CE-3 countries: strong consumption and acceleration of investments

This week

- **The most important event this week will be the publication of data on industrial production and retail sales in Poland scheduled for Tuesday.** We forecast that industrial production dynamics dropped to 7.8% YoY in November vs. 12.3% in October due to unfavourable calendar effects. In turn, the nominal retail sales growth rate declined, in our view, to 6.5% YoY in November vs. 8.0% in October, due to high base effects for some categories. We believe that, if our forecasts materialize, the aggregate impact of the data will be slightly negative for PLN and yields on Polish bonds.
- **Hard data on US economy and business survey results will be released this week**. The final estimate of GDP in Q3 will be released on Thursday. We expect that the annualized economic growth rate has not changed compared to the second estimate and amounted to 3.3%. The November data on durable goods orders will be released on Friday. In our view they increased by 3.0% MoM vs. a -0.8% decrease in October (the effect of higher orders in the Boeing factory). We expect that the continued recovery in the US real estate market will be confirmed by high readings concerning housing starts (1240k in November vs. 1290k in October), building permits (1270k vs. 1316k), and existing home sales (5.50M vs. 5.48M). Business survey results will also be released this week. We expect that Philadelphia FED Index dropped to 20.0 pts in December vs. 22.7 pts in November. The final University of Michigan Index will be released on Friday. We forecast that its value has not changed in December compared to November and amounted to 98.5 pts. We believe that the aggregate impact of data from the US economy on the financial markets will be limited.
- **Ifo Index reflecting the sentiment among German managers representing the manufacturing, construction, wholesale and retail trade sectors will be released on Tuesday.** We expect that it rose to 118.0 pts in December vs. 117.5 pts in November. We believe that its publication will be neutral for the markets.
- **The November data on average wages and employment in the corporate sector in Poland will be released today**. We forecast that employment dynamics dropped to 4.3% YoY in November vs. 4.4% in October. In turn, the average wage dynamics dropped to 6.9% YoY in November vs. 7.4% in October, due to the abatement of the effect of severance pay in October when some people benefitted from the entitlement to retire following the reduction of the retirement age. Though important for the forecast of private consumption dynamics in Q4, the release of data on corporate wages and employment will be neutral for PLN and the debt market, we believe.

Last week

- **FOMC meeting was held last week.** The target range for federal funds was raised by 25bp to [1.25%; 1.50%], which was in line with our expectations and the market consensus. According to the press release, the hike is justified by the current and forecasted inflation and situation in the labour market. New macroeconomic projections of FOMC members were presented at the conference after the meeting. Compared to the September projection, the expected GDP growth rate has increased and now amounts to 2.5% in 2017 (2.4% in the September projection), 2.5% in 2018 (2.1%), 2.1% in 2019 (2.0%), 2.0% in 2020 (1.8%), and 1.8% in the long term (1.8%). The expected unemployment rate profile has slightly decreased. Now the median expectations for Q4 2017 amounts to 4.1% (4.3%), 3.9% in Q4 2018 and 2019 (4.1%), and 4.0% in Q4 2020 (4.2%). On the other hand, the estimate of natural unemployment rate has not changed (4.6%). The expected PCE inflation profile has not changed significantly compared to the September projection and stands at 1.7% in 2017 (1.6%), 1.9% in 2018 (1.9%), 2.0% in 2019 and 2.0% in 2020 (2.0%). Like in the September projection, the median expectations of FOMC members indicate that the inflation target will be reached in 2019. The expected by FOMC members federal funds rate has remained at a level similar to that in the September projection. Now the median expectations concerning interest rates as at the end of 2018 amount to 1.4% (1.4%), 2.1% as at the end of 2018 (2.1%), 2.7% as at the end of 2019 (2.9%), 3.1% as at 2020 (2.9%), and 2.8% in the long term (2.8%). Despite only slight changes in the median expectations of FOMC members concerning interest rate profile, the dot-plot points to markedly larger, compared to the September projection, differences in their opinions. In our view the inflation data coming in the subsequent months will not provide a sufficient justification for the scale of monetary tightening expected in the December projection (by 75bp). Thus, we forecast that the scale of interest rate hikes in 2018 will be lower from FOMC members' expectations and will amount to 50 bp.

