The anti-crisis shield will increase the deficit in public finances

This week

- **The most important event this week will be the reading of flash March business survey results for major European economies scheduled for Tuesday.** We expect that PMI Composite for the Eurozone decreased to 35.0 pts in March vs. 51.6 pts in February. The decrease resulted from the deterioration in Germany and in France, due to the negative impact of the coronavirus epidemic on the economic activity within the single currency area. Due to PMI structure, the scale of this decrease will be reduced by extended suppliers' delivery times – we have seen similar situation in February (see MACROmap of 24/2/2020). Our forecasts are below the consensus; therefore, their materialization will be negative for PLN and yields on Polish bonds.
- **Important data from the US will be released this week**. The final estimate of GDP in Q4 2019 will be released on Thursday. We expect that the annualized economic growth rate has not changed compared to the second estimate and amounted to 2.1%. On Wednesday we will also see data on durable goods orders. In our view, their dynamics rose to 0.5% MoM in February vs. -0.2% in January, due to higher orders in the Boeing company. We expect that the final University of Michigan Index (93.0 pts in March vs. 101.0 pts February) will point to significant deterioration of consumer sentiment due to the spreading coronavirus epidemic in the US. Data on the US economy will be overshadowed by the incoming information on the COVID-19 epidemic.
- **Review of Poland's credit rating by Fitch is scheduled for Friday.** In September 2019 Fitch affirmed Poland's long-term credit rating unchanged at A- with a stable outlook. In the rationale Fitch indicated that the current rating reflected strong macroeconomic fundamentals, supported by strong banking sector and "a sound economic policy framework" as well as Poland's membership in the European Union. According to the Agency the factors which limited the room for the rating upgrade were relatively low – compared with A-rated countries - GDP per capita and relatively high net external debt. We expect that Fitch will leave Poland's rating and its outlook unchanged this week but the tone of the statement will be more negative than during the last review. It is likely to draw attention to the circumvention of the expenditure rule by the Polish government (removing public expenditure from the central budget to finance e.g. the 13th old age pension). Fitch is likely to indicate that such action increases the risk of a marked deterioration in public finances in subsequent years which would be negative for the rating. We believe that the agency report will to a limited extent factor in the negative impact of COVID-19 epidemic on the economic growth rate in Poland and of the coronavirus related government measures on the stability of the financial sector in Poland. In our view, the affirmation of Poland's rating and its outlook by Fitch is neutral for PLN and bond yields. The decision will be released after the closing of the European markets, therefore the possible reaction of the foreign exchange and debt markets will materialize no sooner than next week.
- **Negotiations were ongoing in the Congress during the weekend on a package to stimulate the US economy due to COVID-19 epidemic.** The amount of the proposed program is 2 trillion dollars. The negotiations ended with a stalemate due to the Democrats' objection to one of the package elements consisting in the establishment of an USD 500bn aid fund for large companies. We believe that no agreement in the Congress will be negative for market sentiment.
- **It was reported during the weekend that the Office of Competition and Consumer Protection would postulate the imposition of maximum prices on some products and the suspension of the repayment of credits (of both interest and principal instalments) for a period of one year.** According to a remark of the Minister for Development, J. Emilewicz, those measures would be considered when drafting the act governing the "anti-crisis shield"; however, she indicated that the precise scope of measures in that respect was yet subject to discussions and the government would probably focus on anti-usury solutions, i.e. those limiting the risk of consumers falling into a debt spiral. J. Jastrzębski, the Chairman of KNF, spoke along similar

lines and said that he was treating the proposals of the Office of Competition and Consumer Protection to suspend the repayment of loans as working proposals and the final version of the regulations should also consider their impact on the stability of the banking sector. The materialization of a scenario in which the repayment of loans is suspended would be conducive to a marked decrease in commercial banks' lending, lower valuation of banks on the stock market, and PLN weakening. The financial markets will start pricing in the risk of the materialization of such scenario in advance; therefore, we are likely to see the said reaction this week.

