# Romania – the return of the excessive deficit procedure?

## This week

- **The full data on GDP in Poland in Q3 will be released on Friday.** We expect that the GDP growth rate will run in accordance with the flash estimate (3.9% YoY vs. 4.6% in Q42). We believe that conducive to slower GDP growth between Q2 and Q3 were lower contributions of investments and net exports. In our view, the GDP reading will not have any significant impact on PLN and bond yields.
- **Important hard data from the US and business survey results will be released this week**. The second estimate of GDP in Q3 will be released on Wednesday. We expect that the annualized economic growth rate will be revised upwards to 2.0% vs. 1.9% in the flash estimate due to a higher contribution of investments. We forecast that the dynamics of preliminary durable goods orders have increased to -0.9% in October vs. -1.9% in September, due to higher orders in Boeing. Business survey results will also be released in the US. We expect that the Conference Board Index (127.0 pts in November vs. 125.9 pts in October) will confirm the improvement in households' sentiment, signaled by the University of Michigan Index (see below). In our view, the aggregate impact of US data will be neutral for the financial markets.
- **On Friday, a preliminary estimate of HICP inflation in the Eurozone will be published.** We expect that annual price growth rate rose to 0.9% in November from 0.7% in October. We believe that the decrease in the dynamics of fuel prices has been compensated by higher core inflation and faster growth of food prices. On Thursday, additional information on inflation in the Eurozone will be provided by the preliminary estimate of the HICP inflation in Germany. We forecast that it rose to 1.1% YoY in November from 0.9% in October. We expect the Eurozone inflation reading to be neutral for the financial markets.
- **On Friday we will see preliminary data on inflation in Poland which, in our view, has not changed in November compared to October and amounted to 2.5% YoY.** The stabilization of inflation resulted from lower dynamics of fuel prices and higher core inflation. Our forecast is below the market consensus (2.6%) and therefore its materialization will be slightly negative for PLN and yields on Polish bonds.
- **Ifo Index reflecting the sentiment among German managers representing the manufacturing, construction, trade and services sectors was released today.** The index rose to 95.0 pts in November vs. 94.7 pts in October. The improvement of sentiment is in line with the PMI Composite for Germany released last week (see below).
- **Data on retail sales in Poland was released today**. The nominal dynamics increased to 5.4% YoY in October vs. 5.3% in September. For more details regarding the release please see today's MACROpulse.

## Last week

- **The dynamics of industrial production in Poland dropped to 3.5% YoY in October vs. 5.6% in September, running significantly above our forecast (2.2%) and the market expectations (2.6%).** The decrease in the annual dynamics of industrial production in October compared to September resulted from the statistical effect in the form of an unfavourable difference in the number of working days. The production growth in October 2019 was also limited by the last year's high base effect. October was yet another month in which the activity in export branches continued to be high. We believe that this may be attributed to the slight improvement recorded in German manufacturing in October and signaled by higher PMI reading (see MACROmap of 28/10/2019). The construction-assembly production dynamics decreased by 4.0% YoY in October vs. a 7.6% increase in September, running significantly below our forecast (increase by 6.3% YoY) and the market consensus (6.2%). At the same time, the yearly production dynamics stood at the lowest level since February 2017. Seasonally-adjusted construction-assembly production decreased by 5.6% MoM in October. The decrease in the yearly construction-assembly production dynamics in October compared to September resulted from the aforementioned unfavourable calendar effects and lower infrastructural investments. However, in the light of business survey results, we believe that the decrease recorded in construction-assembly production in October was temporary. Consequently, we maintain our scenario of "soft landing" in construction (see MACROpulse of 22/11/2019). The data on construction-assembly production in October pose a slight downside risk to the forecast by us GDP dynamics in Q4 (4.0% YoY) and, coupled with weaker-than-expected GDP data for Q3, also mean a downside risk to our forecast of economic growth for the whole 2019 (4.4% YoY).