- **Numerous data on US economy and business survey results were released last week.** Industrial production rose by 0.2% MoM in November vs. a 1.2% decrease in October. The industrial production growth rate decreased due to lower production growth in manufacturing and utilities, while higher production growth in mining had an opposite impact. Capacity utilization rose to 77.1% in November vs. 77.0% in October. Data on retail sales were also released last week and rose by 0.8% MoM in November vs. a 0.5% increase in October. Higher retails sales growth resulted from their higher monthly dynamics i.a. in the categories "electronics" and "fuels". Excluding car sales, retail sales rose by 0.1% MoM in October vs. a 0.4% increase in October. Data on CPI inflation were also released last week and rose to 0.4% MoM in November vs. 0.1% MoM in October (2.2% YoY in November vs. 2.0% in October). Conducive to higher inflation was also higher dynamics of fuel prices (7.3% MoM in November vs. -2.4% in October). Core inflation dropped to 0.1% MoM in November vs. 0.2% in October (1.7% YoY vs. 1.8%) due to lower price dynamics in the category "health", "furniture", and "air tickets". The NY Empire State Index pointed last week to lower growth rate of activity in manufacturing (18.0 pts in December vs. 19.4 pts in November). The last week's data from the US economy do not later our forecast, in which the annualized US GDP growth rate will decrease to 2.6% in Q4 vs. 3.3% in Q3.
- **The ECB meeting was held last week and maintained the so-far parameters of the monetary policy**. According to the press release, the ECB expects that interest rates are likely to be left at the current level for a longer period of time, significantly exceeding the horizon of the asset purchase program (so-called forward guidance). Unchanged was the part saying that the ECB was ready to increase the scale or extend the horizon of the asset purchase program. The results of the December economic projection were presented at the conference after the meeting. The inflation profile has been slightly revised upwards compared to the September projection, due to higher food and fuel prices. The ECB now forecasts that inflation in the Eurozone will amount to 1.5% in 2017 (1.5% in the September projection), 1.4% in 2018 (1.2%), 1.5% in 2019 (1.5%), and 1.7% in 2020. GDP forecasts have also been revised upwards. According to the December projection GDP will increase by 2.4% in 2017 (2.2%), by 2.3% in 2018 (1.8%), 1.9% in 2019 (1.7%), and by 1.7% in 2020. At the press conference after the meeting, the ECB Governor said that "the deflation risk in the Eurozone has disappeared" and the ECB was much less worried about the economic outlook than two weeks ago. Referring to the future of the expanded asset purchase program, he said that "never discussed whether the current bond-buying stimulus program would come to a sudden stop when the time comes to end it". M. Draghi's remarks and results of the December economic projection support our forecast in which the ECB will in June or July extend the asset purchase program until December 2018, reducing its scale to EUR 15bn starting from September 2018. At the same time we expect that the first hike of the deposit rate will take place in September 2019 and the main interest rate will be hiked in December 2019.
- **Flash December business sentiment indicators (PMI) for major European economies were released last week.** Composite PMI for the Eurozone rose to 58.0 pts in December vs. 57.5 pts in November. The index increased due to higher values of the indicator in Germany (58.7 pts in

December vs. 57.3 pts in November) and its slight decrease in France (60.0 pts vs. 60.3 pts). The improvement in Germany resulted from higher sub-indices for both output in manufacturing and business activity in the services sector. The downturn in France resulted from lower sub-index for business activity in the services sector, while higher sub-index concerning output in manufacturing had an opposite impact. Other Eurozone countries covered by the survey recorded a slight improvement. Especially noteworthy in the data structure is the increase of the German manufacturing PMI to a record high level. Both the output sub-index and the new orders sub-index have contributed to its increase. This supports demand for goods manufactured in Poland and used in the production of final products. We forecast that the quarterly GDP growth rate in the Eurozone will increase to 0.7% in Q4 vs. 0.6% in Q3.

