Will investments no longer be the main driver of Hungary's growth?

This week

- **December business survey results for major European economies were released today.** The PMI Composite for the Eurozone came out at 50.6 points (unchanged vs. November). Ifo Index, reflecting the sentiment among German managers representing the manufacturing, construction, trade, and service sectors, will be released on Wednesday. We expect it to increase to 95.7 pts in December from 95.0 pts in November. The publication of Ifo index is likely to be neutral for PLN and the prices of Polish bonds.
- **Important data from China have been released today.** Industrial production increased by 6.2% YoY in November vs. 4.7% in October, retail sales increased by 8.0% YoY vs. 7.2%, and urban investments growth has not changed in November compared to October and amounted to 5.2%. Thus the monthly data pointed to a slight acceleration of the annual growth rate of economic activity in November, which, coupled with last week's optimistic reports concerning US-China negotiations, should contribute towards improvement of market sentiment this week. The representative of both the US and China confirmed last Friday that that the parties have agreed on the text of the "phase one" trade agreement between the countries. According to the agreement, China undertakes to import agricultural commodities from the US, increase protection of intellectual property, and prohibit enforced transfer of technology from the US. In return, the US have suspended the imposition of import tariffs on Chinese goods worth USD 156bn planned for 15 December and reduced to 7.5% the tariffs imposed on other Chinese goods worth USD 120bn. For the time being, the 25% tariffs on Chinese goods worth USD 250bn have been maintained. The exact text of the agreement will be published at a later date, and the agreement between the countries will be officially signed in January 2020. D. Trump said that negotiations concerning the determination of further conditions of the economic cooperation between the US and China would start immediately after signing the phase one agreement. We maintain our scenario in which in subsequent months – despite the ongoing negotiations – there will be no further de-escalation of the conflict between these countries and a deeper agreement will not be reached. The de-escalation of the US-China conflict was conducive to the improvement of sentiment in the financial markets on Friday. We believe that such tendency will continue into this week, which will be positive for PLN.
- **This week we will see important hard data from the US.** On Friday, the final estimate of GDP in Q3 will be published. We expect that the annualized rate of economic growth will not change compared to the second estimate and will amount to 2.1%. Data on housing starts (1339k in November vs. 1314k in October), new building permits (1408k vs. 1461k), and existing home sales (5.44M vs. 5.46M) will also be released this week, pointing to a sustained slowdown of activity in the US real estate market. The results of consumer surveys in the US will also be released. We expect that the final University of Michigan Index (99.2 pts in December vs. 96.8 pts in November), will indicate further improvement in household sentiment. In our opinion, the impact of US data will be neutral for the financial markets.
- **Data on the Polish balance of payments in February will be released today**. We expect the current account surplus to have dropped to EUR 122M vs. EUR 171M in September. We forecast that export dynamics dropped to 5.9% YoY in October vs. 9.3% in September and import growth rate dropped to 1.2% YoY vs. 4.3%. Conducive to the decrease in import and export growth rate was the statistical effect in the form of an unfavourable difference in the number of working days. We believe that the publication of data on the balance of payments will be neutral for PLN and the prices of Polish bonds.
- **The November data on average wages and employment in the corporate sector in Poland will be released on Wednesday**. We forecast that employment dynamics have not changed in November compared to October and amounted to 2.5% YoY. In turn, the average wage dynamics rose, in our view, to 6.1% YoY in November vs. 5.9% in October, due to the abatement of the negative effect of lower wage dynamics in mining Though important for the forecast of

private consumption dynamics in Q4, the release of data on corporate wages and employment will be neutral for PLN and the debt market, we believe.

- **Data on the November industrial production in Poland will be released on Thursday.** We forecast that industrial production growth slowed down to 0.8% YoY vs. 3.5% in October. Conducive to lower output dynamics were unfavourable calendar effects. Our forecast of industrial production is above the market consensus; therefore its materialization will be slightly positive for PLN and yields on Polish bonds.
- **On Friday we will see data on retails sales in Poland which, in our view dropped to 4.8% YoY in November vs. 5.4% in October.** Conducive to their decrease were the unfavourable difference in the number of working days, deterioration in consumer sentiment, and last year's high base effect. We believe that the materialization of our forecast that is in line with the market expectations will be neutral for PLN and yields on Polish bonds.

