## This week

- **The most important event this week will be the ECB meeting scheduled for Thursday**. In our view, the monetary policy parameters will be left unchanged and the conference will not provide any new information substantially altering our scenario, in which the ECB will increase the deposit rate by 40bp in total in H2 2019 and the main interest rate by 25bp in Q4 2019. We expect that despite weaker data incoming in recent months on the Eurozone, the bias of the ECB Governor M. Draghi presented during the conference will not become more dovish. The latest macroeconomic projection will also be presented during the conference. We believe that inflation and economic growth profiles will be revised downwards compared to the September forecast. The remarks of the ECB Governor at the conference after the meeting may be conducive to increased market volatility.
- **The British parliament will vote on Tuesday on the Brexit treaty negotiated two weeks ago by T. May**. We believe that the likelihood of the treaty being voted down is high. The materialization of such negative scenario might lead to the collapse of T. May's cabinet, which would significantly increase the risk of Britain's uncontrolled withdrawal from the EU (hard Brexit). The materialization of such scenario would be conducive to GBP depreciation vs. EUR and increase in risk aversion, depreciation of PLN, and higher yields on Polish bonds.
- **The publication of flash December business survey results for major European economies is scheduled for Friday.** The market expects that PMI Composite for the Eurozone rose to 52.8 pts in December vs. 52.7 pts in November. We believe that the index increase resulted from the deterioration of business climate in France and its improvement in Germany. The business survey results are of particular importance for the assessment of the sustainability of the slowdown in economic activity observed from the beginning of 2018 within the single currency area and the impact of the 90-day trade truce between the US and China on exporters' sentiment. ZEW index reflecting the sentiment among analysts and institutional investors regarding the economic situation in Germany will be released on Tuesday. The market expects its value to decrease to -25.0 pts in December vs. -24.1 pts in November. We believe that the publication of the business survey results for the Eurozone will not be market moving.
- **Significant hard data from the US will be released this week.** We believe that industrial production increased by 0.4% MoM in November vs. a 0.1% increase in October, consistently with business survey results. We forecast that growth in nominal retail sales dropped to 0.1% MoM in November from 0.8% increase in October, due to lower sales in the automotive branch. We expect that CPI inflation decreased to 2.2% YoY from 2.5% in October, due to lower dynamics of fuel prices. We believe that the publication of data on the US economy will be neutral for the financial markets.
- **Important data from China will be released on Friday.** We expect that the monthly data are likely to point to a slight acceleration in the annual economic activity growth in November, though not yet as a result of the measures taken by the Chinese government to stimulate economic growth. We forecast that industrial production increased by 6.0% YoY in November vs. 5.9% in October, retail sales rose by 8.3% YoY vs. 8.6%, and urban investments increased by 5.9% YoY vs. 5.7% in October. In our view, the publication of data from China will be neutral for the financial markets.
- **Data on the Polish balance of payments in October will be released on Friday**. We expect the current account deficit to drop to EUR 131M vs. EUR 547M in September, mainly due to higher balance on trade. We forecast that export dynamics rose to 8.8% YoY in October vs. 0.3% in September, while import dynamics rose to 10.8% YoY vs. 5.4%. Conducive to higher import and export dynamics was the effect of a favourable difference in the number of working days. We believe that the publication of data on the balance of payments will be neutral for PLN and the prices of Polish bonds.

- **Final data on the November inflation in Poland will be released on Friday.** We see a risk of inflation rate being revised upwards compared to the flash estimate (1.2% YoY vs. 1.8% in October). We believe that conducive to the decrease in inflation rate were lower dynamics of all its components (prices of food, fuels, and other energy products as well as goods and services included in the calculation of core inflation). The publication of the inflation reading will be neutral for PLN and the yield curve.
- **We have revised our macroeconomic forecasts.** We expect that the GDP growth rate will amount to 5.0% YoY in 2018 (4.8% before the revision), to 3.3% in 2019 (vs. 3.5% in the previous forecast), and to 3.2% in 2020 (see below).

