Is the financial shield effectively freezing employment?

This week

- **The most important event this week will be the publication of flash July business survey results for major European economies scheduled for Friday.** We expect that the Composite PMI for the Eurozone rose to 52.4 pts in July vs. 48.5 pts in June. Thus, the index will for the first time since February 2020 run above the 50 pts threshold which means that the expansion of activity compared to the previous month has been recorded. We believe that similar situation will be observed for Germany and France. Although our forecasts of business survey results for the Eurozone are above the consensus, we believe that their publication will be neutral for the financial markets.
- **This week we will see data from the US**. We expect that data on new home sales (703k in June vs. 676k in May) and existing home sales (4.69M vs. 3.91M) will point to an increase in activity in the US real estate market. On Thursday we will see the number of unemployment benefit claims. In accordance with the consensus it will amount to 1300k – the same as a week ago. This indicator will be relevant to assessing the impact of the re-imposition of restrictions in some US states and the lasting effects of the COVID-19 shock on the US economy. We believe that the impact of US data on PLN and yields on Polish bonds will be limited.
- **Data on industrial production in Poland will be released today.** We forecast that production dynamics rose to -7.5% YoY in June vs. -17.0% in May. The main factor behind higher production dynamics was the gradual resumption of activity in some companies after the earlier stoppages (e.g. in the automotive branch). Our forecast of industrial production dynamics is below the market consensus (-6.9%); therefore, its materialization would be slightly negative for PLN and yields on Polish bonds.
- **Data on domestic retail sales will be released on Tuesday.** We forecast that retail sales dynamics rose from -8.6% YoY in May to -2.5% in June. Our forecast is supported by higher shopping activity of households reflected by higher value of payment card transactions (see MACROmap of 22/6/2020). Our forecast of retail sales dynamics is above the market consensus (-4.0%); therefore, its materialization would be slightly positive for PLN and yields on Polish bonds.

Last week

- **CPI inflation rose to 3.3% in June vs. 2.9% YoY in May, running in line with the GUS flash estimate**. The increase in inflation resulted from higher dynamics of fuel prices and higher core inflation, which rose to 4.1% YoY in June vs. 3.8% in May. Lower dynamics of the prices of food and non-alcoholic beverages had opposite impact. Noteworthy in the data is the structure of core inflation where further increase was recorded in such categories as: “dental services”, ”medical services” or “hairdressing, beauty treatment and personal care services”. Thus, the phenomenon of companies transferring the costs related to the need of meeting COVID-19-related security requirements to consumers was still present in June. Noteworthy is also an increase in prices in the category “organized tourism” resulting from a sharp increase in prices in the category “organized foreign tourism”. In our view, it was to a significant extent the effect of a postponed demand which sharply increased in June as travel agencies were gradually resuming activity (see MACROpulse of 15/7/2020). We maintain our view that inflation will decrease in subsequent months, although the pace of this decrease may be slower from what we assumed earlier. The decrease in inflation will be supported by lower dynamics of the prices of food and non-alcoholic beverages as well as lower core inflation resulting from last year’s high base effects and slowdown of economic growth. On the other hand, conducive to higher inflation in H2 2020 will be the expected by us sharp increase in the annual dynamics of fuel prices.