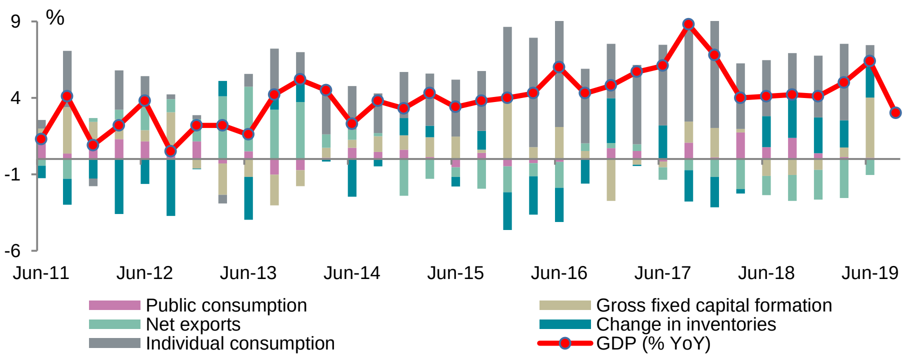
- **The nominal dynamics of investments in the Polish sector of enterprises employing at least 50 persons dropped to 13.6% YoY in Q3 vs. 17.2% in Q2**. This was mainly due to lower investment dynamics in the services sector, which, according to our estimates, decreased to 10.3% YoY in Q3 vs. 24.2% in Q2. On the other hand, higher investment dynamics were recorded in manufacturing (12.8% YoY vs. 12.7%), mining (22.6% vs. 13.3%), energy (24.5% vs. 19.8%), construction (-16.3% vs. -20.4%), and water supply, sewage and waste management, and remediation (34.8% vs. 15.0%). Especially noteworthy in the data structure are continuously high investment dynamics in manufacturing, despite a marked deterioration of situation in this sector in Poland and in the Eurozone. The data on investment dynamics in companies 50+ support our forecast, in which total investment dynamics decreased to 8.1% YoY in Q3 vs. 9.0% in Q2.
- **Nominal wage dynamics in the sector of enterprises decreased to 5.9% YoY in October vs. 6.6% in September**. The decrease in wage dynamics was largely due to statistical effects (last year's high base and unfavourable difference in the number of working days). We believe that the decreasing capacity utilization and increasingly conservative wage policy of companies preparing for the institutional changes in the Polish labour market have also had a growing negative influence on nominal wage dynamics in recent months (see MACROpulse of 21/11/2019). The employment dynamics in the enterprise sector dropped to 2.5% YoY in October vs. 2.6% in September. In MoM terms, employment decreased by 2.7k in October vs. a 3.6k decrease in September. Thus, it has been the third consecutive month in which employment decreased in monthly terms. We believe that the continuing decrease in corporate employment in recent months is largely due to the restructuring processes implemented by companies in reaction to the growing costs of labour. We estimate that the real wage fund growth rate (the employment times the average salary) in enterprises decreased to 5.9% YoY in October vs. 6.5% in September and 6.7% in Q2. This poses a downside risk to our forecast assuming a decrease in consumption growth rate to 4.4% in Q4 vs. 4.6% in Q3.
- **The Minutes of the October FOMC meeting were released last week.** According to the Minutes, FOMC members believe that increased geopolitical risk for the US economic outlook continues due to the US-China trade war and Brexit. However FOMC members think that it has decreased compared to the previous meeting due to US-China talks and higher likelihood of the UK leaving the European Union based on B. Johnson's deal. At the same time, several FED members pointed out that although the continuing increased uncertainty about US macroeconomic outlook had a negative impact on corporate investments, it had not yet been reflected by a deterioration in the US labour market or households' sentiment. At the same time, the text of the Minutes is consistent with the rhetoric of FED Chairman J Powell, who emphasized after the last meeting that the Federal Reserve "will take appropriate steps" should the US economic outlook "significantly" deteriorate. We expect that in H1 2020 FED, will make subsequent interest rate cuts totaling 50 bp. They will be the reaction to the expected by us marked slowdown of US GDP growth resulting from further deterioration of global business sentiment and the escalation of US-China trade war. Our forecast assumes that the annualized US economic growth rate will be showing a clear downward trend in the coming quarters and in Q3 2020 will reach its local minimum at a level of 0.4%. We believe that in Q4 2020 it will

increase to 1.4%.

