

New Year's sale at the NBP

Top macro theme(s):

- **NBP in action at the turn of year (p. 2):** Recent NBP actions brought additional emotions to the domestic monetary policy after a 7-month-long period of 'wait-and-see' mundanity. We believe that the rate cut talk should be considered a verbal FX intervention aimed at reinforcing recent actual FX interventions of the NBP. The FX activity of Poland's central bank, intended to weaken the zloty, should support both exports and the NBP financial result for 2020, which will later be transferred to the state budget.

What else caught our eye:

- **The official reserve assets of the NBP increased by PLN 92.1bn in 2020**, which translates - on a historical measure - into a central bank profit transfer of PLN 8-10bn (see chart of the week). The state budget plan for 2021 assumes a smaller transfer from the central bank of PLN 1.33bn.
- **CPI inflation in December slid to 2.3% y/y** (from 3.0% in November), due to a falling food price growth rate and - most likely - a significant decline of core inflation (to 3.6-3.7% y/y on our estimates). That said, we stick to the view that the headline inflation should return to 3%-ish levels over the course of 2021.
- **Manufacturing PMI in December rose to 51.7 pts** (from 50.8 pts in Nov) on improving employment, inventories and above all new orders, especially export ones. But for supply constraints the output could have been much higher. The PMI headline and its breakdown bodes well for December industrial output figure. It also indicates a strong start of the Polish industry into 2021.

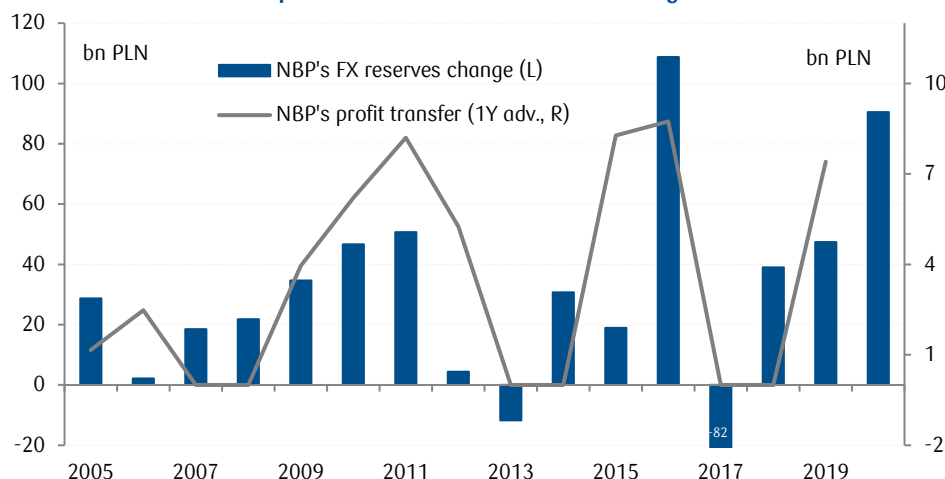
The week ahead:

- We believe the MPC will not change parameters of domestic monetary policy at the meeting on Wednesday. Minutes of the MPC meeting in December due for release this week could shed more light on FX interventions (the NBP has been active in the FX market since mid-December).
- Another current account surplus in a row will push CA/GDP ratio to 3.6% of GDP after November (12-month rolling) with superb exports performance despite pandemic.
- Details of CPI inflation should confirm that the recent drop in headline inflation is temporary.

Number of the week:

- 6.2% - unemployment rate in December (early MinLab estimates), which means a decline in seasonally adjusted terms.

Chart of the week: NBP profit transfer vs FX reserves change



Source: NBP, PKO Bank Polski.

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	2020†	2021†
Real GDP (%)	-2.6	5.1
Industrial output (%)	-1.2	10.0
Unemployment rate# (%)	6.2	5.4
CPI inflation** (%)	3.4	3.1
Core inflation** (%)	4.0	2.9
Money supply M3 (%)	16.9	7.5
C/A balance (% GDP)	3.4	2.9
Fiscal balance (% GDP)*	-9.2	-3.4
Public debt (% GDP)*	59.7	58.1
NBP reference rate## (%)	0.10	0.10
EURPLN#	4.61	4.45

Source: GUS, NBP, MinFin, †PKO BP Macro Research team forecasts; ‡PKO BP Market Strategy team forecasts; *ESA2010, **period averages; #registered unemployment rate at year-end; ##at year-end.

NBP in action at the turn of year

- The turn of 2020 and 2021 brought some unexpected emotions to the domestic monetary policy. The wait-and-see period that started in May 2020 was interrupted by direct currency interventions aimed at PLN weakening, the first since 2010, and suggestions that an additional rate cut is on the table. In our view, while it is highly likely that the NBP will stay active on the FX market, the next interest cut is still not a base-case scenario.

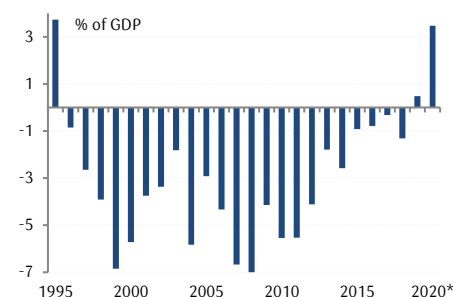
On December 18th the NBP intervened on the FX market pushing the EURPLN rate up by 1.5%, to over 4.50 from 4.43. Further intervention has been conducted after Christmas. While the NBP has not published any official statement, NBP governor and MPC members confirmed activity of the central bank on the FX market. MPC's J.Zyzyński argued that it should be treated as an appetizer for the market to keep the EURPLN around 4.50. G.Ancyparowicz also stated that the optimal EURPLN rate stands at around 4.50 level (then she followed with comment that 4.40-4.50 range is OK). Anyway, MPC members declared the willingness to support Polish exports with more competitive exchange rate.

The MPC has regularly mentioned since June that the lack of a strong exchange rate depreciation in the current slowdown (comparable to 2009 reaction) is as a factor limiting the pace of economic recovery. Indeed, in the past year, the zloty's performance, both in terms of the nominal rate and real effective exchange rate, has been relatively stable. In our view, solid, and much stronger fundamentals of the Polish economy than a decade ago, stand behind this stability. The key factor in this respect is the external balance - 2020 has most likely closed with a record current account surplus of 3.5% of GDP compared to a 7% deficit in 2008. Other currency crisis risk indicators (e.g. the relation of foreign exchange reserves to short-term debt and imports) are supportive as well.

It is worth to underline that the pandemic has not stopped Poland's exports expansion, while lower commodity prices along with weak investment activity, were a drag on imports. The position of Polish companies on international markets improved last year, and performance of Polish exports was more favorable than for regional peers and the rest of the EU. It reflects increased competitiveness over the past few years before the pandemic (thanks to relative drop in unit labour costs) and large inflow of FDIs to Poland in previous years that has strengthened exports of new products. **It is worth noting that exporters did not need a weaker zloty for this expansion. The exchange rate improves the competitiveness of foreign sales, however, it is not a key factor determining the success of Polish exporters** (many of them operate within global value added chains, where the level and dynamics of unit labor costs play a key role). According to the NBP survey, both the EUR and the USD exchange rates are currently above the profitability threshold for exporters, but the buffer in case of the dollar is clearly smaller. The substantial correlation between the trade volumes reflects a relatively high import intensity of exports, although our estimates based on data from the enterprise sector indicate that the share of imported components in exports has recently decreased, strengthening the traditionally low impact of the exchange rate on export volumes.

