# Higher minimum wage will hamper employment growth (2)

## This week

- **The most important event this week will be the FOMC meeting scheduled for Wednesday.** We expect that FED will cut the target range for the Federal Reserve funds rate by 25 bp down to [1.50%; 1.75%]. We believe that the FED Chairman, J. Powell, will highlight during the meeting the current relatively good economic situation in the US, including the strong labour market and partial agreement with China. At the same time he will indicate a significant downside risk to the US and global economic growth as the main argument for easing the monetary policy. The markets will focus on the information about the outlook for the US monetary policy in the horizon of several months. J. Powell is likely to emphasize that the interest rate profile is not predetermined and subsequent FOMC decisions will depend on the incoming macroeconomic data. The interest rate cut by FOMC this week is in line with the market consensus and has been fully priced in by forward contracts. However, we believe that no clear announcement by J. Powell of further monetary easing will be received by the markets as a hawkish message and thus will be conducive to USD strengthening, PLN weakening, and higher yields on Polish bonds. Our baseline scenario assumes that subsequent interest rate cuts in the US (totalling 50bp) will take place no sooner than in H1 2020.
- **Another important event this week will be the fourth plenary session of the 19th Central Committee of the Communist Party of China to be held between Monday and Thursday**. We believe that amid the current economic slowdown in China and continuous tension in relations with the US, the plenary debates will focus on the shape of the economic policy in the coming quarters. We believe that after the plenary session, the Chinese authorities will most likely announce the need for further monetary and fiscal easing. The materialization of such scenario will be conducive to improved market sentiment, lower risk aversion, and thus will be slightly positive for PLN.
- **Important data from the US and business survey results will be released this week**. The flash estimate of GDP in Q3 will be released on Wednesday. We expect that the annualized economic growth rate decreased to 1.5% vs. 2.0% in Q2, due to a lower contribution of consumption. The release of data from the labour market is scheduled for Friday. We expect non-farm payrolls to have increased by 75k in October vs. 136k in September, with unemployment rate up to 3.6% from 3.5% in September. The weak employment growth will result mainly from the strike in General Motors. We estimate the resulting from this decrease of employment at ca. 75k. Before the Friday's reading some additional information on the labour market will be provided by the ADP report on private sector employment (the market expects an increase by 120k in October vs. 135k in September). Due to the survey methodology, the aforementioned strike will not have any negative impact on the reading of the ADP report. The ISM index for manufacturing will be released on Friday and in accordance with our forecast rose to 49.0 pts in October vs. 47.8 pts in September. A slight index increase has been signaled earlier by regional business surveys. The results of consumer sentiment surveys will also be released in the US. We expect that the Conference Board Index (130.0 pts in October vs. 125.1 pts in September), like the final University of Michigan Index (see below), will point to the improvement of households' sentiment, i.a. due to the partial agreement reached between the US and China. In our view, the US data will be overshadowed by the FED decision and will be neutral for the financial markets.
- **Significant data from the Eurozone will be released on Thursday.** We expect that the quarterly GDP dynamics have not changed in Q3 compared to Q2 and amounted to 0.2%. In addition, we forecast that HICP inflation stabilized at 0.8% YoY in October, due to lower dynamics of energy prices and higher core inflation. Our forecasts of inflation and GDP are above the consensus but we do not expect these publications to have any significant impact on PLN or Polish bond yields.
- **The October PMIs for Chinese manufacturing (Caixin and CFLP) will be released this week.** We expect that the Caixin PMI rose to 51.5 pts in October vs. 51.4 pts in September, while the value

of CFLP PMI has not changed in October compared to September and amounted to 49.8 pts. In our view, the results of business surveys in China will be overshadowed by the plenary session and will not be market moving.

- **On Thursday we will see flash data on the October inflation in Poland, which in our view dropped to 2.5% YoY vs. 2.6% in September**. The decrease in inflation resulted mainly from lower dynamics of fuel prices. Our forecast in in line with the consensus, therefore its materialization will be neutral for PLN and yields on Polish bonds.