- **Numerous data from the US economy were released last week.** The number of building permits rose to 1461k in October vs. 1391k in September, number of housing starts rose to 1314k vs. 1226k, while existing home sales amounted to 5.46M vs. 5.38M. Thus the data indicated a marked increase in activity in the US real estate market. The Philadelphia FED Index was also released last week and increased to 10.4 pts in November vs. 5.6 pts in October, pointing to improvement in manufacturing in Pennsylvania, New Jersey and Delaware states. The final University of Michigan Index also recorded an increase, rising to 96.8 pts in November vs. 95.5 pts in October and 95.7 in the flash estimate. The index increase resulted from higher sub-index for expectations and lower sub-index for the assessment of the current situation. The last week's data from the US economy do not alter our scenario in which the annualized US GDP growth rate will decrease to 1.7% in Q4 vs. 1.9% in Q3.
- **In accordance with flash data the composite PMI (for manufacturing and services sector) in the Eurozone dropped to 50.3 pts in November vs. 50.6 pts in October, running below the market expectations (51.0 pts).** The decline of the Composite PMI index resulted from lower sub-index for business activity in services while higher sub-index for output in manufacturing had an opposite impact. This is in line with our view formed in recent months that historically significant differences between these sectors were short-lived and sentiment in services can be expected to deteriorate in subsequent months in the wake of weaker sentiment in manufacturing (see MACROmap of 28/10/2019). Geographically, slight improvement was recorded in France, while the situation in Germany and in the remaining Eurozone economies covered by the survey has deteriorated. From the point fo view of the outlook for Polish exports, the sentiment in German manufacturing is of particular importance. PMI for German manufacturing amounted to 43.8 pts in November vs. 42.1 pts in October, standing below the 50 pts threshold diving expansion from contraction of activity for 11th month in a row. Conducive to the index slight increase were higher contributions of all its five sub-indices: for new orders, output, employment, suppliers' delivery times, and inventories. It is worth noting that sub-index increase has been recorded for both total new orders and new export orders. At the same time it has been a second consecutive month of growth. On the one hand, the sub-indices for new orders (total and export ones) continue to stand significantly below the 50 pts threshold which points to a high likelihood of the activity in German manufacturing continuing to decrease in the coming months. On the other hand, in October for the first time since June 2019, the survey companies expect an increase in production in the horizon of one year, which might signal first signs of improvement in German manufacturing. We see a significant 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.
- **GDP in Germany increased by 0.1% QoQ vs. a 0.2% decrease in Q3 (1,0% YoY in Q3 vs. -0,1% in Q2).** Thus, German economy has managed to avoid technical recession (see MACROmap of 18/11/2019). The increase in German GDP dynamics resulted from higher contributions of net exports (0.5 pp vs. 0.2 pp), consumption (0.4 pp vs. 0.2 pp), and investments (0.0 pp vs. -0.1 pp), while lower contribution of inventories (-0.7 pp vs. 0.2 pp) had an opposite impact. Thus, the main source of economic growth in Germany in Q3 were net exports, while in Q2 it was consumption. Especially noteworthy in the data structure is also the structure of investments, where a marked decline was recorded in investments in machinery and equipment (-2.6% QoQ in Q3 vs. 0.3% in Q2). The decline in investments in this segment was signaled earlier by deteriorating results of business surveys for German manufacturing. We forecast that the quarterly dynamics of the German GDP will increase to 0.2% in Q4. Thus, in the whole 2019 the German GDP growth rate will decrease to 0.5% vs. 1.5% in 2018.

