What is the remedy of Polish manufacturing for the slowdown in Germany?

This week

- **During the weekend, D. Trump declared to increase as of Friday the import tariffs on USD 200bn of goods from China from 10% to 25% with a possibility to impose new tariffs (25%) on goods worth USD 325bn in the near future.** His decision was explained by too slow progress in the so-far negotiations between the US and China. According to information in the media, the representatives of China are now considering to cancel the subsequent round of the trade talks scheduled for Wednesday which points to a lower likelihood of an agreement being reached between the US and China in the short term and increases the risk of the escalation of the trade war between these countries. The said declaration by D. Trump will be conducive to increased risk aversion this week, which will be negative for PLN and EUR.
- **Data on the Chinese balance on trade will be released on Wednesday.** We expect it to have increased to USD 49.6bn in April vs. USD 32.7bn in March. We forecast that export dynamics dropped to 4.2% YoY in April from 14.2% in March. We believe that the publication of data on the Chinese balance on trade will be overshadowed by the new tariffs on goods imported from China to the US announced by D. Trump (see above) and thus will be neutral for the financial markets.
- **Data on inflation in the US will be released on Friday.** We forecast that CPI inflation increased to 2.0% MoM in April from 1.9% in March, with a simultaneous increase in core inflation to 2.1% YoY from 2.0% in March. A reading in line with our expectations will mean the materialization of the scenario painted by the FED chairman last week (see below), in which the decrease in US inflation in recent months was transitory. We expect that the inflation reading will not substantially alter the market expectations concerning the US monetary policy outlook and thus will be neutral for the financial markets.

Last week

- **The Polish manufacturing PMI rose to 49.0 pts in April vs. 48.7 pts in March, running above the market expectations (48.8 pts) and our forecast (48.7pts)**. Thus, the index has now for six months in a row been running below the 50 pts threshold dividing expansion from contraction of activity. The index increase resulted mainly from higher contribution of the output sub-index (48.7 pts in April vs. 46.7 pts in March). A slight increase in the sub-index concerning total new orders with a simultaneous increase in the sub-index for new export orders should also be pointed out. Nevertheless, the two sub-indices stood below the 50 pts threshold, pointing only to a slower pace of the decrease in the volumes concerned. It means that the downturn in the Eurozone, including Germany, continues to be the main factor hampering improvement in Polish manufacturing. Amid limited foreign demand, the Polish enterprises continued to carry out outstanding orders – these decreased in April at the fastest pace since January 2019. April recorded a faster pace of decrease in employment. Considering the sharp increase of corporate employment in recent months, we believe that this PMI sub-index reflects real trends in the economy to a limited extent due to Markit survey insufficient representativeness (see MACROmap of 1/4/2019). The total PMI value stood in April below its average value in Q1 (48.2) signaling that Polish companies remain resilient to the downturn abroad (see below). The April business survey results support our forecast of GDP dynamics in Q2 (4.5% YoY vs. 4.4% in Q1)
- **In accordance with the flash estimate, CPI inflation in Poland rose to 2.2% YoY vs. 1.7% in March, running above the market expectations (1.8%) and our forecast (1.9%).** GUS published partial data on inflation structure with information on the rate of inflation in the categories “food and non-alcoholic beverages”, “energy”, and “fuels”. Conducive to increase in headline inflation were higher dynamics of the prices of food and non-alcoholic beverages (3.3% YoY in April vs. 2.6% in March), fuels (8.5% YoY vs. 7.3%) and energy (-0.8% YoY vs. -1.3%). The reason for the

acceleration in food price growth were in our view higher dynamics of the prices of vegetables and bread (the effect of last year's drought) and meat (higher dynamics of the prices of poultry and pork). The increase in inflation also resulted from higher core inflation which, according to our estimates, rose to ca. 1.7-1.9% YoY in April vs. 1.4% in March. We believe that its source is the gradually increasing cost pressure in the Polish economy, which has most likely been reflected by higher dynamics of prices in a wide range of categories. The flash data on inflation pose a substantial upside risk to our forecast in which inflation will increase to 1.5% YoY in Q2 vs. 1.2% in Q1, and in the whole 2019 will amount to 1.5% YoY vs. 1.6% in 2018. Final data on inflation will be released on 15 May.

