What scale of quantitative easing would be needed in Poland?

This week

- **On Tuesday and Wednesday, FED Chairman J. Powell will present the semi-annual monetary policy report to the Congress.** The investors will closely follow J. Powell's remarks concerning the outlook for economic growth, inflation, and interest rates. Of particular importance will be the FED Chair's remarks on further pace of the monetary tightening. The Minutes of the January FOMC meeting indicate a change in FED's bias to more dovish (see below). During J. Powell's testimony, we may see increased volatility in the financial markets.
- **Important data from the US will be released this week**. The first estimate of GDP in Q4 2018 will be released on Thursday. We expect that the annualized economic growth rate dropped to 2.2% vs. 3.4% in Q3, due to lower contributions of private consumption and inventories. We expect that further slowdown in the US real estate market will be confirmed by data on housing starts (1248k in December vs. 1256k in November) and building permits (1284k vs. 1322k). The manufacturing ISM index will be released on Friday and, in accordance with our forecast, will decrease to 56.0 pts in February vs. 56.6 pts in January. A slight index decline had been signaled earlier by regional business sentiment indicators. On the other hand, the Conference Board Consumer Confidence Index and the final University of Michigan Index will indicate improvement in consumer sentiment (125.0 pts and 95.5 pts in February vs. 120.2 pts 91.2 pts in January, respectively). The indices increase will mainly result from the end of the government shutdown (both indices significantly decreased in January due to partial suspension of federal government activity). The materialization of our forecasts will be neutral for PLN and Polish bonds yields.
- **The February PMIs for Chinese manufacturing (Caixin and CFLP) will be released this week**. We expect that Caixin PMI dropped to 48.0 pts in February vs. 48.3 pts in January while CFLP dropped, in our view, to 49.4 pts vs. 49.5 pts in January. We believe that the effects of the measures of the Chinese government and the People's Bank of China stimulating internal demand will be visible with a delay. At the same time, the slowdown in global trade and downturn in the automotive industry is conducive to deterioration in Chinese manufacturing. We expect that the results of business surveys in China, pointing to a deterioration of sentiment in manufacturing, will be slightly negative for PLN.
- **The flash reading of HICP inflation for the Eurozone will be released on Friday**. We expect that the annual inflation rate rose to 1.5% YoY in February vs. 1.4% in January, with core inflation remaining stable at 1.1% YoY. We expect the publication of data on inflation in the Eurozone to be neutral for PLN.
- **The full data on GDP in Poland in Q4 2018 will be released on Thursday.** We expect that the GDP growth rate was in line with the flash estimate and amounted to 4.9% YoY vs. 5.1% in Q3. The GDP reading will be important in the context of the assessment of the scale of the slowdown in private consumption and investments growth but should not be market moving.
- **February data on business sentiment in Polish manufacturing will be released on Friday.** We expect that PMI dropped to 48.0 pts from 48.2 pts in January. Conducive to the index decrease was the deterioration of sentiment in the Eurozone and Germany (see below). We believe that that the reading will be neutral for PLN and yields on Polish bonds.

Last week

- **Significant changes planned by the government in fiscal policy were announced on Saturday at the Law and Justice convention.** The most important changes announced by the government included: the extension of the 500+ scheme to every child, additional thirteenth old age pension of PLN 1100, restoration of a more extensive bus transport network in Poland, reduction of personal income tax rate (therein to 0% for people under 26) and increase in the tax deductible income. All the details concerning the scale and timing of the above changes are not known yet. We estimate that their implementation, with other conditions unchanged, is conducive to an increase in the budget expenditure and public deficit by ca. 2% of GDP for the whole year. According to the remarks by M. Dworczyk, Head of the Chancellery of the Prime Minister, the a/m changes will be partly financed from tighter tax system, more efficient functioning of the state, and faster economic growth. Hence the public deficit may increase to a lesser extent than it would result from the announced scale of the increase in expenditures and will stand below 3% of GDP in 2019 and 2020. We believe that global business sentiment will improve in H2 2019, hence the PIS-proposed fiscal impulse will be pro-cyclical, i.e. conducive to bigger fluctuations in the economic growth rate. At the same time, it poses an upside risk to our forecasts of inflation and GDP dynamics in H2 2019 and in the whole 2019. The scale of the revision will be possible to assess once PIS presents the details of the fiscal package. In the context of market implications, the fiscal impulse will be conducive to lower market expectations of interest rate cuts by the NBP, which will raise the yield curve in Poland. The rating agencies were pointing to the potential deterioration in public finance as a downside risk to Poland's credit rating. In accordance with their reports, we believe that for as long as the deficit does not exceed the threshold of 3% of GDP, the rating should not be expected to be downgraded. Nonetheless, the changes in the fiscal policy are likely to be critically assessed in the agencies' reports which will be slightly negative for PLN.

