

The third wave hits the economy

Top macro theme(s):

- **Consumers in defense (p. 2):** MinHealth announced a return to country-wide restrictions which will last into 2q21 and will hit retailers and part of services. This puts our full-year GDP growth forecast (5.1%) under revision.
- **Inflation's dive before an imminent jump (p. 3):** CPI inflation fell to 2.4% y/y in February from 2.6% y/y in January (revised from 2.7%) marking a low in 2021. We expect a rebound to 3.5% y/y by May and stabilization at elevated level later on.

What else caught our eye:

- The record high monthly **current account surplus** in January (EUR 3.278bn) was accompanied by further improvement of foreign trade balances. Total trade surplus (12-month) for both goods and services reached 7.0% of GDP.
- **Industrial output** disappointed in February, expanding by a modest 2.7% y/y amid PPI inflation hitting 2.0% y/y, reflecting rising fuel prices as well as limited supply of certain industrial inputs. Except for bottlenecks, Brexit sped up purchases at the end-2020 thus limiting output in early 2021.
- **Construction output** in February was weaker than expected (-16.9% y/y vs -10.0% y/y in January). Frosty weather prolonged the winter decline in activity in construction works but the overall order books bodes well for a restart in spring.
- **Labour market** hibernated in February in a good shape with employment drop reduced to -1.7% y/y (reflecting easing restrictions in early February) and wages growth rate barely changed from January (+4.5% y/y).
- **Supreme Court ruling on FX loans** has been postponed until 13th April.

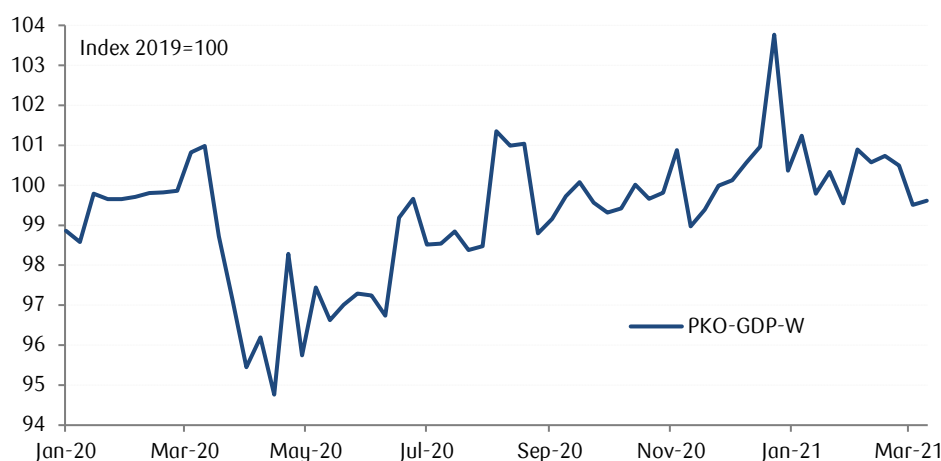
The week ahead:

- **Money (M3) supply** growth rate was still elevated in February on our estimates (PKOe: 16.6%) but with weak loans production.
- **Unemployment rate** in February rose to 6.6% on early MinLab estimates (above PKO and cons.: 6.5%). This most likely reflects seasonal effects due to harsh winter weather.

Number of the week:

- **27278** – number of reported Covid-19 cases in Poland on Thursday, the second highest since the onset of the pandemic.

Chart of the week: Weekly economic activity tracker [PKO-GDP-W]*



Source: PSE, Google Trends, Macrobond, Bloomberg, PKO Bank Polski. *corr. for supply chain bottlenecks. Last plot March 13th.

Chief Economist

Piotr Bujak

piotr.bujak@pkobp.pl
tel. +48 22 521 80 84

Macro Research Team

[@PKO_Research](#)

Marta Petka-Zagajewska

Senior Economist
marta.petka-zagajewska@pkobp.pl
tel. +48 22 521 67 97

Marcin Czaplicki

Economist
marcin.czaplicki@pkobp.pl
tel. +48 22 521 54 50

Urszula Krynska

Economist
urszula.krynska@pkobp.pl
tel. +48 22 521 51 32

Kamil Pastor

Economist
kamil.pastor@pkobp.pl

Michal Rot

Economist
michal.rot@pkobp.pl
tel. +48 22 580 34 22

	2020†	2021†^
Real GDP (%)	-2.7	5.1
Industrial output (%)	-1.0	10.0
Unemployment rate# (%)	6.2	5.4
CPI inflation** (%)	3.4	3.1
Core inflation** (%)	3.9	3.0
Money supply M3 (%)	16.4	10.5
C/A balance (% GDP)	3.5	2.8
Fiscal balance (% GDP)*	-9.2	-3.4
Public debt (% GDP)*	59.7	58.1
NBP reference rate## (%)	0.10	0.10
EURPLN‡	4.61	4.48

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. ^under revision.

Third wave hits the economy

- Retail sales in February missed estimates and fell by 3.1% y/y (vs. -6.0% y/y in Jan.) as the opening of shopping malls in February resulted in a smaller scale of sales rebound than after the previous lockdowns.
- PKO BP card data indicate no measurable improvement in consumer purchasing activity in March.
- Taking into account other disappointing prints from industry and construction we have put our full-year forecast for revision while downgrading 1q21 GDP outlook to -1.5% y/y.

Real retail sales in February dropped by 3.1% y/y (vs. -6.0% y/y in Jan) and missed forecasts (PKO: -1.2% y/y, cons.: -2.7% y/y). Positive effects of shopping malls opening in February were lesser than after the previous lockdowns. “Core” sales (i.e. excluding fuel, food and cars) increased by 1.2% y/y (vs. -4.3% y/y in Jan.). It indicates that the poor overall sales result was also due to the cancellation of winter holidays which reduced mobility and high base in food sales from a year ago (February 2020 marked consumers stock-piling caused by fears of the pandemic).

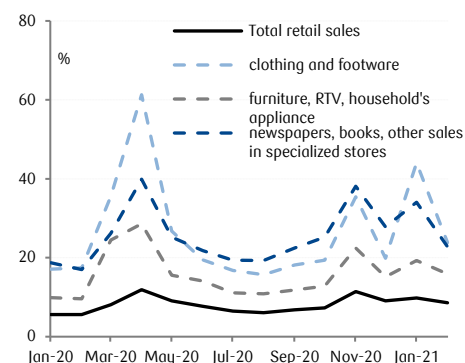
PKO BP card data indicated a moderate and rather short-lived rebound in retail sales in February. The increased wave of purchases was fading immediately after the opening of shopping centers, and in the second half of February, consumer purchasing activity remained at a reduced level (although the volume of traffic in shopping malls rebounded on a scale similar to the previous months).

The share of online sales has not changed significantly (8.6% vs 9.1% in Jan.) and was clearly higher than before the outbreak of the pandemic (5.6% in February 2020). The largest shifts between stationary and online trade in reaction to the restrictions occur in the footwear and clothing stores. The sale of clothing and footwear was the category that benefited the most from the reopening of malls (+73% m/m and +13% y/y). The sale of newspapers and books was also clearly positively affected. A consistently stable upward trend can be seen in the sale of furniture and RTV/household appliances (since the outbreak of the pandemic, sales decreased only 3 times in y/y terms). The total sales results were driven down by fuel sales (-15% y/y due to reduced mobility), sales of food (-5% y/y) and pharmaceuticals (-13.5% y/y). Poor results of the last two categories reflect high base due to pre-pandemic purchases from a year ago.