- **The meeting of the Swiss National Bank (SNB) was held last week.** As expected, the SNB left the target range for LIBOR CHF 3M unchanged at [-1.25%; -0.25%] and deposit rate at -0.75%. The press release included a part saying that CHF had depreciated vs EUR and USD since the last meeting due to outflow of capital from the so-called safe haven. Nevertheless, the SNB continues to believe that CHF rate is high. In effect, it is necessary to maintain negative interest rates and the readiness to be active in the currency market if needed. The latest macroeconomic projection was presented at the conference after the meeting. The inflation path shown there was revised upwards as compared to the September projection, mainly due to higher oil prices and depreciation of CHF. In accordance with the December projection, inflation will run at 0.5% in 2017 (vs. 0.4% in the September projection), 0.7% in 2018 (0.4%), and 1.1% in 2019 (1.1%). The forecast also indicates that inflation will amount to 2.1% YoY in Q3 2020, exceeding the SNB inflation target (below 2% per year). The SNB decision and the statement after the meeting are consistent with our scenario for EURCHF and EURPLN, in which CHFPLN will amount to 3.45 as at the end of 2018.
- **In accordance with the final estimate, CPI inflation in November rose to 2.5% YoY vs. 2.1% in October, reaching the MPC inflation target.** The increase in inflation in November was due to higher dynamics of prices of food, non-alcoholic beverages, and fuels and to core inflation which rose to 0.9% YoY in November vs. 0.8% (see MACROpulse of 11/12/2017). We believe that inflation reached the MPC target only temporarily. In subsequent months we expect a decrease in the dynamics of food and fuel prices with a moderate increase in core inflation. Consequently, we forecast that inflation will fall to 1.7% in 2018 vs. 2.0% in 2017 (see MACROpulse of 11/12/2017).
- **A surplus of EUR 575M was recorded in the Polish in current account in October vs. a deficit of EUR 100M in September.** The increase in the current account balance was due to higher balances on primary income and services (higher from September by EUR 579M and EUR 297M, respectively), while lower balance on goods and secondary income (down by EUR 167M and EUR 34M compared to September) had an opposite impact. Export dynamics rose to 15.4% YoY in October vs. 10.2% in September, and imports dynamics rose to 12.9% vs. 5.7%, which occurred largely due to the statistical effect in the form of a favourable difference in the number of working days. The data pose an upside risk to our forecast, in which the relation of cumulative current account balance for the last 4 quarters to GDP will decrease to -0.5% in Q4 vs. 0.0% in Q3.
- **ZEW index reflecting the sentiment among analysts and institutional investors regarding the economic situation in Germany dropped to 17.4 pts in December vs. 18.7 pts in October**. According to the statement, the slight deterioration in sentiment was due to increased uncertainty about the formation of government in Germany (see MACROmap of 20/11/2017). Although the survey participants believe that this uncertainty is of no significant importance for the economic outlook in Germany, it may negatively impact the negotiations on Brexit and the EU reform. We maintain our scenario, in which the quarterly dynamics of the German GDP will increase to 0.9% in Q4 vs. 0.8% in Q3.

- **Numerous data from the Chinese economy were released last week**. The dynamics of industrial production dropped to 6.1% in November vs. 6.2% in October, of retail sales rose to 10.2% vs. 10.0%), and of urban investments dropped to 7.2% vs. 7.3%. Thus, the data pointed in total to a slight decrease in the growth rate of activity in the Chinese economy in November. This supports our scenario, in which the annual GDP growth rate in China will decrease to 6.7% in Q4 vs. 6.8% in Q3. Consequently, we forecast that it will increase by 6.8% in the whole 2017 vs 6.7% increase in 2016.

CE-3 countries: strong consumption and acceleration of investments

In MACROmap of 11/12/2017 we have presented our medium-term scenario for Poland. Below we present our abridged forecasts for 2017-2019 for other countries of the Central and Eastern Europe – the Czech Republic, Hungary and Romania (CE-3).