While assessing the NBP's motivations for presence in the FX, it is worth to look at the USDPLN rate in the context of FX reserves management, not only at the REER or EURPLN rate important for foreign trade. An appreciation of the zloty against the dollar took place last year, which negatively affects the NBP's result from FX reserves management. Last year, the NBP transferred PLN 7.4bn profit to the state budget. A good result on FX reserves management in 2019 was achieved, among

Current account balance



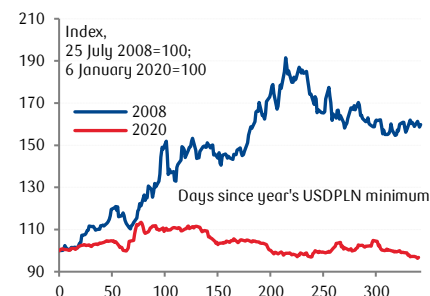
Source: NBP, GUS, PKO Bank Polski. * XI 2019 - X 2020.

Real effective exchange rate



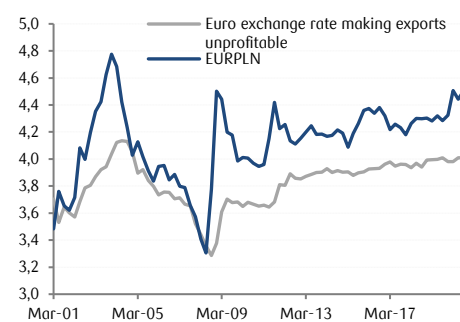
Source: Macrobond, BIS, PKO Bank Polski.

USDPLN – COVID19 vs. GFC



Source: Macrobond, PKO Bank Polski.

Break-even EURPLN rate for exports profitability



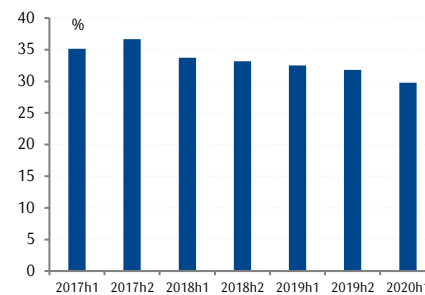
Source: NBP, Macrobond, PKO Bank Polski.

others, thanks to an increased exposure to USD (51% of total reserves) at the expense of EUR with share reduced to 20%. Not all central banks publish data on the currency composition of their reserves, however, in the case of the Czech Republic, these proportions are the opposite (58% for EUR and 24% for USD). In such a context it seems that the FX interventions carried out at the end of 2020 were probably aimed mainly at improving the result of FX reserves management. The currency structure of the official reserves makes the NBP more prone to such actions than, for example, the CNB.

Apart from the activity on the FX market, 4 MPC members in interviews published in the last week of 2020 declared openness for an additional interest rate cut. The governor of the National Bank of Poland, A.Glapinski pointed to the exchange rate as a factor that could induce the NBP to cut interest rates in 1q21. Therefore, in our opinion, suggestions about a possible interest rates reduction should be considered as a (verbal) FX intervention. **At the same time, in our opinion, an interest rate cut in 1q21 is not a baseline scenario.** The MPC comments are not a commitment / announcement that the NBP will actually lower the rates (this is a possibility dependent on a set of conditions while a baseline scenario, even according to comments from the most dovish MPC member E. Lon, is stabilization of NBP rates). Nevertheless, comments from NBP governor and dovish MPC members clearly convey a non-zero probability of a rate cut in 1q21 (we have repeatedly pointed out that a cut by mid-2021 is the main alternative to our baseline scenario of stabilization of NBP rates at least until the end of 2022). We believe that such a move is at present not necessary. We see a number of negative consequences of a possible cut, and we assess its impact on the PLN exchange rate and the real economy as insignificant, due to the strength (also relative to the region) of the economic fundamentals.

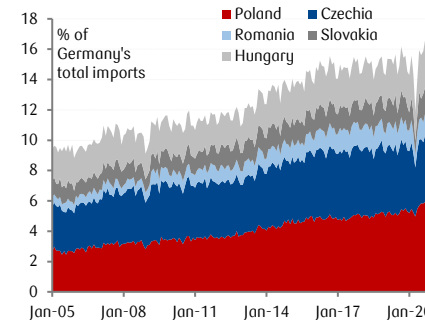
While in our opinion, the cut is still not a baseline scenario, one should not exclude the possibility of more NBP's presence on the FX market, as the bank clearly favours a weaker PLN. Definitely, they may be determined to avoid excessive appreciation of the PLN, of the magnitude that could disrupt relatively strong performance of Polish exports and derail economic recovery.

Import intensity of exports^



Source: Pontinfo, PKO Bank Polski. ^ relation of the value of import of raw materials and semi-finished products to the export value in companies with over 50% share of exports in revenues

Share of CEE economies in German imports



Source: Macrobond, PKO Bank Polski.

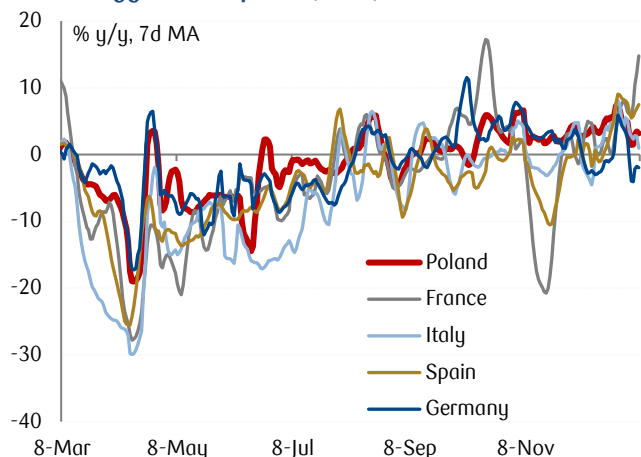
MCI for Poland



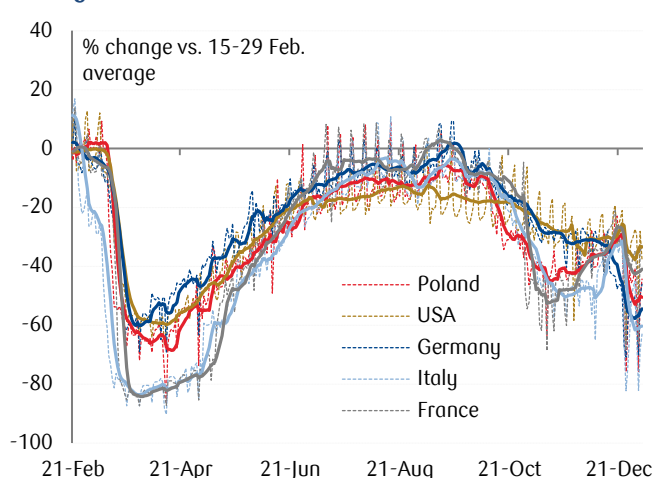
Source: Refinitiv, GUS, BIS, PKO Bank Polski.