- **Retail sales in Poland increased in current prices by 3.1% YoY in March vs. a 6.5% increase in February.** The sales dynamics in constant prices increased by 1.8% in March vs. 5.6% in February. The deceleration of real retail sales growth resulted mainly from the statistical effect in the form of different timing of Easter holiday in 2019 compared to 2018 which decreased sales dynamics in the categories: "food, beverages and tobacco products" and "retail sales in non-specialized stores". Excluding the above-mentioned categories, retail sales have increased, pointing to further strong consumer demand in March supported by strong labour market and record optimism of households (see MACROpulse of 23/4/2019). Retail sales in constant prices increased by 4.1% YoY in Q1 vs. a 5.8% increase in Q4 2018, which signals a slight downside risk to our forecast, in which private consumption growth rate rose to 4.8% YoY in Q1 vs. 4.3% in Q4 2018.
- **The construction-assembly production dynamics in Poland decreased to 10.8% YoY in March vs. 15.1% in February.** The main factor behind lower construction-assembly production dynamics were unfavourable calendar effects (see MACROpulse of 24/4/2019). Seasonally-adjusted construction-assembly production decreased by 0.5% MoM in March. In subsequent quarters we expect a deceleration in construction-assembly production growth, mainly due to the expiration of the public investment cycle (including the end of local governments' "investment peak"). The construction-assembly production rose by 9.9% YoY in Q1 vs. a 16.8% increase in Q4. Combined with the March data on industrial production, the reading supports our forecast of slightly slower economic growth in Q1 (4.4% YoY vs. 4.9% in Q4 2018).
- **FOMC meeting was held last week.** As we expected, FED maintained the target range for federal funds at [2.25%; 2.50%]. At the same time, the statement repeated the view that in the light of the current situation in global economy and in the financial markets as well as limited inflationary pressure, the Federal Reserve could afford to be "patient" in taking interest rate decisions and would make their level conditional on the above macroeconomic factors. During the conference after the meeting, the FED chairman, J. Powell, emphasized that he currently saw no reason for changing interest rates. At the same time he indicated that the recently observed decrease in core inflation was temporary. J. Powell's statement was received by the investors as hawkish which led to a slight increase in yields on US bonds and a slight appreciation of USD vs. EUR. The text of the statement after the FOMC meeting and the tone of the conference after the meeting support our scenario in which we assume the stabilization of interest rates in the US in 2019 and in 2020.
- **Important data from the US were released in the last two weeks.** The annualized US GDP growth rate rose to 3.2% in Q1 vs. 2.2% in Q4 2018, running above the market expectations (1.8%) and our forecast (2.7%). Higher GDP dynamics in the US resulted from higher contribution of net exports (1.03 pp in Q1 vs. -0.08 pp in Q4, inventories (0.65 pp vs. 0.11 pp) and government spending (0.41 pp vs. -0.07 pp). Lower contributions of private consumption (0.82 pp vs. 1.66 pp) and investments (0.27 pp vs. 0.54 pp) had an opposite impact. Thus, the main driver of US GDP growth in Q1 was net export, while in the last three quarters it was private consumption. Therefore the growth structure is limited by the hawkish tone of the data. Data on non-farm payrolls in the US were released last week and increased by 263k in April vs. a 189k increase in March (revised downwards from 196k) running significantly above the market consensus (up by 180k). The highest increase in employment was recorded in business services

(+76.0k), education and health service (+62.0k), and leisure and hospitality (+34.0k). Employment decreased in retail trade (-12.0k), utilities (-3.2k), and mining and logging (-3.0k). Unemployment rate dropped to 3.6% in April vs. 3.8% in March, running below the market expectations (3.8%) and the natural unemployment rate indicated by FOMC (4.3% - see MACROmap of 25/3/2019). The decline in unemployment rate was largely due to lower labour resources, also reflected by lower participation rate (down to 62.8% in April vs. 63.0% in March). The annual dynamics of average hourly earnings have not changed in April compared to March and amounted to 3.2%, running below the market expectations (3.4%). It points to continuing limited wage pressure in the US economy. The data on GDP and non-farm payrolls were overshadowed by J. Powell's hawkish statement at the conference after the FED meeting and thus had limited impact on EURUSD.