Czech Republic

The GDP growth rate in the Czech Republic stood at 5.0% YoY in Q3 vs. 4.7% in Q2. The factor behind the acceleration of economic growth was higher contribution of inventories. In turn, lower contribution of net exports limited the scale of the recovery. The contributions of the remaining categories have not changed significantly compared to Q2. We expect that the economic growth rate will continue to be relatively high in subsequent quarters, supported by private consumption (resulting from the improvement in the labour market, pay rises in the public sector, and higher social benefits) and investments (higher absorption of EU funds). Good sentiment in the Eurozone will support an increase in exports. In 2019 supply constraints will contribute to slowdown of GDP growth to 3.0% YoY vs. 3.2% in 2018 and 4.4% in 2017.

Growing difficulties in finding skilled labor will contribute to slower employment growth and further increase in wages. The growth of wages in the Czech economy will also be supported by the increase in minimum wage by 10.9% from the beginning of 2018. The positive effects of the pay rises for public sector employees on wage dynamics will abate in Q4 2018. Higher labour costs will be conducive to increase in inflation. Inflation stood at 2.6% YoY in November vs. 2.9% in October. We believe that inflation reached its local maximum in October though we expect it to run above the CNB target (2.0%) for most of 2018. Inflation will be limited by cyclical trends observed in global food markets. We expect that from the turn of 2018 and 2019, inflation will be in line with the target.

Inflation and GDP growth rate are currently running in line with the November projection of the Czech National Bank (CNB). As a part of the inflation report, the CNB also publishes the expected profile of 3-month PRIBOR. In the past, the CNB decisions were consistent with the published profile. The projection anticipates two rate hikes (25 bp each) in 2018 and at least two more in 2019 (the projection horizon is Q2 2019). Our scenario assumes less pronounced monetary policy tightening – we expect that the total scale of the hikes will amount to 100 bp at the end of 2019 instead of in the middle of the year. This difference results from the forecasted by us lower – from the CNB expectations – global food prices dynamics in the forecast horizon. The gradual tightening of the monetary policy in the Czech Republic will be conducive to a slight strengthening of CZK vs EUR (EURCZK amounting to 25.0 as at the end of 2019).

CE-3 countries: strong consumption and acceleration of investments

Forecasts of main macroeconomic indicators in Czech Republic									
	2017	2018	2019				2017	2018	2019
GDP growth rate (% YoY)	4,4	3,2	3,0	CPI inflation (% YoY)			2,5	2,3	2,0
	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
CNB 2W repo rate (%)	0,50	0,50	0,75	0,75	1,00	1,00	1,25	1,25	1,50
EURCZK	25,47	25,40	25,30	25,00	25,00	25,00	25,00	25,00	25,00

Source: Credit Agricole

Hungary

The feature which distinguishes Hungary from other countries of the region is the fastest growth rate of investments – in Q1-Q3 2017 it exceeded 20% in YoY terms. The fast growth of gross fixed capital formation is supported by low base effects from the year before, increasing absorption of EU funds, and accommodative monetary policy of the National Bank of Hungary (MNB). Investments were the main driver of GDP growth in recent quarters (3.9% YoY in Q3 vs. 3.3% in Q2). We expect that the economic growth will slightly slow down to 3.7% YoY in 2018 vs. 3.8% in 2017, mainly due to high base effects. In addition, the rebound in domestic demand will contribute to lower contribution of net exports. The favourable situation on the labour market (mainly higher wages) – similar trends as for Poland and the Czech Republic – will boost private consumption. In 2018 conducive to acceleration in economic growth will be an expansionary fiscal policy (i.a. lower VAT rate on some products, lower social security contributions). In 2019, increasing supply constraints will contribute to further slowdown of GDP growth to 3.2% YoY.

Inflation rose to 2.5% YoY in November from 2.2% in October. High wage dynamics will support increase in inflation in subsequent quarters. In turn, inflation will be limited by cyclical trends observed in global agricultural prices and the above-mentioned reductions in VAT rates. We believe that in such conditions – without the central bank's support in the form of an accommodative monetary policy – the inflation target at 3.0% YoY would most probably not be reached before the end of 2019.