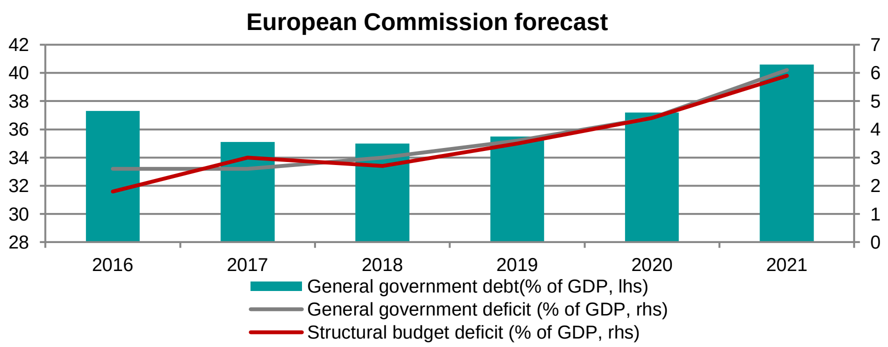
## Romania – the return of the excessive deficit procedure?

**Below we are presenting our macroeconomic scenario for Romania for 2019-2021. In the horizon of several quarters we expect the economic growth to slow down further, with inflation remaining within the band for deviation from the inflation target (2.5±1%). If this is the case, the National Bank of Romania (NBR) will most likely keep interest rates at an unchanged level (2.50%). The biggest risk to the economic outlook in the coming years will be the shape of fiscal policy. Its expansive nature may, in an extreme case, result in Romania being again subject to the excessive deficit procedure.**



Source: DataStream, Credit Agricole

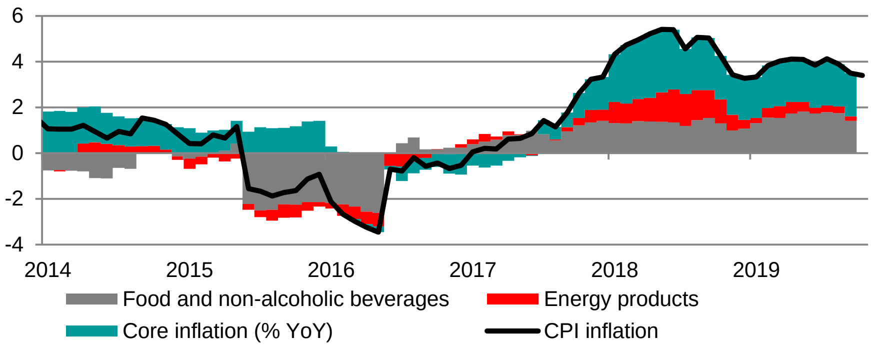
Flash Q3 GDP data signaled a marked slowdown of economic growth in Romania (3.0% YoY vs. 6.4% in Q2). Detailed data on GDP structure have not been released yet. Slower GDP growth has most likely resulted from lower contribution of private consumption – the abating effect of pay rises in the public sector and lower increase of minimum wage amid rapidly growing prices. Lower contribution of investments, which markedly boosted the economic growth rate once in Q2, may have also been responsible for the slowdown. The falling trajectory of GDP growth is in line with our scenario (see MACROmap of 17/12/2018), in which a significant easing of the fiscal policy in Romania in 2016-2018 resulted in only a temporary recovery, with no clear long-term effects in the form of higher potential economic growth rate. We forecast that the economic growth rate will amount to 3.5% YoY in 2020 and to 3.0% in 2021 vs. 4.0% in 2019.



**Source**: European Commission

The main risk to our scenario is the profile of fiscal policy in the coming years. In accordance with the adopted bill, pensions were raised by 15% in September 2019 and will increase by 40% in September 2020. According to government estimates, the aforementioned changes are conducive to an increase in total public expenditure by 0.8% of GDP in 2019, 2.3% in 2020, and 4.9% in 2021 compared to their nominal level from 2018. The European Commission pointed out that the adopted amendments posed a substantial risk of general government deficit exceeding the threshold of 3% of GDP in 2019 and in the following years. The November EC forecast foresees the deficit in relation to GDP to increase to 3.6% in 2019, to 4.4% in 2020, and 6.1% in 2021. According to the latest remarks of Deputy Prime Minister R. Turcan, the government has no intention of disregarding the pension law. Going back on the promise of pension increases would be extremely difficult due to the parliamentary and local elections scheduled for 2020. In these circumstances, there is a significant risk that the deficit of the GG sector will exceed 3% of GDP and Romania will be subject to the excessive deficit procedure. The materialization of such scenario would involve the necessity of limiting government expenditure, slowdown of economic growth, increased volatility of EURRON, and higher yields on Romanian bonds. In accordance with the exit poll by IRES published on Sunday, incumbent president of Romania K. Iohannis won the second round of president election obtaining 66.5% of the vote. His victory is neutral for the scenario outlined above.