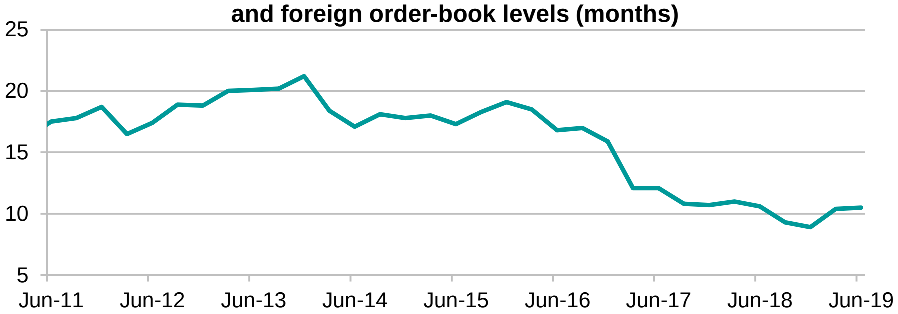
- **Business survey results were also released in the US last week**. The deterioration in manufacturing was signaled by ISM which dropped to 52.8 pts in April vs. 55.3 pts in March, running above the market expectations (55.0 pts). Its decline resulted from lower contributions of three of its five sub-indices (for new orders, employment, and output). Especially noteworthy in the data structure is the decrease in the sub-index for new export orders below the 50 pts threshold dividing expansion from contraction of activity, which, coupled with the business survey results for Chinese manufacturing (see below), may point to further slowdown in global trade. Non-manufacturing ISM also recorded a decrease and amounted to 55.5 pts in April vs. 56.1 pts in March, with market expectations at 57.2 pts. The index decrease resulted from lower contributions of three of its four sub-indices (for employment, suppliers' delivery times, and new orders). The Conference Board Index was also released last week and rose to 129.2 pts in April vs. 124.1 pts in March, running above the market expectations (126.0 pts). The index increase resulted from higher contributions of its sub-indices for both the assessment of the current situation and expectations. The US data do not alter our forecast, in which the annualized US GDP growth rate will decrease to 2.0% in Q2.
- **China Caixin manufacturing PMI dropped to 50.2 pts in April vs. 50.8 pts in March, running clearly below the market expectations (50.9 pts).** Nevertheless, it has been the second month in a row when the index is above the 50 pts threshold dividing expansion from contraction of activity. The index decrease resulted from lower contributions of all its five sub-indices (for new orders, output, employment, inventories, and suppliers' delivery times). Especially noteworthy in the data structure is the decrease in the sub-index for new export orders, which returned to a level below the 50 pts threshold. It disappointed some market participants awaiting the first signals of recovery in global trade, especially in the context of the recently published and visibly better-from-the-consensus data on industrial production in China (see MACROmap of 23/4/2019). The deterioration in Chinese manufacturing was also signaled by CFLP PMI, which dropped to 50.1 pts in April vs. 50.5 pts in March, also running below the market expectations (50.5 pts). Despite their decreases in April, PMIs continue to suggest the expansion of Chinese manufacturing. In our view, it largely reflects the first effects of the stimulation of economic growth implemented by the Chinese government, which, however, are lower than expected by the market. The business survey results for Chinese manufacturing do not alter our scenario assuming the acceleration of economic growth in China in H2 2019. Consequently, we forecast that the dynamics of the Chinese GDP in the whole 2019 will amount to 6.4% vs. 6.6% in 2018.
- **According to the flash estimate, inflation in the Eurozone rose to 1.7% YoY in April vs. 1.4% in March, running in line with our expectations and above the market consensus (1.6%).** The increase in inflation resulted from higher dynamics of prices of services, while slower growth of food prices had an opposite impact. In our view the higher dynamics of prices of services resulted from different timing of Easter holiday which temporarily increased inflation in the categories "hotels", "tours", and "air transport". Therefore we expect that in April inflation in the Eurozone has reached its local maximum at 1.6% YoY and in subsequent months will show a downward trend decreasing to 1.1% YoY in Q4 2019. In addition, we forecast that core inflation

in the Eurozone will not exceed 1.4% in the horizon of the next two years. This supports our scenario, in which the first hike of ECB interest rates will take place no sooner than in the middle of 2021. The market is now pricing in the interest rate hike in the Eurozone (by 10bp) in Q1 2021.