Last week

- **FOMC meeting was held last week.** In accordance with our expectations and the market consensus, FED has left the target range for federal funds unchanged at [1.50%; 1.75%]. Some slight changes have been introduced to the statement after the meeting, suggesting that FED will for the time being refrain from further interest rate cuts and will be monitoring the incoming information, in particular the signals of weak inflation pressure. The remarks of Chairman J. Powell during the conference signal that "wait-and-see" will be the most likely approach in the FED's monetary policy in the coming months. The FED Chairman also pointed out that FED would wait with possible monetary tightening until a sustained increase in inflation. This view was reflected by the downwardly revised FED members' median expectations for interest rates published in the latest projection. They now point to the stabilization of interest rates in 2020 and to one hike in 2021. The forecasts of inflation, unemployment, and GDP growth rate have not changed significantly compared to the September projection. The dovish tone of the FED meeting resulted in USD weakening vs. EUR and in lower yields on US bonds. The market is still pricing in a partial interest rate cut in H2 2020 but investors' expectations of monetary easing by FOMC in H1 2020 have decreased. Our baseline scenario assumes that FED will cut interest rates by 25bp in H2 2020 in reaction to the expected by us slowdown of economic growth. In the light of the latest signals pointing to some progress in the US-China negotiations (see above), we see a slight upside risk to the expected by us interest rate profile in the US.
- **The ECB meeting was held last week**. It has been the first meeting chaired by Ch. Lagarde. The monetary policy parameters in the Eurozone have been left unchanged. The text of the statement after the meeting signaled less concern of ECB members about macroeconomic conditions in the short term. However, it indicated that risks to economic outlook in the long term were still tilted to the downside. The results of the latest macroeconomic projection were presented during the conference. In accordance with the December projection, core inflation will amount to 1.3% YoY in 2020 (vs. 1.2% in the September projection), to 1.4% in 2021 (vs. 1.5%), and to 1.6% in 2022. Other variables forecast by the ECB have not changed significantly compared to the September projection. Our baseline scenario assumes that the ECB will continue the quantitative easing program (QE2) until March 2022 and will cut the deposit rate by 10bp in June 2020. During the conference Ch. Lagarde implicitly allowed a possibility of further interest rate cuts in the Eurozone, pointing out that the current level of interest rates had no negative impact on lending (so-called reversal rate has not been reached).
- **The parliamentary election in the United Kingdom took place last week**. According to the election results, the Conservative Party obtained 43.6% of the vote, Labour Party 32.1%, and Liberal democrats 11.5% of the vote. Other parties gained less than 4% support. Thus the

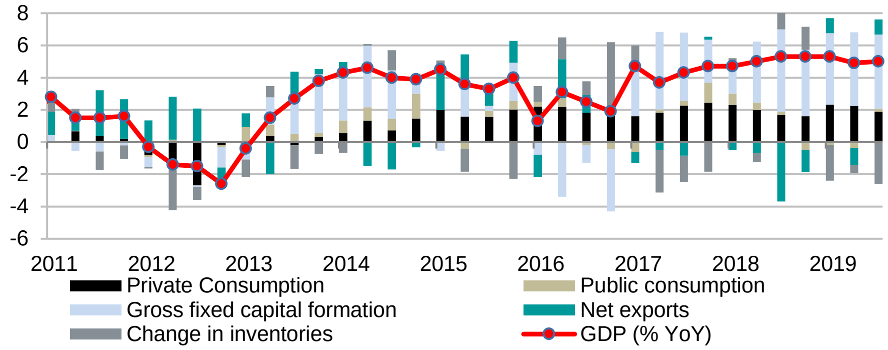
Conservative Party regained majority at the House of Commons after losing it in 2017. The Tory victory means a significant increase in the likelihood of the British Parliament passing B. Johnson's Brexit deal negotiated in October. Thus, the United Kingdom will most likely leave the EU towards the end of January 2020. The result of the UK election that is in line with our expectation has contributed to PLN weakening vs. GBP.