## Last week

- **Retail sales in Poland increased in current prices by 5.3% YoY in September vs. a 6.0% increase in August, running significantly below our forecast (8.2% YoY) and the market consensus (8.0%).** The sales dynamics in constant prices decreased to 4.3% in September vs. 4.4% in August. The annual retail sales decreased sharply in September despite the statistical effect in the form of a favourable difference in the number of working days and the last year's low base effect in the category "motor vehicles, motorcycles, parts". Especially noteworthy in the structure of the September retail sales is a sharp decline in the sales of food in specialized stores. In our view, the factor which could have contributed to a significant reduction of the demand for food in September was a sharp cumulative rise in prices of some foodstuffs (mainly meat and vegetables) recorded in recent quarters (see MACROpulse of 21/10/2019). In September, the 6-month rolling averages for the annual real sales dynamics in the categories "furniture, radio, tv and household equipment" and "sales in non-specialized stores", being a barometer of the strength of consumer demand, stayed at a high two-digit level. Conducive to higher annual consumption dynamics remains the extended 500+ scheme and the continuingly good consumer sentiment. Thus, the data on retail sales do not alter our forecast assuming the acceleration of consumption growth in Q3 (4.6% YoY vs. 4.4% in Q2).
- **The construction-assembly production dynamics rose to 7.6% YoY in September vs. 2.7% in August**. The increase in the annual dynamics of the construction-assembly production in September compared to August resulted mainly from the statistical effect in the form of a favourable difference in the number of working days. Seasonally-adjusted construction-assembly production increased by 0.3% MoM in September. We maintain our view of the short-term outlook for the construction sector. Although the construction activity will remain high in the coming quarters, the annual production dynamics will continue to show a weak downward trend, mainly due to the ending of the cycle in public investments, the expected by us profile of EU funds absorption within the current programming period, and the disturbances that limit the production growth in entities dealing in the construction of civil engineering facilities (see MACROpulese of 22/10/2019). The data on construction-assembly production, coupled with the data on industrial production published two weeks ago, pose an upside risk to our forecast of GDP growth in Q3 (4.3% YoY vs. 4.5% in Q2).
- **According to flash data, the composite PMI (for manufacturing and services) in the Eurozone rose to 50.2 pts in October vs. 50.1 pts in September, running below the market expectations (50.4 pts) and above our forecast (50.0 pts).** The increase of the composite PMI index resulted from higher sub-indices for both output in manufacturing and business activity in services. Nonetheless, there is still a significant difference between the situation in services and manufacturing, where services are the sector which sustains the economic growth within the single currency area. Historically, such differences between sectors were short-lived, thus the situation in services is highly likely to deteriorate in subsequent months, following weaker sentiment in manufacturing. Geographically, Germany and France recorded some improvement while the business climate in other Eurozone economies covered by the survey has deteriorated further. From the perspective of Polish exports, especially significant is the sentiment in German

manufacturing. The German manufacturing PMI amounted to 41.9 pts in October vs. 41.7 pts in September. Thus, it has for 10th consecutive month, stood below the 50 pts threshold dividing expansion from contraction of activity. Conducive to its slight increase were higher contributions of the sub-indices for new orders and output, while lower contributions of the sub-indices for employment, inventories, and suppliers' delivery times had an opposite impact. Worth noting in the data structure is higher sub-index for total new orders, resulting from an increase in both the domestic and foreign orders. Nonetheless, the total new orders sub-index continues to stand significantly below the 50 pts threshold, which points to a high likelihood of a further decrease of activity in German manufacturing in the coming months. We see a substantial downside risk to our forecast, in which the quarterly GDP growth rate in the Eurozone will increase to 0.3% in Q4 vs. 0.2% in Q3.