Last week

- **As we expected, the Monetary Policy Council lowered the reference rate from 1.50% to 1.00%.** According to the assessment presented in the press release after the meeting, the expected economic slowdown in the nearest future together with the significant fall in global oil prices will contribute to a marked decrease in inflation. As a result, the Council assessed that the probability of inflation in 2020 falling faster than expected in the March projection and of inflation falling below the MPC inflation target (2.5%) in the monetary policy transmission horizon has increased. In Council's view, the main factor contributing to the deterioration of the outlook for economic growth in Poland is the outbreak of the COVID-19 epidemic, which in the short term will contribute to the fall of economic activity of some sectors. The MPC emphasized that the decline in economic activity in Poland would be intensified by a simultaneous decline in activity in many countries. The MPC also reduced the required reserve ratio from 3.5% to 0.5% and increased the remuneration of required reserves from 0.5% to the reference rate level (1.00%). That move, in the Council's opinion, should limit the risk of the impact of economic turmoil on credit supply. Reduction of the required reserve ratio will increase the liquidity of the banking sector. In addition, the Council announced the purchase of treasury bonds on the secondary market by the NBP as part of structural open market operations. The Council expects that these operations will change the long-term liquidity structure in the banking sector and contribute to maintaining the liquidity in the government bond secondary market (see MACROpulse of 17/3/2020). In addition the NBP will be offering a discount credit for the refinancing of new loans granted by banks to economic entities (operation similar to the ECB's LTRO program). The MPC decisions and the press release after the Council meeting support our scenario, in which the NBP interest rates will not change at least until the end of 2021. Last week we also heard MPC member J. Żyżyński who said that subsequent interest rate cut was not out of the question. Commenting on the Treasury bonds purchase program announced by the NBP, he voiced his concerns as to whether the banks would be interested in repurchasing securities in a situation when there is no demand for loans. This remark constitutes additional support for our opinion that the treasury bond purchase program announced by the NBP is – for the time being – an instrument aimed at providing liquidity and should not be seen as a quantitative easing program (QE).
- **The dynamics of industrial production in Poland increased to 4.9% YoY in February vs. 1.1% in January.** The main factor behind the increase in the industrial production dynamics between January and February was the statistical effect in the form of a favourable difference in the number of working days. The higher production dynamics resulted also from last year's low base effects in some categories. Especially noteworthy in the data structure are high production dynamics in segments responsible for the supply of raw materials and consumables used in construction. In our view, the reason for continuingly high production dynamics in these branches was an exceptionally warm winter which enabled to conduct construction works (see MACROpulse of 19/3/2020).The export-oriented branches also recorded high production dynamics, which is a surprise in the context of the slowdown of economic growth observed in

Poland's major trade partners contributing to a marked decrease in demand for Polish exports. The construction-assembly production increased by 5.5% YoY in February vs. a 6.5% increase in January. Seasonally-adjusted construction-assembly production increased by 3.3% MoM vs. a 9.4% increase in January. The construction-assembly production has sharply increased despite the very high last year's base and the recently observed end of cycle in public investments. This suggests that like in January the increase in production resulted from the exceptionally mild winter. The February data on industrial production and construction-assembly production refer to a different reality from the one we are dealing with now, i.e. to the times before the outbreak of the coronavirus epidemic. The economic shock related to COVID-19, due to broken supply chains and multiplier effects, will contribute, in our view, to a marked decline in production in subsequent months. A downside risk to production in the next few months is the restoration of borders, including the EU border, which has deepened the disturbances in the supply chains. An additional risk is also the decision announced during the weekend by the Italian Prime Minister G. Conte to suspend production of no strategic importance for the functioning of the country. On the other hand, the decline in economic activity will be mitigated by the EUR 822bn aid package announced by the German government to alleviate the economic consequences of the COVID-19 pandemic. We thus see a substantial downside risk to our forecast of economic growth, in which the Polish GDP will decrease by 0.5% YoY in Q2 vs. a 2.0% increase in Q1.