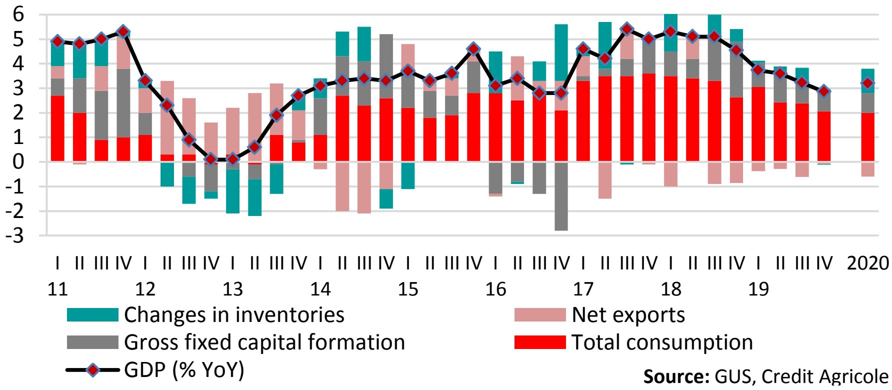
## Last week

- **Non-farm payrolls in the US rose by 155 in November vs. a 237k increase in October (revised downwards from 250k), running clearly below the market expectations (increase by 200k).** The highest increase in employment was recorded in education and health services (+34.0k), business services (+32.0k), and manufacturing (+27.0k). On the other hand, employment decreased in information services (-8.0k), public sector (-6.0k), and mining and logging (-3.0k). Unemployment rate has not changed in November compared to October and amounted to 3.7%, running clearly below the natural unemployment rate indicated by FOMC (4.5% - see MACROmap of 2/10/2018). The participation rate also remained unchanged at 62.9%. The annual dynamics of average hourly earnings stood at the same level as in October and amounted to 3.1%, hitting the highest level since April 2009. The dovish impact of the data has led to a slight weakening of USD vs. EUR. The results of business surveys in the US were also released last week. The ISM index for manufacturing increased to 59.3 pts in November vs. 57.7 pts in October. Conducive to the index increase were higher contributions of four of its five sub-indices (for new orders, output, inventories, and employment), while lower contribution of the sub-index for suppliers' delivery times had an opposite impact. Non-manufacturing ISM also recorded an increase and rose to 60.7 pts in November vs. 60.3 pts in October. Its increase resulted from higher contributions of the sub-indices for business activity and new orders and lower contributions of the sub-indices for employment and suppliers' delivery times. The preliminary University of Michigan Index indicated stabilization of consumer sentiment, staying unchanged in December compared to November and amounting to 97.5 pts. It resulted from the increase in its sub-index for the assessment of the current situation and decrease in the sub-index for expectations. We forecast that the annualized US GDP growth rate will decrease to 2.8% in Q4 vs. 3.5% in Q3, though staying above the potential economic growth rate estimated by FED at slightly above 2%.
- **We have revised our scenario of US interest rates.** Due to the truce in the US-China trade war, we believe that the increase in the US inflation will be slower from our earlier expectations. Consequently, we believe that FED will hike interest rates three times in 2019 by 75bp in total vs. 100bp in our previous forecast. Thus, towards the end of 2019, interest rates in the US will run slightly above the equilibrium level indicated in the September FOMC projection (3.0%). The scale of 2019 hikes priced in by the market currently amounts to 25bp. At the same time, we believe that, due to the forecast by us slowdown of US economic growth in 2020, FED will leave interest rates at an unchanged level. We maintain our forecast that FED will increase interest rates by 25 bp in December 2018.
- **As we expected, the Monetary Policy Council left interest rates unchanged at the meeting last week (the reference rate amounts to 1.50%)**. In the statement after the meeting, the Council repeated the view that the current level of interest rates was conducive to keeping

the Polish economy on a sustainable growth path and maintaining macroeconomic stability. The Council also emphasized that current information pointed to a relatively favourable outlook for economic conditions in Poland, although a gradual slowing in GDP growth was expected in the years ahead. In the Council's assessment, in 2019 inflation might be increased by rising energy prices, however the scale of energy price growth in 2019 would probably be limited by the fall in oil prices seen in recent months. In effect, the Council repeated the view that in the monetary policy transmission horizon inflation would remain close to the target. At the conference after the MPC meeting, A. Glapiński repeated the view that he could see no reason for any hikes in 2019. In addition, in his opinion it was probable that rates would not increase in 2020 either. Commenting on the motion for interest rates hike submitted at the November MBP meeting, he considered it to be "exotic" in the context of low inflation. The remarks of A. Glapiński are consistent with our scenario, in which NBP interest rates will remain unchanged until the end of 2019 (first hike by 25 bp in March 2020). Current market expectations point to first interest rate hike in Q2 2020.