- **According to the flash estimate, the quarterly GDP dynamics in the Eurozone increased to 0.4% in Q1 2019 vs. 0.2% in Q4 2018 (1.2% YoY both I Q1 and in Q4), running above the market expectations in line with our forecast (0.3%).** Last week we also saw the flash estimates of GDP in several economies of the Eurozone, i.a. in France (0.3% QoQ in Q1 and in Q4), Spain (0.7% in Q1 vs. 0.6% in Q4), and in Italy (0.2% in Q1 vs. -0.1% in Q4). The better-than-expected data pointing to improving economic outlook in the Eurozone are positive for EURUSD. The GDP data are a flash estimate and do not include its structure. Subsequent GDP estimate for the Eurozone in Q1, including the growth rate in all the Eurozone countries, will be released on 15 May and data on GDP structure on 6 June.

What is the remedy of Polish manufacturing for the slowdown in Germany?

Duration of production in Polish manufacturing assured by current domestic and foreign order-book levels (months)



Source: European Commission, Credit Agricole

From the beginning of 2018 Germany has observed a markedly slower growth rate of economic activity, largely due to the slowdown in global trade and the downturn in the automotive branch. Despite highly integrated economies of Poland and Germany, the industrial production in Poland is showing considerable resilience to the slowdown in Germany (see MACROpulse of 18/4/2019). The continuing fast pace of industrial production in Poland can to a certain extent be attributed to the clearing of the accumulated production backlogs. This view is supported by the results of the European Commission business surveys released last week showing that the buffer in the form of outstanding orders has not yet been exhausted (see MACROmap of 1/4/2019). Worth noting here is that crucial for assessing the size of the outstanding orders buffer is not the level of the indicator but the direction of its changes. However, in our view, the clearing of production backlogs does not fully explain the resilience of Polish manufacturing to the slowdown in Germany. The analysis below tries to determine the remaining major reasons for this phenomenon.

Tested as first was the hypothesis that amid the economic slowdown in Germany, Polish exports has reoriented geographically to other markets, thus enabling to maintain a high growth rate of industrial production in Poland. For this purpose we have analyzed the changes in the geographic structure of Polish exports between 2017 and 2018. According to the Eurostat data, the highest growth of the share in the geographic structure of Polish exports in 2018 was recorded for the Eurozone. Interestingly, the main reason for this was an increase in the share of Germany. The significance of the countries of Central and Eastern Europe (CE-3) has also increased, due to the higher exports to Romania, and of the CIS countries, due to the higher share of Russia. On the other hand, the share of other EU countries in the geographic structure of Polish exports has decreased, largely due to lower significance of the United Kingdom. In our view, it results from increased uncertainty about Brexit which makes some Polish exporters reduce their dependence on the British market. A slight decrease in share was also noted for the Asian countries, due to lower significance of Turkey in the structure of Polish exports. Therefore, the above data allow to reject the hypothesis that the reason for the resilience of Polish manufacturing to the slowdown in Germany was the geographic reorientation of exports to other markets (see the table).

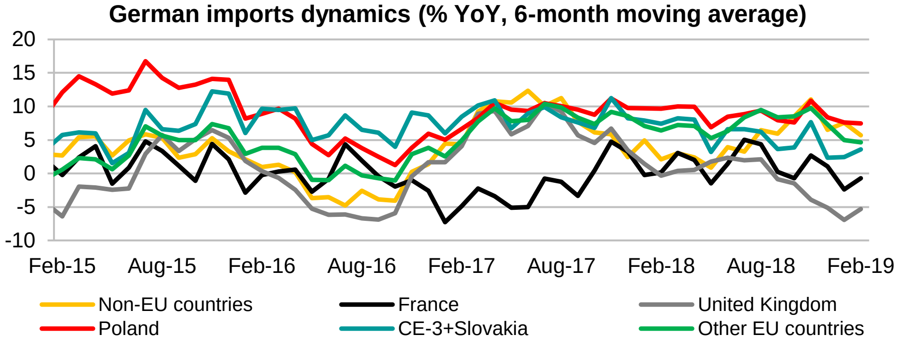
Changes in geograhic breakdown of Polish exports 2017-2018