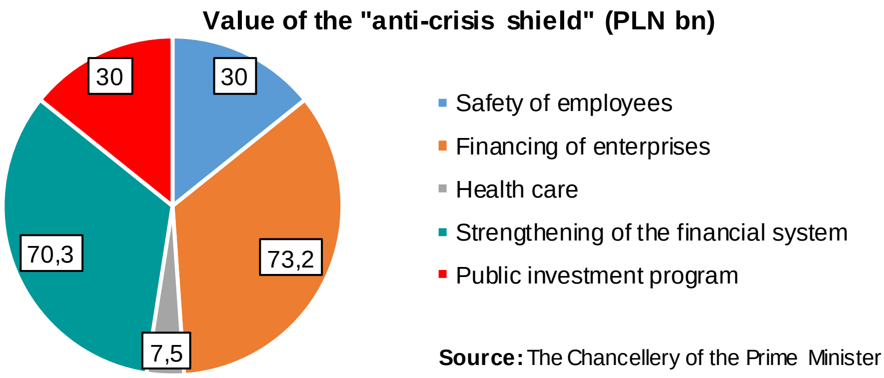
- **Retail sales in Poland increased in current prices by 9.6% YoY in February vs. a 5.7% increase in January**. The sales dynamics in constant prices increased to 7.3% in February vs. 3.5% in January. The main factor behind faster retail sales growth between January and February was the statistical effect in the form of a favourable difference in the number of working days. The structure of data retail sales points to households' increased propensity to spend in the period preceding the outbreak of COVID-19 epidemic (see MACROpulse of 20/3/2020). Due to the spread of the epidemic, limiting households' mobility, as well as stringent restrictions on the side of supply of many services resulting from the measures taken by the government to combat the epidemic, the usefulness of the data on the February sales for forecasting consumption in 2020 is very limited. The GUS business survey results for March released last weeks have already indicated a marked deterioration in the sectors "transport and warehouse management" and "hospitality and catering".
- **Wage dynamics in the Polish sector of enterprises amounted to 7.7% YoY in February vs. 7.1% in January 2019**. In our view, conducive to the faster wage growth in February was sharp increase of the minimum pay at the beginning of the year. The increase in the wage growth rate between January and February resulted also from the statistical effect in the form of a favourable difference in the number of working days, which was conducive to higher pay for piece work. One of the reasons for higher nominal wage growth in February may have been the pay rises announced in certain branches. Employment dynamics in the sector of enterprises have not changed in February compared to January and amounted to 1.1% YoY. We believe that the increase in the number of jobs was mainly limited by two factors – higher minimum wage and weakening demand for labour due to the slowdown of economic growth. We should bear in mind that the quite good February data from the labour market refer to a different reality from the one we are dealing with now, i.e. to the times before the outbreak of the coronavirus epidemic. The economic shock related to COVID-19 will contribute, in our view, to a marked deterioration in the labour market. Difficult financial situation of companies will be conducive to slower wage growth and decline in employment and thus to higher unemployment rate (see MACROpulse of 18/3/2020). We believe that the net impact of the epidemic on consumption in Poland in Q1 2020 will be limited. We therefore maintain our forecast of increase in private consumption by 2.0% YoY vs. 3.3% in Q4 2019. In our view, we will see a sharp YoY decline in consumption in Q2 2020.

- **The surplus in the Polish current account rose to EUR 2 265M in January vs. EUR 990M in December**. The increase in the current account balance resulted from higher balance on trade, services and primary income (higher from December by EUR 106M, EUR 399M, and EUR 1358M, respectively), while lower balance on secondary income (lower from December by EUR 588M) had opposite impact. The sharp increase recorded in January in the balance on primary income resulted from higher balance on transfers with the EU. The export dynamics dropped to 3.0% YoY in January vs. 10.6% in December, while import growth rate rose to 3.0% YoY vs. 0.8%. In our view, the economic shock related to COVID-19 by broken supply chains will contribute towards a significant decrease in Polish exports and imports in subsequent months. An additional downside risk to foreign trade volumes in the coming months will be the restoration borders, including the border with the EU, which deepens the disturbance in the supply chains. We forecast that cumulative current account balance for the last 4 quarters in relation to GDP will decrease to 0.6% in Q1 vs. 1.1% in Q4 2019.
- **Last week the ECB announced the launch of a new Pandemic Emergency Purchase Programme (PEPP) aimed at combating the negative impact of the COVID-19 epidemic on the Eurozone economy.** According to the statement, the program will last until the end of 2020 and its scale will amount to EUR 750bn. Nonetheless, the ECB allows for the extension of the program should the COVID-19 crisis is sustained. PEPP will be conducted following the same rules as the existing asset purchase program. But unlike the current program it does not have a defined monthly purchase amount. Adding together all the ECB asset purchase programs currently under way, securities worth EUR 1 trillion will have been purchased by the end of 2020, namely ca. EUR 100bn on a monthly average. At the same the ECB addressed in its statement the investors' concerns about the availability of the eligible assets. It included a provision that the ECB was considering a change in the requirements concerning the purchased assets, if needed. The ECB decision to launch PEPP is positive for PLN and the prices of the Polish debt. It is negative for EUR and yields on Eurozone bonds. Our baseline scenario assumes that the ECB will cut the deposit rate by 10bp in June 2020.
- **The meeting of the Swiss National Bank (SNB) was held last week.** As expected by the market, the SNB left its main deposit rate unchanged at -0.75%. The press release indicated that in current exceptional conditions the SNB's expansive monetary policy was needed as never before. At the same time the SNB informed that it had increased its activity in the currency market. It emphasized that low interest rates and currency interventions were necessary to reduce the pressure on CHF appreciation. At the same time the SNB also decided to increase, from 1 April 2020, the ceiling for funds deposited with the central bank at preferential rate of 0.0% from 25 to 30 times the mandatory reserves of the respective banks. The purpose of this exercise is to weaken the adverse impact of negative interest rates on the stability of the Swiss banking system. The SNB has also published its latest macroeconomic projections but indicated that they were subject to particular uncertainty due to the spread of COVID-19 epidemic. The SNB expects that 2020 will see recession while in December it was expecting growth at a level of ca. 1.5%-2.0%. Due to a substantial drop of oil prices, deterioration of outlook for economic growth, and CHF appreciation, the inflation path has also been lowered. In accordance with the March projection, inflation will amount to -0.3% in 2020 (0.1% in the December projection), 0.3% in 2021 (0.5%), and 0.7% in 2022. We see a substantial upside risk to our forecast in which CHFPLN will amount to 3.83 at the end of 2020.
- **Last week we saw significant data on US economy.** The monthly dynamics of industrial production increased to 0.2% in February vs. -.0.5% in January, due to higher production growth in manufacturing and utilities. Capacity utilization rose to 77.0% in February vs. 76.6% in January. Last week we also saw data on retail sales which decreased by 0.5% MoM in February vs. a 0.6% increase in January, The decrease in the monthly dynamics of retail sales resulted from lower sales growth rate in most of their categories. Excluding car sales, the monthly sales dynamics dropped to -0.4% MoM vs. 0.6% in January. Last week we also saw data on building