- **In accordance with preliminary data, Composite PMI (for manufacturing and services) in the Eurozone rose to 51.4 pts in February vs. 51.0 pts in January, running above the market expectations (50.8 pts) and our forecast (50.6 pts).** The increase in Composite PMI resulted from higher values of its sub-indices for business activity in services, while lower sub-index for output in manufacturing had an opposite impact. Geographically, higher Composite PMI was recorded both in Germany and in France. In Germany the improvement in sentiment resulted from higher sub-index for business activity in services and lower sub-index for output in manufacturing. Whereas in France it resulted from higher sub-indices for both business activity in services and output in manufacturing. On the other hand, deterioration of sentiment was recorded in other Eurozone economies covered by the survey. In the data structure especially noteworthy is the deference between the situation in services, which contributed to the improvement of business sentiment in the Eurozone in February, and the situation in manufacturing. The historically observed differences in the sentiment profile in manufacturing and services in the Eurozone were short-lived which suggests that the increase recorded in February in PMI composite for the Eurozone is temporary. From the perspective of Polish exports, especially noteworthy is the decrease in PMI for German manufacturing down to 47.6 pts in February vs. 49.7 pts in January. Thus, for the second month in a row, it stood below the 50 pts threshold dividing expansion from contraction of activity. Conducive to the index decline were lower contributions of its 5 sub-indices (for output, new orders, suppliers' delivery times, inventories, and employment). Especially noteworthy in the data structure is the fastest decline in new export orders since October 2012. January also saw the first since April 2013 decrease of output in manufacturing. The more surprising is the last week's reading of industrial production in Poland which pointed to a sharp increase of production in export-oriented branches (see below). The February results of business surveys for the Eurozone indicate a high likelihood of slowdown of economic activity within the single currency area in subsequent months. Unless the currently implemented stimulation of economic growth in China and the expected by the market agreement between the US and China aimed at deescalation of the trade war stabilize the situation in global trade, we see a significant risk of the Eurozone economy going into recession in subsequent quarters.
- **The Minutes of the January FOMC meeting were released last week.** As widely expected, the document confirmed a change of the Federal Reserve's bias to more dovish. According to the Minutes, FED is planning to end the reduction of its balance-sheet towards the end of 2019. The

Minutes also emphasized the risk of a stronger than expected economic slowdown abroad (in Europe and China, in particular). As we expected, the publication of the Minutes had a limited impact on the market (see MACROmap of 18/2/2019). The Minutes support in which the Federal Reserve will hike interest rates by 25 bp in 2019 (in Q3). Earlier we expected two hikes, each by 25 bp (in Q2 and Q4). We believe that the argument in favour of interest rate hike will be the expected by us stabilization of situation in global economy in H1 2019 and lower political uncertainty (de-escalation of trade war, clarification of the Brexit issue). Currently the market is not pricing in any interest rate cut in the US in 2019.