- **The meeting of the Swiss National Bank (SNB) was held last week.** In accordance with the market expectations, the SNB left the target range for LIBOR CHF 3M unchanged at [-1.25%; -0.25%] and deposit rate at -0.75%. The statement after the meeting indicated that CHF effective rate had not changed significantly since September 2019, and thus remained high. Consequently, it is necessary to maintain negative interest rates and be active in the currency market if needed. The latest SNB macroeconomic projection was presented at the conference after the meeting. The inflation path was slightly revised downwards as compared to the September projection, mainly due to the ongoing slowdown in global economic growth and the forecast's lower starting point. In accordance with the December projection, inflation will run at 0.4% in 2019 (vs. 0.4% in the September projection), 0.1% in 2020 (vs. 0.2%), and 0.2% in 2021 (vs. 0.6%). The SNB expects the recovery of the Swiss GDP growth in 2020 (1.5-2.0% YoY vs. 1.0% in 2019), due to the improvement of global sentiment expected by the central bank. The SNB decision and the statement after the meeting are consistent with our scenario for EURCHF and CHFPLN, in which CHFPLN will amount to 3.73 at the end of 2020 and will drop to 3.70 at the end of 2021. The PLN strengthening vs. CHF in the horizon of 2021 will be related to the expected by us lowering of EURPLN exchange rate (to 4.29 and 4.25 at the end of 2020 and 2021, respectively) and increase in EURCHF (to 1.15 at the end of 2021 from 1.09 now).
- **In accordance with the GUS final data, CPI inflation rose to 2.6% YoY in November vs. 2.5% in October, running in line with the GUS flash estimate equal to the market consensus and our forecast (see MACROpulse of 13/12/2019).** The increase in headline inflation resulted from higher dynamics of food prices and higher core inflation. As we expected, core inflation rose to 2.6% YoY in November from 2.4% in October, hitting the highest level since April 2012. The main factor behind higher core inflation was an increase in price dynamics in the category "communications" and "recreation and culture". We expect that, boosted by wage pressure and higher inflation expectations, core inflation will reach the local maximum in Q1 2020 (2.8% YoY). We maintain our forecast that inflation will be showing an upward trend in subsequent months and will amount to 3.5% YoY in Q1 2020, reaching its local maximum. The factors conducive to increase in inflation will be the forecast by us higher dynamics of energy and fuel prices and higher core inflation. Slower growth of food prices will have an opposite impact. Our forecast assuming a significant decrease of inflation as from Q2 2020 is consistent with our scenario, in which interest rates in Poland will remain stable at least until the end of 2020.
- **Last week we saw numerous data from the US.** CPI inflation in the US rose to 2.1% YoY in November vs. 1.8% in October (0.3% MoM in November vs. 0.4% in October), running above the market expectations (2.0%). Conducive to its increase were higher dynamics of energy prices. In turn, core inflation has not changed in November compared to October and amounted to 2.3% YoY. Last week we also saw data on nominal retails sales dynamics which dropped to 0.2% MoM in November vs. 0.4% in October. Excluding car sales, retail sale dynamics dropped to 0.1% vs. 0.3%. Conducive to their decrease was lower growth rate of sales in most of their categories. We forecast that the annualized US GDP growth rate will decrease to 1.7% in Q4 vs. 2.1% in Q3.
- **ZEW index reflecting the sentiment among analysts and institutional investors regarding the economic situation in Germany rose to 10.7 pts in December vs. -2.1 pts in November, running significantly above the market expectations (0.5 pts).** It has been the index highest level since February 2018 and at the same time the index has reached a positive value for the first time since April 2019, which means that a bigger part of investors recorded improvement of sentiment than its deterioration. According to the statement, the index increase was supported by better-than-expected October data on the trade balance in Germany which –

according to survey participants – signal good prospects for the German exports. Weak October data on industrial production and orders in German manufacturing limited the scale of improvement of sentiment among investors. We believe that the quarterly growth rate of the German GDP will increase to 0.2% in Q4 vs. 0.1% in Q3, although the October data on industrial production in Germany (see MACROmap of 9/12/2019) pose a downside risk to our forecast.