- **Poland manufacturing PMI dropped to 49.5 pts in November vs. 50.4 pts in October**. Thus, the index stood below the 50-points threshold dividing expansion from contraction of activity and hit the lowest level since September 2014. Conducive to the index decrease were lower contributions of four of its five sub-indices (for new orders, output, employment, and inventories), while higher contribution of the sub-index for suppliers' delivery times had an opposite impact. The index structure shows that the buffer of accumulated production backlogs which supported output growth amid limited inflow of new orders in recent months has dried out. Consequently, production decreased in November 2018 in monthly terms for the first time since July 2016 (see MCROmap of 3/12/2018). Last week we also saw data on industrial production growth in Germany, which dropped to -0.5% MoM in October despite a 0.1% increase in September, running below the market expectations (0.3%). Its decrease resulted from lower output dynamics in energy and manufacturing, while its higher dynamics in construction had an opposite impact. We see a downside risk to our forecast, in which the German GDP will increase by 1.9% in the whole 2018 vs. a 2.5% increase in 2017.
- **China Caixin PMI rose to 50.2 pts in November vs. 50.1 pts in October.** The index increase resulted from higher contributions of the sub-indices for inventories and total new orders. In turn, conducive to the index decrease were lower contributions of three of its five sub-indices (for output, employment, and suppliers' delivery times). Especially noteworthy in the data structure is the decrease in the sub-index concerning new export orders to 47.7pts in November vs. 48.8 pts in October. Its decrease results from the slowdown in global trade and the negative impact of the US-China trade war on the activity of the Chinese exporters. Interestingly, the sub-index for total new orders increased to 50.9 in November vs. 50.4 pts in October, which means that the activity of the Chinese manufacturing in November was supported by stronger domestic demand. In subsequent months we expect further improvement of sentiment in China due to the 90-day trade truce between the US and China (see MACROmap of 3/12/2018).
- **The Chinese foreign trade balance increased to USD 44.7bn in November vs. USD 34.0bn in October, running clearly above the market expectations (USD 34.0bn)**. On the other hand, the data on Chinese exports growth have proved significantly weaker from the forecasts (5.4% YoY in November vs. 15.5% in October, with expectations at 10.0%).The data point to the weakening of both domestic and foreign demand. The slower export and import growth may be partly due to the shift of transactions between October and November – as October recorded an increase of the two indicators that was higher than expected. The reading does not alter our forecast, in which the Chinese GDP growth rate will decrease to 6.6% in 2018 vs. 6.9% in 2017.

## Forecasts for 2018-2020



**Source:** GUS, Credit Agricole

**In view of recent data on the real economy and trends shown by business survey results, we have revised our macroeconomic forecasts (see the table on page 8).** We expect the GDP to grow at 5.0% YoY in 2018 (4.8% before the revision), and at 3.3% in 2019 (vs. 3.5% in the previous forecast) to reach 3.2% in 2020.

The upward revision of the GDP growth rate forecast by us for 2018 results mainly from significantly higher than expected GDP growth recorded in Q3 2018 (see MACROpulse of 30/11/2018). At the same time, we have maintained our forecast of economic growth in Q4 2018 (4.5% YoY). The slowdown of GDP growth rate compared to Q3 will result from further downturn observed in recent months in the Eurozone, slower consumption growth (last year's high base effect), and additional holiday (12 November). In our view, the negative impact of the last factor on the economic growth rate was limited. We believe that due to the late announcement of the holiday, most companied already had accepted orders and determined production plans for November. Consequently, most of them were probably trying to make up for the "lost" working day during the month. The main economic growth trends in our scenario have not changed significantly compared to the last forecast. In subsequent quarters we expect that the GDP growth rate will continue to reach relatively high levels, though showing a downward trend.