- **As we expected, the Monetary Policy Council has not changed interest rates at its meeting last week (the reference rate amounts to 0.10%).** In the statement after the meeting the Council has maintained the view that a further recovery in economic activity can be expected over the coming months supported by an improvement in the economic situation in the environment of the Polish economy and the economic policy measures, including the easing of NBP's monetary policy. Unchanged compared to the June statement has remained the fragment about the impact of the COVID-19 pandemic on the economic outlook saying that the scale of the expected recovery could be curbed by uncertainty regarding the consequences of the pandemic, lower incomes and weaker sentiment of economic agents than in previous years. The statement has also repeated the view that the pace of the economic recovery could also be limited by the lack of visible zloty exchange rate adjustment to the global pandemic-driven shock and to the monetary policy easing introduced by NBP. In accordance with the statement, the NBP will continue to purchase treasury securities and government-guaranteed debt securities on the secondary market as part of structural open market operations (the value of bonds purchased so far has reached PLN 101.3bn). The latest NBP projection has also been published. Both the inflation and GDP profiles have been revised downwards compared to the March projection. In accordance with the NBP projection, inflation will run below the MPC inflation target in the 2021-2022 period. In turn, the Polish economy will regain the economic equilibrium (full capacity utilization) in 2022 (see MCRpulse of 14/7/2020). We maintain our scenario, in which in the coming months the MPC will decide to use unconventional monetary policy tools. We now believe that the MPC is most likely to introduce so-called forward guidance, namely the announcement of keeping interest rates close to zero for an extended period of time, in September 2020. At the same time the results of the NBP projection support our forecast that the first hike of interest rates will take place in November 2022.
- **The surplus in the Polish current account rose to EUR 2455M in May vs. EUR 1156M in April.** The improvement in the current account balance resulted from higher balances on goods, services, and primary income (higher from April by EUR 1298M, EUR 243M, and EUR 5M, respectively), while lower balance on secondary income (down by EUR 247M compared to April) had opposite impact. At the same time, the dynamics of Polish exports (–19.8% YoY in May vs. -29.1% in April) and imports (-27.2% YoY vs. -28.1%) pointed to continuingly low activity in Polish foreign trade, although the scale of their decline in annual terms was smaller in May than in April. The last week's data pose an upside risk to our forecast in which the cumulative current account balance for the last 4 quarters in relation to GDP will decrease to 1.2% in Q12 2020 vs. 1.3% in Q1.
- **Nominal wage dynamics in the Polish sector of enterprises rose to 3.6% YoY in June vs. 1.2% in May**. In real terms, corporate wages, adjusted for the changes in prices, increased by 0.2% YoY in June vs. a 1.6% decrease in May. According to GUS statement, higher wage dynamics in June resulted from the payment of bonuses, quarterly, annual and jubilee awards, and retirement benefits as well as restoration of pre-pandemic salary levels in some companies. The last year's low base effect was also conducive to higher wage dynamics. The dynamics of employment in the sector of enterprises decreased to -3.3% YoY in June vs. -3.2% in May. In MoM terms, employment increased by 11.9k in June vs. a decrease by 84.9k in May, recording its first increase since February 2020. According to GUS statement, the reason for the increase in employment in June in monthly terms was re-employment and restoration of pre-pandemic working times (see MACROpulse of 17/7/2020). The data that are better from the market consensus signal that the expected by us recovery in consumer demand starting from Q3 may be somewhat faster than we anticipated. We thus see an upside risk to our scenario in which consumption will decrease by 4.2% in 2020 YoY vs. a 3.9% increase in 2019 and will increase by 4.4% in 2021.
- **Last week the NBP released the July inflation report.** According to the report, the pandemic has intensified the problem of labour market mismatch and consequently increased the

equilibrium unemployment rate. This implies that some employees made redundant in the crisis-affected sectors will not find employment due to lack of the required qualifications and skills and the time needed to acquire them. Especially noteworthy in the report are also the NBP views on the outlook for investments in Poland. In accordance with the report, the available data for Q2, including the slump in industrial and construction-assembly production, strong limitation of capacity utilization, and high uncertainty about the pandemic point to a significant reduction of investments in this period. The results of GUS and NBP surveys signal that the propensity of enterprises to both start new investments and to continue the commenced ones has significantly decreased. In addition, the surveys indicate that a particularly strong deterioration in the investment climate has been recorded among exporters. According to NBP forecasts investments will not return to pre-pandemic levels in the entire projection horizon (namely at least until the end of 2022). At the same time, the decline in private investments will be partly mitigated by higher public investments. The NBP report supports our forecast in which investments in 2020 will decrease by 9.6% vs. a 7.2% increase in 2019, and in 2021 they will increase by 3.5%.