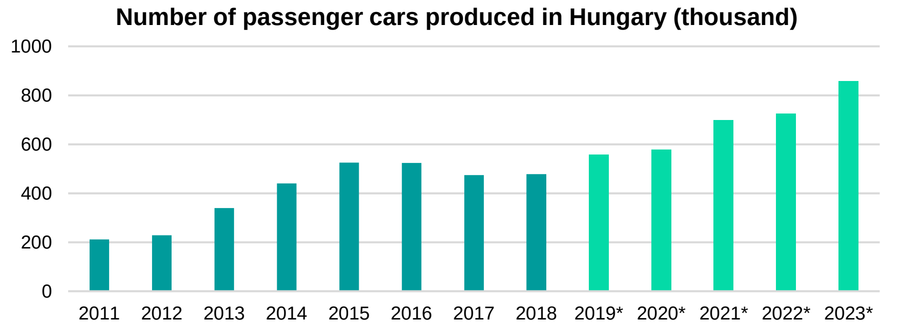
Will investments no longer be the main driver of Hungary's growth?

In recent years Hungary has become an attractive destination for direct foreign investments, especially in the automotive branch. High gross capital formation was the main driver for economic growth in 2018-2019 period. In our view, investment growth will slow down in 2020, mainly due to lower outlays of the public sector, and private consumption will again become the main driver for growth. Amid decelerating economic growth and inflation showing a downward trend, interest rates in Hungary will stay at an unchanged level between 2020-2021 limiting HUF potential for further strengthening.



Source: Datastream, Credit Agricole

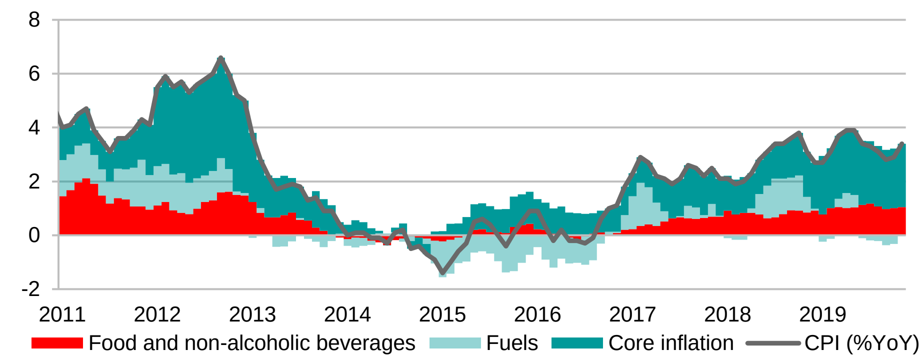
The factor which distinguishes Hungary from among other countries of the region is the fastest growth of investments – in Q1-Q3 2019 period, it stood on the average at 18.7% YoY. High dynamics of fixed capital formation are supported by high absorption of EU funds, recovery in the real estate market, accommodative monetary policy of the National Bank of Hungary (MNB), and several investment projects launched in the automotive branch. Investments have been the main motor for GDP growth in recent quarters and the rate of investments (28.2% in Q2) is at the second highest level in the European Union. We believe that 2020 will see a gradual shift from investments to consumption as the main motor for economic growth. We expect households' investments to gradually decelerate due to the expiration of the preferential VAT rate on new flats at the beginning of 2020 and the issuance of new 5-year high-interest retail bonds by the government. In our view, due to the expected EU funds absorption profile and the end of the "investment peak" related to the local elections in 2019, public investments will start decreasing in year-on-year terms. Corporate fixed capital formation will remain high due to the gradual implementation of investments planned by foreign companies in the automotive industry (see below). On the other hand, consumption will be supported by the still very strong labour market and social programs launched by the government to increase birth rates (loans for housing, cars, and other purposes where the need to repay the loan depends on the number of children in a family).