Macro monitoring with alternative data

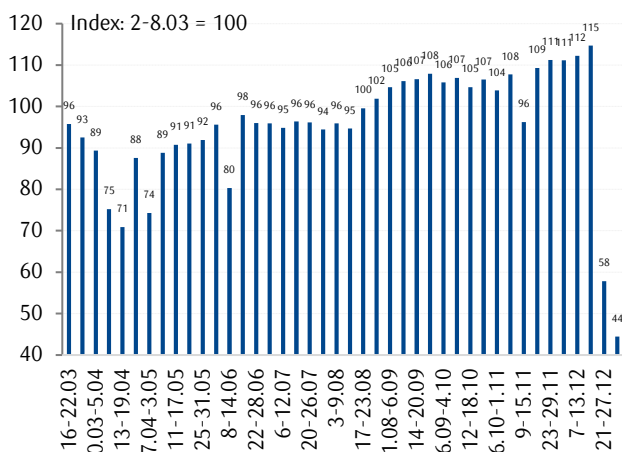
Electric energy consumption (total)



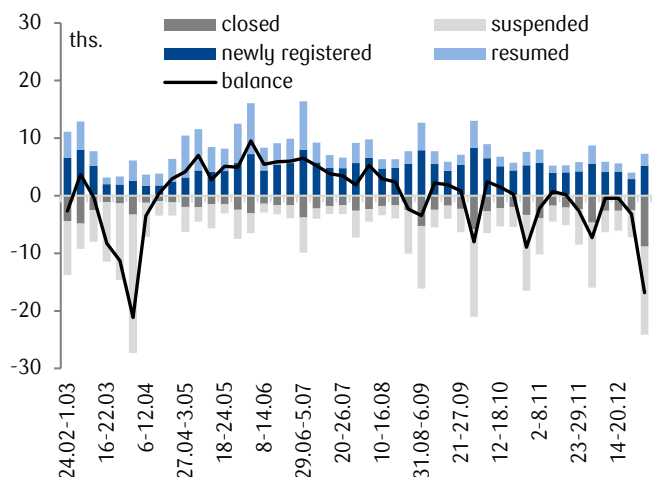
Mobility*



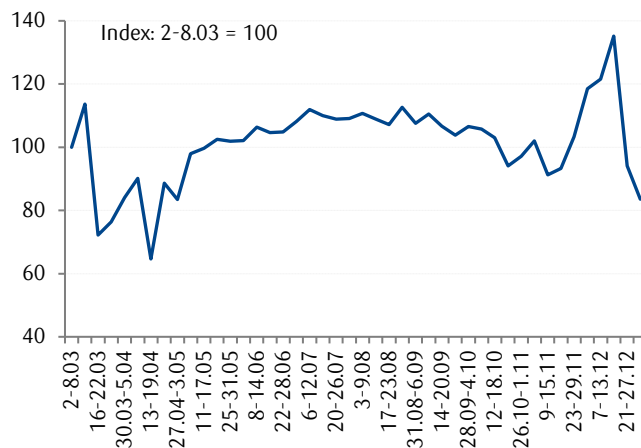
Heavy truck traffic



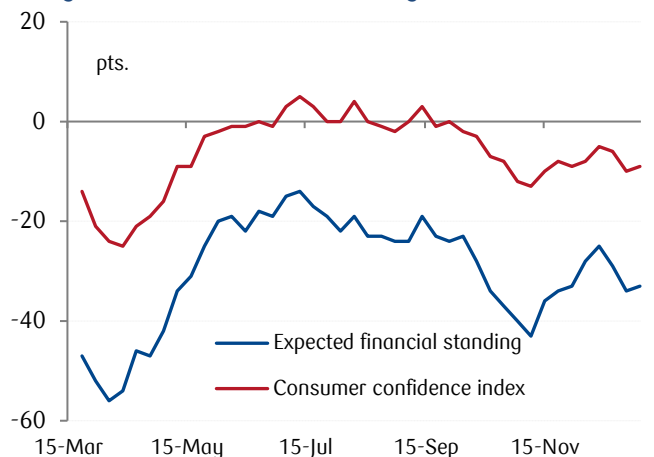
Economic activity status (acc. to CEIDG**)



Consumption based on PKO BP card payments



Weekly consumer confidence survey



Source: PSE, Apple, Google, GDDKGA, CEIDG, Kantar, PKO Bank Polski, *weighted with market share of iOS and Android, no new google data available, 7DMA, **Central Registration and Information on Business.

Weekly economic calendar

Indicator	Time (UK)	Unit	Previous	Consensus*	PKO BP	Comment
Monday, 11 January						
CHN: CPI inflation (Dec)	1:30	% y/y	-0.5	0.0	--	--
Tuesday, 12 January						
USA: JOLTS Report (Nov)	15:00	thous.	6.652	--	--	--
Wednesday, 13 January						
CZE: CPI inflation (Dec)	8:00	% y/y	2.7	--	--	--
EUR: Industrial production (Nov)	10:00	% y/y	-3.8	--	--	--
POL: Current account balance (Nov)	13:00	EUR bn	2241	2045	1716	Another month of stellar exports growth amid pandemic malaise should push the full-year result above 3.5% of GDP.
POL: Exports (Nov)	13:00	% y/y	3.7	5.1	7.0	
POL: Imports (Nov)	13:00	% y/y	-3.5	0.8	2.1	
USA: CPI inflation (Dec)	13:30	% y/y	1.2	1.3	--	--
USA: Core inflation (Dec)	13:30	% y/y	1.6	1.6	--	--
POL: NBP base rate	--	%	0.10	0.10	0.10	We believe the NBP rates will stay flat.
Thursday, 14 January						
HUN: CPI inflation (Dec)	8:00	% y/y	2.7	--	--	--
GER: GDP growth (2020)	9:00	% y/y	0.6	--	--	--
USA: Initial Jobless Claims	13:30	thous.	787	--	--	--
Friday, 15 January						
POL: CPI inflation (Dec, fin.)	9:00	% y/y	3.0	2.3	2.3	Details of headline print should prove a dip is only temporary. MPC minutes from the meeting in December could shed more light on the NBP's FX maneuvers (it has intervened since mid-December).
POL: MPC minutes (Dec)	13:00	--	--	--	--	
USA: PPI inflation (Dec)	13:30	% y/y	0.8	0.7	--	--
USA: Retail sales (Dec)	13:30	% m/m	-1.1	-0.3	--	--
USA: Industrial production (Dec)	14:15	% m/m	0.4	0.3	--	--
USA: University of Michigan sentiment (Jan, flash)	15:00	pts.	80.7	79.5	--	--

Source: GUS, NBP, Parkiet, PAP, Bloomberg, Reuters, PKO Bank Polski. Parkiet for Poland, Bloomberg, Reuters for others.