permits (1464k in February vs. 1550k in January), housing starts (1599k vs. 1624k), and existing home sales (5.77M vs. 5.42M), which pointed to a generally high activity in the US real estate market. Regional business survey results were also released last week. Both the NY Empire State Index (-21.5 pts in March vs. 12.9 pts in February) and Philadelphia FED Index (-12.7 pts in March vs. 36.7 pts in February) signaled strong deterioration in manufacturing pointing to the first signs of the impact of the COVID-19 epidemic on the activity in this sector. Due to the spreading coronavirus epidemic, the last week's hard data from the US refer to a different reality from the one we are dealing with now, i.e. from the times before the outbreak of COVID-19. Consequently, the usefulness of these data for forecasting the economic activity in the US in 2020 is very limited.

- **ZEW index reflecting the sentiment among analysts and institutional investors regarding the economic situation in Germany dropped to 49.5 pts in March vs. 8.7 pts in February**. Thus the index has recorded the highest monthly decline in its history (i.e. since December 1991). At the same time it is the lowest index value since 2011. According to the statement, the main reason for the index decrease were the growing concerns of the survey participants about the impact of the coronavirus epidemic on the German economy. Last week we also saw Ifo Index reflecting the sentiment among German managers representing the manufacturing, construction, trade and services sectors, which dropped to 87.7 pts in March vs. 96.0 pts in February. Like in the case of ZEW Index, it has been the sharpest index decline since 1991. At the same time the index has reached the lowest level since August 2009. The index decrease resulted from its lower sub-indices concerning both the assessment of the current situation and expectations. Sector-wise, strong deterioration of sentiment was recorded in all branches covered by the survey: manufacturing, services, trade, and construction. The Ifo reading signals the risk of a deep recession in Germany in 2020.

The anti-crisis shield will increase the deficit in public finances



Source: The Chancellery of the Prime Minister

Last week, the government announced so-called "anti-crisis shield", namely several measures aimed at limiting the negative impact of the spreading COVID-19 epidemic on the economic situation in Poland. Below we present the main assumptions of this program and estimate their impact on the GDP growth rate and the situation in public finances.

The program presented by the government addresses five main areas:

- **Safety of employees** - subsidizing employment, financing of outages for civil-law contracts and the self-employed, extended additional care benefit, loan repayment holidays, holidays from administrative duties, protection of consumers and borrowers, postponement of payments for utilities (in cooperation with energy companies).
- **Financing of enterprises** - financing the institutions of the Polish Development Fund Group: guarantees, loans, capital, insurance and subsidies, financing of leasing for transport companies, special PLN 5k loan for companies employing less than 10 employees, postponement or spreading into instalments of ZUS contributions free of charge, no penalties for delays in public tenders,

extension of bank loans for working capital needs, settlement of the whole this year's loss next year, "second chance" policy (support for companies undergoing restructuring process).
- **Health care** - financing of actions necessary to combat the coronavirus epidemic, development of information channels for patients, subsidies for health care infrastructure, additional financing for digitalization of the health care system.
- **Strengthening of the financial system** - KNF and MF regulatory package, NBP liquidity package.
- **Public investment program** - establishment of Investment Fund allocated to expenditures for infrastructure, modernization of schools and hospitals, transformation of energy, digitalization, biotechnology and pharmacy, environmental protection policy.