The expected by us still relatively fast growth of domestic demand, given limited export dynamics due to slowdown in global trade, will be conducive to lower contribution of net exports to GDP. Such tendencies will support the creation of so-called twin deficits (increase of the current account deficit caused by increase of the budget deficit). Considering the factors outline above, we forecast that the current account balance will amount to -5.0% of GDP in 2019, to -4.6% in 2020, and to -4.3% in 2021.




**Source**: Datastream, Credit Agricole

For most of 2019 inflation stood at an elevated level – on average equal to 3.8% YoY between January and October – exceeding the upper limit of the band for the NBR inflation target (2.5 ±1 %). We believe that in the forecast horizon inflation will run within the target tolerance band. Conducive to lower inflation will be slower growth of food prices, low inflation in the Eurozone, and weaker domestic demand. We forecast that inflation in Romania will amount to 2.9% YoY in 2020 and to 2.8% in 2021 vs. 3.8% in 2019.

The experience of recent years shows that the NBR treats inflation target as a band (1.5%-3.5%) rather than a point target. Therefore, if the inflation scenario outlined above materializes, we expect that the NBR will keep interest rates stable until the end of 2021. The materialization of such scenario will be in line with our expectations concerning the monetary policy in the Eurozone. Amid deteriorating situation in public finances, we see the risk that the depreciation of RON vs EUR will be stronger from our expectations (EURRON up to 4.80 at the end of 2021). Like in the previous quarters, the scale of RON weakening will be limited by central bank interventions.

**Forecasts of main macroeconomic indicators in Romania**

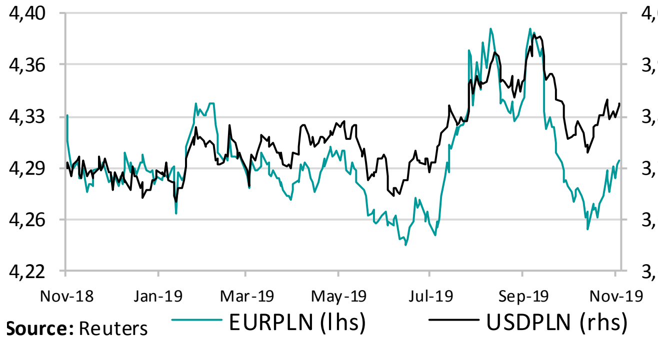
| | 2019 | 2020 | 2021 | | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| **GDP growth rate (% YoY)** | 4,0 | 3,5 | 3,0 | **CPI inflation (% YoY)** | 3,8 | 2,9 | 2,8 |

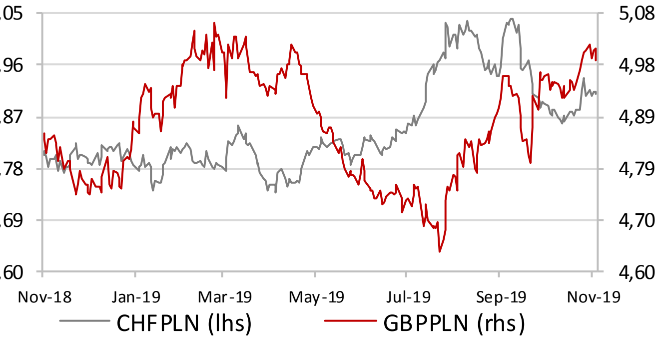
| | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 |
|---|---|---|---|---|---|---|---|---|---|
| **NBR policy rate (%)** | 2,50 | 2,50 | 2,50 | 2,50 | 2,50 | 2,50 | 2,50 | 2,50 | 2,50 |
| **EURRON** | 4,75 | 4,76 | 4,76 | 4,76 | 4,76 | 4,80 | 4,80 | 4,80 | 4,80 |