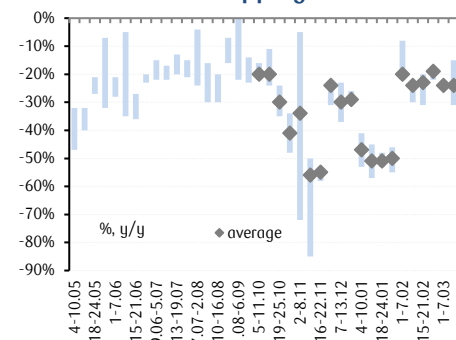
Unfortunately PKO BP card data show no measurable improvement in consumer purchasing activity in March. Consumer spending remains under the lockdown restrictions’ pressure, which has just been extended country wide (effective of 20th Mar to 9th. Apr. at least). All in all, this indicates that consumption in 1q21 could even deepen its decline compared to 4q20 (-3.2% y/y), as shopping malls and part of services related to HoReCa and entertainment will be shut down again.

The disappointing results from the real economy for February as well as the return to country-wide restriction as of 20th March indicate that our GDP forecast for 1q21 has to be recalculated again. We pencil in a GDP decline by 1.5% y/y in 1q21. This puts out full-year GDP outlook for a downward revision (next week).

Share of internet sales

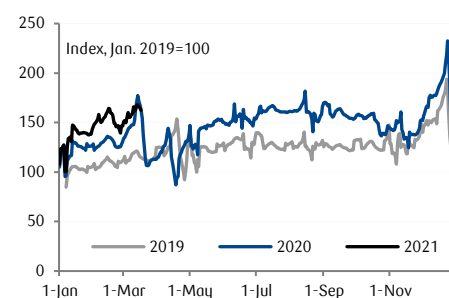


Footfall index – shopping centers



Source: PRCH, PKO Bank Polski. Last plot 8 Mar-13 Mar.

Card transaction by PKO BP customers



Source: PKO Bank Polski.

Inflation's dive before an imminent jump

- CPI inflation fell to 2.4% y/y from 2.6% y/y in January (revised from 2.7%).
- Core inflation increased to 3.9% y/y in January and fell to 3.7% in February (from 3.7% in December).
- Low base effects from last year (first months of the pandemic) are bound to push CPI inflation up, as early as in March, with the headline print reaching its peak in May, at app. 3.5%.

CPI inflation fell to 2.4% y/y from 2.6% y/y in January (revised from 2.7%). It declined below the NBP inflation target (2.5%) for the first (and in our view the only) time this year. The main surprises in the CPI came from non-core categories: energy prices (which declined), fuels (lower increase than suggested from the weekly data), as well as food prices. Core inflation also fell, but less than expected (to 3.7% y/y in February from 3.9% in January).

Prices of food and non-alcoholic beverages increased by 0.6% m/m in February, below the seasonal pattern. Monthly increases of fruits' and vegetables' prices proved to be lower than expected. As a result, they were lower than a year ago. Due to sugar tax some solid increases have been recorded in prices of non-alcoholic beverages (2.0% m/m in February, 3.3% in January), indicating an impact of the sugar tax that may also be visible in March. The data suggest that neither the retail sales tax contributed to rising prices, nor the new charge on small volume bottles lifted the overall prices of alcohol.

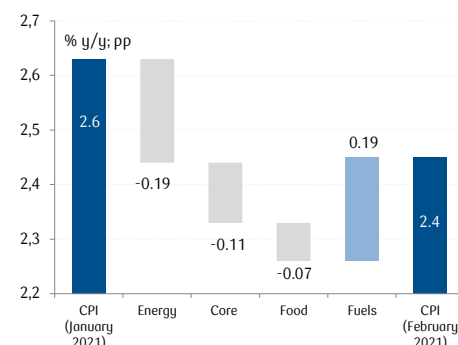
Fuel prices rose, but not as much as suggested by the high frequency data. The prices of oil indicate that fuel prices are bound to remain in an upward trend not only throughout March, but also in (at least) early April.

Core inflation increased to 3.9% y/y in January and fell to 3.7% in February (from 3.7% in December). The growth of service prices decelerated to 7.0% y/y from 7.4% y/y in January (but was higher than in December, when it reached 6.4%). In some categories (ia. waste disposal, water and sewerage services) strong monthly increases in prices have been buffered by high statistical base from the previous year.

The recent CPI publication included new basket weights. Compared to previous years the extend of changes between the 2020 and 2021 baskets is material. We estimate that only the change in weights has lowered the CPI inflation path by app. 0.06pp. As expected, the biggest increase in weight has been recorded by food, housing, health, and communication. It occurred at the expense of clothing & footwear, as well as some services, incl. recreation and culture, as well as those offered by restaurants and hotels.

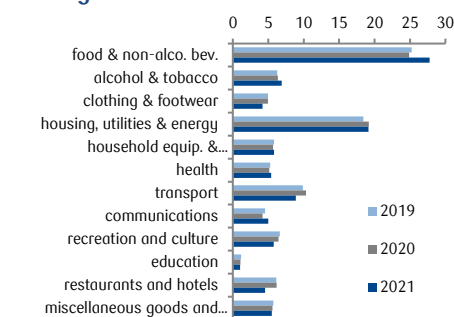
The CPI print for February is neutral from the MPC's viewpoint. The Council is bound to maintain the current level of interest rates until the end of its term, as emphasised by the NBP's Governor, A.Glapinski. In our view, interest rates may remain flat even for much longer. Lower (than expected) CPI print puts a downward risk on our medium term inflation forecast (3.1% in 2021), however a fairly rigid core inflation (mostly due to communal services), as well as upbeat oil prices (even despite the yesterday's dive) make us feel comfortable with a forecast at around 3%. Low base effects from last year (first months of the pandemic) are bound to push CPI inflation up, as early as in March, with the headline print reaching its peak in May, at app. 3.5%.

Decomposition of changes in CPI inflation



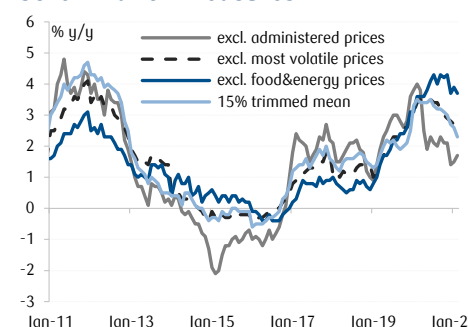
Source: GUS, PKO Bank Polski.

Changes to the CPI basket



Source: GUS, PKO Bank Polski.