GDP growth in the entire forecast horizon will continue to be driven primarily by consumption. Private consumption will be supported by moderately high – albeit decreasing - dynamics of real wage fund and households' low propensity to save. In the coming quarters, wage pressure will continue to be moderate, however the latest business survey results point to its weakening. The scale of pay rises will be limited by the implementation of the Act on employer-provided pension programs which will result in higher wage costs incurred by enterprises. Consequently we expect that nominal wage growth will decrease to 7.0% YoY in 2019 and to 5.5% in 2020 from 7.1% in 2018. Growing difficulties of enterprises in finding highly skilled labour will limit non-agricultural employment whose growth rate will decrease from 1.1% YoY in 2018 to 0.4% in 2019 and to 0.1% in 2020.

The positive impact of the recovery in investments on the economic growth rate will also be gradually expiring. Due to the political cycle (abating investment peak in local government units in 2018 caused by local elections) and short investment cycle in the corporate sector signaled by business surveys, the growth rate of investments will be gradually decelerating to 5.2% YoY on a yearly average in 2019 and to 4.2% in 2020 vs. 8.3% in 2018.

We have revised our forecast of inflation in Q4 2018 (1.4% YoY v. 1.8% in the previous forecast) and in the whole 2019 (to 1.5% YoY from 2.2%). Based on the flash estimate of the November inflation, we estimate that core inflation and food price dynamics stood significantly below our expectations. In the forecast horizon we still expect core inflation to gradually increase to 1.3% in 2019 and to 2.0% in 2020, supported by higher unit costs of labour amid higher core inflation in the Eurozone. However, due to a lower starting point, core inflation profile will be lower from the previous forecast.

In accordance with the latest government announcements, our forecast assumes that prices of electricity for private individuals will not increase significantly in the forecast relevant horizon. We believe that higher prices of electricity for enterprises and their partial transfer to consumers will not result in a so-called second round effect (secondary price shock in reaction to wage increases caused by increase in inflation and inflation expectations). Recent months have seen a significant fall of global oil prices. This trend is conducive to a decrease in the expected fuel price dynamics in 2019.

Due to a lower starting point related to slower than we had expected increase in the prices of bread and vegetables, we have revised our food inflation scenario downwards. We now expect that the dynamics of prices in the category food and non-alcoholic beverages will decrease to 1.0% YoY in Q4 2018 vs. 2.2% in Q3, and will amount to 2.6% YoY in the whole 2018. At the same time, we forecast that food inflation will increase to 2.7% in 2019 and decrease to 2.3% in 2020. The slight increase in food inflation in 2019 will result from higher dynamics of the prices of bread, meat, and vegetables, while their decrease in the case of the prices of fruit, oils and fats, as well as milk, cheeses, and eggs will have an opposite impact. The main risk to our scenario of food prices are the agrometeorogical conditions in Poland and in countries being the world's largest food producers. We believe that total inflation will stand at 2.0% YoY in 2020.

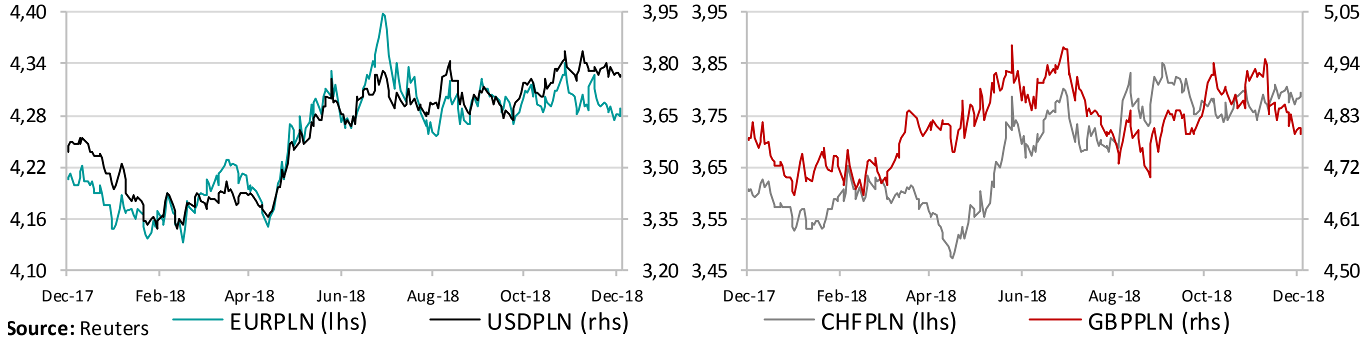
We have maintained our scenario concerning domestic monetary policy outlook. We believe that in the context of economic slowdown and inflation markedly below the inflation target, the MPC will not change interest rates until March 2020. Our scenario is supported by the comments made by the NBP Governor at a conference following the December MPC meeting (see MACROpulse of 5/12/2018). It is consistent with the expected by us medium-term shape of the monetary policy in the Eurozone (first hike of the ECB deposit rate in September 2019). We believe that interest rates will be increased twice in 2020 (in March and November) by 50 bp in total. We have also not changed our forecast of EURPLN. We believe that the coming quarters will see a gradual appreciation of PLN to 4.15 vs. EUR as at the end of 2019 and 4.07 as at the end of 2020.