	Share in 2017	Share in 2018	Change (pp.)	Most important changes					
Eurozone	57,0%	57,6%	0,6	Germany	⇧	Italy	⇩	Spain	⇩
CE-3 countries	10,9%	11,1%	0,1	Romania	⇧	Czech Republic	⇩		
Other EU countries	12,0%	11,6%	-0,4	United Kingdom	⇩				
CIS countries	4,0%	4,1%	0,1	Russia	⇧				
Other European countries	4,9%	4,8%	-0,1	Switzerland	⇩	Ukraine	⇩		
Asia	8,4%	8,2%	-0,2	Turkey	⇩				
Africa	1,1%	1,1%	0,0	*no significant changes*					
North America	3,8%	3,9%	0,0	USA	⇧				
South America	0,4%	0,4%	0,0	*no significant changes*					
Oceania	0,4%	0,3%	0,0	Australia	⇩				

Source: Eurostat, Credit Agricole

In view of the above results, another hypothesis we have tested was a possible increase of Poland's share in German imports, which could have partly compensate for its slowdown. For this purpose, we have analyzed the data on the geographic structure of German imports. According to the Eurostat data, Poland's share in German imports rose to 5.5% in 2018 vs. 5.2% in 2017. We estimate that, with other conditions unchanged, it was responsible for a 0.6 pp increase in the dynamics of industrial production in Poland in 2018. To a significant extent it resulted from the inflow of direct foreign investments in recent years (supply-side effect) related to Poland's competitive advantage due to lower costs of labour, availability of highly skilled labour and favourable location (EU member, geographically close to Germany, central location in Europe). Nonetheless, the said increase in Poland's share in the German imports was higher by 0.1 percentage points in 2018 than in 2017, which may suggest that, given the pressure to reduce production costs in the conditions of the economic slowdown, German companies were at a faster pace replacing their so-far supplies by cheaper imports from Poland.

German imports dynamics (% YoY, 6-month moving average)



Source: Eurostat, Credit Agricole

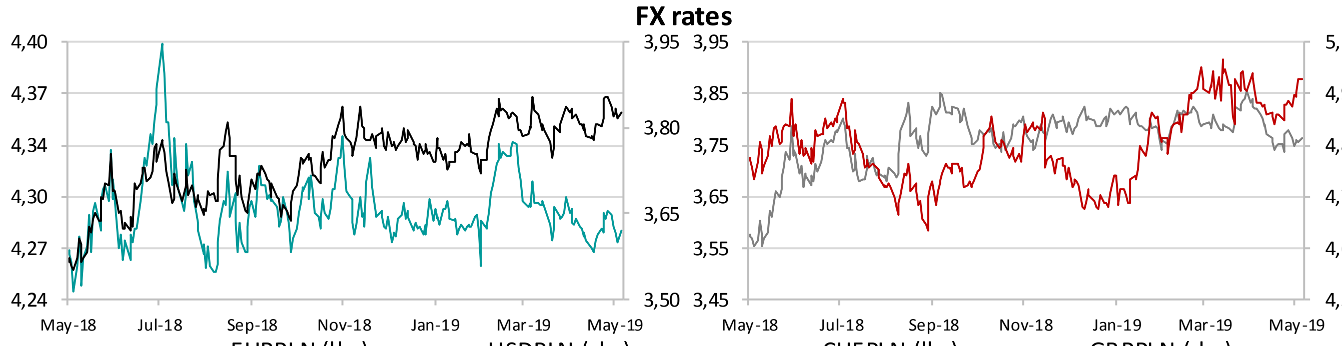
The cost advantages of Polish manufacturing are reflected by the Eurostat data which show that the unit costs of labour in manufacturing (expressed in EUR) between Q4 2017 and Q4 2018 rose in Poland by 6.8%. This was a lower increase from that recorded in the similar period in the Eurozone (7.4%) or in other countries of the region – in Hungary (9.7%) and Romania (25.9%). This view is additionally supported by decreased share in the German imports structure of such countries as France, Spain or the United Kingdom. Lower significance of the latter may also be suggested by the aforementioned impact of the uncertainty about Brexit on the geographic reorientation of German imports. At the same time it is worth pointing out that responsible for the increase of Poland's share in German imports were consumer and capital (final) goods while the share of intermediate goods has decreased. On the one hand it is the effect of growing re-exports of final goods from Poland, where, due to the abovementioned geographic rent, many international companies locate their logistic centres (neutral effect for industrial production in Poland). On the other hand, it may reflect the structural changes in Polish manufacturing consisting in its gradually moving up the global value chain (positive effect for industrial production in Poland). However, the estimated by us positive impact of Poland's higher share in the German imports is too small to explain the resilience of the Polish industrial production to the slowdown in Germany.

