situation over the past 12 months (rising to -23.5 in May from -28.4 in April).

The **average wage** in the enterprise sector for April increased by 5.4% year-on-year and decreased by 1.3% month-on-month. The average employment in the enterprise sector for April decreased by 0.9% year-on-year and remained unchanged month-on-month. Wage dynamics are declining, which may result from higher energy costs incurred by enterprises.

**Industrial production** increased by 3.1% year-on-year and fell by 7.1% month-on-month in April, after a revised increase of 7.5% year-on-year in March. Producer prices increased by 1.9% year-on-year and rose by 0.5% month-on-month in April after a revised increase of 0.6% year-on-year and 1.2% month-on-month in March.

**Construction production** in April increased by 4.5% year-on-year after a revised increase of 0.6% year-on-year in March, due to good weather in April.

## THIS WEEK:

**Retail sales** in April increased in constant prices by 1.3% year-on-year and decreased by 0.8% month-on-month. Seasonally adjusted retail sales in constant prices were 2.7% higher year-on-year and 2.8% lower month-on-month. Retail fuel sales in constant prices increased by 25.6% year-on-year, retail sales of pharmaceuticals and cosmetics increased in real terms by 9.1% year-on-year, and sales in the 'other' category increased by 5.5% year-on-year. In current prices, retail sales increased by 2.8% year-on-year.

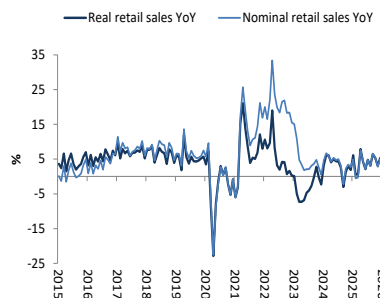
The **M3 money supply** increased in April by 11.3% year-on-year and rose by 1.0% month-on-month.

Figure 1. Average wage (y/y growth)



Source: NBP

Figure 2. Retail sales (y/y growth)



Source: GUS

Figure 3. Brent oil price



Source: Bloomberg



## DIARY (this week)

Date	CET	Release/Event	DB Expected	Actual	Consensus
May-25	9:30	Real retail sales (Apr)	(5.8%)	-0.8% (1.3%)	(2.8%)
May-25	9:30	Nominal retail sales (Apr)	(5.5%)	(2.8%)	(1.5%)
May-25	14:00	M3 money supply (Apr)		1.0% (11.3%)	(11.2%)
May-26	9:30	Unemployment rate (Apr)	6.0%	6.0%	6.0%
May-26	9:30	Unemployment rate (Q1)	3.4%	3.3%	3.3%
May-29	9:30	CPI (May, P.)	0.2% (3.6%)		0.2% (3.7%)

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

## FX and interest rate forecasts

	EUR/PLN	USD/PLN	CHF/PLN	GBP/PLN	EUR/USD	NBP Reference rate	WIBOR 3M*	WIBOR 6M*	EURIBOR 3M	Fed Funds (mid)	CPI (Poland)	Yield on 10Y POLGB
	(end of period)											
<b>May-26</b>	4.245	3.659	4.644	4.904	1.160	3.75	3.86	3.96	2.20	3.625	3.6	5.85
<b>Jun-26</b>	4.250	3.632	4.660	4.886	1.170	3.75	3.86	3.96	2.40	3.625	3.6	5.60
<b>Jul-26</b>	4.255	3.637	4.650	4.910	1.170	3.75	3.86	3.96	2.45	3.625	3.4	5.40
<b>Aug-26</b>	4.250	3.617	4.620	4.883	1.175	3.75	3.86	3.96	2.50	3.625	3.4	5.40
<b>Sep-26</b>	4.250	3.602	4.610	4.898	1.180	3.75	3.86	3.96	2.65	3.625	3.6	5.30
<b>Oct-26</b>	4.250	3.586	4.595	4.878	1.185	3.75	3.86	3.96	2.65	3.625	3.7	5.30
<b>Nov-26</b>	4.250	3.571	4.580	4.857	1.190	3.75	3.86	3.96	2.65	3.625	3.8	5.30
<b>Dec-26</b>	4.250	3.571	4.570	4.857	1.190	3.75	3.86	3.96	2.65	3.625	3.8	5.30
<b>Jan-27</b>	4.250	3.571	4.570	4.857	1.190	3.75	3.86	3.96	2.65	3.625	3.7	5.30

\*- According to the announcement published by the Polish Financial Supervision Authority (UKNF) and GPW Benchmark, the departure from WIBOR for currently existing contracts based on WIBOR is to take place on January 1, 2037. The departure from WIBOR for new contracts is to take place from the beginning of 2027.

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.

Source: Deutsche Bank Polska S.A.



# Appendix 1

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### Additional information available upon request

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