We believe that the slowdown observed now in global trade is temporary. The policy carried out by the Chinese government and the People's Bank of China will boost economic growth in China. In our view the stimulation of demand in China will contribute to the acceleration of industrial production and exports in Germany, in the automotive industry in particular. However, we can see downside risks to this scenario and, consequently, to our forecast of the GDP growth rate in Poland. If no agreement is reached between the US and China and the US decides to intensify its protectionist measures in international trade, the actual economic growth slowdown seen by Poland's key trade partners may be stronger than we had expected. The materialization of such scenario would also be conducive to increase in global risk aversion and PLN depreciation.

The second risk factor is the current policy-mix in the US. The expansionary fiscal policy of D. Trump's administration is being pursued in a situation of an overheated economy. We believe that tax cuts in the US will only have a temporary positive impact on economic growth in the US and will not contribute to any significant growth in business investments or productivity in the following years. Therefore, we expect the positive impact of the tax system reform on GDP growth in the US to expire in 2020. In the context of the expected by us further tightening of FED's t monetary policy in the coming quarters (we expect that an increase of the federal funds rate by 25bp at the December FED meeting and three more hikes totaling 75bp in 2019), such development in the fiscal policy is likely to increase the risk of recession in the US in 2020.

## Vote on Brexit may weaken PLN

FX rates



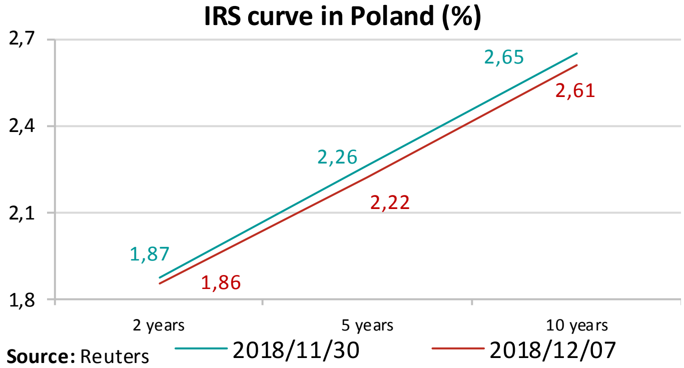

**Source:** Reuters

**Last week, the EURPLN exchange rate rose 4.2886 (PLN appreciation by 0.1%).** Monday saw the appreciation of PLN in response to the truce announced last week in the US-China trade war. On subsequent days PLN was slightly depreciating due to a slight increase in global risk aversion, reflected by higher VIX index. On Friday morning, PLN was depreciating, however the publication of weaker-than-expected data from the US labour market resulted in its strengthening. The last week's appreciation of PLN vs. GBP is also noteworthy. It largely resulted from the increase in EURGBP, due to investors' concerns that the British parliament will reject the agreement with the EU on Brexit.