Selected economic indicators and forecasts

	Oct-20	Nov-20	Dec-20	1q20	2q20	3q20	4q20	2019	2020	2021
Economic activity										
Real GDP (% y/y)	x	x	x	1.9	-8.4	-1.5	-2.4	4.5	-2.6	5.1
Domestic demand (% y/y)	x	x	x	1.0	-9.9	-3.2	-4.5	3.5	-4.0	4.9
Private consumption (% y/y)	x	x	x	1.2	-10.8	0.4	-2.5	4.0	-2.9	5.5
Gross fixed capital formation (% y/y)	x	x	x	0.9	-10.7	-9.0	-9.2	7.2	-7.9	3.7
Inventories (pp)	x	x	x	-0.3	-2.0	-2.3	-1.3	-1.4	-1.4	0.1
Net exports (pp)	x	x	x	0.9	1.1	0.7	1.8	1.2	1.2	0.6
Industrial output (% y/y)	1.0	5.4	8.0	0.9	-13.6	3.2	4.8	4.0	-1.2	10.0
Construction output (% y/y)	-5.8	-4.9	0.0	5.0	-2.8	-10.9	-3.5	3.6	-3.9	-1.3
Retail sales (real, % y/y)	-2.3	-5.3	1.2	0.8	-10.7	1.0	-2.0	5.4	-2.7	1.2
Nominal GDP (PLN bn)	x	x	x	556.4	528.2	582.5	643.3	2288	2310	2505
Labour market										
Registered unemployment rate‡(%)	6.1	6.1	6.2	5.4	6.1	6.1	6.2	5.2	6.2	5.4
Employment in enterprises (% y/y)	-1.0	-1.2	-1.1	0.8	-2.0	-1.9	-1.1	2.7	-1.2	1.0
Wages in enterprises (% y/y)	4.7	4.9	5.0	7.0	2.1	4.3	4.9	6.6	4.7	5.6
Prices^										
CPI inflation (% y/y)	3.1	3.0	2.3	4.6	3.2	3.0	2.8	2.3	3.4	3.1
Core inflation (% y/y)	4.2	4.3	3.8	3.4	3.8	4.2	4.1	1.9	4.0	2.9
15% trimmed mean (% y/y)	3.1	3.0	x	3.4	3.4	3.2	x	2.0	x	x
PPI inflation (% y/y)	-0.3	-0.1	0.1	0.2	-1.3	-1.2	-0.1	1.2	-0.5	2.3
Monetary aggregates‡										
Money supply, M3 (PLN bn)	1782.6	1790.7	1830.2	1624.9	1746.2	1762.2	1830.2	1565.6	1830.2	1967.5
Money supply, M3 (% y/y)	17.0	16.1	16.9	11.8	18.1	17.0	16.9	8.3	16.9	7.5
Real money supply, M3 (% y/y)	13.9	13.1	14.6	7.2	14.9	14.0	14.6	4.9	14.6	4.4
Loans, total (PLN bn)	1345.8	1338.8	1353.0	1366.6	1341.1	1337.7	1353.0	1323.4	1353.0	1414.6
Loans, total (% y/y)	1.3	0.4	2.2	6.5	3.1	0.5	2.2	5.1	2.2	4.5
Deposits, total (PLN bn)	1631.7	1639.4	1609.9	1485.1	1618.7	1627.3	1609.9	1406.6	1609.9	1683.7
Deposits, total (% y/y)	16.3	15.8	14.5	11.2	19.5	15.8	14.5	8.2	14.5	4.6
Balance of payments										
Current account balance (% GDP)	3.5	3.6	3.4	1.1	2.3	3.1	3.4	0.5	3.4	2.9
Trade balance (%GDP)	2.1	2.3	2.0	0.4	1.2	1.8	2.0	0.2	2.0	1.6
FDI (% GDP)	0.7	0.9	1.1	1.4	1.6	1.1	1.1	1.6	1.1	1.7
Fiscal policy										
Fiscal balance (% GDP)	x	x	x	x	x	x	x	-0.7	-9.2	-3.4
Public debt (% GDP)	x	x	x	x	x	x	x	46.0	59.7	58.1
Monetary policy‡										
NBP reference rate (%)	0.10	0.10	0.10	1.00	0.10	0.10	0.10	1.50	0.10	0.10
NBP lombard rate (%)	0.50	0.50	0.50	1.50	0.50	0.50	0.50	2.50	0.50	0.50
NBP deposit rate (%)	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.50	0.00	0.00
WIBOR 3M* (%)	0.22	0.22	0.21	1.17	0.26	0.22	0.21	1.71	0.21	0.20
Real WIBOR 3M* (%)#	-2.88	-2.78	-2.09	-3.43	-3.04	-2.78	-2.59	-1.69	-3.19	-2.90
Exchange rates*‡										
EUR-PLN	4.62	4.48	4.61	4.55	4.46	4.53	4.61	4.26	4.61	4.45
USD-PLN	3.95	3.74	3.76	4.15	3.98	3.87	3.76	3.80	3.76	3.50
CHF-PLN	4.32	4.14	4.26	4.30	4.18	4.19	4.26	3.92	4.26	4.05
EUR-USD	1.17	1.20	1.23	1.11	1.12	1.17	1.23	1.12	1.23	1.27

Source: GUS, NBP, PKO Bank Polski.

*PKO BP Market Strategy team forecasts.

‡period averages for quarterly and yearly data.

#deflated with current CPI inflation.

‡period end values.

‡under revision.

Monetary policy monitor

MPC Members	Hawk-o-meter*	Recent policy indicative comments
K. Zubelewicz	4.7	"As real interest rates in Poland were negative anyway, their further reduction "could not have produced spectacular effects,"" (16.12.2020, PAP)
E. Gatnar	4.6	"I am completely surprised because both [PAP: NBP] chief and the whole dovish wing of the MPC repeatedly talked about stabilization of interest rates at this historically minimal level close to zero. (...) In my opinion, interest rates in Poland should gradually return to pre-pandemic levels... starting with [a hike to] the level of 0.5% already next year" (31.12.2020, PAP)
L. Hardt	4.1	"As of today, if the optimistic economic scenario for the next year becomes a reality, interest rates should inch up, perhaps to 0.50%, (...) If the [PAP: monetary] policy were to be normalized next year, I would rather speak in favor of more finessed normalization, and not a simple rate hike. (...) Normalization means to me coming back to 0.50%, along with simultaneous continuation of the asset purchase program, perhaps launching long repo operations and keeping the rate on the bill discount credit at the current level" (08.12.2020, PAP)
J. Kropiwnicki	3.6	"The NBP management board could support growth with actions in the sphere of the FX exchange rate policy and supporting the exports of Polish goods and service" (04.01.2021, PAP).
R. Sura	2.2	"I would not exclude such a scenario [PKO: rate cuts] in the future (...) [PKO: while] inflation in 2021 will be approaching the middle of the inflation target tolerance band, (...) and economic developments and expert opinions delivered to us parallelly and analyzed by us should point at a possibility of a further rate cut, with concurrent demonstration of positive effects for the real economy. (...) As of today I do not see such a need and the current rate regime appears "optimal." (30.12.2020, PAP).
G. Ancyparowicz	2.1	"If it turns out that [PAP: verbal intervention of the NBP chief Glapinski] is ineffective and the zloty starts appreciating in a dangerous manner (...) we don't have any other way out but to actually reduce that pressure [PAP: towards appreciation] (...) Although we do not want to do that, we would likely be forced into cutting interest rates further" (05.01.2021, PAP)
C. Kochalski	2.1	"Poland would hardly benefit from introducing negative interest rates given the current condition of the economy," (18.11.2020, PAP, Bloomberg).
A. Glapinski	1.9	"If the pandemic and economic situation will develop in line with the base scenario for a stabilization of the epidemic situation and gradual improvement in economic trends, then no change in monetary policy parameters should be necessary in the coming quarters. Shortly speaking, with the current high level of uncertainty concerning future economic situation nothing is predetermined and we have to be ready for different scenarios" (05.01.2021, PAP, obserwatorfinansowy.pl).
J. Zyzynski	1.6	"Cutting NBP interest rates, maybe even to zero, which would make credits a bit cheaper as market interest rates would go down, would likely be advisable." (30.12.2020, PAP)
E. Lon	1.0	"I hope that there won't be a need to cut interest rates this year. Stabilization of interest rates at current levels is the baseline scenario for 2021." (04.01.2021, PAP, wgosparce.pl)