However, the MNB shows strong determination in meeting the inflation target. In the last few quarters the MNB was relaxing the policy using unconventional measures (i.a. by introducing cap on the three-month deposit facility and by lowering the deposit rate below zero). In November 2017, the MNB introduced 5- and 10-year IRS facility (amounting to HUF 300bn in Q1) and start a quantitative easing aimed at purchasing mortgage bonds with maturities of three years or more. Both MNB measures are aimed at lowering the long end of the yield curve. We believe that the accommodative monetary policy will contribute to attainment of the inflation target in a sustainable manner in 2019. We forecast that CPI inflation will increase to 2.7% on average in 2018 and to 3.0% in 2019 vs. 2.3% in 2017. We do not rule out fine-tuning of the monetary policy (i.a. increase in the scale of purchases under the quantitative easing program) should inflation run below the MNB expectations. Due to the dovish bias of the MNB, we believe that subsequent quarters will see only a slight strengthening of HUF (EURHUF at 300 as at the end of 2019).

Forecasts of main macroeconomic indicators in Hungary									
	2017	2018	2019				2017	2018	2019
GDP growth rate (% YoY)	3,8	3,7	3,2	CPI inflation (% YoY)			2,3	2,7	3,0
	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
MNB base rate (%)	0,90	0,90	0,90	0,90	0,90	0,90	0,90	1,00	1,15
EURHUF	310	310	309	309	307	307	305	305	300

Source: Credit Agricole

Romania

In last few years Romania has conducted an expansionary fiscal policy. Government measures included but were not limited to: marked increase of minimum wage, significant pay rises for public sector employees, higher pensions, higher social transfers, and lower rates of VAT and tax on dividends. The applied measures have first of all contributed to a marked acceleration in consumer demand – consumption rose by 13.3% YoY in Q3 2017 vs. 7.7% in Q2 and, consequently, the contribution of net exports dropped to -1.2pp in Q3 vs. -0.6 pp in Q2. The recovery in investments was limited until Q2, due to difficulties in the absorption of EU funds within the new programming period. Only in Q3 did they record a marked increase (by 8.8% YoY vs. 0.2% in Q2). In our view, the economic growth rate reached local maximum in Q3 (8.8% YoY vs. 6.1% in Q2). Owing to high base effects, the abatement of the positive effects of an expansionary fiscal policy, increasing supply constraints and widening of foreign trade deficit, we expect that GDP growth will drop to 4.2% YoY in 2018 and 3.8% in 2019 vs. 6.8% in 2017. The scope of the slowdown will be limited by further easing of the fiscal policy (raising the wages of public sector employees by 25% and reducing income tax from 16% to 10%) as well as increasing absorption of EU funds.

Inflation rose to 3.2% YoY in November vs. 2.6% in October. Thus it runs markedly above the inflation target of 2.5%. In our view, the rebound in consumption demand, supported by accommodative fiscal policy, will be conducive to only temporary increase in core inflation. In subsequent quarters the inflation impulse is likely to gradually fade off. Consequently, we believe that inflation will only temporarily rise to 3.6% YoY on average in 2018 from 1.3% in 2017 and in 2019 it will drop to 3.1%.

The National Bank of Romania (NBR) also considers the currently observed pick-up in inflation as transitory in nature and resulting from supply-side factors. Consequently, the NBR Governor, M. Isarescu, indicated in November that the situation did not require a central bank's reaction in the form of monetary policy tightening. In addition, he pointed out that interest rate hikes could have a negative impact on the economic situation. Considering the factors outlined above, we believe that interest rates will remain unchanged until Q4 2018. We believe that inflation will permanently attain the inflation target beginning from H2 2018. Consequently, we expect that the NBR will start the tightening cycle in Q4 2018 and will hiked interest rates by 75 bp in total until the end of 2019. We forecast that in subsequent quarters EURRON will slightly fall down and will reach 4.60 as at the end of 2019.