Crucial for PLN this week will be the Tuesday's vote in the British parliament on the Brexit agreement with the EU. In our view, it is highly likely that it will be voted down which will be conducive to GBP depreciation vs. EUR, increased risk aversion, and PLN weakening. Negative for PLN are also the data on the Chinese balance on trade published during the weekend. Also Thursday may see a relatively high volatility of PLN due to the ECB meeting. Numerous data from the US (inflation, retail sales, and industrial production) as well as the publication of business survey results for the Eurozone (PMIs) scheduled for Friday will have a limited impact on PLN. Domestic data (inflation and balance on payments) and data from China are also unlikely to have a significant impact on PLN.

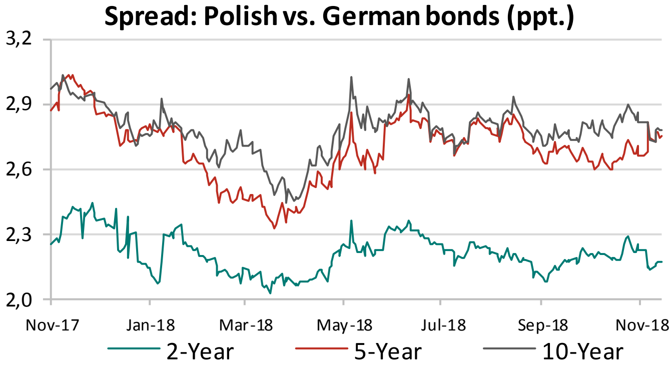
## ECB meeting may increase market volatility

IRS curve in Poland (%)




**Source:** Reuters

Spread: Polish vs. German bonds (ppt.)




**Last week, 2-year IRS rates decreased to 1.86 (down by 1bp), 5-year rates to 2.22 (down by 4bp), and 10-year rates to 2.61 (down by 4bp).** The most important event for IRS rates was the press conference after the MPC meeting, at which the NBP Governor, A. Glapiński, expressed the opinion that inflation would stay low in subsequent quarters and interest rates were not likely to be raised also in 2020. In effect, Thursday saw a decrease in IRS rates across the curve. On other days, IRS rates showed low volatility.

This week the market will focus on the voting in the British parliament on the Brexit agreement with the EU scheduled for Tuesday. In our view, it is highly likely that the agreement will be voted down which will be conducive to increased risk aversion, higher IRS rates, and increase in spread between the Polish and German bonds. Also Thursday may see a relatively high volatility of IRS rates, due to the ECB meeting. The business survey results for the Eurozone (PMIs), numerous data from the US (inflation, retail sales, and industrial production) as well as domestic data on inflation and balance on payments will not have any substantial impact on the yield curve, we believe.

# Forecasts of the monthly macroeconomic indicators

| Main monthly macroeconomic indicators in Poland | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Indicator | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
| 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* | 4,20 | 4,18 | 4,15 | 4,17 | 4,21 | 4,24 | 4,31 | 4,37 | 4,27 | 4,30 | 4,28 | 4,34 | 4,29 | **4,29** |
| USDPLN* | 3,53 | 3,48 | 3,34 | 3,42 | 3,42 | 3,51 | 3,69 | 3,74 | 3,66 | 3,71 | 3,69 | 3,84 | 3,79 | **3,76** |
| CHFPLN* | 3,59 | 3,57 | 3,59 | 3,62 | 3,58 | 3,54 | 3,74 | 3,78 | 3,69 | 3,83 | 3,75 | 3,80 | 3,79 | **3,73** |
| CPI inflation (% YoY) | 2,5 | 2,1 | 1,9 | 1,4 | 1,3 | 1,6 | 1,7 | 2,0 | 2,0 | 2,0 | 1,9 | 1,8 | **1,5** | |
| Core inflation (% YoY) | 0,9 | 0,9 | 1,0 | 0,8 | 0,7 | 0,6 | 0,5 | 0,6 | 0,6 | 0,9 | 0,8 | 0,9 | **0,9** | |
| Industrial production (% YoY) | 9,2 | 2,8 | 8,6 | 7,3 | 1,7 | 9,3 | 5,2 | 6,7 | 10,3 | 5,0 | 2,7 | 7,3 | **4,5** | |
| PPI inflation (% YoY) | 1,8 | 0,3 | 0,2 | -0,1 | 0,5 | 1,0 | 3,0 | 3,7 | 3,4 | 3,0 | 3,0 | 3,2 | **3,3** | |
| Retail sales (% YoY) | 10,2 | 6,0 | 8,2 | 7,9 | 9,2 | 4,6 | 7,6 | 10,3 | 9,3 | 9,0 | 5,6 | 9,7 | **8,0** | |
| Corporate sector wages (% YoY) | 6,5 | 7,3 | 7,3 | 6,8 | 6,7 | 7,8 | 7,0 | 7,5 | 7,2 | 6,8 | 6,7 | 7,6 | **7,1** | |
| Employment (% YoY) | 4,5 | 4,6 | 3,8 | 3,7 | 3,7 | 3,7 | 3,7 | 3,7 | 3,5 | 3,4 | 3,2 | 3,2 | **3,0** | |
| Unemployment rate* (%) | 6,5 | 6,6 | 6,8 | 6,8 | 6,6 | 6,3 | 6,1 | 5,8 | 5,8 | 5,8 | 5,7 | 5,7 | **5,7** | |
| Current account (M EUR) | 95 | -1354 | 2289 | -792 | -914 | 291 | 495 | -200 | -750 | -582 | -547 | **-131** | | |
| Exports (% YoY EUR) | 17,7 | 4,8 | 15,5 | 6,6 | -4,4 | 9,1 | 1,1 | 6,2 | 9,2 | 7,2 | 0,3 | **8,8** | | |
| Imports (% YoY EUR) | 17,8 | 13,2 | 19,0 | 9,5 | 0,3 | 12,4 | 1,4 | 7,9 | 10,3 | 11,3 | 5,4 | **10,8** | | |