- **The Chinese GDP increased by 3.2% YoY in Q2 vs. a 6.8% decline in Q1 (11.5% QoQ in Q2 vs. -9.8% in Q1), running above the market expectations (2.5% YoY and 9.6% QoQ)**. Last week we also saw data on industrial production (4.8% YoY in June vs. 4.4% in May), retail sales (-1.8% vs. -2.8%), and urban investments (-3.1% vs. -6.3%). In turn, the balance on trade dropped to USD 46.4bn in June vs. USD 62.9bn in May, with a simultaneous increase in the dynamics of imports (2.7% YoY in June vs. -16.7% in May) and exports (0.5% vs. -3.3%). The monthly data from the Chinese economy indicate that the main source for the currently observed v-shaped economic recovery in China is the production sector supported by infrastructural investments forming a part of the government stimulus package while consumer demand remains weak. However, in subsequent months consumption may be supported by the decrease recorded in June in unemployment rate to 5.7% vs. 5.9%, which is its lowest level since January 2020. The last week's data from the Chinese economy pose an upside risk to our forecast in which the Chinese GDP will increase by 3.0% in 2020. The possible imposition of subsequent US sanctions, that may be supported by the approaching date of the presidential election in the US, continues to be the source of uncertainty about the outlook for the economic recovery in China. We believe however that even if such scenario materializes, the economic recovery in China will be continued.
- **Numerous data from the US economy were released last week.** The number of unemployment benefit claims amounted to 1300k vs. 1310k two weeks ago, running above the market expectations (1250k). The marked flattening of the downward trend in unemployment benefit claims observed in recent weeks indicates that despite the reopening of the economy the redundancies continue and their scale is still considerable. Last week we also saw data on industrial production which rose to 5.4% MoM in June vs. 1.4% in May, running above the market expectations (4.4%). Its increase resulted from higher dynamics of production in all its major sectors (manufacturing, mining, and utilities). The increase in the monthly dynamics of industrial production reflects the resumption of activity by subsequent companies after the stoppage caused by the administrative restrictions introduced to contain the spread of the epidemic. This view is supported by further increase in capacity utilization to 68.6% vs. 65.1%. However, it is still markedly below the pre-pandemic levels (ca. 77%), which adversely affects the outlook for investments. Last week we also saw data on retail sales which increased by 7.5% MoM in June vs. an 18.2% increase in May, running above the market expectations (+5.0%). Excluding car sales, monthly sales dynamics dropped to 6.7% MoM in June vs. 12.1% in May. The continuingly high dynamics of retail sales point to strong rebound in consumer demand in the US. It is worth noting at the same time that the volume of retail sales is now close to the pre-pandemic level. In our view, considering the ongoing difficult situation in the labour market, it is mainly the effect of the strong fiscal stimulus whose effect will be abating in the coming

months. A slight improvement in the US real estate market was indicated by the published last week data on building permits (1241k in June vs. 1216k in May) and housing starts (1186k vs. 1011k). Last week we also saw data on inflation which rose to 0.6% YoY in June vs. 0.1% in May, due to higher dynamics of food and energy prices. Core inflation has not changed in June compared to May and amounted to 1.2% YoY. The preliminary University of Michigan Index was also released last week and dropped to 73.2 pts in July vs. 78.1 pts in June, running visibly below the market expectations (79.0 pts). The index decrease resulted from lower values of its sub-indices for both the assessment of the current situation and expectations, which in our view was the effect of the second wave of the pandemic in the US. It is worth noting that the expectations sub-index has returned to its local minimum from the lockdown period. The improving situation in manufacturing was indicated by the NY Empire State Index (17.2 pts in July vs. -0.2 pts in June), in turn, the Philadelphia FED Index has decreased (24.1 pts vs. 27.5 pts). The last week's data pose an upside risk to our scenario, in which the US GDP decreased by – 30% (in annualized terms) in Q2 and will decrease by 5.5% in the whole 2020 (see MACROmap of 1/6/2020). However, the second wave of the COVID-19 pandemic observed in the US poses a risk to the sustainability of the recovery in economic growth in the US.