- **In accordance with the final estimate, the quarterly dynamics of the German GDP in Q4 rose to 0.0% vs. -0.2% in Q3 (0.9% YoY in Q4 vs. 1.1% in Q3).** The increase in the quarterly German GDP dynamics resulted from higher contributions of net exports (0.0pp in Q4 vs. -0.9% in Q3), consumption (0.4 pp vs. -0.2 pp), and investments (0.2 pp vs. 0.1 pp). Lower contribution of inventories (-0.6 pp in Q4 vs. 0.8 pp in Q3) had an opposite impact. Thus consumption was the main source of the German GDP growth in Q4. Last week we also saw the results of business surveys in Germany. ZEW index reflecting the sentiment among analysts and institutional investors regarding the economic situation in Germany rose to -13.4 pts in February vs. -15.0 pts, running slightly above the market expectations (-14.0 pts). The index slightly improved despite further deterioration of the economic outlook in Germany. However, according to the statement, the incoming data indicating slowdown of activity in the German economy were reflected by lower ZEW sub-index for the assessment of the current situation, which in February stood at the lowest level since December 2014. Ifo Index reflecting the sentiment among German managers representing the manufacturing, construction, wholesale and retail trade sectors, was also released last week and dropped to 98.5 pts in February vs. 99.3 pts in January. The index decrease resulted from its lower sub-indices concerning both the assessment of the current situation and expectations. Sector-wise, deterioration of sentiment was recorded in 3 of the 4 analyzed sectors (in manufacturing, construction and services). Slight improvement was recorded only in trade. The data pose a significant downside risk to our forecast, in which the quarterly GDP growth rate in the German economy will increase to 0.5% in Q1 2019 vs. 0.0% in Q4 2018.
- **Significant data from the US economy were released last week.** Published were outstanding data on durable goods orders which increased by 1.2% MoM in December vs. a 1.0% increase in November, running slightly below the market expectations (1.5%). The increase in their monthly dynamics resulted to a significant extent from higher growth rate of orders for non-military aircrafts and parts. Excluding means of transport, durable goods orders increased by 0.1% MoM vs. a 0.2% decrease in November. Noteworthy is a decrease in the annual dynamics of orders for non-military capital goods, excluding orders for aircrafts (2.5% in December vs. 6.0% in November), pointing to a high likelihood of slowdown of investments in subsequent quarters. Data on existing home sales were also released last week (4.94M in January vs. 5.00M in December), pointing to lower activity in the US real estate market. The results of consumer sentiment surveys were also released last week. The Philadelphia FED Index decreased to 4.1 pts in February vs. 17.0 pts in January, thus indicating deterioration of situation in manufacturing in the North-East of the USA. The last week's reading of durable goods orders suggests a downside risk to our forecast, in which the annualized US GDP growth rate will decrease to 1.7% in Q1 2019 vs. 2.2% in Q4 2018.
- **The dynamics of industrial production in Poland rose to 6.1% YoY in January vs. 2.8% in December** 2018. The main factor behind the increase in industrial production between December and January was a favourable difference in the number of working days. However, the scale of the recovery in production in January was bigger than the favourable impact of calendar effects would suggest. In the light of the available results of business surveys in Poland, the strong recovery of industrial production growth in January is hard to explain and we believe that it was temporary (see MACROpulse of 20/2/2019). The construction-assembly

production dynamics decreased to 3.2% YoY in January vs. 12.2% in December. Its decrease was largely a result of last year's high base effect and of unfavourable weather conditions. Especially noteworthy in the data structure is the increase in construction-assembly production in the segment "civil engineering", which indicated a continuingly high investment activity of the public sector (see MACROpulse of 21/2/2019). Data on the industrial production and construction-assembly production pose an upside risk to our forecast of economic growth in Q1 (3.7% YoY vs. 4.9% in Q4).