Source: Hungary - Convergence Program, press information *estimates

It is worth pointing out that despite a marked downturn abroad, the growth rates of exports and industrial production in Hungary have not slowed down significantly in recent quarters. This is a consequence of the positive supply-side effects related to a gradual increase in the production capacity resulting from the implementation of direct foreign investments in Hungary (mainly in the automotive sector). The significance of large investment projects for the Hungarian economy is best illustrated by the example of three factories (BMW, Mercedes, Audi), which will be jointly responsible for nearly doubling the production capacity in passenger cars (see the chart). In addition, considering that Hungary produces the newest (highly popular) or luxury car models (the demand for which shows low sensitivity to the global downturn), the aforementioned supply-side effects will have a positive impact on exports and GDP growth, even if there is slowdown abroad. In addition to the aforementioned three flagship undertakings, many more projects (partly related to the expected development of the automotive sector) are now being implemented and, once completed, will support the economic growth of Hungary in the medium term.

Taking into account the tendencies outlined above, we forecast that economic growth will slow down to 3.5% in 2020 and to 3.3% in 2021 vs. 4.9% in 2019. The factor which will be largely responsible for the slowdown will be the tightening of the fiscal policy by the government. Based on the state budget, the fiscal impulse may be estimated to be negative and amount to ca. -1.0% of GDP.



Source: Datastream, Credit Agricole

Due to a fast increase in domestic demand, core inflation in Hungary will stay at a relatively high level. In November it stood at 4.0% and from the beginning of 2019 it amounted, on the average, to 3.8%. This is the main factor conducive to a fast increase in total consumer prices – between January and November, CPI inflation stood on the average at 3.3% YoY. We expect that in the forecast horizon, with the slowdown of economic growth, core inflation will gradually decrease. Additionally, due to the trends in global agricultural markets, the dynamics of food prices will be showing a weak downward trend. Inflation in Hungary will also be stabilized by low inflation in the Eurozone. We therefore forecast that CPI inflation will on an annual average amount to 3.0% YoY in 2020-2021 period vs. 3.3% in 2019.

According to the MNB statement, the outlook for inflation as outlined in the Inflation Report is the key factor influencing the monetary policy decisions. In accordance with the Minutes of the November MNB meeting, the members believe that the risks to inflation are now asymmetrical – tilted to the downside. We expect that the newest inflation projection to be released on December 15 will be consistent with our scenario pointing to a gradual decrease in inflation towards inflation target (3.0%) in the middle of next year. In effect, we expect the MNB to decide to maintain a stable level of interest rates (main rate at 0.90% and deposit rate at -0.05%) at least until the end of 2021. Such forecast is in line with our scenario of monetary policy in the Eurozone (continuation of the quantitative easing program and deposit rate cut in June 2020). The above monetary policy scenario is in line with our EURHUF forecast assuming its decrease to 325.00 in the middle of 2020 and its stabilization at this level until the end of 2021. Taking into account the expected by us EURPLN profile, we forecast that PLNHUF will range between 75.00 and 77.00 in 2020-2021 period (see the table below).

We see a risk that the MNB will decide to hike the deposit rate in December 2019 if the newest inflation projection points to inflation approaching the target at a slower rate than we have assumed. We believe, however, that the probability of interest rate hikes when the MNB is at the same time implementing a quantitative easing program consisting in the purchase of corporate bonds (the Bond Funding for Growth Scheme) is limited.

Forecasts of main macroeconomic indicators in Hungary

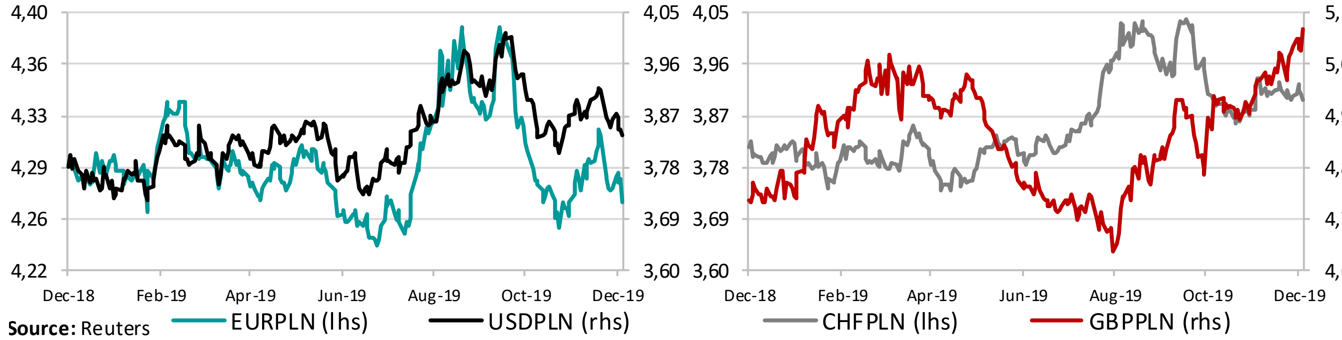
	2019	2020	2021		2019	2020	2021
GDP growth rate (% YoY)	4,9	3,5	3,3	**CPI inflation (% YoY)**	3,3	3,0	3,0