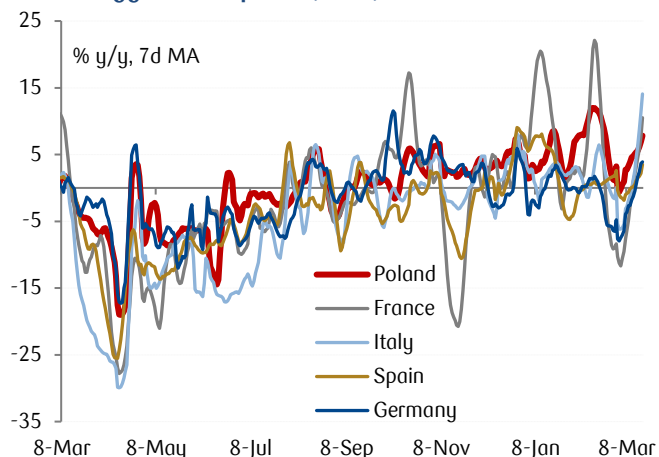
Core inflation measures



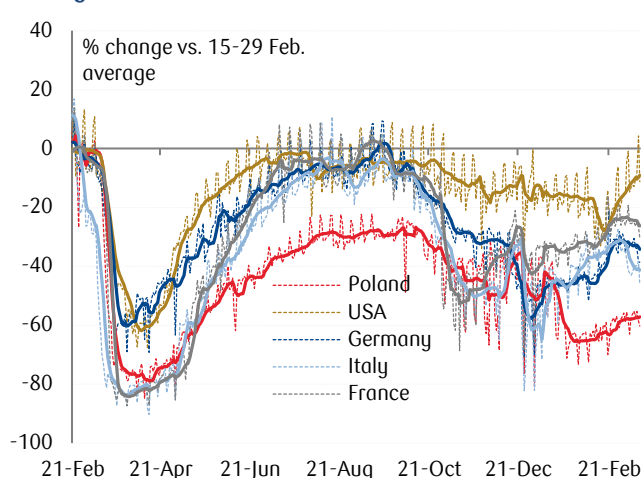
Source: NBP, PKO Bank Polski.

Macro monitoring with alternative data

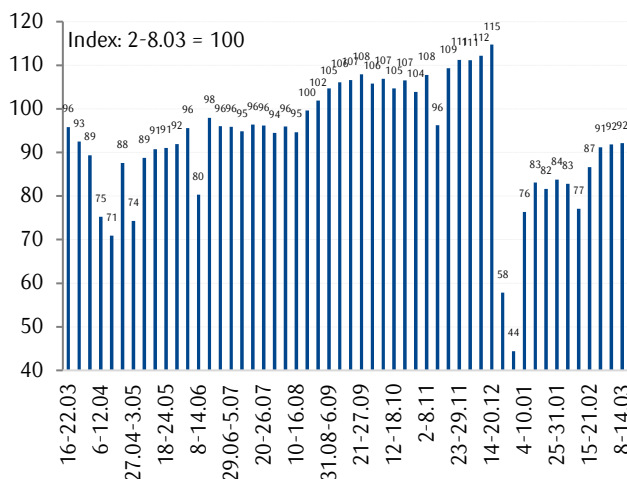
Electric energy consumption (total)



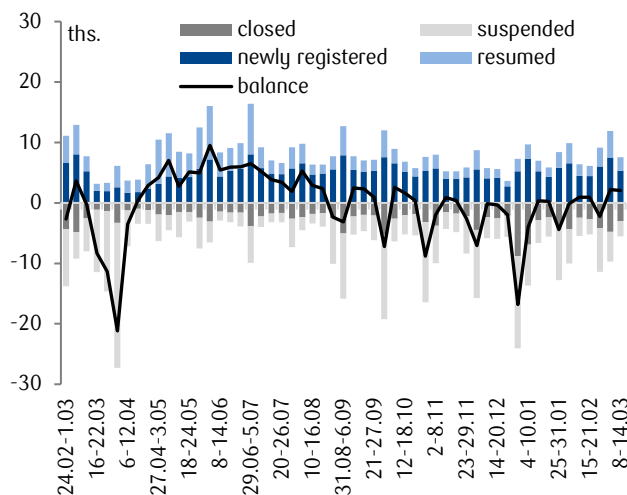
Mobility*



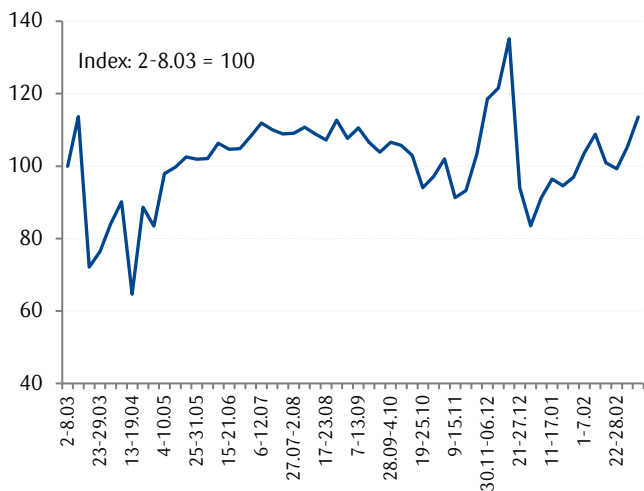
Heavy truck traffic



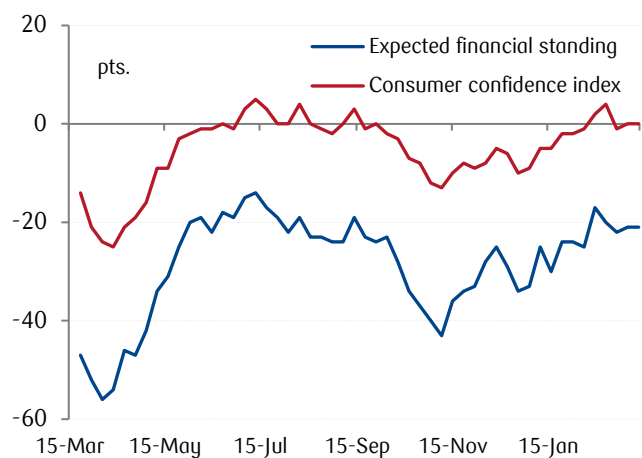
Economic activity status (acc. to CEiDG**)



Consumption based on PKO BP card payments



Weekly consumer confidence survey



Source: PSE, Apple, Google, GDDKiA, 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, 22 March						
POL: Money Supply M3 (Feb)	13:00	% y/y	16.8	16.5	16.6	Banks balance sheet expansion via loans origination remains under pressure.
USA: Existing home sales (Feb)	14:00	mln	6.69	6.52	--	
Tuesday, 23 March						
POL: Unemployment Rate (Feb)	9:00	%	6.5	6.5	6.5	Early MinLab estimate suggests a small increase of unemployment rate to 6.6%.
HUN: MNB meeting	13:00	%	0.60	0.60	0.60	
USA: New home sales (Feb)	14:00	thous	923	890	--	
Wednesday, 24 March						
GER: Manufacturing PMI (Mar, flash)	8:30	pts.	60.7	--	--	
GER: Services PMI (Mar, flash)	8:30	pts.	45.7	--	--	
EUR: Manufacturing PMI (Mar, flash)	9:00	pts.	57.9	--	--	
EUR: Services PMI (Mar, flash)	9:00	pts.	45.7	--	--	
USA: Durable goods orders (Feb, flash)	12:30	% m/m	3.4	0.7	--	
CZE: Central bank meeting	13:30	%	0.25	0.25	0.25	
USA: Manufacturing PMI (Mar, flash)	13:45	pts.	58.6	58.8	--	
EUR: Consumer Confidence (Mar)	15:00	pts.	-14.8	--	--	
Thursday, 25 March						
SWI: SNB meeting	8:30	%	-0.75	-0.75	-0.75	
EUR: M3 money supply (Feb)	9:00	% y/y	12.5	--	--	
USA: Initial Jobless Claims	12:30	thous	770	--	--	
USA: GDP growth (4q)	12:30	%q/q saar	4.1	4.1	--	
Friday, 26 March						
GER: Ifo Business Climate Index (Mar)	9:00	pts.	92.4	--	--	
USA: Personal Income (Feb)	12:30	% m/m	10.0	-7.4	--	
USA: Personal spending (Feb)	12:30	% m/m	2.4	-0.2	--	
USA: PCE Deflator (Feb)	12:30	% y/y	1.5	1.6	--	
USA: Core PCE inflation (Feb)	12:30	% y/y	1.5	1.5	--	
USA: University of Michigan sentiment (Mar, final)	14:00	pts.	83.0	83.6	--	