- **As we expected, the ECB left the monetary policy parameters unchanged at its meeting last week**. The statement has repeated that interest rates will remain at their current or lower levels for as long as inflation in the projection horizon does not come close to the ECB inflation target (close to but below 2%) and these tendencies are not reflected also by higher core inflation. The ECB has also repeated its announcement that the Pandemic Emergency Purchase Programme (PEPP) will be continued at least until June 2021 and at any rate until the ECB considers that the critical phase of the coronavirus pandemic has ended. In turn, the proceeds from the maturing securities purchased under PEPP will be reinvested at least until the end of 2022. The statement has also repeated that the Temporary Additional Envelope (TAE) under the ECB quantitative easing programme will have been realized before the end of 2020 and the programme itself will have ended only shortly after the ECB starts to hike interest rates. In its statement the ECB has also repeated its promise to continue to provide liquidity through LTRO III (Long term Refinancing Operation. During the press conference after the meeting, the ECB Governor, Ch. Lagarde, said that the economic prospects of the Eurozone largely depended on the launch of the Reconstruction Fund. In other words, it means that if EU countries fail to reach an agreement on the fund, the ECB will face the need to further ease the monetary policy. Especially noteworthy is also Ch. Lagarde's remark that the ECB will not allow the capital key to decrease the effectiveness of its monetary policy. At the same time she emphasized that the key feature of the PEPP which distinguishes it from other asset purchase programmes is its flexibility. Thus, Ch. Lagarde has confirmed that the ECB accepts a temporary departure of the structure of assets purchased under PEPP from the capital key. It is worth noting that in her remarks CH. Lagarde has not referred to the drying up funds of the Temporary Additional Envelope for additional purchase of assets under the quantitative easing programme. Our baseline scenario assumes that the ECB will solve this problem through increasing the scale of PEPP by EUR 300bn to be announced towards the end of 2020. At the same time, we expect the ECB to relax the terms of its LTRO programme before the end of 2020. We also believe that it is possible that the ECB will decide to increase the limit on funds deposited by commercial banks in the current account at the ECB at 0.0% (so called tiering).
- **ZEW index reflecting the sentiment among analysts and institutional investors regarding the economic situation in Germany dropped slightly to 59.3 pts in July vs. 63.4 pts in June, running slightly below the market expectations (60.0 pts).** In accordance with the statement, the index's relative stabilization is supported by the respondents' expectations of a gradual improvement in Germany in subsequent months. We forecast that the German GDP will decrease by 6.1% in 2020 vs. a 0.5% increase in 2019 and will increase by 5.0% in 2021. Thus, the German GDP will reach its pre-pandemic level no sooner than in 2022.

The EU summit took place during the weekend. It discussed the COVID-19 reconstruction fund. So far no agreement has been reached as to its shape. Some countries (i.a. the Netherlands, Denmark, Austria, and Sweden) are in favour of a smaller portion of grants in the fund (EUR 350bn instead of the initially assumed EUR 500bn) and a bigger role of loans. In turn, Germany, France want to negotiate a bigger portion of grants (not less than EUR 400bn). Early in the morning today, Ch. Michael, President of the European Council, has proposed a consensus – the value of grants would amount to EUR 390bn. Talks on this issue will be resumed today at 16:00 hrs. We believe that that an agreement is likely to be reached this evening – the Netherlands, Denmark, Austria and Sweden are inclined to accept grants at EUR 390bn. The remaining issue to be agreed is the way how the spending of the funds will be controlled (consistency with the fund objectives, implementation of reforms) and the postulated by some countries disbursement of EU funds being tied to the observance of the rule of law. The current result of the EU summit is neutral for PLN and bond yields.

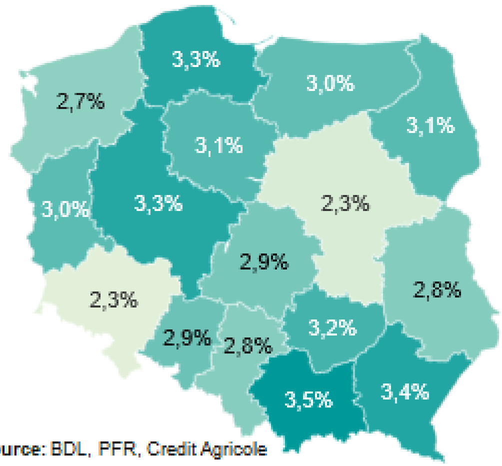
Is the financial shield effectively freezing employment?

One of the government tools of support for entrepreneurs in the period of COVID-19 negative impact on the economic activity is so-called financial shield of the Polish Development Fund (PFR). The programme is addressed to micro-enterprises (employing at least 1 employee) as well as small, medium-sized, and large enterprises. Its purpose is to protect the labour market and provide financial liquidity to companies. Below we present key information on the distribution of funds under the financial shield.