Forecasts of main macroeconomic indicators in Romania

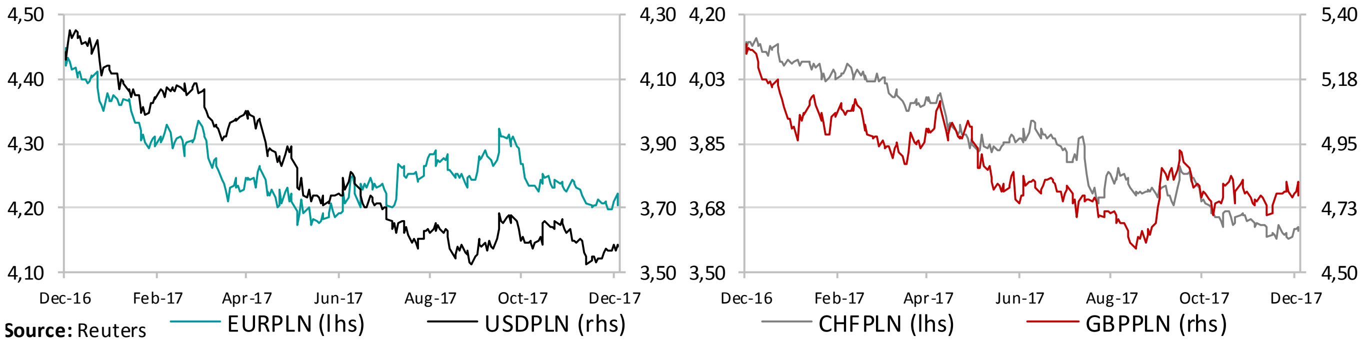
	2017	2018	2019		2017	2018	2019
GDP growth rate (% YoY)	6,8	4,2	3,8	**CPI inflation (% YoY)**	1,3	3,6	3,1

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
NBR policy rate (%)	1,75	1,75	1,75	1,75	2,00	2,00	2,25	2,25	2,50
EURRON	4,62	4,65	4,65	4,65	4,65	4,60	4,60	4,60	4,60

Source: Credit Agricole

Domestic data on production and retail sales may weaken PLN

FX rates



Source: Reuters

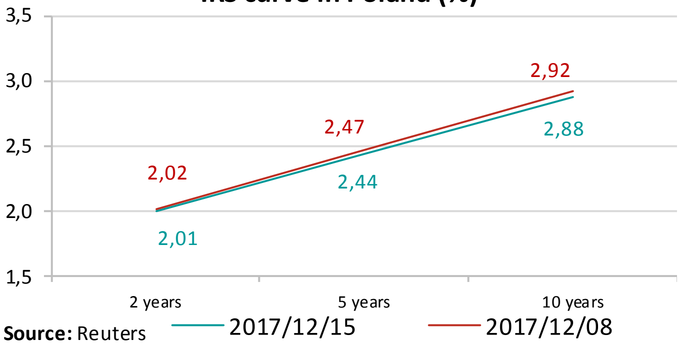
Last week EURPLN rate rose to 4.2038 (PLN weakening by 0.1%). Monday through Thursday, PLN was slightly depreciating, together with increase in global risk aversion, reflected by higher VIX index. The FED and ECB meetings had a limited impact on the market. On Friday PLN was making up for the losses from the first part of the week, supported by increase in global risk appetite.

PLN depreciated vs. CHF last week. This resulted from a slight weakening of PLN vs. EUR with a simultaneous decrease in EURCHF rate, supported by the hawkish tone of the SNB statement after the last week' meeting.

Crucial for PLN this week will be the publication of domestic data on industrial production and retail sales, scheduled for Tuesday. If our forecast materializes, the data will be slightly negative for PLN. Today's domestic data on corporate wages and employment will be neutral for PLN, we believe. In our view, the numerous data from the US (final GDP estimate, preliminary durable goods orders, existing home sales, housing starts, new building permits, and final University of Michigan Index) will have a limited impact on PLN. The scheduled for Tuesday publication of Ifo Index for Germany will also be neutral for PLN.

Debt market focuses on production and retail sales data

IRS curve in Poland (%)



Spread: Polish vs. German bonds (ppt.)