The results presented above have become the basis for proposing a third hypothesis that, given the economic slowdown in Germany, Polish companies started directing production to the domestic market. For this purpose we have analyzed PONT Info data on the share of export sales in total revenues. The calculations took into account only those segments which in 2018 recorded both a decrease in the share of export sales in revenues and an increase in the average yearly output dynamics compared to 2017. The examined segments included: "manufacture of paper and paper products", "manufacture of other non-metallic products", "manufacture of electrical equipment", and "manufacture of other transport equipment". Higher sales to the domestic market in these segments with other conditions unchanged have increased the dynamics of industrial production in 2018 by 0.3 pp.

The increase in domestic demand as a factor offsetting lower external demand was also recorded in segments responsible for the supply of resources and materials used in construction projects: "manufacture of rubber and plastic products", "manufacture of metals", "manufacture of other non-metallic products", and "manufacture of metal products". This effect occurred in Q1 2019. Higher output dynamics in these segments, largely due to the rebound in domestic construction (see MACROpulse of 24/4/2019), increased the dynamics of industrial production in Q1 by 0.7 pp.

Concluding, in our view, the main reasons for the resilience of the industrial production in Poland to the significant downturn in Germany have been: the buffer in the form of production backlogs, structural changes taking place in recent years consisting in higher share of imports from Poland in German imports due to higher competitiveness of Polish manufacturing, and increase in the production directed to the domestic market, including in particular to buyers from the construction sector. The estimates presented above are conservative. It means that the "resilience effect" can in reality be higher than shown by our calculations.