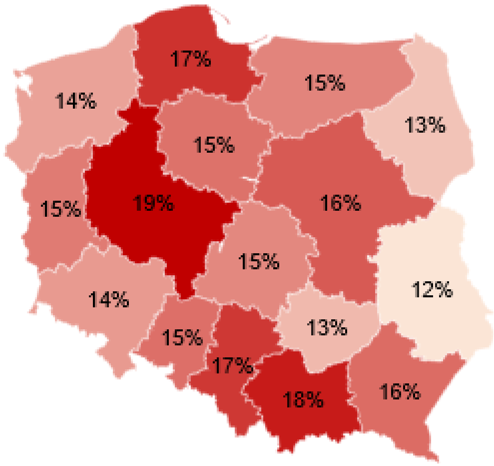
The target value of the financial shield is PLN 100bn of which PLN 25bn is for micro-enterprises, PLN 50bn for small and medium-sized enterprises, and PLN 25bn for large enterprises. The PFR offers to micro-enterprises and SME financial subsidies available through banks. On the other hand, large companies will be able to benefit from several types of financing available directly from PFR. According to information on PFR website, more than 322k micro, small and medium-sized enterprises have already benefitted from the programme for a total amount of PLN 57.8bn. Micro-enterprises have received PLN 17.6bn while the SME sector has received PLN 40.2bn. Together these companies employ 3M persons.

PFR is also publishing information on financial shield broken down to poviats. Two values are of particular importance – the value of the granted aid and employment in companies covered by the aid. We have aggregated the data concerning individual poviats to voivodhsips. We then presented these values in relative terms. The value of the aid granted under the financial shield was compared to the GDP of individual voivodships in 2017 (later data are not available). Such approach enables us to present the geographic intensity of the PFR assistance between voivodships.

Financial shield's funds utilisation (% GDP)



Firms using PFR funds (% of employment)



Source: BDL, PFR, Credit Agricole

In relative terms, most funds under the financial shield were granted to małopolskie voivodship (3.5% of GDP in 2017), podkarpackie voivodship (3.4%), pomorskie voivodship (3.3%) and wielkopolskie voivodship (3.3%). In turn, mazowieckie and dolnośląskie voivodships received relatively the least (2.3% of GDP each). At the scale of the whole country the value of the granted assistance amounted to 2.5% of GDP in 2019 (as at 15 July 2020). In terms of the percentage of those employed in the companies covered by the PFR assistance, the geographic implementation of the financial shield looks similar. In małopolskie, pomorskie, wielkopolskie and śląskie voivodships the percentage of the employed in companies ranges from 17 to 19%. Noteworthy is that the percentage of the employed covered by the assistance in mazowieckie voivodship is relatively high compared to the value of the granted funds in relation to GDP. In the scale of the whole country, 15.8% of the employed have been covered by the assistance under the financial shield.

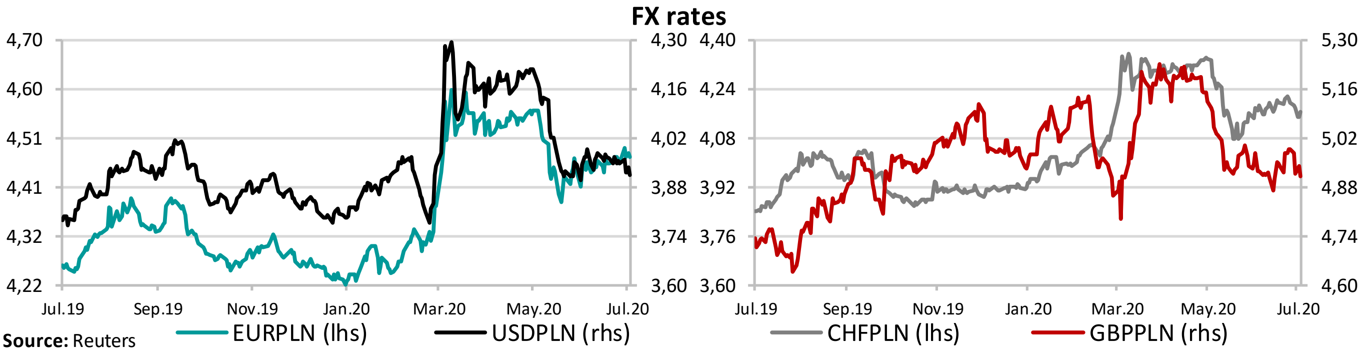
Source: PFR, BDL, Credit Agricole

The PFR does not publish data on the detailed distribution of funds between the respective sectors of the economy – only the names of the 10 largest companies covered by the assistance in each powiat are given. At first sight no particular tendencies concerning the distribution of funds between voivodships can be seen. However, a detailed analysis does reveal certain dependencies. On the chart we have presented the percentage of the employed in the companies covered by PFR assistance in relation to the percentage of the employed in branches most threatened by redundancies due to COVID-19. Each point on the chart stands for a poviats. Due to a limited availability of data at poviats level, we have adopted as the approximation of the endangered branches the following category: "trade; repair of motor vehicles; transport and warehouse management; accommodation and catering; information and communication". The dependence between the aforementioned two indicators is characterized by a moderate positive correlation. Such tendency suggests that PFR assistance is to a large extent received by entities which need it the most.