- **Retail sales in Poland increased in current prices by 6.6% YoY in January vs. a 4.7% increase in December 2018**. The sales growth rate in constant prices rose to 5.2% YoY in January vs. 3.9% in December. We estimate that the main factor behind the acceleration of retail sales growth were higher dynamics of sales in the category "food, beverages and tobacco products". On the other hand, the main factor limiting retail sales growth were lower dynamics in the category "motor vehicles, motorcycles, parts" (see MACROpulse of 21/2/2019). The dynamics of real retail sales in January decreased compared to its average value in Q4 (5.8% YoY). In addition, it is worth noting GUS data published this week, which pointed to a continuation of the decline in both the current and the leading consumer sentiment indicator. However, taking into account January data on the labour market (see below) we still see a slight upside risk to our forecast of retail sales dynamics in Q1 (4.2% YoY vs. 3.9% in Q4).
- **Nominal wage dynamics in the Polish corporate sector rose to 7.5 % YoY in January vs. 6.1% in December 2018**. The significant acceleration in wage growth in January was affected by higher-from-previous-year increase of minimum wage. However, the wage growth increase in January was visibly higher than we had expected, therefore we are interpreting this as a signal of further increase of wage pressure in the economy. However, we do not rule out that the wage growth in January was temporarily boosted by the payment of variable remuneration in certain branches. Corporate employment dynamics amounted to 2.9% YoY in January vs. 2.8% in December. In monthly terms, employment increased by 135.7k. The strong monthly employment growth resulted from the annual revision of data on employment in microenterprises (see MACROpulse of 19/2/2019). We estimate that the real wage fund growth rate (employment multiplied by average wage) in enterprises amounted to 9.7% YoY in January vs. 7.8% in December 2018 and 8.8% in Q4 2018. The markedly higher-than-expected wage dynamics in January signal an upside risk to our forecast of wage growth in the national economy in the whole 2019 (7.0%).
- **The NBP Governor, A. Glapiński, said last week that interest rates in Poland "are at relatively such level which permits their cuts"**. However, he indicated that currently there was no need to change the amount of interest rates, as he believed that the inflation forecast in the NBP projection "is firmly based on the target, fully safe, under control, not requiring any actions, including change of interest rates". A. Glapiński also said that until the end of the NBP Governor's current term of office (namely until 2022) there would no need of using unconventional tools, unless there was a "collapse" in the environment of the Polish economy, which however he did "not anticipate". A. Glapiński remark contributed to PLN weakening and lower yields on Polish bonds. We believe that A. Glapiński's deliberations are purely theoretical and do not signal a higher likelihood of interest rates cuts in Poland. We maintain our scenario, in which NBP rates will remain unchanged until the end of 2019 and their first hike (by 25bp) will take place in March 2020. This scenario is supported by the fiscal package announced by the government over the weekend (see above), which is likely to have a pro-cyclical impact on business climate in H2 2019.
- **The US President, Donald Trump, announced that the US would postpone the introduction of a subsequent tranche of customs duties on USD 200bn of goods from China supposed to be imposed with effect from 1 March 2019.** He pointed to "visible progress in the trade talks with China" as the reason for his decision. D. Trump's decision to postpone the imposition of subsequent tariffs on imports from China points to a growing likelihood of de-escalation in the

US-China trade war. In effect, the decision supports lower risk aversion and, consequently, is positive for the emerging currencies, including PLN.

What scale of quantitative easing would be needed in Poland?

Last week we presented a report on the implementation of the asset purchase programs by major central banks. Below we are analyzing what the implementation of such program by the NBP would look like and what its scale would have to be to effectively stimulate economic growth in Poland.

In our previous analyzes we pointed out that the easing of the monetary policy by the NBP implemented in a conventional way would be conducive to increase in economic growth rate and inflation by maximum 0.4 percentage points. These estimates take into account the positive impact of PLN depreciation (due to higher risk aversion amid slowdown) on the economic situation in Poland. This means that in the conditions of even stronger slowdown of Polish economic growth, it would be necessary to launch unconventional tools in the monetary policy. Below we describe a program of quantitative easing (QE) which could be complimentary or substitutive to the presented by us program of low interest loans for the sector of small and medium-size businesses (see MACROmap of 11/2/2019). For the purpose of assessing the necessary scale of the quantitative easing program in Poland we assume that it would have to result in the economic growth rate higher by 1 percentage point.

Studies devoted to QE indicate that the scale of the program's impact on the economic conditions is mainly decided by the total value of the purchased securities (so-called stock) and not the monthly scale of central bank's purchases (so-called flow). The channel of the "flow" impact is limited mainly to the market reaction to the announcement of the launch of the programs (or changes in their functioning) by the central bank through the policy signaling channel.