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

Selected economic indicators and forecasts

	Dec-20	Jan-21	Feb-21	4q20	1q21†	2q21†	3q21†	2019	2020	2021†
Economic activity										
Real GDP (% y/y)	x	x	x	-2.8	-1.5	10.5	5.4	4.5	-2.7	5.1
Domestic demand (% y/y)	x	x	x	-3.4	-2.5	10.5	5.3	3.5	-3.9	4.9
Private consumption (% y/y)	x	x	x	-3.2	-1.5	16.5	2.0	4.0	-3.0	5.5
Gross fixed capital formation (% y/y)	x	x	x	-10.9	-3.0	5.4	2.4	7.2	-8.4	3.7
Inventories (pp)	x	x	x	0.6	-1.8	-1.2	2.7	-1.4	-0.9	0.1
Net exports (pp)	x	x	x	0.4	1.4	0.7	0.5	1.2	1.0	0.6
Industrial output (% y/y)	11.2	0.9	2.7	5.2	7.0	21.3	8.7	4.0	-1.0	10.0
Construction output (% y/y)	3.4	-10.0	-16.9	-2.4	-10.0	-4.4	6.0	3.6	-2.7	-1.3
Retail sales (real, % y/y)	-0.8	-6.0	-3.1	-2.8	0.2	7.4	1.3	5.4	-2.7	3.8
Nominal GDP (PLN bn)	x	x	x	650.0	564.3	598.8	633.2	2288	2317	2505
Labour market										
Registered unemployment rate‡(%)	6.2	6.5	6.6	6.2	6.3	5.8	5.4	5.2	6.2	5.4
Employment in enterprises (% y/y)	-1.0	-2.0	-1.7	-1.1	-1.8	0.9	0.9	2.7	-1.2	0.5
Wages in enterprises (% y/y)	6.6	4.6	4.5	5.9	5.2	8.0	4.2	6.6	4.8	5.4
Prices^										
CPI inflation (% y/y)	2.4	2.6	2.4	2.8	2.6	3.2	3.1	2.3	3.4	3.1
Core inflation (% y/y)	3.7	3.9	3.7	4.1	3.5	2.7	2.5	1.9	3.9	2.8
15% trimmed mean (% y/y)	2.7	2.6	2.3	2.9	x	x	x	2.0	3.2	x
PPI inflation (% y/y)	0.0	0.7	2.0	-0.2	1.2	2.1	1.8	1.2	-0.6	1.7
Monetary aggregates‡										
Money supply, M3 (PLN bn)	1822.7	1820.2	1841.5	1822.7	1864.7	1906.2	1936.3	1565.6	1822.7	2013.7
Money supply, M3 (% y/y)	16.4	16.8	16.6	16.4	14.5	9.2	9.9	8.3	16.4	10.5
Real money supply, M3 (% y/y)	14.0	14.1	13.9	14.0	11.9	6.0	6.8	4.9	14.0	7.4
Loans, total (PLN bn)	1333.9	1337.3	x	1333.9	1322.3	1337.9	1358.2	1323.4	1333.9	1378.9
Loans, total (% y/y)	0.8	-0.1	x	0.8	-3.3	-0.2	1.5	5.1	0.8	3.4
Deposits, total (PLN bn)	1602.2	1628.0	x	1602.2	1617.1	1627.5	1646.7	1406.6	1602.2	1681.3
Deposits, total (% y/y)	13.9	13.9	x	13.9	8.9	0.5	1.2	8.2	13.9	4.9
Balance of payments										
Current account balance (% GDP)	3.5	3.6	3.7	3.5	3.7	3.0	3.0	0.5	3.5	2.8
Trade balance (%GDP)	2.3	2.4	2.4	2.3	2.5	2.3	2.1	0.2	2.3	1.7
FDI (% GDP)	1.0	1.0	1.0	1.0	0.9	0.8	1.1	1.6	1.0	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	0.10	0.10	0.10	0.10	1.50	0.10	0.10
NBP lombard rate (%)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	2.50	0.50	0.50
NBP deposit rate (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00	0.00
WIBOR 3M ^x (%)	0.21	0.21	0.21	0.21	0.20	0.20	0.20	1.71	0.21	0.20
Real WIBOR 3M ^x (%) [#]	-2.19	-2.49	-2.49	-2.59	-2.20	-2.80	-2.70	-1.69	-3.19	-2.90
Exchange rates^{x,†}										
EUR-PLN	4.61	4.54	4.51	4.61	4.55	4.53	4.50	4.26	4.61	4.48
USD-PLN	3.76	3.75	3.73	3.76	3.79	3.74	3.66	3.80	3.76	3.61
CHF-PLN	4.26	4.21	4.27	4.26	4.17	4.11	4.09	3.92	4.26	4.05
EUR-USD	1.23	1.21	1.21	1.23	1.23	1.24	1.25	1.12	1.23	1.27

Source: GUS, NBP, PKO Bank Polski.

^xPKO 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	4.8	"Polish MPC would rethink easy-money preferences only on outlook for long-term lasting inflation above 4% (...) Polish MPC will likely stick to bias for "lowest possible interest rates" and "weak zloty," chances for rate normalization "near zero" (26.01.2021, PAP)
E. Gatnar	4.5	"While in the March projection inflation path is higher than the November one (...) in my opinion, it is still too cautious (...) What we are observing now is a return to inflation or reflation. (...) but in this [PAP: MPC's] term, there are rather no chances for rate hikes; the majority of the Council won't make such a decision" (08.03.2021, Biznes 24, PAP)
L. Hardt	4.2	"Our maneuvering room is limited (...) In a situation of high inflation and the need to rebuild the economy after the pandemic, a more fine-tuned, targeted policy would be more efficient. (PAP, 17.03.2021)
J. Kropiwnicki	3.2	"I'm not particularly alarmed by higher inflation, at least in the first half of the year, as supply and cost factors are the main reasons for higher price growth, and monetary policy has no big impact on them" (10.03.2021, Biznes 24, Bloomberg).
C. Kochalski	2.2	"In the current conditions, that is amid rebounding economy [PAP: and] with inflation within the target range, rate stabilization is the right approach, I believe," (10.02.2021, PAP).
R. Sura	2.1	"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	1.8	"I think that at the moment further interest rate cuts will not make credit cheaper, so there are no arguments for further rate cuts" (25.01.2021, Reuters)
A. Glapinski	1.5	"The likelihood of rate hikes under the current [PAP: MPC] term is [PKO: next to] zero. When we enter the path of a fast, stabilized growth, then we will consider [PAP: hikes]. (...) We stand by the view that appreciation of the zloty would presently be very undesirable (...). Ending the asset purchase program is absolutely out of the question [PAP: and] I see no prospects for ending use of this tool in the coming years." (05.03.2021, PAP).
J. Zyzynski	1.5	"The interest rates in the next several quarter should remain on an unchanged level, but the Council has still not renounced a possibility of potential rate cuts - the likelihood of such a move has neither increased nor fallen of late. Nonetheless, it would not be a big stimulus for the economy, as the room for cuts is only 0.1 ppt for the reference rate. At the same time, discussions about tightening the monetary policy are out of the question - there are too many unknowns surrounding the functioning of the economy after the pandemic" (18.02.2021, PAP)
E. Lon	1.1	"As for postulates for hiking Polish interest rates, I believe there will be no such need at least until the end of the current MPC term " (08.03.2021, wgospodarce.pl, PAP)

*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).