Another tendency is also interesting in this context. At voivodships level we have compared the information on the percentage of the employed covered by the PFR assistance with information on the relative change in the registered unemployment between February and May 2020. The correlation between these two variables is high (more than 0.7) which suggests that the financial shield is not a factor which differentiates the scale of the freeze of employment between voivodships. Paradoxically, the more persons covered by the programme, the bigger was the increase in unemployment.

In our view, the current level of the utilization of the assistance under the financial shield may be an indication of the situation in the labour market in subsequent quarters, as there is high risk that after the "drip" in the form of PFR financing is disconnected, the situation of these companies will significantly deteriorate. Thus, the level of employment will not return soon to the levels observed before the COVID-19 shock. Most exposed to this risk will be the voivodships with a large engagement of PFR funds and simultaneously low share in the global chains of value creation (e.g. the podkarpackie voivodship) and thus limited sensitivity of economic activity to the expected by us global recovery in 2021. This conclusion is in line with the scenario for the labour market painted in the published last week July NBP inflation report in which Poland is going to see a lasting and significant increase in structural unemployment despite the impact of the anti-crisis shields (see above). This is in line with our forecast anticipating an increase in registered unemployment up to 7.5% at the end of 2020.

The EURUSD exchange rate continues to show an upward trend

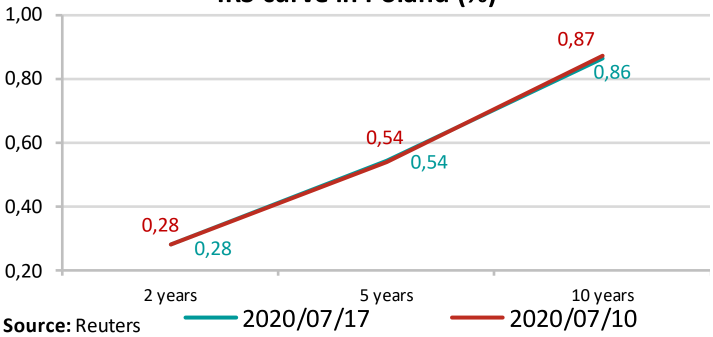


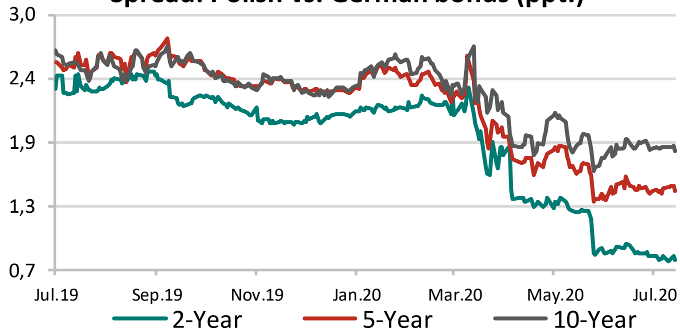
Source: Reuters

Last week the EURPLN exchange rate rose to 4.4715 (PLN weakening by 0.3%). Last week EURPLN was relatively stable against the backdrop of recent weeks and oscillated around 4.47. Low PLN volatility was observed despite a rich macroeconomic calendar. On the other hand, especially noteworthy is further increase in EURUSD which last week exceeded 1.14 (the highest level since March 2020). Conducive to EUR strengthening against USD were investors' expectations of an agreement between the EU countries concerning the fund for reconstruction following the crisis caused by the coronavirus pandemic. Negative for USD were also the market participants' concerns about the economic consequences of the second wave of the COVID-19 pandemic currently observed in the US.

The results of the weekend EU summit are neutral for PLN. This week, like in the previous weeks, PLN will remain impacted by global sentiment related to the coronavirus pandemic. Crucial for the investors will be the information on the second wave of infections and new spikes in the US. The market will also focus on domestic data on industrial production, which, if our lower-from-the-market-consensus forecast materializes may lead to PLN weakening. On the other hand, data on retail sales in Poland are likely to have opposite impact. Flash PMIs for the Eurozone and data from the US (new home sales, existing home sales) will not have any significant impact on PLN, we believe.