*the higher the indicator the more hawkish views. Due to the fact that the new MPC has not voted yet on interest rates changes, the positioning has been made based positively on PAP survey conducted among economists at banks in Poland (scale 1-5).

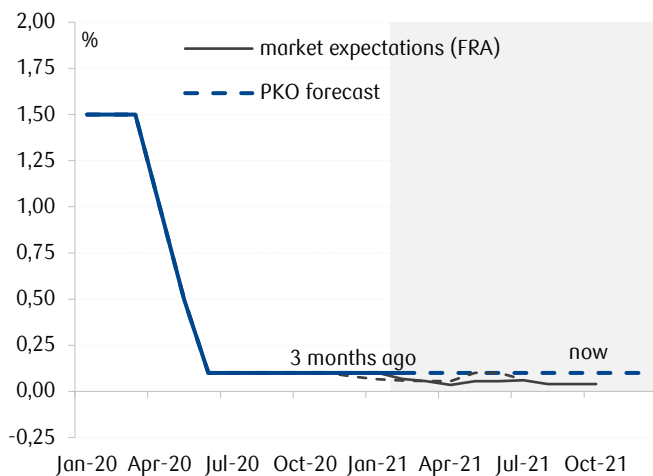
Interest rates – PKO BP forecasts vs. market expectations

		1M	2M	3M	4M	5M	6M	7M	8M	9M
Date	7-Jan	7-Feb	7-Mar	7-Apr	7-May	7-Jun	7-Jul	7-Aug	7-Sep	7-Oct
WIBOR 3M/FRA†	0.21	0.18	0.17	0.15	0.16	0.17	0.17	0.15	0.15	0.15
implied change (b. p.)		-0.03	-0.04	-0.07	-0.05	-0.04	-0.04	-0.06	-0.06	-0.06
MPC Meeting	13-Jan	3-Feb	3-Mar	7-Apr	5-May	9-Jun	8-Jul	-	8-Sep	6-Oct
PKO BP forecast*	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
market pricing*		0.07	0.06	0.04	0.05	0.06	0.06	0.04	0.04	0.04

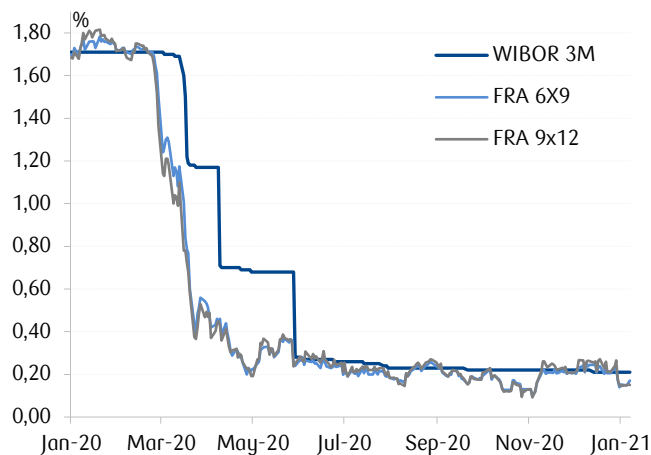
†WIBOR 3M from the last fixing, FRA transactions based on WIBOR 3M for subsequent periods, ‡in basis points, *PKO BP forecast of the NBP reference rate.

Poland macro chartbook

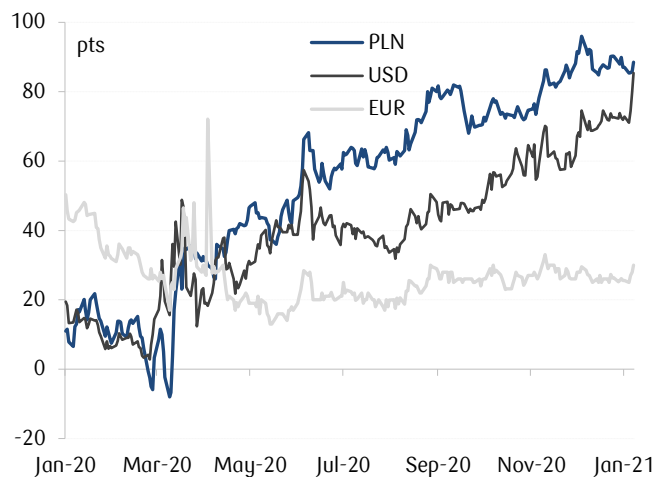
NBP policy rate: PKO BP forecast vs. market expectations



Short-term PLN interest rates



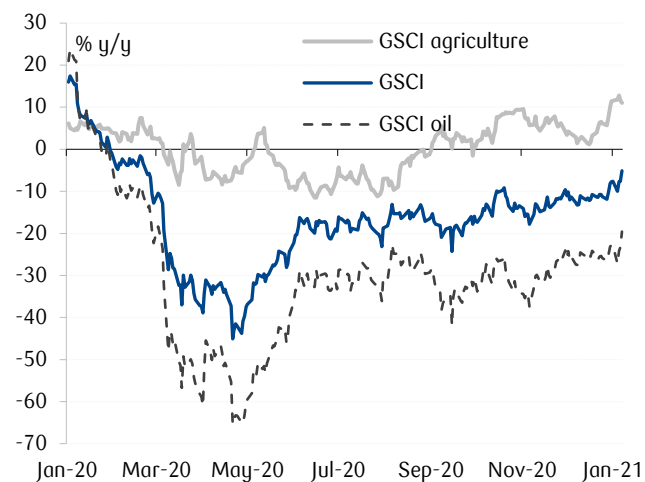
Slope of the swap curve (spread 10Y-2Y)*