*end of period

# Forecasts of the quarterly macroeconomic indicators

| Main macroeconomic indicators in Poland | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Indicator | | 2018 | | | | 2019 | | | | 2018 | 2019 | 2020 |
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| Gross Domestic Product (% YoY) | | 5,3 | 5,1 | 5,1 | 4,5 | 3,7 | 3,6 | 3,2 | 2,9 | 5,0 | 3,3 | 3,2 |
| Private consumption (% YoY) | | 4,7 | 4,9 | 4,5 | 4,4 | 4,2 | 3,5 | 3,4 | 3,3 | 4,6 | 3,6 | 3,0 |
| Gross fixed capital formation (% YoY) | | 8,2 | 4,7 | 9,9 | 9,3 | 8,1 | 6,7 | 4,4 | 3,6 | 8,3 | 5,2 | 4,2 |
| Export - constant prices (% YoY) | | 3,4 | 7,6 | 4,9 | 4,4 | 4,7 | 4,7 | 4,9 | 5,4 | 5,1 | 4,9 | 4,5 |
| Import - constant prices (% YoY) | | 5,5 | 6,5 | 6,9 | 6,5 | 5,7 | 5,6 | 6,3 | 5,8 | 6,4 | 5,9 | 6,0 |
| GDP growth contributions | Private consumption (pp) | 3,0 | 2,8 | 2,7 | 2,2 | 2,7 | 2,0 | 2,0 | 1,6 | 2,7 | 2,1 | 1,7 |
| | Investments (pp) | 1,0 | 0,8 | 1,7 | 2,3 | 1,0 | 1,1 | 0,8 | 0,9 | 1,5 | 1,0 | 0,8 |
| | Net exports (pp) | -1,0 | 0,9 | -0,9 | -0,9 | -0,4 | -0,3 | -0,6 | -0,1 | -0,5 | -0,3 | -0,6 |
| Current account (% of GDP)*** | | -0,2 | 0,0 | -0,4 | -0,7 | -1,0 | -1,0 | -1,0 | -0,9 | -0,7 | -0,9 | -0,8 |
| Unemployment rate (%)** | | 6,6 | 5,8 | 5,7 | 5,8 | 6,1 | 5,6 | 5,7 | 5,8 | 5,8 | 5,8 | 5,8 |
| Non-agricultural employment (% YoY) | | 1,4 | 1,0 | 1,1 | 0,8 | 0,4 | 0,4 | 0,4 | 0,4 | 1,1 | 0,4 | 0,1 |
| Wages in national economy (% YoY) | | 6,2 | 7,1 | 7,6 | 7,3 | 7,5 | 7,2 | 6,9 | 6,2 | 7,1 | 7,0 | 5,5 |
| CPI Inflation (% YoY)* | | 1,5 | 1,7 | 2,0 | 1,4 | 1,6 | 1,6 | 1,2 | 1,4 | 1,6 | 1,5 | 2,0 |
| Wibor 3M (%)** | | 1,70 | 1,70 | 1,72 | 1,72 | 1,72 | 1,72 | 1,72 | 1,80 | 1,72 | 1,80 | 2,30 |
| NBP reference rate (%)** | | 1,50 | 1,50 | 1,50 | 1,50 | 1,50 | 1,50 | 1,50 | 1,50 | 1,50 | 1,50 | 2,00 |
| EURPLN** | | 4,21 | 4,37 | 4,28 | 4,29 | 4,27 | 4,25 | 4,20 | 4,15 | 4,29 | 4,15 | 4,07 |
| USDPLN** | | 3,42 | 3,74 | 3,69 | 3,76 | 3,71 | 3,57 | 3,44 | 3,35 | 3,76 | 3,35 | 3,16 |