- **Ifo Index reflecting the sentiment among German managers representing the manufacturing, construction, trade, and services has not changed in October compared to September and amounted to 94.6 pts, running slightly above the market consensus (94.4 pts).** The index stabilization resulted from its lower sub-index for the assessment of the current situation and higher sub-index for expectations. Sector-wise, some improvement was recorded in manufacturing and trade, while the situation in construction and services deteriorated. The Ifo data, coupled with flash PMI indices (see above) pose a downside risk to our forecast, in which the quarterly GDP growth rate in the Germany will increase to 0.2% in Q4 vs. -0.1% in Q3.
- **The ECB meeting was held last week.** As we expected, the ECB left the deposit rate unchanged (-0.50%). The statement after the meeting repeated the provision from the month before in which the ECB expects the key ECB interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon, and such convergence has been consistently reflected in underlying inflation dynamics. In his address, M. Draghi also suggested a possibility of raising the issuer limits and limits on exposure on individual debt securities. He emphasized at the same time that the limits related to key capital should be treated in terms of their cumulative level instead of monthly flows. This means that while the debt securities of Germany and the Netherlands were slightly overpurchased in the first round of the quantitative easing, then in accordance with key capital rules, their purchases will be lower in the second round. This is in line with our view from the month before that, given the current parameters and rules of the quantitative easing program, the assets eligible for purchase by the ECB will last only for several months and after a year the ECB will have to modify the program. During the press conference, M. Draghi again called on the Eurozone countries to ease their fiscal policy supposedly to accelerate the achievement of the ECB monetary policy objectives and diminish its side effects. The last week's meeting was the last one chaired by M. Draghi. At the beginning of November this position will be taken by Ch. Lagarde, the so-far President of the IMF. We expect that the ECB will cut the deposit rate again in December (by 10bp) to -0.60%. However, we see an increased likelihood of the scenario in which the cut will take place no sooner than in H1 2020.
- **Significant data from the US were released last week.** Preliminary durable goods orders decreased by 1.1% MoM in September vs. a 0.3% increase in August. The sharp decrease in the orders dynamics resulted from lower number of orders in the Boeing company. Excluding means of transport, the growth rate of durable goods orders dropped to -0.3% MoM in September vs. 0.3% in August. The annual dynamics of orders for non-military capital goods excluding orders for aircrafts decreased to -0.8% YoY in September vs. -0.7% in August, taking on a negative value for a third month in a row. This points to a high likelihood of a decrease in the investment dynamics in subsequent quarters. Last week we also saw data on existing home sales (5.38M in September vs. 5.50M in August) and new home sales (701k in September vs. 706k in August), pointing to lower activity in the US real estate market. The final University of Michigan Index was also released last week and increased to 95.5 pts in October vs. 93.2 pts in September and 96.0 pts in the first estimate, pointing to improved sentiment among US

consumers. The index increase resulted from higher values of its sub-indices for both the assessment of the current situation and for expectations. The last week's data from the US pose a downside risk to our forecast, in which the annualized US GDP growth rate will decrease to 1.5% in Q3 vs. 2.0% in Q2.

- **Last week the European Union ambassadors rejected the UK request for extension of the Brexit deadline until 31 January 2020**. The country which opposed such long extension of Brexit was France, which supports extending Brexit by a month, namely until 30 November. The final decision on the Brexit extension date is to be reached by the ambassadors on Tuesday. Today the British Parliament will vote on snap elections supposedly to take on 12 December. It is highly likely that if the ambassadors fail to decide a new Brexit date, the motion will not gain the required number of votes. Many MPs, headed by the Labour Party, fear that the fall of the government in the conditions of unknown Brexit date could increase the risk of a no-deal Brexit. Thus, the result of the vote has already been largely discounted by the market, therefore we do not expect any substantial reaction of asset prices to this decision. As currently planned, the British parliament will vote on the deal negotiated by B. Johnson on 6 November. The rejection of the UK request for Brexit extension until 31 January 2020 increases the risk of a no-deal Brexit and is negative for GBP vs. EUR and EUR vs. USD. Nevertheless, we maintain our scenario, in which the UK will leave the EU based on the deal negotiated by B. Johnson (see MACROmap of 21/10/2019).

## Higher minimum wage will hamper employment growth (2)

**Below we are presenting a subsequent report on the effects of the PiS-announced sharp increase of minimum wage in the coming years (see MACROmap of 7/10/2019). Like the week before, we focus on the impact the planned increases will have on employment. This time we are analyzing this problem from the point of view of a change in the number of people employed outside agriculture.**

The key issue is to find the answer to the question to what extent the planned minimum wage increases will deteriorate the competitiveness of the Polish economy in terms of the costs of labour. The measure of such competitiveness are so-called unit labour costs (hereinafter ULC), namely the wage fund (employment times average wage) divided by GDP. In other words, it is the cost of labour per unit of output. An increase in ULC (e.g. due to higher wages) deteriorates competitiveness. That is why in the analysis below we are considering to what extent the employment in the Polish economy would have to decrease to balance the faster increase in salaries and make these two opposing effects neutral for ULC.