**Source:** Credit Agricole

## Data on inflation in Poland may weaken PLN

**FX rates**



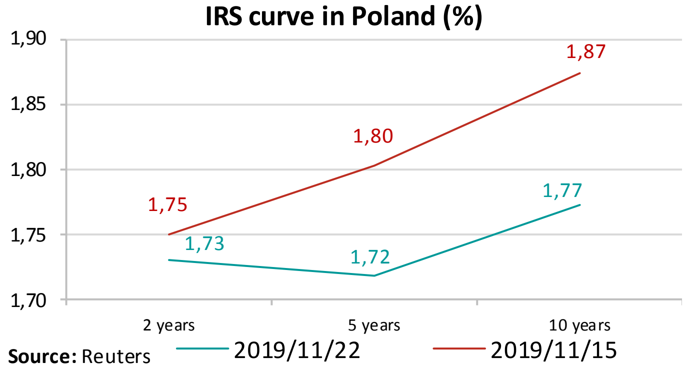

**Source:** Reuters

**Last week, the EURPLN exchange rate rose to 4.2967 (PLN weakening by 0.5%).** Monday through Friday, PLN continued along a weak downward trend, due to increase of global risk aversion reflected by higher VIX index. Investors' lower interest in risk assets was supported by media reports according to which it is increasingly likely that the first phase of US-China agreement will be signed no sooner than at the beginning of 2021 instead of towards the end of 2019 as reported earlier. The business survey results released on Friday for major Eurozone economies and domestic data on industrial production had no substantial impact on PLN. Due to the nature of the last week's depreciation of PLN resulting from higher global risk aversion, PLN was also depreciating vs. USD.

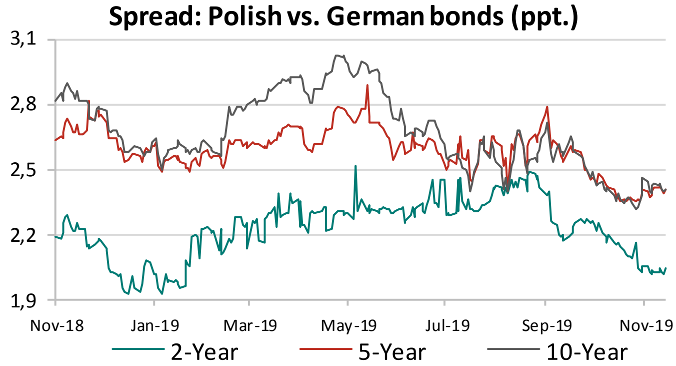
Flash data on domestic inflation will be negative for PLN, we believe. On the other hand the final estimate of Polish GDP will be neutral for PLN. In our view, numerous US readings scheduled for this week (second GDP estimate, preliminary durable goods orders, and Conference Board Index), data from the Eurozone (flash inflation for the Eurozone and Germany) will not have any significant impact on PLN.

## Domestic data on inflation crucial for IRS rates

**IRS curve in Poland (%)**




**Spread: Polish vs. German bonds (ppt.)**




**Source:** Reuters

**Last week, 2-year IRS rates dropped to 1.73 (down by 2bp), 5-year rates to 1.72 (down by 8bp), and 10-year rates to 1.78 (down by 10bp).** Last week saw a weak decrease in IRS rates across the curve, following the core markets. Lower yields on Polish bonds resulted from media reports indicating that the first phase of US-China agreement will be signed no sooner than at the beginning of 2021 instead of towards the end of 2019 as reported earlier. A debt exchange auction took place on Thursday at which the Finance Ministry sold PLN 4.1bn of 3-, 5-, 6-, 10- and 28-year bonds with demand equaling PLN 5.1bn. The auction had a limited impact on IRS rates. The flash PMIs released on Friday for major Eurozone economies resulted in further decrease in IRS rates across the curve.