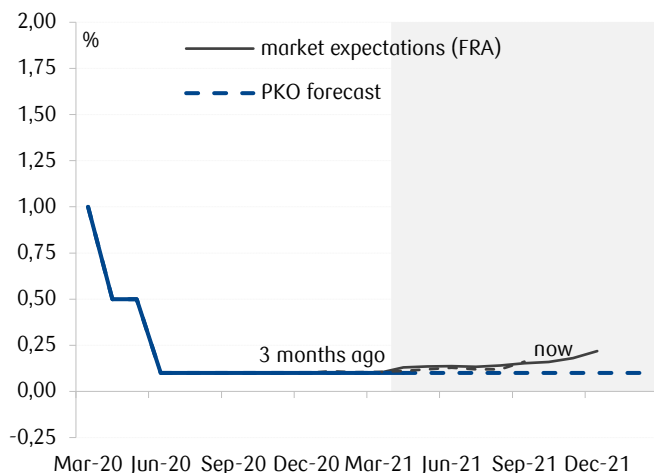
Interest rates – PKO BP forecasts vs. market expectations

		1M	2M	3M	4M	5M	6M	7M	8M	9M
Date	18-Mar	18-Apr	18-May	18-Jun	18-Jul	18-Aug	18-Sep	18-Oct	18-Nov	18-Dec
WIBOR 3M/FRA†	0.21	0.24	0.25	0.25	0.24	0.25	0.26	0.27	0.29	0.33
implied change (b. p.)		0.03	0.04	0.04	0.03	0.04	0.05	0.06	0.08	0.12
MPC Meeting	3-Mar	7-Apr	5-May	9-Jun	8-Jul	-	8-Sep	6-Oct	3-Nov	8-Dec
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*		0.13	0.14	0.14	0.13	0.14	0.15	0.16	0.18	0.22

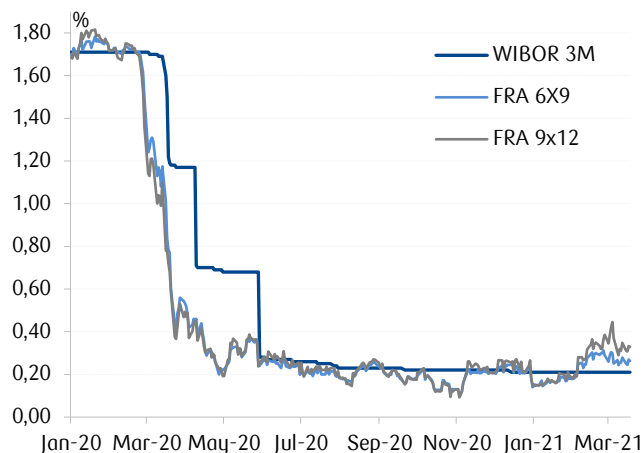
†WIBOR 3M from the last fixing, FRA transactions based on WIBOR 3M for subsequent periods, ‡in basis points, *PKO BP forecast of the NBP reference rate.

Poland macro chartbook

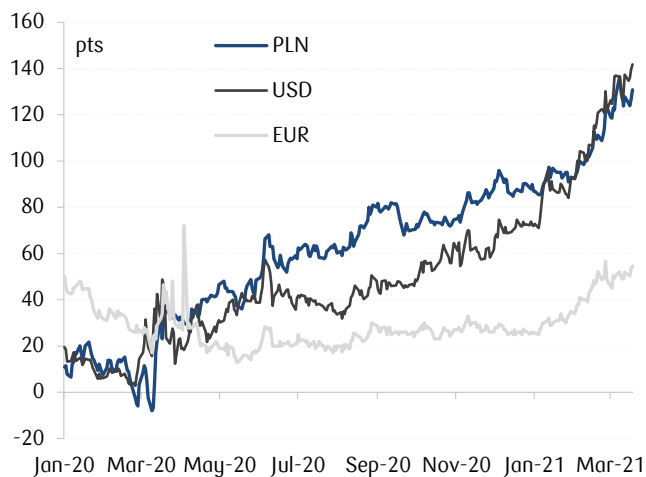
NBP policy rate: PKO BP forecast vs. market expectations



Short-term PLN interest rates



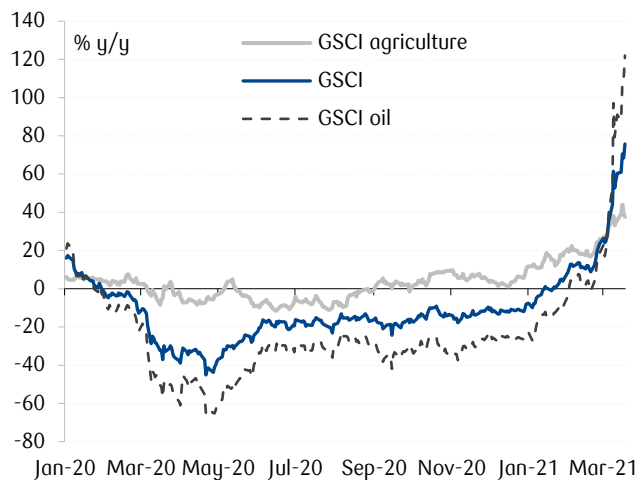
Slope of the swap curve (spread 10Y-2Y)*



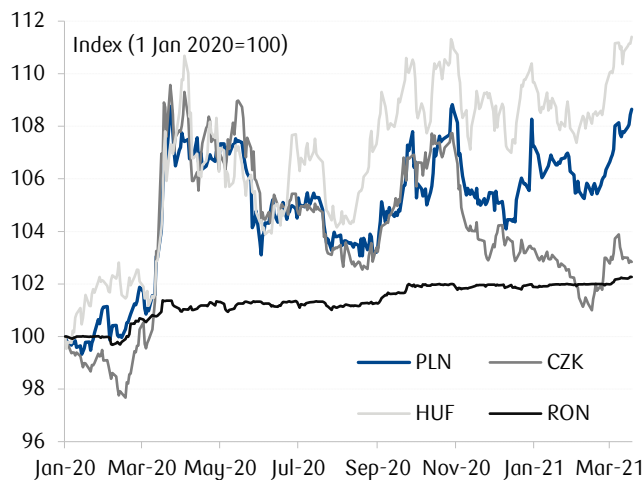
PLN asset swap spread



Global commodity prices (in PLN)