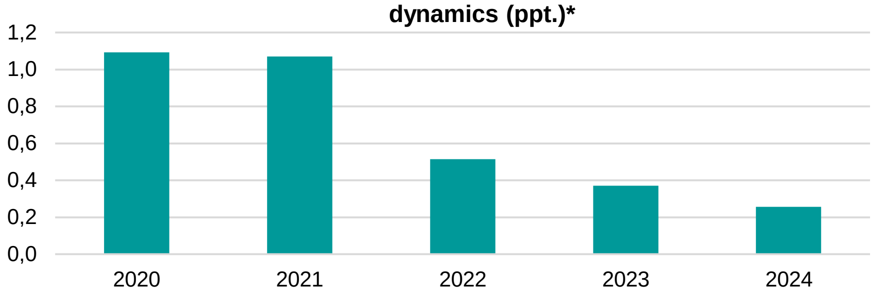
It should be pointed out that the scenario outlined above is simplified as the enterprises adjust to a sharp increase in the minimum wage exclusively by decreasing employment. Meanwhile the companies may transfer a part of the increased costs of labour to consumers, by increasing the prices of their products. That is why in one of the simulation variants considered below we have taken into account the effect of a partial transfer of higher wages to prices in construction and services.

Empirical studies point to a variety of factors that can limit the negative effect of higher minimum wage on the employment level. Higher wages can motivate the so-far lowest paid employees to be more productive, thus reducing the increase in ULC. Higher minimum wage also limits the employees' propensity to look for a new job. Lower turnover of employees reduces enterprises' costs related to recruitment. The entrepreneurs may also decide to absorb the costs of higher wages by reducing their profits. In this variant there is also a transfer of income from the entrepreneurs to the low paid employees, who show lower propensity to save, resulting in higher consumer spending which contributes to higher demand and higher employment. In addition, the entrepreneurs may look for savings by resigning from additional training, non-wage-related employee benefits and by reducing the number of hours worked, instead of the number of jobs. Another way of the enterprises dealing with higher minimum wage is to implement investments aimed at increasing labour productivity which also reduces the ULC growth.

In our view, it is very difficult to estimate the scale of the impact of the aforementioned factors which limit the decrease in employment. However, we believe that amid the expected by us slower GDP growth in Poland due to the deterioration of global economic outlook (including in Poland's main trade partners) and the cycle of investments co-financed by EU funds (the bottom in 2023), the adjustment through reduction of employment will gain in importance compared to a scenario of stable GDP growth.

In our analysis we have taken as the measure of employment the number of those employed outside agriculture according to LFS – it is the broadest possible assessment of the number of the employed in Poland. In estimating the impact of the minimum wage increase on the number of the employed, we have used four scenarios. The first (baseline) one assumes that the minimum wage will increase between 2020-2024 at a rate of 7.1% (namely the same as in 2019) to achieve a level of PLN 3177 in 2024. In the remaining three scenarios, the minimum wage will achieve the levels announced by PiS and will amount to PLN 4000 in 2024. The three alternative (pessimistic, moderate, and optimistic) scenarios differ only by the way the companies react to higher minimum wage with regard to shaping employment, which has been described in more detail below.

**Impact of an increase in minimum wage on average salary dynamics (ppt.)***



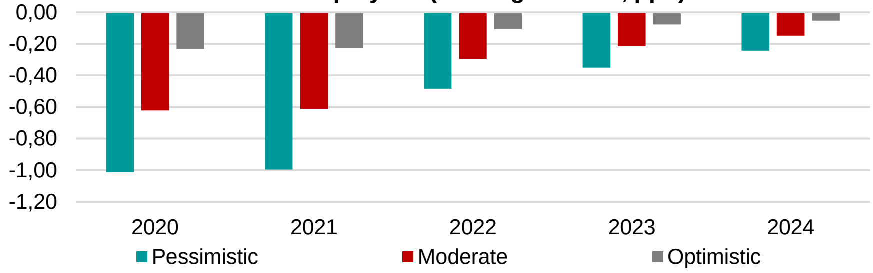

*difference between alternative variants and baseline scenario
**Source:** Credit Agricole

We have assumed that the elasticity of average wage in the national economy in relation to minimum wage amounts to 13% (i.e. a 10% increase in minimum wage increases average wage by 1.3%). It equals the share of people receiving the minimum wage. Considering the wage tendencies outlined above, the growth rate of the average wage in the 2020-21 period in the three alternative scenarios will be 1.1 pp higher from the baseline scenario. In subsequent years, the minimum wage will be growing increasingly slower, hence it will be increasing the average wage growth rate to an increasingly smaller extent (only by 0.3 pp in 2024, see the chart).