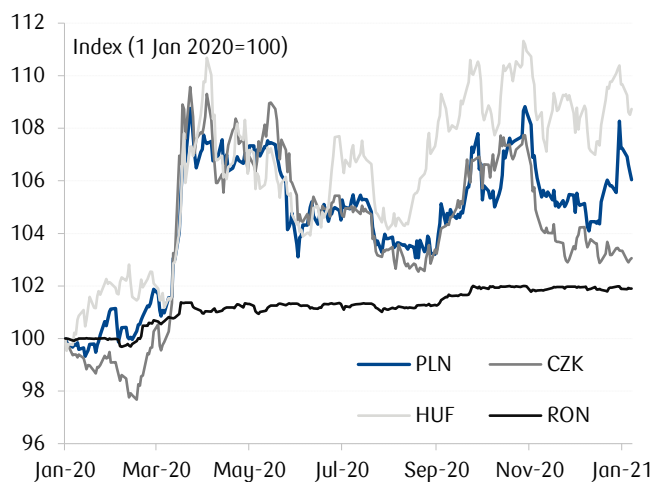
PLN asset swap spread



Global commodity prices (in PLN)

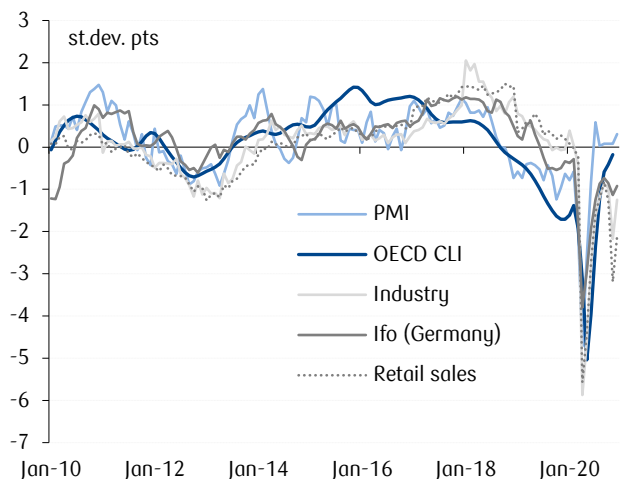


Selected CEE exchange rates against the EUR

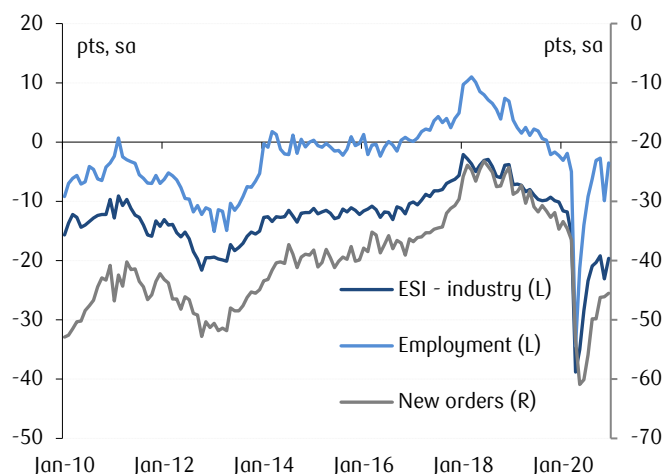


Source: Datastream, NBP, PKO Bank Polski. *for PLN, and EUR 6M, for USD 3M.

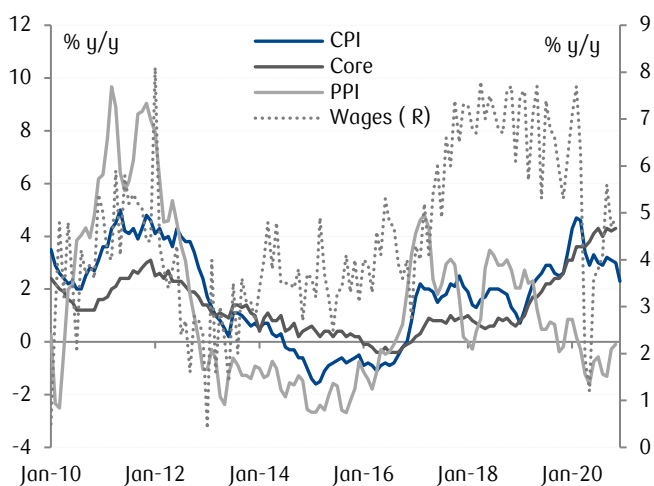
Economic sentiment indicators



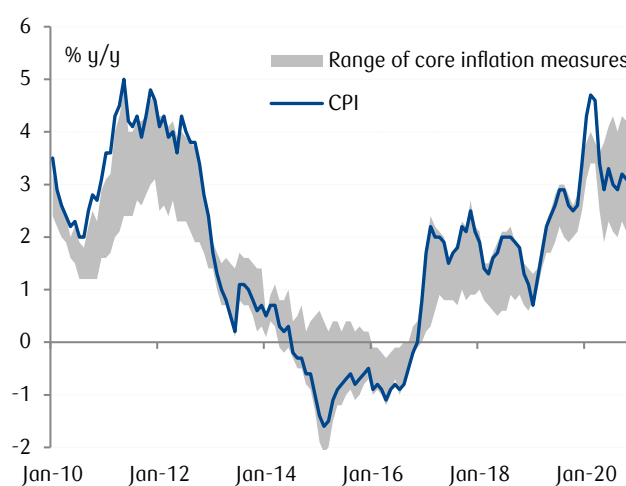
Poland ESI for industry and its components