The risk of escalation of US-China trade war is negative for PLN

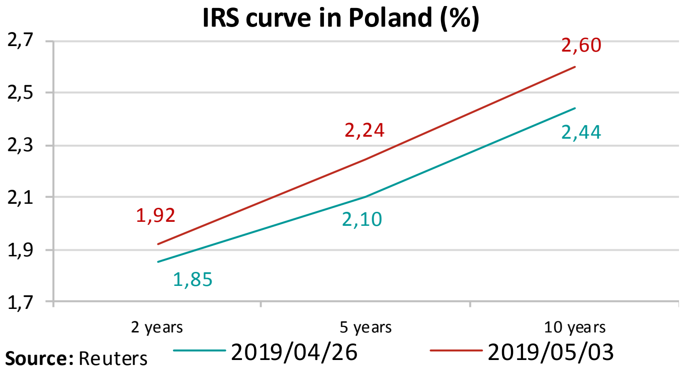


Source: Reuters

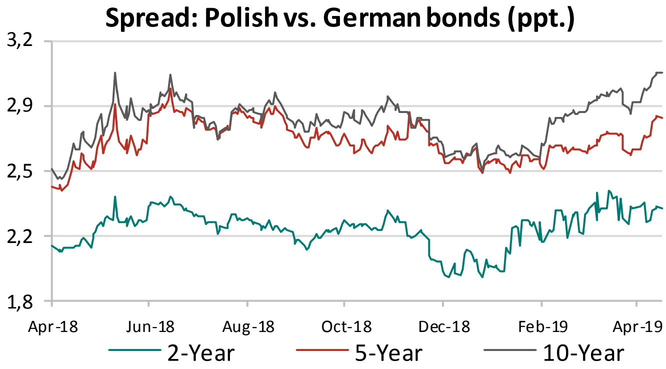
Last week, the EURPLN exchange rate dropped to 4.2754 (PLN strengthening by 0.5%). Throughout last week low liquidity continued in the market due to the long weekend and EURPLN was showing a weak downward trend. The appreciation of PLN resulted from higher-than-expected data on domestic inflation and manufacturing PMI. Sharper-than-expected increase of inflation in the Eurozone had an opposite impact. Noteworthy is also the last week's strengthening of USD vs. EUR, in reaction to the hawkish tone of J. Powell's address at the press conference after the FED meeting. Friday also saw GBP appreciation vs. EUR after J. Corbyn, the leader of the biggest opposition party in the UK, said that the parliament had to come to an agreement on Brexit.

This week PLN depreciation may be supported by increase in global risk aversion after the US President, D. Trump, blamed China for no progress in the negotiations and threatened to impose on the coming Friday increased tariffs on subsequent tranche of goods imported from China, this time worth USD 200bn. We believe that the publication of data on the balance on trade in China and inflation in the US scheduled for this week will have a limited impact on PLN.

Flash data on domestic inflation resulted in a sharp increase in IRS rates



Source: Reuters



Last week, 2-year IRS rates increased to 1.92 (up by 7bp), 5-year rates to 2.24 (up by 14bp), and 10-year rates to 2.60 (up by 16bp). The last week's sharp increase in IRS rates across the curve resulted from the Tuesday's publication of significantly higher-than-expected flash estimate of inflation in Poland. The expectations of interest rate hikes in Poland have intensified in reaction to the data. Based on FRA contracts the market is now pricing in a full interest rate hike (by 25 bp) in Q4 2020. On the remaining days IRS rates showed low volatility due to the long weekend.

This week IRS rates increase may be supported by higher global risk aversion due to the growing probability of the escalation of the US-China trade war. We believe that both the data on the Chinese balance on trade and inflation in the US will be neutral for the market.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland

Indicator	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-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*	4,24	4,31	4,37	4,27	4,30	4,28	4,34	4,29	4,29	4,26	4,30	4,30	4,28	**4,28**
USDPLN*	3,51	3,69	3,74	3,66	3,71	3,69	3,84	3,79	3,74	3,72	3,79	3,84	3,82	**3,79**
CHFPLN*	3,54	3,74	3,78	3,69	3,83	3,75	3,80	3,79	3,81	3,74	3,79	3,85	3,75	**3,75**
CPI inflation (% YoY)	1,6	1,7	2,0	2,0	2,0	1,9	1,8	1,3	1,1	0,7	1,2	1,7	**1,9**	
Core inflation (% YoY)	0,6	0,5	0,6	0,6	0,9	0,8	0,9	0,7	0,6	0,8	1,0	1,4	**1,5**	
Industrial production (% YoY)	9,3	5,2	6,7	10,3	5,0	2,7	7,4	4,6	2,8	6,0	6,9	5,5	**9,0**	
PPI inflation (% YoY)	1,0	3,0	3,7	3,4	3,0	3,0	3,2	2,8	2,1	2,2	2,9	2,5	**2,3**	
Retail sales (% YoY)	4,6	7,6	10,3	9,3	9,0	5,6	9,7	8,2	4,7	6,6	6,5	3,1	**10,0**	
Corporate sector wages (% YoY)	7,8	7,0	7,5	7,2	6,8	6,7	7,6	7,7	6,1	7,5	7,6	5,7	**6,7**	
Employment (% YoY)	3,7	3,7	3,7	3,5	3,4	3,2	3,2	3,0	2,8	2,9	2,9	3,0	**3,0**	
Unemployment rate* (%)	6,3	6,1	5,8	5,8	5,8	5,7	5,7	5,7	5,8	6,1	6,1	5,9	**5,6**	
Current account (M EUR)	-34	236	192	-754	-1005	-876	-482	-29	-1248	1825	-1386	**-1088**		
Exports (% YoY EUR)	10,4	1,5	7,7	12,0	8,9	-1,5	13,2	7,6	2,3	5,0	10,0	**9,1**		
Imports (% YoY EUR)	15,0	4,1	9,4	12,4	14,0	4,2	18,0	9,1	2,3	4,9	13,4	**12,4**		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland