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
MNB base rate (%)	0,90	0,90	0,90	0,90	0,90	0,90	0,90	0,90	0,90
EURHUF	332,00	329,00	325,00	325,00	325,00	325,00	325,00	325,00	325,00
PLNHUF	77,39	76,69	75,76	75,76	75,76	75,93	76,11	76,29	76,47

Source: Credit Agricole

De-escalation of US-China conflict positive for PLN

FX rates



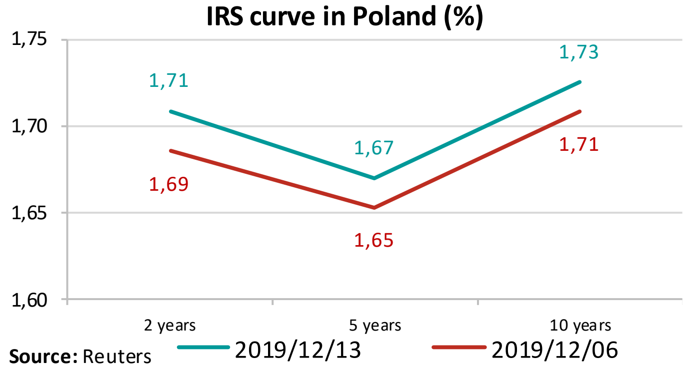
Source: Reuters

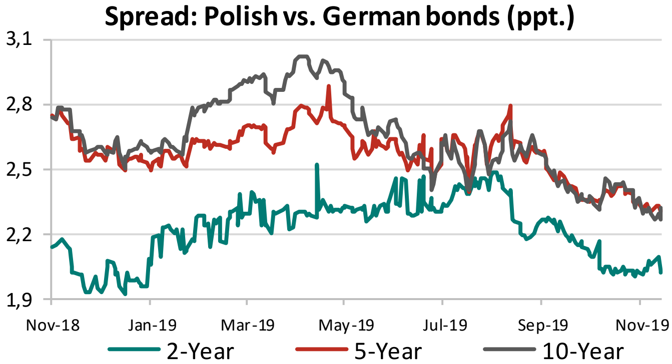
Last week, the EURPLN exchange rate dropped to 4.2673 (PLN strengthening by 0.2%). In the first part of the week, PLN was slightly weakening, which was a correction after its visible strengthening two weeks ago. From Wednesday till the end of the week, PLN was appreciating due to a decrease in the global risk aversion resulting from several factors – the victory of the Conservative Party in the UK election, dovish tone of the conference after the FOMC meeting, and initial agreement between the US and China.

Due to the source of PLN appreciation vs. EUR (higher risk appetite), PLN also strengthened vs. USD and CHF. On the other hand, noteworthy is the last week's PLN depreciation vs. GBP (by 0.7%). Such market reaction to the results of the UK election, resulting from GPB stronger appreciation vs. EUR from the appreciation of PLN vs. the single currency, was in line with our expectations (see MACROmap of 9/12/2019).

We believe that the published today solid data from China, coupled with the last week's reports of the de-escalation of the US-China conflict, will be conducive to PLN strengthening in the coming days. Domestic data on industrial production will also be important for PLN this week. We believe that they will be conducive to PLN appreciation. In our view, other domestic data will not be market moving. Data from the US (final GDP estimate, consumer survey results, and data from the real estate market) as well as business survey results Germany will also be neutral for PLN, we believe.