In accordance with the information provided by the government, the estimated value of the program is PLN 212bn in 2020. This amount is broken onto:

- **Government cash component (worth ca. PLN 66bn) -** composed of budget expenditure, ZUS, and special purpose funds
- **Government liquidity component (ca. PLN 74.5bn)** - composed of loan repayment holidays and postponed levies and liquidity financing in the form of loans and capital mainly using the financial instruments of the Polish Development Fund Group (PFR, BGK, KUKE, ARP).
- **NBP liquidity package (ca. PLN 70bn) -** which will ensure necessary liquidity and lending conditions.

It should be pointed out that the total scale of the program includes components with different characteristics, whose value is not comparable. The government cash component will have key impact on stimulating economic growth – it directly contributes towards increasing domestic demand. The remaining elements will not have direct impact on aggregate demand and their ultimate effects depend on many factors (i.a the scale of demand for loans). Consequently, the scale of the positive impact of the "anti-crisis shield" on GDP growth rate will be much smaller than the total program amount, i.e. 9.2% of GDP, would suggest.

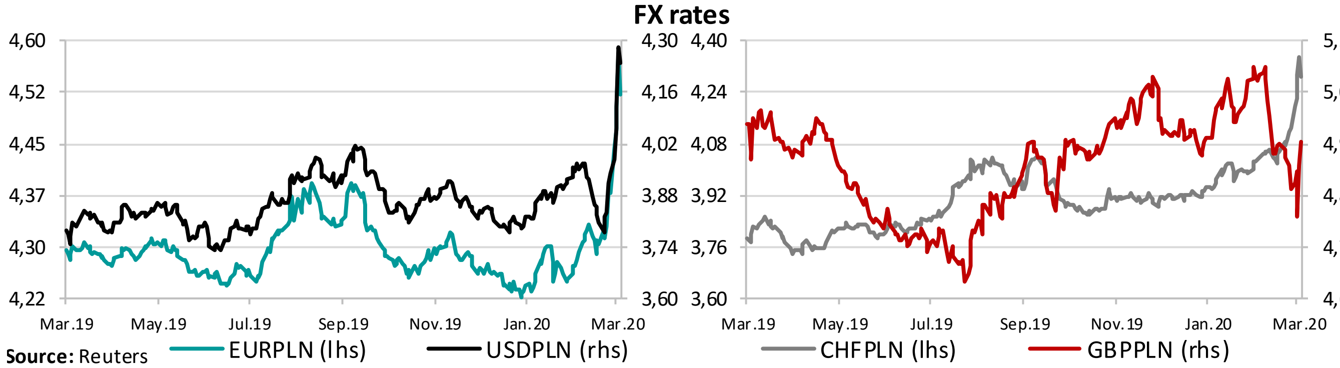
Of the PLN 66bn allocated for the government cash component, PLN 30bn are increased public investments. We believe that amid disturbances resulting from the spread of CIVID-19 epidemic (i.a. broken supply chains, quarantines), the implementation of additional public investments will be difficult. We therefore assume that the planned investments will be implemented only in 50% (PLN 15bn). The remaining elements of the demand-side part of the government program (i.a. subsidies for microenterprises, subsidizing employment, outage relief for companies) should be easy to introduce. We therefore assume, when estimating the impact of the government package on the economic growth rate, that as a result of its launch the domestic demand will increase by PLN 50bn. Assuming that the program effects will be spread evenly until the end of 2020, we estimate that it will reduce the decline in GDP dynamics by 2.9 percentage points between Q2 and Q4 and by 2.2 pp on a yearly average in the whole year.

We now see a significant downside risk to our forecast of economic growth in 2020 (1.2 % YoY, see MACROmap of 16/3/2020). Our forecast has not addressed the impact of closed borders in Poland and in other EU countries which will be conducive to a significant limitation of the flow of goods. In addition, in Italy all but essential production activity has been suspended and in many EU countries the epidemic is spreading much faster than expected. In addition, there is now the risk that schools in Poland will remain closed for a longer period than we originally assumed (one month). The materialization of these two factors would mean growing risk of deep recession in Poland in 2020. In such conditions the scale of the government-announced measures stimulating domestic demand would, in our view, be insufficient. In the next MACROmap we will present our revised macroeconomic scenario.