The pessimistic scenario (i.e. the variant with the highest decrease of employment) assumes that the entrepreneurs will fully compensate the increase in wages by decreasing employment so that the ULC trends remain unchanged (i.e. be the same as in the baseline scenario, which does not provide for a sharp increase in the minimum wage). If this scenario materializes, the deviation of the profile of the dynamics of the number of the employed outside agriculture from the one assumed in the baseline scenario will be the same as for the wage growth rate only with an opposite sign. This means that in the pessimistic variant, the number of the employed outside agriculture according to LFS in 2024 will stay at a level 3.1% lower (ca. 455k) from the baseline scenario.

**Higher minimum wage will hamper employment growth (2)**

**Impact of an increase in minimum wage on dynamics of the number of employees (excl. agriculture, ppt.)***



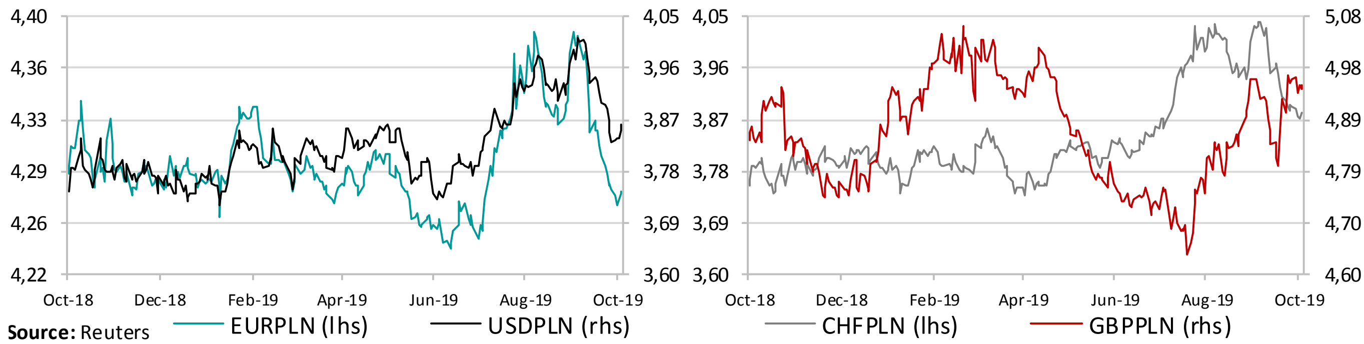

* difference between alternative variants and the baseline scenario
**Source**: Credit Agricole

Considering the aforementioned factors mitigating the negative impact of minimum wage increase on the employment level, we have analyzed two additional alternative scenarios – an optimistic and a moderate one. The optimistic scenario assumes that service and construction companies will not decide to reduce employment at all (i.e. the factors described above will come to life fully). Such companies deal with a limited foreign competition; therefore, they can afford i.a. to raise the prices of their products. Thus, the decrease in the number of the employed in the optimistic scenario takes place only due to lower employment in industry. In turn, the moderate scenario assumes that the service and construction companies will offset the wage increases in fifty percent by reducing employment and in fifty percent by other means. In the moderate scenario, in 2024 the number of those employed outside agriculture according to LFS stays at a level 1.9% (ca. 280k) lower from the baseline scenario and in the optimistic scenario it will be 0.7% (ca. 104k) lower from the baseline scenario. In every alternative variant, the decrease in employment compared to the baseline scenario will be the strongest in the 2020-21 period and will be gradually decreasing in subsequent years (see the chart).

Based on the simulation it can be concluded that due to the announced by PiS sharp increase in the minimum wage in the coming years, the number of employed outside agriculture according to LFS will in 2024 stay at a level lower by 104-460k from the scenario where the minimum wage would increase at the same rate as in 2019. It should be pointed out that these estimates are consistent with the results of the econometric modeling presented in the previous MACROmap, where the announced by PiS sharp increase in the minimum wage will be conducive to a total decrease in employment in the corporate sector (employing at least 10 people) by ca. 200k until 2024.