Source: Reuters

Last week 2-year IRS rates dropped to a level of 2.006 (down by 1 bp), 5-year rates to a level of 2.438 (down by 3 bp), and 10-year rates dropped to a level of 2.881 (down by 4 bp). Last week saw a decrease in IRS rates across the curve following the German debt market. An important event was the debt exchange auction at which the Finance Ministry sold EUR 5.92bn of 3-, 5-, 6-, 10-, 11-, and 12-year bonds redeeming bonds maturing in 2018 for EUR 5.78bn. The demand amounted to EUR 7.6bn. The auction has contributed to a slight decrease in IRS rates.

This week the Polish debt market will focus on the publication of domestic data on industrial production and retail sales, scheduled for Tuesday. We believe that the data may contribute to a fall of IRS rates. Today's data on corporate wages and employment in Poland will not be market moving, we believe. The numerous data from the US (final GDP estimate, preliminary durable goods orders, existing home sales, housing starts, new building permits, and final University of Michigan Index) and Ifo Index for Germany will also be neutral for IRS rates.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
NBP reference rate (%)	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50
EURPLN*	4,45	4,40	4,32	4,31	4,23	4,23	4,18	4,23	4,25	4,25	4,31	4,24	4,20	**4,19**
USDPLN*	4,20	4,18	4,00	4,07	3,97	3,88	3,72	3,70	3,59	3,57	3,65	3,64	3,53	**3,55**
CHFPLN*	4,13	4,11	4,04	4,05	3,96	3,90	3,84	3,86	3,72	3,72	3,77	3,65	3,59	**3,58**
CPI inflation (% YoY)	0,0	0,8	1,7	2,2	2,0	2,0	1,9	1,5	1,7	1,8	2,2	2,1	2,5	
Core inflation (% YoY)	-0,1	0,0	0,2	0,3	0,6	0,9	0,8	0,8	0,8	0,7	1,0	0,8	0,9	
Industrial production (% YoY)	3,2	2,2	9,1	1,1	11,0	-0,6	9,1	4,5	6,2	8,7	4,3	12,3	**7,8**	
PPI inflation (% YoY)	1,8	3,2	4,0	4,5	4,8	4,2	2,4	1,8	2,2	3,0	3,2	3,0	**2,3**	
Retail sales (% YoY)	6,6	6,4	11,4	7,3	9,7	8,1	8,4	6,0	7,1	7,6	8,6	8,0	**6,5**	
Corporate sector wages (% YoY)	4,0	2,7	4,3	4,0	5,2	4,1	5,4	6,0	4,9	6,6	6,0	7,4	**6,9**	
Employment (% YoY)	3,1	3,1	4,5	4,6	4,5	4,6	4,5	4,3	4,5	4,6	4,5	4,4	**4,3**	
Unemployment rate* (%)	8,2	8,2	8,5	8,4	8,0	7,6	7,3	7,0	7,0	7,0	6,8	6,6	**6,7**	
Current account (M EUR)	-97	-106	2548	-514	-405	459	-297	-1114	-491	-80	-100	575		
Exports (% YoY EUR)	4,3	9,0	15,1	6,4	19,7	2,5	18,5	6,5	12,4	12,1	10,2	15,4		
Imports (% YoY EUR)	5,2	9,8	16,0	10,5	19,8	3,8	20,4	13,0	12,8	7,6	5,7	12,9		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland												
Indicator		2017				2018				2017	2018	2019
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)		4,1	4,0	4,9	4,8	4,2	3,9	3,6	3,6	4,5	3,8	3,3
Private consumption (% YoY)		4,7	4,9	4,8	4,3	4,2	3,9	3,5	3,8	4,7	3,9	3,0
Gross fixed capital formation (% YoY)		-0,5	0,9	3,3	6,9	8,6	7,2	7,2	6,6	3,6	7,2	5,0
Export - constant prices (% YoY)		9,6	3,1	7,6	7,5	5,6	6,5	6,6	6,2	7,0	6,2	5,0
Import - constant prices (% YoY)		9,7	6,0	5,7	6,9	6,4	7,1	7,2	8,2	7,1	7,2	6,0
GDP growth contributions	Private consumption (pp)	2,9	2,9	2,9	2,1	2,7	2,3	2,1	1,9	2,7	2,3	1,8
	Investments (pp)	0,0	0,1	0,6	1,7	1,0	1,2	1,2	1,6	0,6	1,4	0,9
	Net exports (pp)	0,4	-1,3	1,1	0,6	-0,2	0,0	0,0	-0,7	0,2	-0,2	-0,3
Current account***		0,1	-0,5	0,0	-0,5	-0,8	-0,4	-0,1	-0,5	-0,5	-0,5	-0,7
Unemployment rate (%)**		8,0	7,0	6,8	6,9	7,0	6,4	6,5	6,7	6,9	6,7	6,7
Non-agricultural employment (% YoY)		2,1	2,4	1,8	1,6	1,2	0,7	0,4	0,3	2,0	0,6	0,0
Wages in national economy (% YoY)		4,1	5,0	4,9	5,9	6,8	5,8	6,1	6,8	5,0	6,4	6,5
CPI Inflation (% YoY)*		2,0	1,8	1,9	2,3	1,8	1,9	2,0	1,2	2,0	1,7	2,0
Wibor 3M (%)**		1,73	1,73	1,73	1,73	1,73	1,73	1,73	1,73	1,73	1,73	1,98
NBP reference rate (%)**		1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,75
EURPLN**		4,23	4,23	4,31	4,19	4,17	4,14	4,12	4,10	4,19	4,10	4,15
USDPLN**		3,97	3,70	3,65	3,55	3,53	3,45	3,38	3,33	3,55	3,33	3,27