In addition to the estimated impact on GDP dynamics, important is also the impact of the launched package on the situation in public finances. Before the outbreak of the epidemic we were estimating that the deficit of the general government sector will amount to 1.8% of GDP in 2020. Slower economic growth, including lower consumption, means smaller tax revenue. We estimate that, if our current forecast of GDP growth in 2020 (1.2%) materializes, the budget revenue would be lower by ca. 0.8% of GDP. We have already pointed out that our forecast of economic growth is subject to a significant downside risk. Assuming the scenario of the materialization of recession in 2020 (GDP decline by 2% on a yearly average), the budget revenue would be lower by ca. 2.4% of GDP, compared to the scenario with no epidemic. In addition, it should be assumed that due to the market conditions prevailing in 2020, OFE transformation into IKE is not likely to be implemented, which means the loss of one-off budget revenue amounting to PLN 18.7bn (0.8% of GDP). During the weekend, President A. Duda declared to extend the "anti-crisis shield". All self-employed and micro-entrepreneurs whose incomes decreased by more than 50% compared to February 2020 will be exempted from ZUS contributions for three months. Assuming that 60% of the said persons (and their employees) qualify for the annulment of the contributions, the lost income of the Social Insurance Fund as a result of the measure proposed by A. Duda will amount to ca. PLN 16bn (0.7% of GDP). We believe that the government will try to save on other public expenditures. We estimate the scale of such action at ca. PLN 5bn (0.2% of GDP). Considering the factors outlined above, we estimate that in the event of the materialization of our current forecast of economic growth, the deficit of the general government sector will amount to 6.1% of GDP in 2020. If the recession scenario materialized, the deficit would increase to 7.7% of GDP. We should bear in mind that both deficit estimates are subject to an upside risk due to possible extension of the government support period (the financing of outages exceeding 3 months) or extension of the scope of measures under the "anti-crisis shield" (e.g. annulment instead of postponement of ZUS and tax dues). The scenario outlined above for public finances will be conducive to a sharp increase in the government financial needs, involving the necessity to issue debt. We believe that in such situation the NBP will increase the scale of the purchase of bonds in the secondary market (compared to that observed last week) to prevent a sharp increase in yields on Polish bonds.

PLN sharply depreciates due to COVID-19 epidemic

FX rates



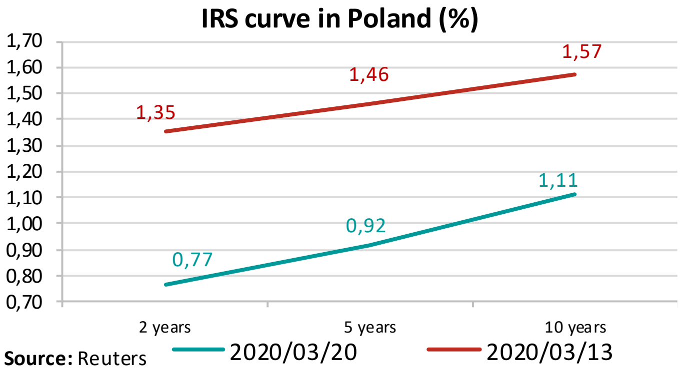
Source: Reuters

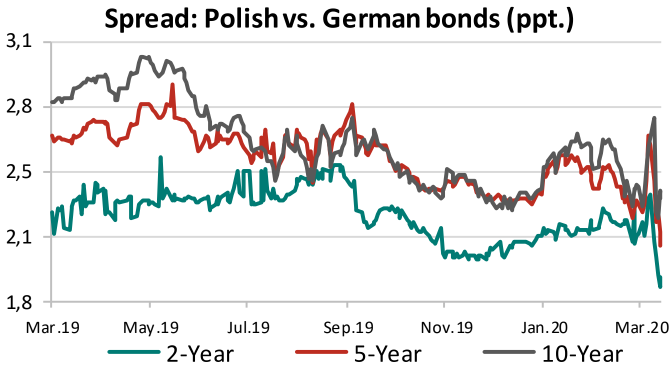
Last week, the EURPLN exchange rate rose to 4.5198 (weakening of PLN by 3.2%). Last week, like in previous weeks, the situation in the foreign exchange market was shaped by media reports on the coronavirus epidemic. Growing investors' concerns about the global economic outlook were conducive to further decline in demand for risk assets and PLN depreciation. Friday saw a slight correction. The announced last week MPC decisions to ease the monetary policy and numerous domestic data had no substantial impact on PLN.

Due to the nature of last week's PLN depreciation resulting from weaker demand on risk assets, PLN was also depreciating vs. other major currencies: USD (by 7.1%), CHF (by 3.8%), and GBP (by 2.2%). CHFPLN has exceeded 4.37 hitting the highest level since 15 January 2015, i.e. since the so-called Black Thursday when SNB unexpectedly floated CHF vs EUR. Last week also saw the depreciation of EUR vs. USD, supported by the announced by the ECB considerable easing of the monetary policy (see above).