Global sentiment crucial for the Polish debt market





Source: Reuters

Last week, 2-year IRS rates rose to 1.7085 (up by 2bp), 5-year rates to 1.67 (up by 2bp), and 10-year rates to 1.725 (up by 2bp). Throughout the week, IRS rates were following bond yields in the core markets. Monday through Wednesday, they were relatively stable. On Thursday, German bonds and IRS rates in Poland recorded a significant increase in yields in reaction to unofficial Wall Street Journal reports implying that the US would suspend the imposition of subsequent tariffs scheduled for 15 December. An official confirmation of the US and China reaching initial agreement enabled IRS rates to remain at an increased level also on Friday. A debt exchange auction was held on Friday at which the Ministry of Finance repurchased PLN 2.2bn of bonds maturing in 2020 and sold PLN 2.2bn of 5-, 10-, and 28-year bonds. The auction was not market moving.

This week, the Polish debt market will focus on data on industrial production. If our forecast materializes, the data will be slightly positive for IRS rates. In our view, other data from Poland (labour market, retail sales) will not have any significant impact on IRS rates. Also data from the US and publication of Ifo index in Germany will have a limited impact on the yield curve.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland														
Indicator	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	Dec-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*	4,29	4,29	4,26	4,30	4,30	4,28	4,28	4,24	4,29	4,38	4,37	4,26	4,31	**4,29**
USDPLN*	3,79	3,74	3,72	3,79	3,84	3,82	3,83	3,73	3,87	3,98	4,01	3,82	3,91	**3,83**
CHFPLN*	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	**3,90**
CPI inflation (% YoY)	1,3	1,1	0,7	1,2	1,7	2,2	2,4	2,6	2,9	2,9	2,6	2,5	2,6	
Core inflation (% YoY)	0,7	0,6	0,8	1,0	1,4	1,7	1,7	1,9	2,2	2,2	2,4	2,4	**2,6**	
Industrial production (% YoY)	4,6	2,8	6,0	6,9	5,5	9,2	7,6	-2,6	5,8	-1,5	5,5	3,5	**0,8**	
PPI inflation (% YoY)	2,8	2,1	2,2	2,9	2,5	2,6	1,4	0,5	0,5	0,9	0,8	-0,1	**0,0**	
Retail sales (% YoY)	8,2	4,7	6,6	6,5	3,1	13,6	7,3	5,3	7,4	6,0	5,3	5,4	**4,8**	
Corporate sector wages (% YoY)	7,7	6,1	7,5	7,6	5,7	7,1	7,7	5,3	7,4	6,8	6,6	5,9	**6,2**	
Employment (% YoY)	3,0	2,8	2,9	2,9	3,0	2,9	2,7	2,8	2,7	2,6	2,6	2,5	**2,5**	
Unemployment rate* (%)	5,7	5,8	6,1	6,1	5,9	5,6	5,4	5,3	5,2	5,2	5,1	5,0	**5,0**	
Current account (M EUR)	113	-1528	2529	-630	217	357	379	-310	-797	-657	171	**122**		
Exports (% YoY EUR)	9,3	-0,5	5,9	10,5	7,8	9,4	11,6	-3,1	7,7	-0,1	9,3	**5,9**		
Imports (% YoY EUR)	10,3	0,2	2,1	8,4	2,8	7,7	10,1	-4,7	8,4	-2,5	4,3	**1,2**		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland											
Indicator	2019				2020				2019	2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	4,8	4,6	3,9	3,5	3,3	3,2	2,7	2,7	4,2	3,0	3,3
Private consumption (% YoY)	3,9	4,4	3,9	3,8	3,4	3,6	3,4	3,0	4,0	3,3	3,0
Gross fixed capital formation (% YoY)	12,2	9,1	4,7	2,7	3,1	1,9	1,5	1,7	6,0	1,9	5,0
Export - constant prices (% YoY)	7,3	3,2	5,0	4,9	4,2	4,1	4,2	4,4	5,1	4,2	4,5
Import - constant prices (% YoY)	6,0	3,1	3,9	3,9	3,6	3,5	3,3	3,0	4,2	3,4	4,0
GDP growth contributions: Private consumption (pp)	2,5	2,5	2,2	1,9	2,1	2,1	2,0	1,5	2,3	1,9	1,7
GDP growth contributions: Investments (pp)	1,5	1,5	0,8	0,7	0,4	0,3	0,3	0,4	1,1	0,3	0,9
GDP growth contributions: Net exports (pp)	1,0	0,2	0,8	0,7	0,5	0,5	0,6	0,8	0,6	0,6	0,2
Current account (% of GDP)***	-0,6	-0,4	-0,1	0,0	-0,2	-0,4	-0,5	-0,6	0,0	-0,6	-1,0
Unemployment rate (%)**	5,9	5,3	5,1	5,2	5,5	5,0	5,0	5,2	5,2	5,3	5,5
Non-agricultural employment (% YoY)	0,0	0,2	0,5	0,1	-0,1	-0,1	-0,2	-0,3	0,2	-0,2	-0,5
Wages in national economy (% YoY)	7,1	7,0	7,7	7,0	7,5	7,6	7,4	7,0	7,2	7,4	6,0
CPI Inflation (% YoY)*	1,2	2,4	2,8	2,6	3,5	2,4	1,7	1,5	2,3	2,3	2,0
Wibor 3M (%)**	1,72	1,72	1,72	1,71	1,71	1,71	1,71	1,71	1,71	1,71	1,71
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	4,29	4,29	4,29	4,29	4,29	4,29	4,29	4,25
USDPLN**	3,84	3,73	4,01	3,83	3,83	3,73	3,64	3,70	3,83	3,70	3,76