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

# Calendar

| TIME | COUNTRY | INDICATOR | PERIOD | PREV. VALUE | FORECAST* CA | FORECAST* CONSENSUS** |
|---|---|---|---|---|---|---|
| | | **Monday 12/10/2018** | | | | |
| 8:00 | Germany | Trade balance (bn EUR) | Oct | 17,6 | | 17,7 |
| 10:30 | Eurozone | Sentix Index (pts) | Dec | 8,8 | | 8,3 |
| | | **Tuesday 12/11/2018** | | | | |
| 11:00 | Germany | ZEW Economic Sentiment (pts) | Dec | -24,1 | | -25,0 |
| | | **Wednesday 12/12/2018** | | | | |
| 11:00 | Eurozone | Industrial production (% MoM) | Oct | -0,3 | | 0,3 |
| 14:30 | USA | CPI (% MoM) | Nov | 0,3 | 0,0 | 0,0 |
| 14:30 | USA | Core CPI (% MoM) | Nov | 0,2 | 0,2 | 0,2 |
| | | **Thursday 12/13/2018** | | | | |
| 9:30 | Switzerland | SNB rate decision %) | Q4 | -0,75 | | |
| 13:45 | Eurozone | EBC rate decision (%) | Dec | 0,00 | 0,00 | 0,00 |
| | | **Friday 12/14/2018** | | | | |
| 3:00 | China | Retail sales (% YoY) | Nov | 8,6 | 8,3 | 9,0 |
| 3:00 | China | Industrial production (% YoY) | Nov | 5,9 | 6,0 | 5,9 |
| 3:00 | China | Urban investments (% YoY) | Nov | 5,7 | 5,9 | 5,8 |
| 9:00 | Eurozone | Flash Services PMI (pts) | Dec | 53,4 | | 53,5 |
| 9:00 | Eurozone | Flash Manufacturing PMI (pts) | Dec | 51,8 | | 52,0 |
| 9:00 | Eurozone | Flash Composite PMI (pts) | Dec | 52,7 | | 52,8 |
| 9:30 | Germany | Flash Manufacturing PMI (pts) | Dec | 51,8 | | 51,9 |
| **10:00** | **Poland** | **CPI (% YoY)** | **Nov** | **1,8** | **1,5** | **1,5** |
| 11:00 | Eurozone | Wages (% YoY) | Q3 | 1,9 | | |
| **14:00** | **Poland** | **Current account (M EUR)** | **Oct** | **-547** | **-131** | **-472** |
| 14:30 | USA | Retail sales (% MoM) | Nov | 0,8 | 0,1 | 0,2 |
| 15:15 | USA | Industrial production (% MoM) | Nov | 0,1 | 0,4 | 0,3 |
| 15:15 | USA | Capacity utilization (%) | Nov | 78,4 | 78,6 | 78,5 |
| 15:45 | USA | Flash Manufacturing PMI (pts) | Dec | 55,3 | | 55,2 |
| 16:00 | USA | Business inventories (% MoM) | Oct | 0,3 | | 0,5 |

*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
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