We expect that this week, like in the previous weeks, PLN will remain impacted by global sentiment related to the coronavirus epidemic. Crucial for investments will be reports on the pace at which the pandemic is spreading. Important for the market may also be the publication of flash PMIs for major Eurozone economies scheduled for Tuesday. If our lower-from-the-market-consensus forecasts materialize, the data may contribute to further weakening of PLN. We believe than no agreement in the Congress on the package stimulating the US economy will be negative for market sentiment and thus will be conducive to higher EURPLN. The scheduled for this week US readings (GDP, preliminary durable goods orders, final University of Michigan Index) will not be market moving, we believe. An upside risk to EURPLN may also be the introduction of the above-described Office of Competition and Consumer Protection proposals concerning the annual moratorium on repayment of housing and consumer loans. The Friday's review of Poland's long term-credit rating by Fitch will be published after the closing of the European markets, therefore its impact on PLN will materialize no sooner than next week.

Flash PMIs may deepen fall of IRS rates





Source: Reuters

Last week, 2-year IRS rates decreased to 0,765 (down by 59bp), 5-year rates to 0.92 (down by 54bp), and 10-year rates to 1.11 (down by 46bp). After the increase in IRS rates recorded two weeks ago (see MACROmap of 13/3/2020), last week saw their sharp decline. The decrease in IRS rates was supported by growing concerns about the global economic outlook due to the spreading COVID-19 epidemic and the monetary policy easing by ECB and MPC.

This week, like in the previous weeks, the main factor affecting the IRS rates will be media reports on the spread of the pandemic. Important for IRS rates may also be the publication of flash PMIs for major Eurozone economies scheduled for Tuesday, which, in our view, may result in further decrease in IRS rates. We believe than no agreement in the Congress on the package stimulating the US economy will be negative for market sentiment and thus will be conducive to higher IRS rates. The scheduled for this week US readings (GDP, preliminary durable goods orders, final University of Michigan Index) will be neutral for the market, we believe. On the other hand, conducive to higher IRS rates may be the possible introduction of the above-described Office of Competition and Consumer Protection proposals concerning the annual moratorium on repayment of housing and consumer loans. The Friday's review of Poland's long term-credit rating by Fitch will be published after the closing of the European markets, therefore its impact on IRS rates will materialize no sooner than next week.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland

Indicator	Feb.19	Mar.19	Apr.19	May.19	Jun.19	Jul.19	Aug.19	Sep.19	Oct.19	Nov.19	Dec.19	Jan.20	Feb.20	Mar.20
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	1,00
EURPLN*	4,30	4,30	4,28	4,28	4,24	4,29	4,38	4,37	4,26	4,31	4,26	4,30	4,33	**4,32**
USDPLN*	3,79	3,84	3,82	3,83	3,73	3,87	3,98	4,01	3,82	3,91	3,79	3,87	3,92	**3,93**
CHFPLN*	3,79	3,85	3,75	3,83	3,82	3,90	4,02	4,02	3,87	3,91	3,92	4,02	4,06	**4,00**
CPI inflation (% YoY)	1,2	1,7	2,2	2,4	2,6	2,9	2,9	2,6	2,5	2,6	3,4	4,4	4,7	
Core inflation (% YoY)	1,0	1,4	1,7	1,7	1,9	2,2	2,2	2,4	2,4	2,6	3,1	3,3	3,6	
Industrial production (% YoY)	6,9	5,5	9,2	7,6	-2,6	5,8	-1,5	5,5	3,7	1,5	3,8	1,1	4,9	
PPI inflation (% YoY)	2,9	2,5	2,6	1,4	0,5	0,5	0,9	0,8	-0,3	-0,1	1,0	0,8	0,1	
Retail sales (% YoY)	6,5	3,1	13,6	7,3	5,3	7,4	6,0	5,3	5,4	5,9	7,5	5,7	9,6	
Corporate sector wages (% YoY)	7,6	5,7	7,1	7,7	5,3	7,4	6,8	6,6	5,9	5,3	6,2	7,1	7,7	
Employment (% YoY)	2,9	3,0	2,9	2,7	2,8	2,7	2,6	2,6	2,5	2,6	2,6	1,1	1,1	
Unemployment rate* (%)	6,1	5,9	5,6	5,4	5,3	5,2	5,2	5,1	5,0	5,1	5,2	5,5	**5,5**	
Current account (M EUR)	-630	217	542	430	-114	-915	-246	962	573	1564	990	2265		
Exports (% YoY EUR)	10,5	7,8	9,6	11,5	-2,6	5,9	-1,8	13,5	3,8	-0,2	10,6	3,0		
Imports (% YoY EUR)	8,4	2,8	8,0	11,1	-5,4	6,9	-3,4	6,4	-0,2	-4,1	0,8	3,0		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland