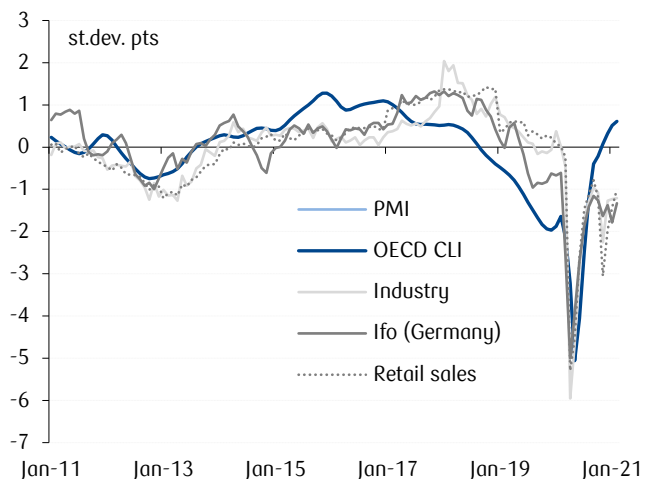


Selected CEE exchange rates against the EUR

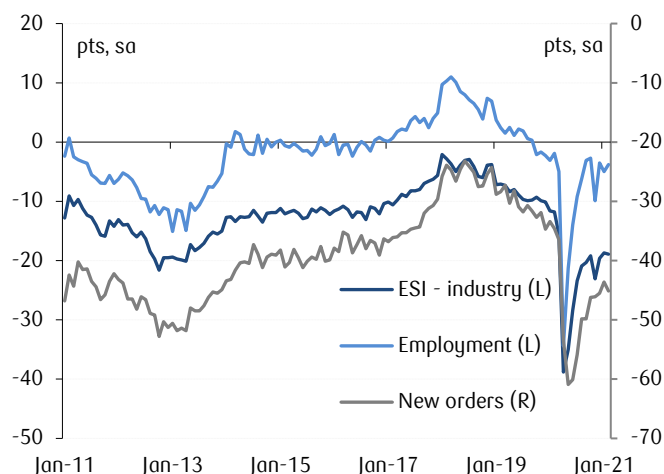


Source: Datastream, NBP, PKO Bank Polski. *for PLN, and EUR 6M, for USD 3M.

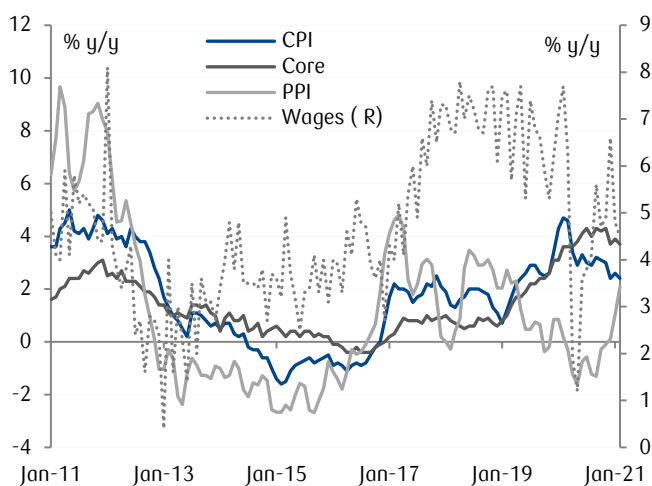
Economic sentiment indicators



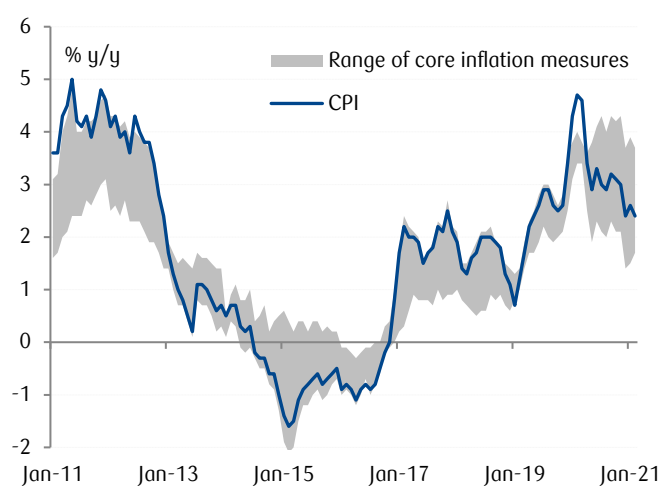
Poland ESI for industry and its components