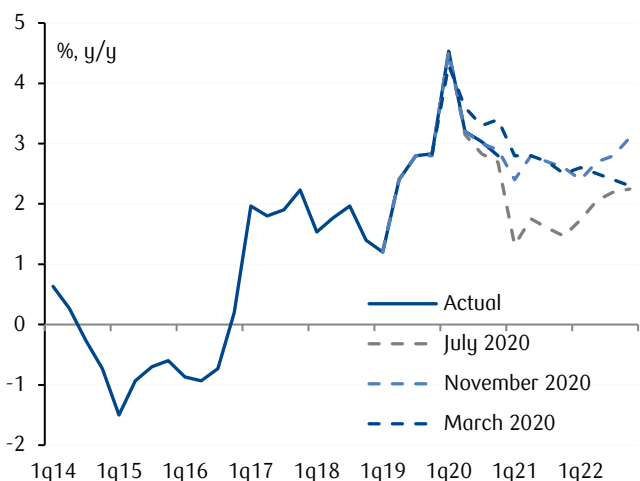
Broad inflation measures



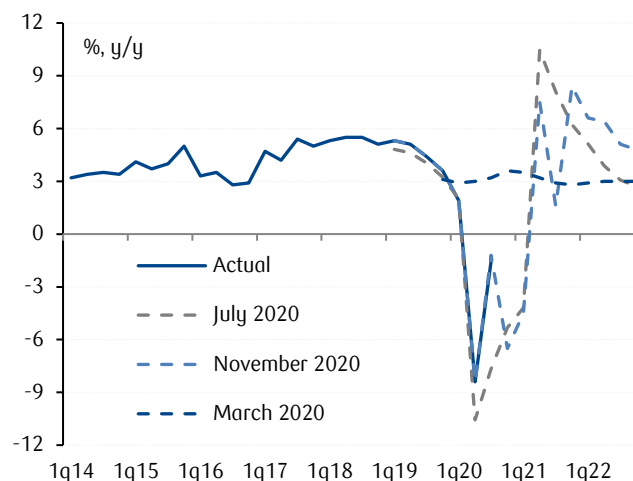
CPI and core inflation measures



CPI inflation - NBP projections vs. actual

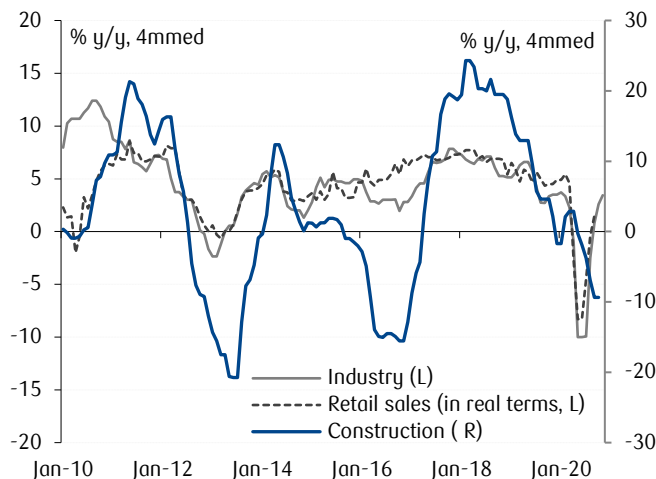


Real GDP growth - NBP projections vs. actual

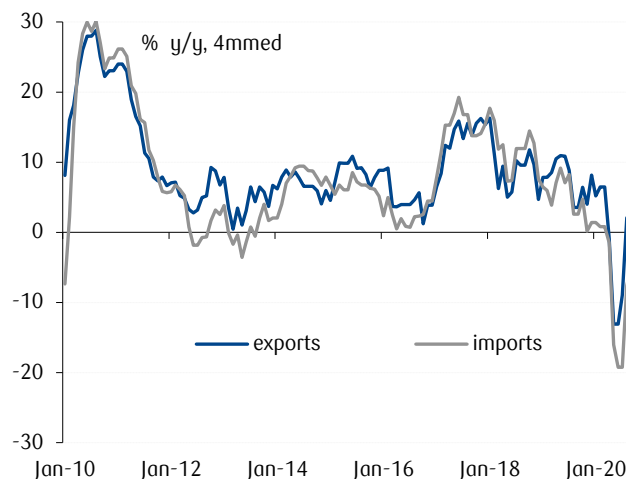


Source: Datastream, GUS, EC, NBP, PKO Bank Polski.

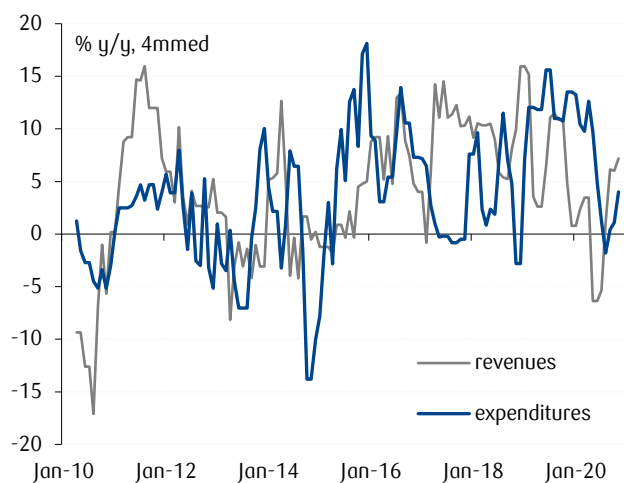
Economic activity indicators



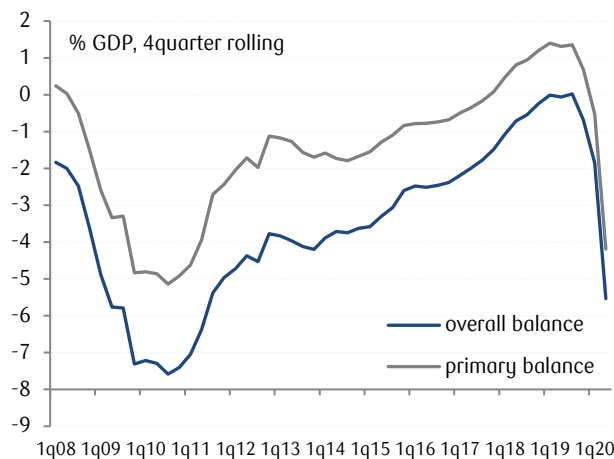
Merchandise trade (in EUR terms)



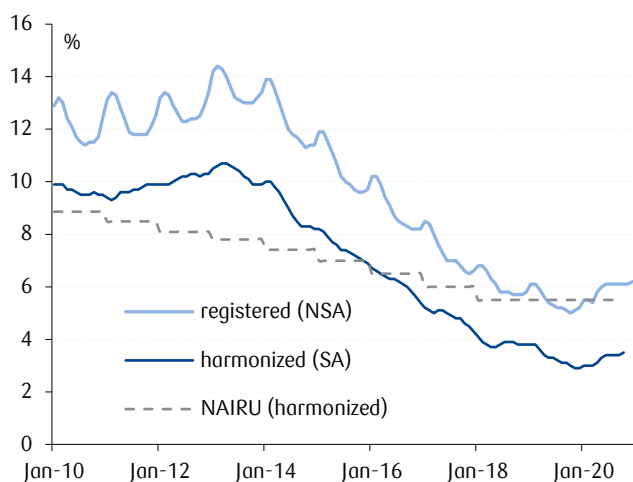
Central government revenues and expenditures*



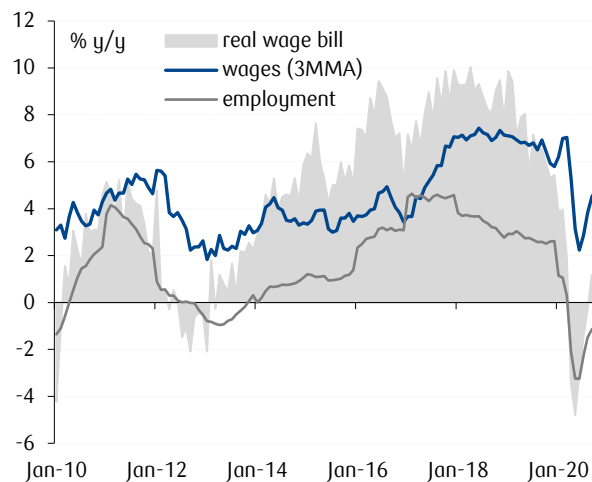
General government balance (ESA2010)