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

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
		Monday 12/16/2019				
9:30	Germany	Flash Manufacturing PMI (pts)	Dec	44,1	45,1	44,5
10:00	Eurozone	Flash Services PMI (pts)	Dec	51,9	52,0	52,0
10:00	Eurozone	Flash Manufacturing PMI (pts)	Dec	46,9	47,3	47,3
10:00	Eurozone	Flash Composite PMI (pts)	Dec	50,6	50,9	50,7
14:00	**Poland**	**Current account (M EUR)**	**Oct**	**171**	**122**	**330**
14:00	**Poland**	**Core inflation (% YoY)**	**Nov**	**2,4**	**2,6**	**2,6**
14:30	USA	NY Fed Manufacturing Index (pts)	Dec	2,9		4,0
15:45	USA	Flash Manufacturing PMI (pts)	Dec	52,6		52,6
		Tuesday 12/17/2019				
14:30	USA	Housing starts (k MoM)	Nov	1314	1339	1344
14:30	USA	Building permits (k)	Nov	1461	1408	1400
15:15	USA	Industrial production (% MoM)	Nov	-0,8	0,7	0,8
		Wednesday 12/18/2019				
10:00	**Poland**	**Employment (% YoY)**	**Nov**	**2,5**	**2,5**	**2,5**
10:00	**Poland**	**Corporate sector wages (% YoY)**	**Nov**	**5,9**	**6,2**	**5,9**
10:00	Germany	Ifo busienss climate (pts)	Dec	95,0	95,7	95,5
		Thursday 12/19/2019				
10:00	**Poland**	**Industrial production (% YoY)**	**Nov**	**3,5**	**0,8**	**0,0**
10:00	**Poland**	**PPI (% YoY)**	**Nov**	**-0,1**	**0,0**	**0,3**
13:00	UK	BOE rate decision (%)	Dec	0,75	0,75	0,75
14:00	**Poland**	**MPC Minutes**	**Dec**			
14:30	USA	Philadelphia Fed Index (pts)	Dec	10,4		8,0
16:00	USA	Existing home sales (M MoM)	Nov	5,46	5,44	5,45
		Friday 12/20/2019				
10:00	**Poland**	**Retail sales (% YoY)**	**Nov**	**5,4**	**4,8**	**4,8**
14:30	USA	Final GDP (% YoY)	Q3	2,1	2,1	2,1
16:00	USA	Final U. of Michigan Sentiment Index (pts)	Dec	99,2	99,2	99,2

*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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Jakub BOROWSKI
Chief Economist
tel.: 22 573 18 40
jakub.borowski@credit-agricole.pl

Krystian JAWORSKI
Senior Economist
tel.: 22 573 18 41
krystian.jaworski@credit-agricole.pl

Jakub OLIPRA
Economist
tel.: 22 573 18 42
jakub.olipra@credit-agricole.pl