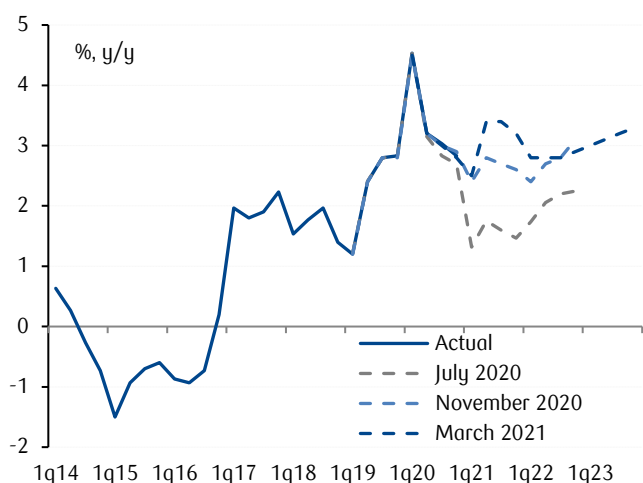
Broad inflation measures



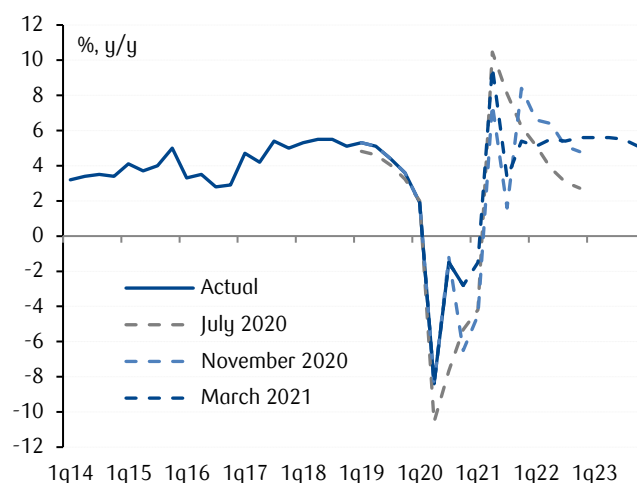
CPI and core inflation measures



CPI inflation - NBP projections vs. actual

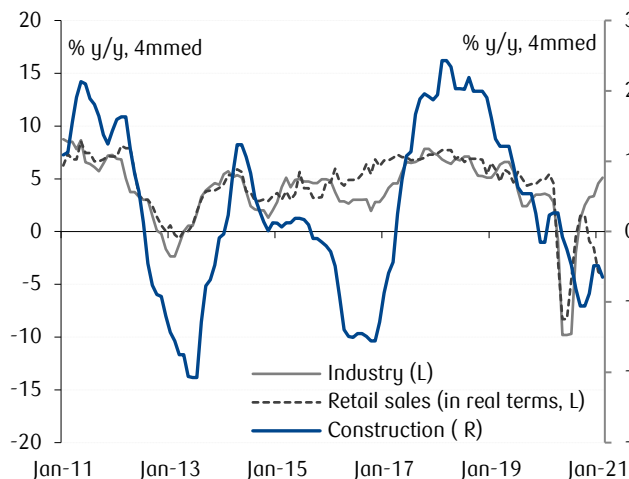


Real GDP growth - NBP projections vs. actual

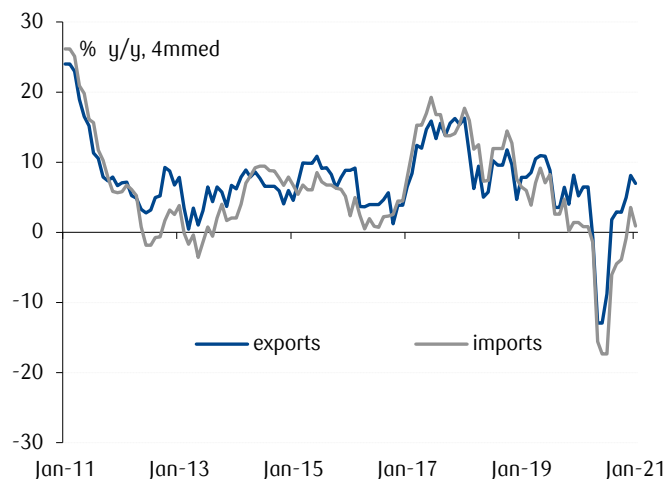


Source: Datastream, GUS, EC, NBP, PKO Bank Polski.

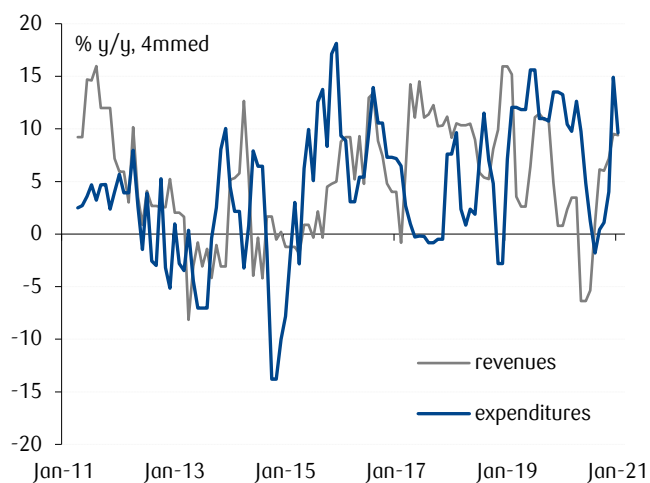
Economic activity indicators



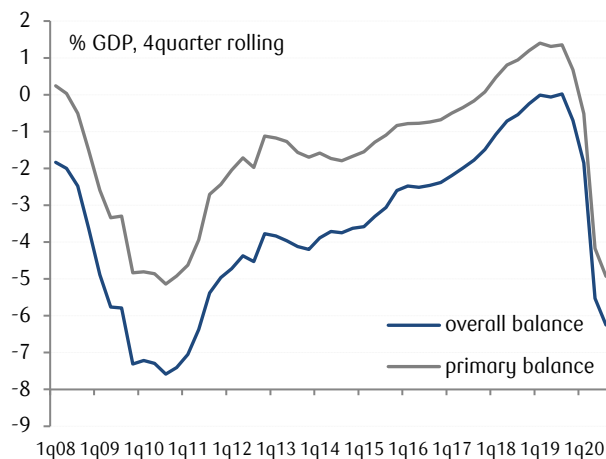
Merchandise trade (in EUR terms)



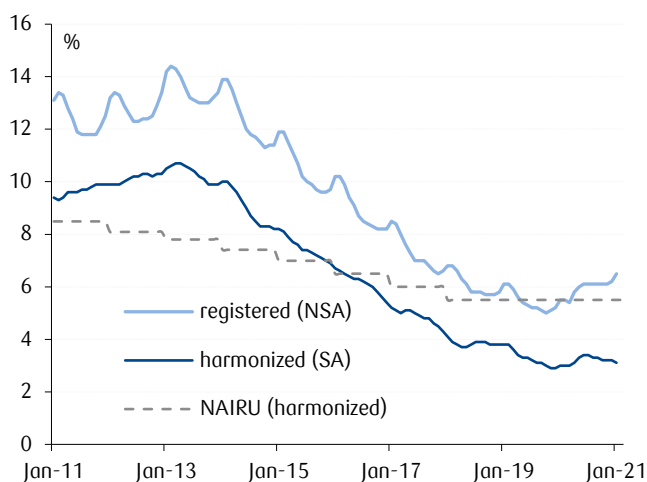
Central government revenues and expenditures*



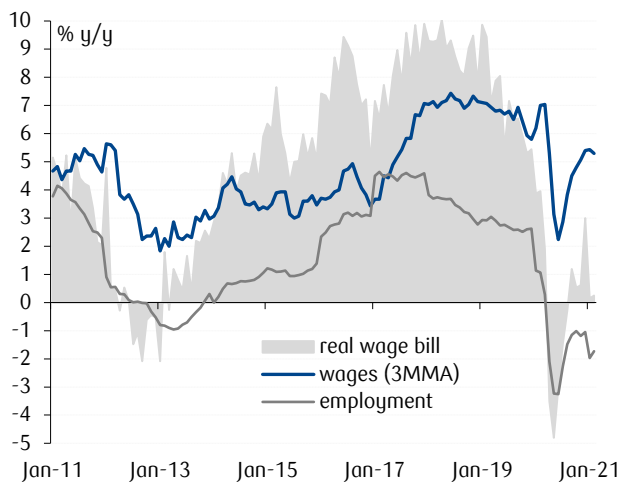
General government balance (ESA2010)



Unemployment rate

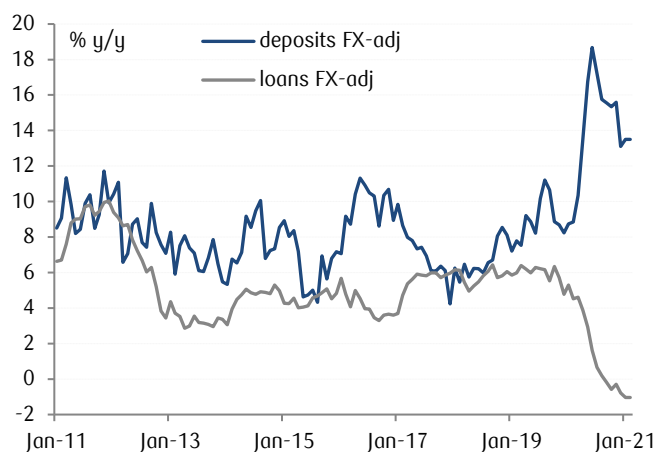


Employment and wages in the enterprise sector

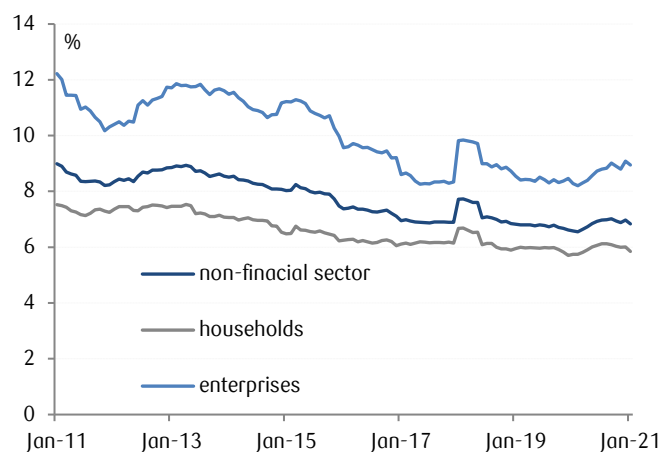


Source: NBP, Eurostat, GUS, MinFin, PKO Bank Polski. *break in series in 2010 due to methodological changes.