Indicator	2019				2020				2018	2019	2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	4,4	4,5	4,3	4,2	4,0	3,9	3,7	3,6	5,1	4,3	3,8
Private consumption (% YoY)	4,5	5,5	4,4	4,3	4,4	3,5	3,7	3,6	4,5	4,7	3,8
Gross fixed capital formation (% YoY)	7,0	5,8	5,2	5,0	4,7	4,9	4,8	5,0	8,7	5,8	4,8
Export - constant prices (% YoY)	7,0	5,7	6,4	6,1	7,8	8,4	8,6	8,4	6,3	6,3	8,3
Import - constant prices (% YoY)	8,3	8,7	6,8	6,9	6,4	8,0	8,1	8,3	7,1	7,7	7,7
GDP growth contributions Private consumption (pp)	3,1	3,3	2,6	2,2	2,8	2,1	2,2	1,8	2,6	2,8	2,2
Investments (pp)	1,0	0,9	0,9	1,2	0,6	0,8	0,9	1,2	1,5	1,0	0,9
Net exports (pp)	-0,4	-1,3	0,0	-0,2	1,0	0,5	0,5	0,3	-0,2	-0,5	0,6
Current account (% of GDP)***	-1,0	-1,4	-1,0	-1,0	-1,1	-1,2	-1,2	-1,2	-0,7	-1,0	-1,2
Unemployment rate (%)**	5,9	5,5	5,7	5,8	5,9	5,5	5,7	5,8	5,8	5,8	5,8
Non-agricultural employment (% YoY)	0,4	0,4	0,4	0,3	0,2	0,2	0,2	0,3	0,9	0,4	0,2
Wages in national economy (% YoY)	8,2	7,7	7,2	7,1	7,4	7,1	6,6	6,8	7,2	7,6	7,0
CPI Inflation (% YoY)*	1,2	1,5	1,6	1,7	2,0	1,9	2,1	2,2	1,6	1,5	2,0
Wibor 3M (%)**	1,72	1,72	1,72	1,80	1,97	1,97	2,14	2,22	1,72	1,80	2,22
NBP reference rate (%)**	1,50	1,50	1,50	1,50	1,75	1,75	1,75	2,00	1,50	1,50	2,00
EURPLN**	4,30	4,28	4,27	4,25	4,23	4,21	4,19	4,15	4,29	4,25	4,15
USDPLN**	3,84	3,75	3,68	3,60	3,53	3,48	3,41	3,32	3,74	3,60	3,32

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

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
		Monday 05/06/2019				
10:00	Eurozone	Services PMI (pts)	Apr	52,5	52,5	52,5
10:00	Eurozone	Final Composite PMI (pts)	Apr	51,3	51,3	51,3
10:30	Eurozone	Sentix Index (pts)	May	-0,3		1,4
11:00	Eurozone	Retail sales (% MoM)	Mar	0,4		-0,1
		Tuesday 05/07/2019				
8:00	Germany	New industrial orders (% MoM)	Mar	-4,2		1,5
		Wednesday 05/08/2019				
	China	Trade balance (bn USD)	Apr	32,7	49,6	35,0
8:00	Germany	Industrial production (% MoM)	Mar	0,7		-0,5
		Thursday 05/09/2019				
3:30	China	PPI (% YoY)	Apr	0,4	0,7	0,6
3:30	China	CPI (% YoY)	Apr	2,3	2,4	2,5
16:00	USA	Wholesale inventories (% MoM)	Mar	0,0		0,0
16:00	USA	Wholesale sales (% MoM)	Mar	0,3		0,2
		Friday 05/10/2019				
8:00	Germany	Trade balance (bn EUR)	Mar	18,7		18,1
14:30	USA	CPI (% MoM)	Apr	0,4	0,3	0,4
14:30	USA	Core CPI (% MoM)	Apr	0,1	0,2	0,2

*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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