This week the Polish debt market will focus on domestic data on inflation. We believe that the data may contribute towards a decrease in IRS rates. The final estimate of the Polish GDP will not have any substantial impact on the curve. In our view, numerous US readings (second GDP estimate, preliminary durable goods orders, and Conference Board Index) as well as data from the Eurozone (flash inflation for the Eurozone and Germany) will have a limited impact on IRS rates.

## Forecasts of the monthly macroeconomic indicators

**Main monthly macroeconomic indicators in Poland**

| Indicator | 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 | Nov-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* | 4,34 | 4,29 | 4,29 | 4,26 | 4,30 | 4,30 | 4,28 | 4,28 | 4,24 | 4,29 | 4,38 | 4,37 | 4,26 | **4,30** |
| USDPLN* | 3,84 | 3,79 | 3,74 | 3,72 | 3,79 | 3,84 | 3,82 | 3,83 | 3,73 | 3,87 | 3,98 | 4,01 | 3,82 | **3,89** |
| CHFPLN* | 3,80 | 3,79 | 3,81 | 3,74 | 3,79 | 3,85 | 3,75 | 3,83 | 3,82 | 3,90 | 4,02 | 4,02 | 3,87 | **3,91** |
| CPI inflation (% YoY) | 1,8 | 1,3 | 1,1 | 0,7 | 1,2 | 1,7 | 2,2 | 2,4 | 2,6 | 2,9 | 2,9 | 2,6 | 2,5 | |
| Core inflation (% YoY) | 0,9 | 0,7 | 0,6 | 0,8 | 1,0 | 1,4 | 1,7 | 1,7 | 1,9 | 2,2 | 2,2 | 2,4 | 2,4 | |
| Industrial production (% YoY) | 7,4 | 4,6 | 2,8 | 6,0 | 6,9 | 5,5 | 9,2 | 7,6 | -2,6 | 5,8 | -1,5 | 5,5 | 3,5 | |
| PPI inflation (% YoY) | 3,2 | 2,8 | 2,1 | 2,2 | 2,9 | 2,5 | 2,6 | 1,4 | 0,5 | 0,5 | 0,9 | 0,9 | -0,1 | |
| Retail sales (% YoY) | 9,7 | 8,2 | 4,7 | 6,6 | 6,5 | 3,1 | 13,6 | 7,3 | 5,3 | 7,4 | 6,0 | 5,3 | **4,0** | |
| Corporate sector wages (% YoY) | 7,6 | 7,7 | 6,1 | 7,5 | 7,6 | 5,7 | 7,1 | 7,7 | 5,3 | 7,4 | 6,8 | 6,6 | 5,9 | |
| Employment (% YoY) | 3,2 | 3,0 | 2,8 | 2,9 | 2,9 | 3,0 | 2,9 | 2,7 | 2,8 | 2,7 | 2,6 | 2,6 | 2,5 | |
| Unemployment rate* (%) | 5,7 | 5,7 | 5,8 | 6,1 | 6,1 | 5,9 | 5,6 | 5,4 | 5,3 | 5,2 | 5,2 | 5,1 | **5,1** | |
| Current account (M EUR) | -447 | 113 | -1528 | 2529 | -630 | 217 | 357 | 379 | -310 | -797 | -657 | 171 | | |
| Exports (% YoY EUR) | 14,7 | 9,3 | -0,5 | 5,9 | 10,5 | 7,8 | 9,4 | 11,6 | -3,1 | 7,7 | -0,1 | 9,3 | | |
| Imports (% YoY EUR) | 19,3 | 10,3 | 0,2 | 2,1 | 8,4 | 2,8 | 7,7 | 10,1 | -4,7 | 8,4 | -2,5 | 4,3 | | |