Unemployment rate

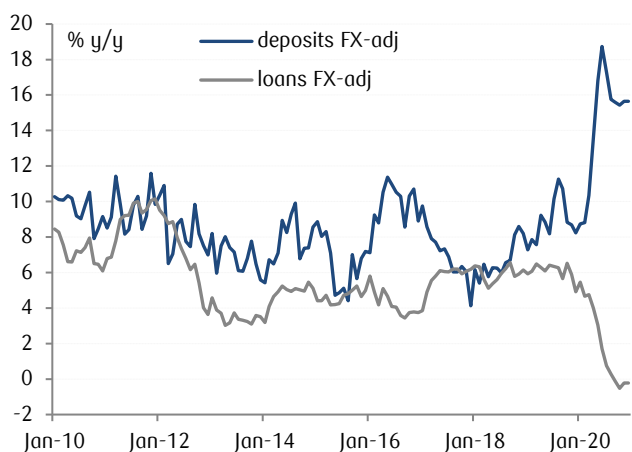


Employment and wages in the enterprise sector

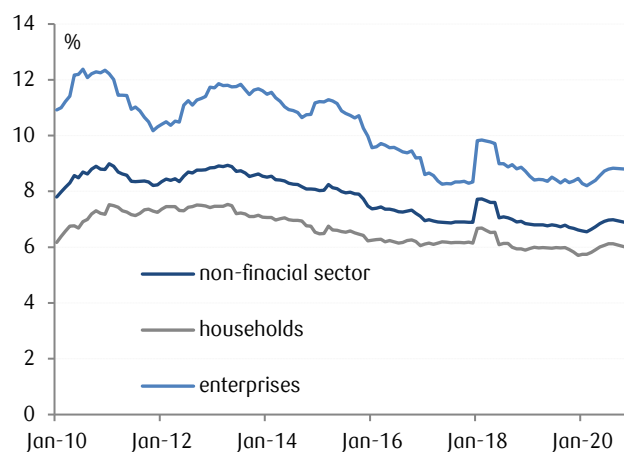


Source: NBP, Eurostat, GUS, MinFin, PKO Bank Polski. *break in series in 2010 due to methodological changes.

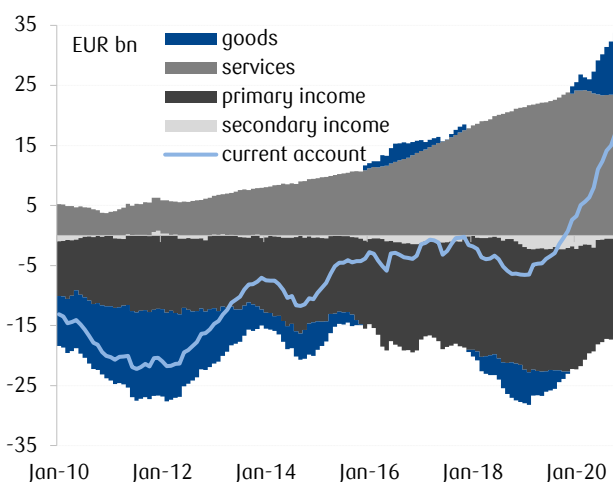
Loans and deposits



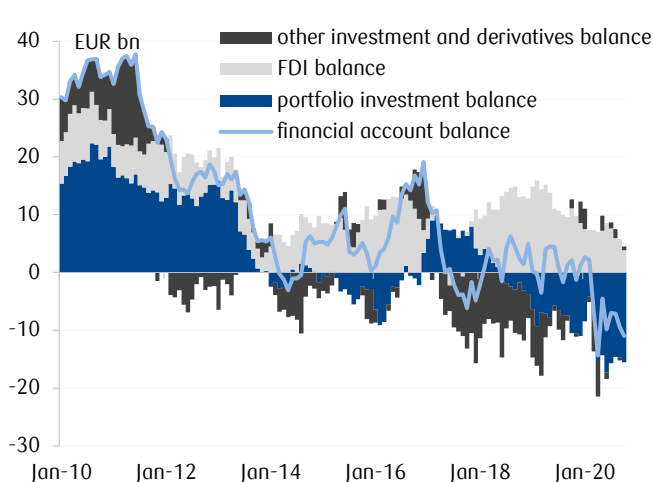
Non-performing loans (NPLs) - by sectors*



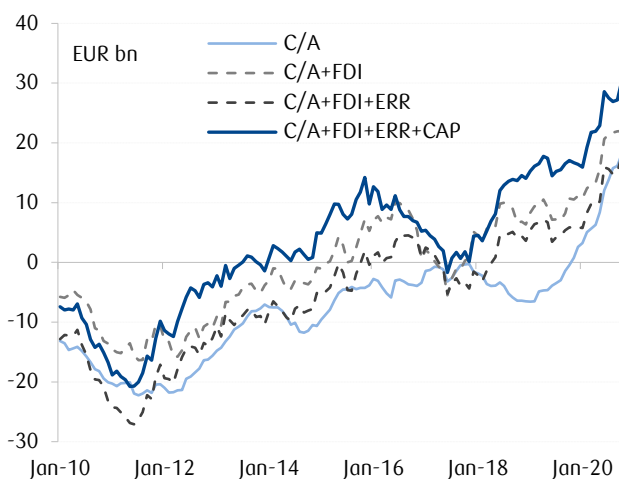
Current account balance



Financial account balance



External imbalance measures



NBP FX reserves (in EUR terms)



Source: NBP, PKO Bank Polski. *break in series in Jan2018 due to methodological changes.

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Poland's macro in a nutshell

	2020	2021	Comment
Real economy			
- real GDP (%)	-2.6	5.1	We forecast that in 2021 the Polish economy will grow by over 5%, after a decrease of close to 3% in 2020. The main trigger for such a strong rebound will be an improvement in the epidemic situation. Thanks to the anti-crisis measures, the fundamental structure of the economy has been preserved, which enables a fast recovery. Last but not least, in our opinion the fiscal policy will support GDP growth in 2021 even stronger than in 2020.
Prices			
- CPI inflation (%)	3.4	3.1	Inflation will remain close to the upper inflation target band (3.5%). Strong economic recovery shortens the pandemic-related disinflationary period, and, combined with regulatory changes (power levy, trade tax, sugar levy), pushes CPI inflation above 3%.
Monetary aggregates			
- M3 money supply (%)	16.9	7.5	With the rebound of the economic growth, we expect credit demand to increase slowly, fueling a moderate bank lending expansion. Smaller scale of asset purchases will result in a deceleration of money supply growth.
External balance			
- current account balance (% GDP)	3.4	2.9	The balance of payments has become the main strength of Poland's macroeconomic fundamentals. Polish companies are successfully gaining the market share in global trade and Polish exports are breaking new records on a regular basis. Poland has become a net exporter, which is a hugely important structural change, that increases the room for maneuver in both monetary and fiscal policy.
Fiscal policy			
- fiscal balance (% GDP)	-9.2	-3.4	We see no threat to the sustainability of the public finances. In our view Poland, as a competitive economy with high GDP growth potential and moderate inflation, will begin to quickly 'outgrow' the public debt, which has increased due to pandemic.
Monetary policy			
- NBP reference rate (%)	0.10	0.10	Despite high inflation NBP monetary policy will not be exciting. In our baseline scenario we still assume that NBP interest rates will remain unchanged even after 2021, and that the MPC will continue its asset purchases program. Nevertheless, as the economy recovers and relatively high inflation persists, the market might start to expect that monetary policy normalization will start in Poland even before the major central banks will start to tighten their policies.

Source: GUS, NBP, Eurostat, PKO Bank Polski. † under revision.

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