Indicator	2020				2021				2019	2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)	2,0	-0,5	1,3	1,7	2,5	3,0	2,7	2,4	4,1	1,2	2,7
Private consumption (% YoY)	2,5	-3,0	2,0	2,8	3,0	3,8	3,5	3,2	3,9	1,1	3,4
Gross fixed capital formation (% YoY)	3,3	-0,2	-0,5	-0,5	0,6	1,4	1,0	0,7	6,9	0,2	0,9
Export - constant prices (% YoY)	2,4	0,6	2,1	3,9	4,2	4,5	4,0	4,1	4,2	2,3	4,3
Import - constant prices (% YoY)	1,0	0,0	1,8	4,0	4,5	5,0	3,4	3,0	3,0	1,7	4,0
GDP growth contributions: Private consumption (pp)	1,6	-1,7	1,2	1,4	1,9	2,2	2,1	1,6	2,2	0,6	1,9
GDP growth contributions: Investments (pp)	0,4	0,0	-0,1	-0,1	0,1	0,2	0,2	0,2	1,3	0,0	0,2
GDP growth contributions: Net exports (pp)	0,9	0,3	0,2	0,1	0,1	0,0	0,5	0,7	0,8	0,4	0,4
Current account (% of GDP)***	0,6	0,5	0,4	0,4	0,3	0,2	0,2	0,2	1,1	0,4	0,2
Unemployment rate (%)**	5,2	5,2	5,2	5,5	5,4	5,4	5,4	5,7	5,2	5,5	5,7
Non-agricultural employment (% YoY)	-0,2	-0,3	-0,3	-0,4	-0,4	-0,5	-0,5	-0,5	0,3	-0,3	-0,5
Wages in national economy (% YoY)	7,5	6,9	6,8	6,8	6,3	6,1	5,5	5,3	7,2	7,0	5,8
CPI Inflation (% YoY)*	4,5	3,2	3,0	2,8	1,8	2,1	1,8	1,7	2,3	3,4	1,9
Wibor 3M (%)**	1,18	1,20	1,20	1,20	1,20	1,20	1,20	1,20	1,71	1,20	1,20
NBP reference rate (%)**	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,50	1,00	1,00
EURPLN**	4,32	4,36	4,32	4,29	4,28	4,27	4,26	4,25	4,26	4,29	4,25
USDPLN**	3,93	3,89	3,79	3,80	3,82	3,81	3,84	3,83	3,79	3,80	3,83

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

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST* CA	FORECAST* CONSENSUS**
		Monday 03/23/2020				
14:00	**Poland**	**M3 money supply (% YoY)**	**Feb**	**9,3**	**8,4**	**9,0**
16:00	Eurozone	Consumer Confidence Index (pts)	Mar	-6,6		-15,0
		Tuesday 03/24/2020				
9:30	Germany	Flash Manufacturing PMI (pts)	Mar	48,0		40,0
10:00	Eurozone	Flash Services PMI (pts)	Mar	52,6	32,0	38,1
10:00	Eurozone	Flash Manufacturing PMI (pts)	Mar	49,2	41,0	39,0
10:00	Eurozone	Flash Composite PMI (pts)	Mar	51,6	35,0	37,8
10:00	**Poland**	**Registered unemplyment rate (%)**	**Feb**	**5,5**	**5,5**	**5,5**
14:45	USA	Flash Manufacturing PMI (pts)	Mar	50,7		42,5
15:00	USA	Richmond Fed Index	Mar	-2,0		
15:00	USA	New home sales (k)	Feb	764	756	750
		Wednesday 03/25/2020				
13:30	USA	Durable goods orders (% MoM)	Feb	-0,2	0,5	-0,8
		Thursday 03/26/2020				
10:00	Eurozone	M3 money supply (% MoM)	Feb	5,2		5,2
13:00	UK	BOE rate decision (%)	Mar	0,10	0,10	0,10
13:30	USA	Final GDP (% YoY)	Q4	2,1	2,1	2,1
		Friday 03/27/2020				
13:30	USA	Real private consumption (% MoM)	Feb	0,1		
15:00	USA	Final U. of Michigan Sentiment Index (pts)	Mar	95,9	93,0	89,5

*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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