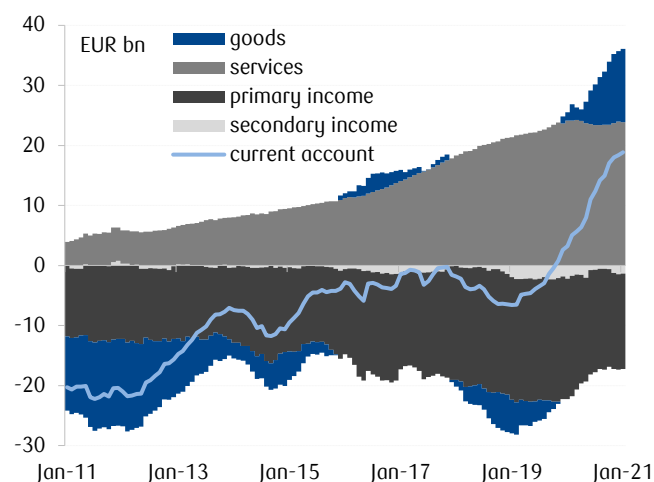
Loans and deposits



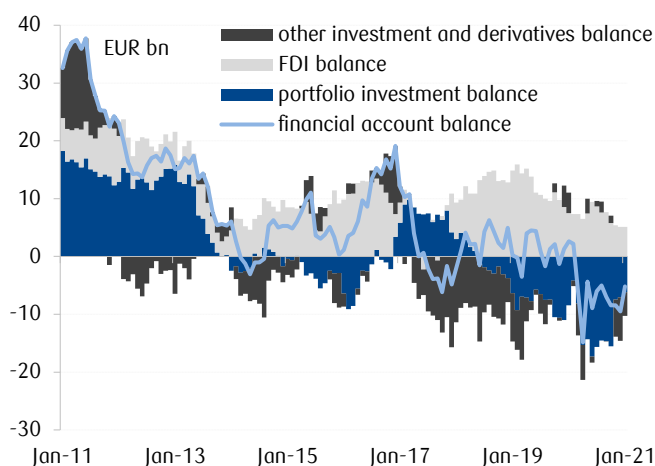
Non-performing loans (NPLs) - by sectors*



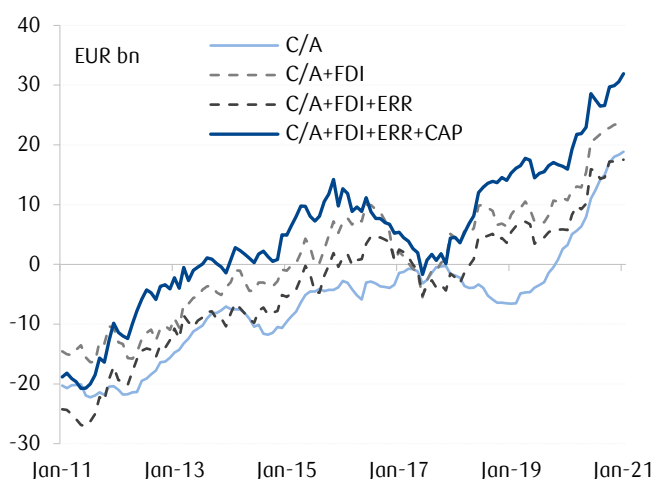
Current account balance



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.

Previous issues of PKO Macro Weekly:

- [Choke points in focus](#) (Mar 12, 2021)
- [Blueprint for Recovery](#) (Mar 5, 2021)
- [This time is \(really\) different](#) (Feb 26, 2021)
- [Bottlenecks, winter and lockdowns](#) (Feb 19, 2021)
- [Green fiscal island](#) (Feb 12, 2021)
- [Spotlight: fiscal stance](#) (Feb 5, 2021)
- [2020 better than feared, bounce back ahead](#) (Jan 29, 2021)
- [Labour waves goodbye to difficult year](#) (Jan 22, 2021)
- [Housing frenzy exposes some perils of ultralow rates](#) (Jan 15, 2021)
- [New Year's sale at the NBP](#) (Jan 08, 2021)
- [Surplus economy](#) (Dec 18, 2020)
- [Deal done](#) (Dec 11, 2020)
- [Bumpy road to recovery](#) (Dec 4, 2020)
- [A tipping point](#) (Nov 27, 2020)
- [Reflections on the pandemic and inflation](#) (Nov 20, 2020)
- [Shadow rate below zero](#) (Nov 13, 2020)
- [Lockdown 1.5](#) (Nov 6, 2020)
- [Fiscal space](#) (Oct 30, 2020)
- [Fearless?](#) (Oct 23, 2020)
- [How deep is the second dip?](#) (Oct 16, 2020)
- [Second wave, double dip recession?](#) (Oct 9, 2020)
- [Inflation is not letting go](#) (Oct 2, 2020)
- [Easy gains are now over?](#) (Sep 25, 2020)
- [Lower for even longer?](#) (Sep 18, 2020)
- [Fiscal policy on the go](#) (Sep 11, 2020)
- [Better than feared](#) (Sep 4, 2020)
- [Labour market at a crossroads](#) (Aug 28, 2020)
- [Is the crisis over?](#) (Aug 21, 2020)
- [Cash is king](#) (Aug 7, 2020)
- [EU Recovery Fund: final approach](#) (Jul 31, 2020)
- [Good news](#) (Jul 24, 2020)
- [NBP speaks!](#) (Jul 17, 2020)
- [Presidential runoff](#) (Jul 10, 2020)
- [Consumer prices warm up, housing prices cool down](#) (Jul 3, 2020)
- [Gradual recovery amid polling season](#) (Jun 26, 2020)
- [The worst is over](#) (Jun 19, 2020)
- [EU Recovery Plan: what's in store for Poland?](#) (Jun 5, 2020)

Poland's macro in a nutshell

	2020	2021 [†]	Comment
Real economy			
- real GDP (%)	-2.7	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 (%)	16.4	10.5	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)	3.5	2.8	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.

The above information has been prepared for informational purposes only and is provided to PKO BP SA Group clients. It is not an offer (as understood under the Civil Law of 23rd April 1964) to buy or sell or the solicitation of an offer to buy or sell any financial instrument and does not constitute the provision of investment, legal or tax advice. It is also not intended to provide a sufficient basis on which to make an investment decision. The above information has been obtained from or based upon sources believed to be reliable, but PKO BP SA Group does not warrant its completeness or accuracy. PKO Bank Polski Group strongly recommends that clients independently evaluate particular investments and accepts no liability for the financial effect of its clients' investment decisions.

The above information is prepared and/or communicated by Powszechna Kasa Oszczędności Bank Polski S.A., registered in the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under KRS number 0000026438, Tax Identification Number (NIP): 525-000-77-38, REGON: 016298263, share capital 1,250,000,000 PLN.