Impact of QE programme equal to 1% of GDP on macroeconomic indicators

Country	10-year government bonds yield (bp)	GDP growth rate (pp)	CPI inflation (pp)	Exchange rate
UK	-6,2	0,22	0,25	-0,3%
Japan	-1,5	0,13	0,09	-
Eurozone	-7,1	0,08	0,05	-0,4%
USA	-8,3	0,63	0,61	-0,5%
Sweden	-6,8	-	-	-
Average	**-6,0**	**0,26**	**0,25**	**-0,4%**

Source: Credit Agricole

To determine the adequate scale of QE program in Poland, we utilized the experience of the central banks which have used this tool – the ECB, FED, Bank of England, Bank of Japan, and Riksbank. Based on the available studies concerning the effects of asset purchase programs, in those countries, we have divided the impact into four macroeconomic variables – economic growth rate, inflation, yields on 10-year bonds, and foreign exchange rate. These estimates are different in case of particular analyses and individual countries. The differences result from different research methodologies and from the difficulties in characterizing an alternative scenario where the QE program would not have been launched. That is why for the purpose of our analysis we took the average values from all the analyses (see the table). We rescaled the so obtained quantities characterizing the effects of quantitative easing so as to reflect the strength of the impact of a program under which assets representing 1% of GDP have been purchased. On this basis it can be estimated that the implementation of a quantitative easing program in Poland with the total scale of 1% of GDP would be conducive to increase of inflation and GDP dynamics by ca. 0.2-0.3pp, PLN depreciation by 0.4% and decrease in yields on 10-year bonds by ca. 6bp.

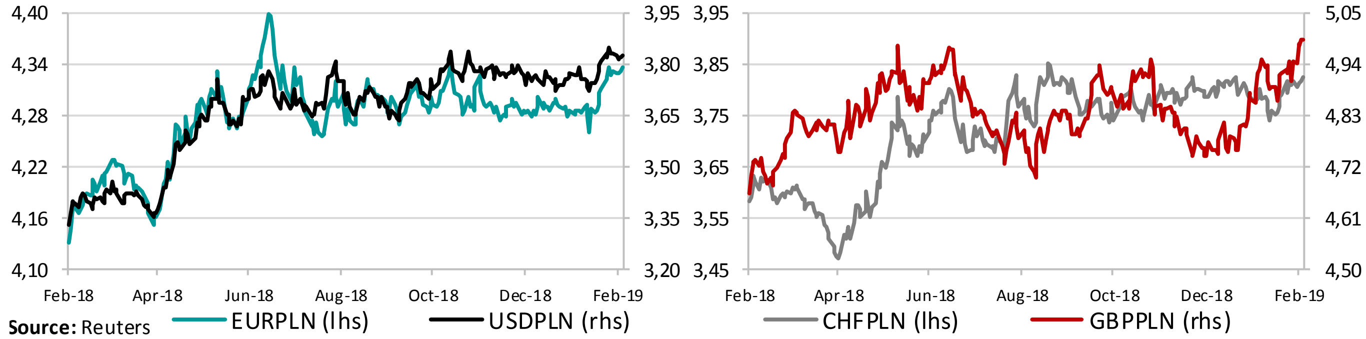
The uncertainty appears in the literature as to what decides about the strength of QE impact on the macroeconomic conditions – is it the program scale in relation to GDP or the program size in relation to the value of securities which can be purchased by the central bank. Such doubts have appeared due to the case of Japan (having a large debt market in relation to GDP) where a similar scale of assets purchase (expressed in relation to GDP) brought smaller results than in other countries. There is no consensus on this issue in the literature. That is because the factor differentiating the effects of QE programs in individual countries may have been not so much the scale of the debt market but also the level of yields on long-term bonds (significantly lower in Japan than in the US or UK) at the time the quantitative easing program was launched. However, it should be pointed out that the omission of the Japan's case would not substantially change the above-estimated average effects of QE program. That is why we assume for the purpose of the analysis that in Poland the quantitative easing program will affect the macroeconomic conditions to a similar extent as in the said countries.