*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) | 4,8 | 4,6 | 3,9 | 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 | 4,5 | 4,3 | 3,9 | 3,5 | 4,3 | 4,3 | 4,1 |
| 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 | 5,0 | 4,2 |
| Import - constant prices (% YoY) | 5,0 | 4,3 | 5,9 | 5,0 | 7,2 | 6,3 | 5,5 | 5,0 | 7,6 | 5,1 | 6,0 |
| GDP growth contributions: Private consumption (pp) | 2,4 | 2,5 | 2,7 | 2,2 | 2,8 | 2,5 | 2,3 | 1,8 | 2,5 | 2,5 | 2,3 |
| GDP growth contributions: Investments (pp) | 1,6 | 1,5 | 1,5 | 1,7 | 0,7 | 1,0 | 0,8 | 1,1 | 1,6 | 1,5 | 0,9 |
| GDP growth contributions: Net exports (pp) | 0,7 | 0,0 | 0,0 | 0,1 | -1,4 | -1,0 | -0,6 | -0,2 | 0,0 | 0,2 | -0,8 |
| Current account (% of GDP)*** | -0,6 | -0,4 | -0,1 | -0,1 | -0,4 | -0,6 | -0,7 | -0,8 | -1,0 | -0,1 | -0,8 |
| 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 | -0,2 | -0,3 | 0,9 | 0,1 | -0,2 |
| Wages in national economy (% YoY) | 7,1 | 7,0 | 7,7 | 7,5 | 8,4 | 8,1 | 7,7 | 8,0 | 7,2 | 7,3 | 8,1 |
| CPI Inflation (% YoY)* | 1,2 | 2,4 | 2,8 | 2,7 | 3,3 | 2,1 | 1,5 | 1,3 | 1,6 | 2,3 | 2,0 |
| 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 | FORECAST* CONSENSUS** |
|---|---|---|---|---|---|---|
| | | **Monday 11/25/2019** | | | | |
| **10:00** | **Poland** | **Retail sales (% YoY)** | **Oct** | **5,3** | **4,0** | **5,1** |
| 10:00 | Germany | Ifo busienss climate (pts) | Nov | 94,6 | 94,8 | 95,0 |
| | | **Tuesday 11/26/2019** | | | | |
| **14:00** | **Poland** | **M3 money supply (% YoY)** | **Oct** | **9,4** | **8,9** | **9,0** |
| 15:00 | USA | Case-Shiller Index (% MoM) | Sep | -0,2 | | 0,3 |
| 16:00 | USA | Richmond Fed Index | Nov | 8,0 | | |
| 16:00 | USA | New home sales (k) | Oct | 701 | 712 | 708 |
| 16:00 | USA | Consumer Confidence Index | Nov | 125,9 | 127,0 | 126,8 |
| | | **Wednesday 11/27/2019** | | | | |
| **10:00** | **Poland** | **Registered unemplyment rate (%)** | **Oct** | **5,1** | **5,1** | **5,1** |
| 14:30 | USA | Second estimate of GDP (% YoY) | Q3 | 1,9 | 2,0 | 1,9 |
| 14:30 | USA | Durable goods orders (% MoM) | Oct | -1,2 | -0,9 | -0,5 |
| 16:00 | USA | Real private consumption (% MoM) | Oct | 0,2 | | |
| | | **Thursday 11/28/2019** | | | | |
| 9:00 | Eurozone | M3 money supply (% MoM) | Oct | 5,5 | | 5,5 |
| **10:00** | **Poland** | **Final GDP (% YoY)** | **Q3** | **4,6** | **3,9** | **3,9** |
| 11:00 | Eurozone | Business Climate Indicator (pts) | Nov | -0,19 | | -0,14 |
| 14:00 | Germany | Preliminary HICP (% YoY) | Nov | 0,9 | 1,2 | 1,3 |
| | | **Friday 11/29/2019** | | | | |
| **10:00** | **Poland** | **CPI (% YoY)** | **Nov** | **2,5** | **2,5** | **2,6** |
| 11:00 | Eurozone | Unemployment rate (%) | Oct | 7,5 | | 7,5 |
| 11:00 | Eurozone | Preliminary HICP (% YoY) | Nov | 0,7 | 0,9 | 0,9 |
| 15:45 | USA | Chicago PMI (pts) | Nov | 43,2 | | 46,0 |

*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

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