## Data from the Eurozone may weaken PLN

**FX rates**



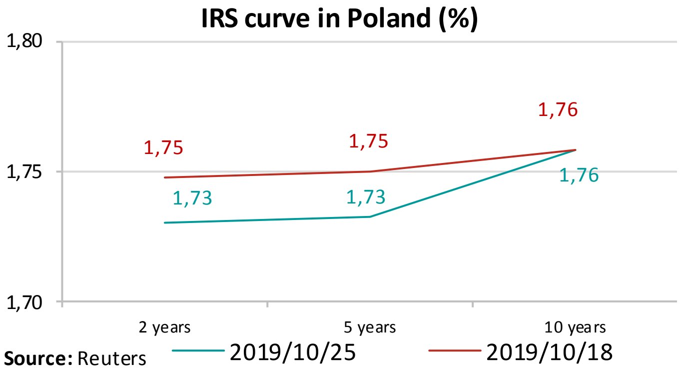

**Source:** Reuters

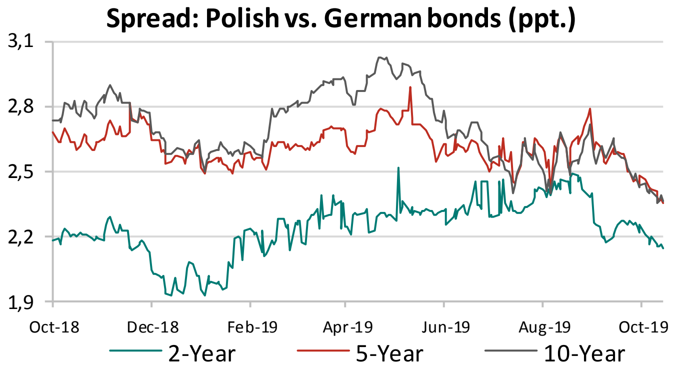
**Last week, the EURPLN exchange rate has not changed compared to the level from two weeks ago and amounted to 4.2784.** Monday through Friday, EURPLN showed a relatively low volatility against of recent weeks, ranging between 4.26-4.28. Domestic data on retail sales and construction-assembly production, like the business survey results for major Eurozone economies (PMIs and Ifo for Germany), had a limited impact on the market.

The whole of last week saw USD appreciating against EUR, largely due to a correction after a visible increase in EURUSD two weeks ago. The publication of PMIs for the Eurozone and data on orders in the US manufacturing had only a temporary positive impact on EURUSD and failed to reverse the trend. EURGBP showed low volatility last week which may suggest that investors are waiting for new information that would increase the probability of one of the Brexit options.

Crucial for PLN this week will be the FOMC meeting. We believe that the tone of the conference after the meeting will be slightly negative for PLN. Conducive to PLN weakening may also be the data from the Eurozone (GDP, flash inflation). On the other hand, the tone of the scheduled for this week plenary session of the Chinese government which will point to higher likelihood of further fiscal easing in China in subsequent months may have an opposite impact. In our view, the data from the US (GDP, non-farm payrolls, manufacturing ISM), domestic inflation and Caixin and CFLP PMIs for Chinese manufacturing will not be market moving. At the same time, the investors will focus on information about Brexit. If the likelihood of a no-deal Brexit increases, we may expect higher risk aversion and, consequently, a depreciation of PLN.

## Market focused on FOMC meeting




**Source:** Reuters

**Last week, 2-year IRS rates decreased to 1.73 (down by 2bp), 5-year rates to 1.73 (down by 2 bp), and 10-year rates have not changed compared to a level from two weeks ago and amounted to 1.76.** The beginning of last week brought a decrease in IRS rates, after the British Parliament decided to postpone the vote on Brexit deal the weekend two weeks ago. On Thursday and Friday, IRS rates were showing a sideway trend. The publication of PMIs for major Eurozone economies, ECB meeting, and publication of data on durable goods orders supported increased volatility of IRS rates. On Friday, there was a debt exchange auction at which the Ministry of Finance repurchased PLN 8.0bn of bonds maturing in 2020 while selling PMN 8.0bn of 3-, 5-, 10-, and 28-year securities with demand amounting to PLN 9.1bn. The auction had a limited impact on the curve.

This week the market will focus on the FOMC meeting. We believe that the tone of the conference after the meeting may support IRS rate increase. Data from the Eurozone (GDP, flash inflation) may also contribute to higher IRS rates. In our view, the data from the US (GDP, non-farm payrolls, manufacturing ISM), domestic inflation and Caixin and CFLP PMIs for Chinese manufacturing will be neutral for the curve. At the same time, the investors will focus on information about Brexit. If the likelihood of a no-deal Brexit increases, we may expect higher risk aversion and, consequently, an increase in IRS rates.