In accordance with the assumed by us MPC objective (to increase the economic growth rate by 1 pp), the NBP would have to purchase government bonds representing 4% of GDP. This exercise would also contribute to increase in inflation by ca. 1 pp, PLN depreciation by ca. 2%, and decrease in yield on 10-year bonds by ca. 25bp. We see a significant upside risk to the estimate of QE program's impact on yields of 10-year bonds. The relation of the value of government bonds in local currency to GDP in Poland (ca. 30%) is smaller than in the aforementioned advanced countries at the time the program was launched (ca. 60% in the US and in the Eurozone, 160% in Japan, and 35% in the UK), hence the impact of quantitative easing in Poland (rescaled to 1% of GDP) on bond yields would probably be bigger. Consequently, the impact of the QE program implemented in Poland on GDP, inflation, and foreign exchange rate would most probably also be bigger than in the a/m countries.

Considering the experiences of other central banks, the implementation of a QE program in Poland would take ca. 12-18 months. This means that the effects of the program's impact on the real economy would be visible at a delay of several quarters since the program's launch. The purchase of PLN government bonds in Poland amounting to ca. 4% of GDP would mean that the central bank would hold ca. 13% of the available securities in this segment. This relative scale of intervention in the domestic debt market is similar to the United Kingdom and to the United States and significantly lower from the Eurozone, Sweden, and Japan (ca. 30%). Therefore the NBP intervention in the debt market at such scale should not result in much disturbance in its functioning (such as e.g. "drying" of liquidity in certain segments).

PMI for Chinse manufacturing may weaken PLN

FX rates



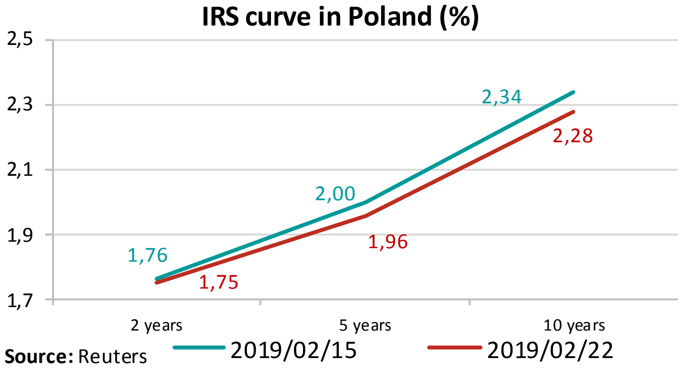
Source: Reuters

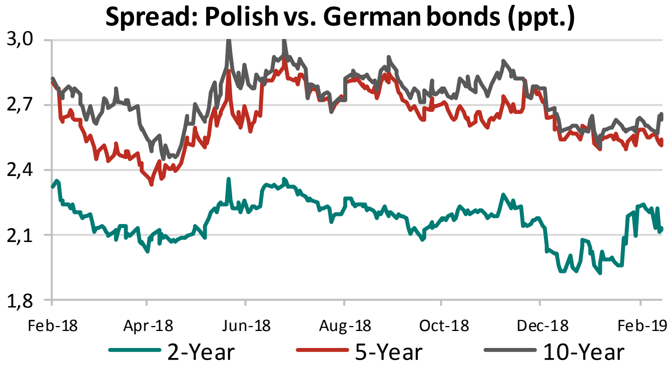
Last week, the EURPLN exchange rate rose to 4.3357 (PLN weakening by 0.1%). On Monday and Tuesday, EURPLN was stable and oscillated around 4.33. Wednesday saw a temporary depreciation of PLN, supported by the dovish remark of A. Glapiński who said that the current level of interest rates enabled their possible cut (see above). On Thursday, increased PLN volatility was supported by the publication of PMIs for major European economies. On Friday, EURPLN was stable. The numerous domestic data released last week (on retail sales, industrial production, and corporate wages and employment) had a limited impact on PLN.

Last week saw the appreciation of GBP vs. EUR. This was supported by media reports indicating that the UK Prime Minister, T. May, intended to resign from promoting in the EU the so-called "Malthouse compromise", namely the alternative version of the Brexit agreement proposed by the British parliament. The market understood this as UK expectations of possible EU concessions concerning Brexit terms becoming more realistic (that is because the EU rules out any renegotiations of the earlier agreed Brexit agreement). Consequently, after considering the increase in EURPLN, PLN also depreciated vs. GBP last week (by 0.9%).