* quarterly average
** end of period
***cumulative for the last 4 quarters

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST* CA	FORECAST* CONSENSUS**
		Monday 12/18/2017				
11:00	Eurozone	HICP (% YoY)	Nov	1,5	1,5	1,5
14:00	**Poland**	**Employment (% YoY)**	**Nov**	**4,4**	**4,3**	**4,4**
14:00	**Poland**	**Corporate sector wages (% YoY)**	**Nov**	**7,4**	**6,9**	**7,1**
		Tuesday 12/19/2017				
10:00	Germany	Ifo busienss climate (pts)	Dec	117,5	118,0	117,5
11:00	Eurozone	Wages (% YoY)	Q3	2,0		
14:00	**Poland**	**Retail sales (% YoY)**	**Nov**	**8,0**	**6,5**	**7,5**
14:00	**Poland**	**Industrial production (% YoY)**	**Nov**	**12,3**	**7,8**	**9,0**
14:30	USA	Housing starts (k MoM)	Nov	1290	1240	1250
14:30	USA	Building permits (k)	Nov	1316	1270	1278
		Wednesday 12/20/2017				
10:00	Eurozone	Current account (bn EUR)	Oct	37,8		
16:00	USA	Existing home sales (M MoM)	Nov	5,48	5,50	5,52
		Thursday 12/21/2017				
14:00	**Poland**	**MPC Minutes**	**Dec**			
14:30	USA	Final GDP (% YoY)	Q3	3,3	3,3	3,3
14:30	USA	Philadelphia Fed Index (pts)	Dec	22,7	20,0	20,8
16:00	Eurozone	Consumer Confidence Index (pts)	Dec	0,1		0,2
		Friday 12/22/2017				
10:00	**Poland**	**Registered unemplyment rate (%)**	**Nov**	**6,6**	**6,7**	**6,6**
14:00	**Poland**	**M3 money supply (% YoY)**	**Nov**	**5,7**	**4,9**	**4,8**
14:30	USA	Durable goods orders (% MoM)	Nov	-0,8	3,0	2,0
14:30	USA	Real private consumption (% MoM)	Nov	0,1		
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Dec	96,8	98,5	97,0
16:00	USA	New home sales (k)	Nov	685		653

*The forecasts of macroeconomic indicators for Poland were prepared by Credit Agricole Bank Polska S.A. The forecasts of foreign indicators were prepared by Crédit Agricole Corporate and Investment Bank
** Reuters

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