# Forecasts of the monthly macroeconomic indicators

| Main monthly macroeconomic indicators in Poland | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Indicator | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-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* | 4,28 | 4,34 | 4,29 | 4,29 | 4,26 | 4,30 | 4,30 | 4,28 | 4,28 | 4,24 | 4,29 | 4,38 | 4,37 | **4,30** |
| USDPLN* | 3,69 | 3,84 | 3,79 | 3,74 | 3,72 | 3,79 | 3,84 | 3,82 | 3,83 | 3,73 | 3,87 | 3,98 | 4,01 | **3,91** |
| CHFPLN* | 3,75 | 3,80 | 3,79 | 3,81 | 3,74 | 3,79 | 3,85 | 3,75 | 3,83 | 3,82 | 3,90 | 4,02 | 4,02 | **3,94** |
| CPI inflation (% YoY) | 1,9 | 1,8 | 1,3 | 1,1 | 0,7 | 1,2 | 1,7 | 2,2 | 2,4 | 2,6 | 2,9 | 2,9 | 2,6 | |
| Core inflation (% YoY) | 0,8 | 0,9 | 0,7 | 0,6 | 0,8 | 1,0 | 1,4 | 1,7 | 1,7 | 1,9 | 2,2 | 2,2 | 2,4 | |
| Industrial production (% YoY) | 2,7 | 7,4 | 4,6 | 2,8 | 6,0 | 6,9 | 5,5 | 9,2 | 7,6 | -2,6 | 5,8 | -1,3 | 5,6 | |
| PPI inflation (% YoY) | 3,0 | 3,2 | 2,8 | 2,1 | 2,2 | 2,9 | 2,5 | 2,6 | 1,4 | 0,5 | 0,5 | 0,7 | 0,9 | |
| Retail sales (% YoY) | 5,6 | 9,7 | 8,2 | 4,7 | 6,6 | 6,5 | 3,1 | 13,6 | 7,3 | 5,3 | 7,4 | 6,0 | 5,3 | |
| Corporate sector wages (% YoY) | 6,7 | 7,6 | 7,7 | 6,1 | 7,5 | 7,6 | 5,7 | 7,1 | 7,7 | 5,3 | 7,4 | 6,8 | 6,6 | |
| Employment (% YoY) | 3,2 | 3,2 | 3,0 | 2,8 | 2,9 | 2,9 | 3,0 | 2,9 | 2,7 | 2,8 | 2,7 | 2,6 | 2,6 | |
| Unemployment rate* (%) | 5,7 | 5,7 | 5,7 | 5,8 | 6,1 | 6,1 | 5,9 | 5,6 | 5,4 | 5,3 | 5,2 | 5,2 | 5,1 | |
| Current account (M EUR) | -794 | -447 | 113 | -1528 | 2529 | -630 | 217 | 357 | 379 | -310 | -797 | -606 | | |
| Exports (% YoY EUR) | 0,1 | 14,7 | 9,3 | -0,5 | 5,9 | 10,5 | 7,8 | 9,4 | 11,6 | -3,1 | 7,7 | 0,2 | | |
| Imports (% YoY EUR) | 4,9 | 19,3 | 10,3 | 0,2 | 2,1 | 8,4 | 2,8 | 7,7 | 10,1 | -4,7 | 8,4 | -2,5 | | |