Today we may see PLN appreciation, due to D. Trump's decision to postpone the subsequent tranche of import tariffs on goods from China (see above). Crucial for PLN this week will be the publication of Caixin PMI for Chinese manufacturing. We expect that it may contribute to PLN weakening. This week may also see increased volatility of PLN, due to FED chair J. Powell's testimony to the Congress. The publication of PMI for Polish manufacturing, final data on domestic GDP, data on inflation in the Eurozone and numerous publications from the US (second estimate of GDP in Q4, number of housing starts, new building permits, Conference Board Index and final University of Michigan Index) will not have any significant impact on PLN, we believe.

Focus on Powell's testimony





Source: Reuters

Last week, 2-year IRS rates decreased to 1.75 (down by 1bp), 5-year rates to 1.96 (down by 4bp), and 10-year rates to 2.28 (down by 6bp). The most important for IRS rates this week was the Wednesday's remark by the NBP Governor A. Glapiński, who said that the current level of interest rates enabled their possible cut (see above). The dovish tone of A. Glapiński's remark resulted on Wednesday in a decrease in IRS rates at the centre and at the long end of the curve. Thursday saw a correction of IRS rates supported by the debt exchange auction, at which the Finance Ministry repurchased PLN 9.3bn of bonds and sold PLN 9.5bn of 2-, 5-, 9-, and 10-year bonds, with demand amounting to PLN 11.6bn.

This week all eyes will be on the FED chair J. Powell's testimony to the Congress which may be conducive to increased volatility of IRS rates. The fiscal package announced by the government over the weekend may contribute to higher yields on Polish bonds, both at the short and at the long end of the curve. We believe that the publication of data from Poland (manufacturing PMI, final estimate of GDP in Q4), the Eurozone (flash inflation), China (manufacturing PMI), and the US (second estimate of GDP in Q4, number of housing starts, new building permits, Conference Board Index and final University of Michigan Index) will not be market moving.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland

Indicator	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
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*	4,15	4,17	4,21	4,24	4,31	4,37	4,27	4,30	4,28	4,34	4,29	4,29	4,26	**4,30**
USDPLN*	3,34	3,42	3,42	3,51	3,69	3,74	3,66	3,71	3,69	3,84	3,79	3,74	3,72	**3,74**
CHFPLN*	3,59	3,62	3,58	3,54	3,74	3,78	3,69	3,83	3,75	3,80	3,79	3,81	3,74	**3,72**
CPI inflation (% YoY)	1,9	1,4	1,3	1,6	1,7	2,0	2,0	2,0	1,9	1,8	1,3	1,1	0,9	
Core inflation (% YoY)	1,0	0,8	0,7	0,6	0,5	0,6	0,6	0,9	0,8	0,9	0,7	0,6	**0,6**	
Industrial production (% YoY)	8,6	7,3	1,7	9,3	5,2	6,7	10,3	5,0	2,7	7,4	4,6	2,7	6,1	
PPI inflation (% YoY)	0,2	-0,1	0,5	1,0	3,0	3,7	3,4	3,0	3,0	3,2	2,8	2,2	2,2	
Retail sales (% YoY)	8,2	7,9	9,2	4,6	7,6	10,3	9,3	9,0	5,6	9,7	8,2	4,7	6,6	
Corporate sector wages (% YoY)	7,3	6,8	6,7	7,8	7,0	7,5	7,2	6,8	6,7	7,6	7,7	6,1	7,5	
Employment (% YoY)	3,8	3,7	3,7	3,7	3,7	3,7	3,5	3,4	3,2	3,2	3,0	2,8	2,9	
Unemployment rate* (%)	6,8	6,8	6,6	6,3	6,1	5,8	5,8	5,8	5,7	5,7	5,7	5,8	**6,1**	
Current account (M EUR)	2289	-792	-914	263	297	112	-994	-681	-858	-471	-221	-1400		
Exports (% YoY EUR)	15,5	6,6	-4,4	9,9	1,4	7,0	8,4	7,3	0,0	12,1	7,1	2,3		
Imports (% YoY EUR)	19,0	9,5	0,3	13,6	2,9	8,7	10,0	11,2	5,4	17,5	9,9	3,0		