*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) | 4,7 | 4,5 | 4,3 | 4,0 | 3,8 | 3,7 | 3,2 | 3,2 | 5,1 | 4,4 | 3,5 |
| | Private consumption (% YoY) | 3,9 | 4,4 | 4,6 | 4,4 | 4,0 | 3,8 | 3,4 | 3,0 | 4,3 | 4,3 | 3,5 |
| | Gross fixed capital formation (% YoY) | 12,6 | 9,0 | 8,1 | 6,8 | 5,2 | 5,7 | 4,1 | 4,3 | 8,9 | 8,5 | 4,7 |
| | Export - constant prices (% YoY) | 5,9 | 3,9 | 5,5 | 4,9 | 4,2 | 4,1 | 4,2 | 4,4 | 7,0 | 5,1 | 4,2 |
| | Import - constant prices (% YoY) | 5,0 | 4,3 | 5,9 | 5,0 | 7,0 | 5,9 | 5,2 | 4,8 | 7,6 | 5,1 | 5,7 |
| GDP growth contributions | Private consumption (pp) | 2,4 | 2,5 | 2,7 | 2,2 | 2,5 | 2,2 | 2,0 | 1,5 | 2,5 | 2,5 | 2,0 |
| | Investments (pp) | 1,6 | 1,5 | 1,5 | 1,7 | 0,7 | 1,0 | 0,8 | 1,1 | 1,6 | 1,6 | 0,9 |
| | Net exports (pp) | 0,7 | 0,0 | 0,0 | 0,1 | -1,3 | -0,7 | -0,4 | -0,1 | 0,0 | 0,2 | -0,6 |
| | Current account (% of GDP)*** | -0,3 | -0,1 | 0,0 | -0,1 | -0,8 | -1,1 | -1,2 | -1,3 | -0,6 | -0,1 | -1,3 |
| | Unemployment rate (%)** | 5,9 | 5,3 | 5,1 | 5,6 | 5,8 | 5,2 | 5,1 | 5,5 | 5,8 | 5,6 | 5,5 |
| | Non-agricultural employment (% YoY) | 0,0 | 0,2 | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | 0,9 | 0,1 | 0,1 |
| | Wages in national economy (% YoY) | 7,1 | 7,0 | 7,3 | 7,5 | 7,3 | 7,0 | 6,8 | 7,0 | 7,2 | 7,2 | 7,0 |
| | CPI Inflation (% YoY)* | 1,2 | 2,4 | 2,8 | 2,9 | 3,2 | 2,4 | 1,7 | 1,7 | 1,6 | 2,4 | 2,3 |
| | Wibor 3M (%)** | 1,72 | 1,72 | 1,72 | 1,72 | 1,72 | 1,72 | 1,72 | 1,72 | 1,72 | 1,72 | 1,72 |
| | 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 |
| | EURPLN** | 4,30 | 4,24 | 4,37 | 4,32 | 4,32 | 4,32 | 4,29 | 4,27 | 4,29 | 4,32 | 4,27 |
| | USDPLN** | 3,84 | 3,73 | 4,01 | 3,86 | 3,86 | 3,79 | 3,67 | 3,56 | 3,74 | 3,86 | 3,56 |

* quarterly average

** end of period

***cumulative for the last 4 quarters

## Calendar

| TIME | COUNTRY | INDICATOR | PERIOD | PREV. VALUE | FORECAST* | |
|---|---|---|---|---|---|---|
| | | | | | CA | CONSENSUS** |
| | | **Monday 10/28/2019** | | | | |
| 9:00 | Eurozone | M3 money supply (% MoM) | Sep | 5,7 | | 5,7 |
| | | **Tuesday 10/29/2019** | | | | |
| 14:00 | USA | Case-Shiller Index (% MoM) | Aug | 0,0 | | 0,1 |
| 15:00 | USA | Consumer Confidence Index | Oct | 125,1 | 130,0 | 127,4 |
| | | **Wednesday 10/30/2019** | | | | |
| 11:00 | Eurozone | Business Climate Indicator (pts) | Oct | -0,22 | | -0,24 |
| 12:00 | Germany | Preliminary HICP (% YoY) | Oct | 1 | 1 | 1 |
| 13:15 | USA | ADP employment report (k) | Oct | 135 | | 120 |
| 13:30 | USA | Preliminary estimate of GDP (% YoY) | Q3 | 2,0 | 1,5 | 1,7 |
| 19:00 | USA | FOMC meeting (%) | Oct | 2,00 | 1,75 | 1,75 |
| | | **Thursday 10/31/2019** | | | | |
| 2:00 | China | Caixin Manufacturing PMI (pts) | Oct | 49,8 | 49,8 | 49,8 |
| **10:00** | **Poland** | **CPI (% YoY)** | **Oct** | **2,6** | **2,5** | **2,5** |
| 11:00 | Eurozone | Preliminary GDP (% QoQ) | Q3 | 0,2 | 0,2 | 0,1 |
| 11:00 | Eurozone | Unemployment rate (%) | Sep | 7,4 | | 7,4 |
| 11:00 | Eurozone | Preliminary HICP (% YoY) | Oct | 0,8 | 0,8 | 0,8 |
| 13:30 | USA | Real private consumption (% MoM) | Sep | 0,1 | | |
| 14:45 | USA | Chicago PMI (pts) | Oct | 47,1 | | 48,0 |
| | | **Friday 11/01/2019** | | | | |
| 2:45 | China | Caixin Manufacturing PMI (pts) | Oct | 50,2 | 51,5 | 51,0 |
| 13:30 | USA | Unemployment rate (%) | Oct | 3,5 | 3,6 | 3,6 |
| 13:30 | USA | Non-farm payrolls (k MoM) | Oct | 136 | 75 | 90 |
| 14:45 | USA | Flash Manufacturing PMI (pts) | Oct | 51,5 | | |
| 15:00 | USA | ISM Manufacturing PMI (pts) | Oct | 47,8 | 49,0 | 48,8 |

*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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