*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	4,9	3,7	3,6	3,2	2,9	5,1	3,3	3,2
Private consumption (% YoY)	4,7	4,9	4,5	3,9	4,2	3,5	3,4	3,3	4,5	3,6	3,0
Gross fixed capital formation (% YoY)	8,2	4,7	9,9	6,8	8,1	6,7	4,4	3,6	7,3	5,2	4,2
Export - constant prices (% YoY)	3,4	7,6	4,9	4,4	4,7	4,7	4,9	5,4	5,0	4,9	4,5
Import - constant prices (% YoY)	5,5	6,5	6,9	3,0	5,7	5,6	6,3	5,8	5,4	5,9	6,0
GDP growth contributions: Private consumption (pp)	3,0	2,8	2,7	2,0	2,7	2,0	2,0	1,6	2,6	2,1	1,7
GDP growth contributions: Investments (pp)	1,0	0,8	1,7	1,7	1,0	1,1	0,8	0,9	1,3	1,0	0,8
GDP growth contributions: Net exports (pp)	-1,0	0,9	-0,9	0,8	-0,4	-0,3	-0,6	-0,1	0,0	-0,3	-0,6
Current account (% of GDP)***	-0,2	0,0	-0,5	-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	7,7	7,5	7,2	6,9	6,2	7,2	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	4,30	4,33	4,29	4,25	4,29	4,25	4,15
USDPLN**	3,42	3,74	3,69	3,74	3,74	3,64	3,52	3,43	3,74	3,43	3,22

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

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST* CA	FORECAST* CONSENSUS**
		Monday 02/25/2019				
10:00	**Poland**	**Registered unemplyment rate (%)**	**Jan**	**5,8**	**6,1**	**6,1**
16:00	USA	Wholesale inventories (% MoM)	Dec	0,0		0,2
16:00	USA	Wholesale sales (% MoM)	Dec	-0,6		
		Tuesday 02/26/2019				
14:30	USA	Housing starts (k MoM)	Dec	1256	1248	1255
14:30	USA	Building permits (k)	Dec	1322	1284	1293
15:00	USA	Case-Shiller Index (% MoM)	Dec	0,3		
16:00	USA	Richmond Fed Index	Feb	-2,0		
16:00	USA	Consumer Confidence Index	Feb	120,2	125,0	125,0
		Wednesday 02/27/2019				
11:00	Eurozone	Business Climate Indicator (pts)	Feb	0,69		
16:00	USA	Factory orders (% MoM)	Dec	-0,6		0,9
		Thursday 02/28/2019				
2:00	China	Caixin Manufacturing PMI (pts)	Feb	49,5	49,4	49,5
10:00	**Poland**	**Final GDP (% YoY)**	**Q4**	**5,1**	**4,9**	**4,9**
10:00	**Poland**	**Annual GDP (% YoY)**	**2019**	**5,1**	**#N/D!**	
14:00	Germany	Preliminary HICP (% YoY)	Feb	1,7		1,8
14:30	USA	Second estimate of GDP (% YoY)	Q4	3,4	2,2	2,4
15:45	USA	Chicago PMI (pts)	Feb	56,7		58,2
		Friday 03/01/2019				
2:45	China	Caixin Manufacturing PMI (pts)	Feb	50,2	48,0	48,5
9:00	**Poland**	**Manufacturing PMI (pts)**	**Feb**	**48,2**	**0,0**	
9:55	Germany	Final Manufacturing PMI (pts)	Feb	47,6	47,6	47,6
10:00	Eurozone	Final Manufacturing PMI (pts)	Feb	49,2	49,2	49,2
11:00	Eurozone	Preliminary HICP (% YoY)	Feb	1,4	1,5	1,5
14:30	USA	Real private consumption (% MoM)	Dec	0,3		
15:45	USA	Flash Manufacturing PMI (pts)	Feb	53,7		
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Feb	95,5	95,5	95,6
16:00	USA	ISM Manufacturing PMI (pts)	Feb	56,6	56,0	56,0

*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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