Domestic data on retail sales may support higher IRS rates





Source: Reuters

Last week, 2-year IRS rates amounted to 0.28 (no change compared to the level from two weeks ago), 5-year rates to 0.54 (no change compared to the level from two weeks ago) and 10-year rates decreased to 0.86 (down by 1bp). Last week IRS rates generally showed low volatility despite a rich macroeconomic calendar. On Wednesday, BGK issued bonds to provide financing under the Fund for Fight against COVID-19 totalling PLN 7.9bn. The auction had a limited impact on the market. The second part of the week saw a slight decrease in IRS rates across the curve, following the core markets (USA, Germany).

The results of the weekend EU summit are neutral for IRS rates. This week the market will focus on information about the second wave of infections and new spikes in the US. We believe that domestic data on industrial production may also contribute towards a decrease in IRS rates. In turn, data on retail sales in Poland are likely to have opposite impact. In our view, flash PMIs for the Eurozone and data from the US (new home sales, existing home sales) will be neutral for the curve.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland

Indicator	Jun.19	Jul.19	Aug.19	Sep.19	Oct.19	Nov.19	Dec.19	Jan.20	Feb.20	Mar.20	Apr.20	May.20	Jun.20	Jul.20
NBP reference rate (%)	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,50	1,00	0,50	0,10	0,10	0,10
EURPLN*	4,24	4,29	4,38	4,37	4,26	4,31	4,26	4,30	4,33	4,55	4,54	4,44	4,44	**4,46**
USDPLN*	3,73	3,87	3,98	4,01	3,82	3,91	3,79	3,87	3,92	4,13	4,15	4,00	3,95	**3,98**
CHFPLN*	3,82	3,90	4,02	4,02	3,87	3,91	3,92	4,02	4,06	4,29	4,30	4,16	4,17	**4,18**
CPI inflation (% YoY)	2,6	2,9	2,9	2,6	2,5	2,6	3,4	4,3	4,7	4,6	3,4	2,9	3,3	
Core inflation (% YoY)	1,9	2,2	2,2	2,4	2,4	2,6	3,1	3,1	3,6	3,6	3,6	3,8	4,1	
Industrial production (% YoY)	-2,6	5,8	-1,5	5,5	3,7	1,5	3,8	1,1	4,8	-2,4	-24,6	-16,9	**-7,5**	
PPI inflation (% YoY)	0,5	0,5	0,9	0,8	-0,3	-0,1	1,0	0,9	0,2	-0,3	-1,4	-1,5	**-1,0**	
Retail sales (% YoY)	5,3	7,4	6,0	5,3	5,4	5,9	7,5	5,7	9,6	-7,0	-22,6	-8,6	**-2,5**	
Corporate sector wages (% YoY)	5,3	7,4	6,8	6,6	5,9	5,3	6,2	7,1	7,7	6,3	1,9	1,2	3,6	
Employment (% YoY)	2,8	2,7	2,6	2,6	2,5	2,6	2,6	1,1	1,1	0,3	-2,1	-3,2	-3,3	
Unemployment rate* (%)	5,3	5,2	5,2	5,1	5,0	5,1	5,2	5,5	5,5	5,4	5,8	6,0	**6,3**	
Current account (M EUR)	10	-824	-820	846	535	1139	253	2263	949	1292	1156	2455		
Exports (% YoY EUR)	-2,4	6,4	-1,2	13,0	3,9	0,8	9,1	5,0	8,9	-5,7	-29,1	-19,8		
Imports (% YoY EUR)	-5,3	6,7	-3,0	6,2	0,3	-3,5	-0,6	4,4	0,9	-3,5	-28,1	-27,2		

*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	-10,5	-4,0	-2,5	-0,2	6,2	3,7	3,5	4,1	-3,8	3,2
Private consumption (% YoY)		1,2	-15,0	-3,1	0,0	2,1	8,1	4,3	3,7	3,9	-4,2	4,4
Gross fixed capital formation (% YoY)		0,9	-7,0	-12,2	-14,0	-5,4	5,1	5,4	5,9	7,2	-9,6	3,5
Export - constant prices (% YoY)		0,6	-11,0	-5,1	-3,1	2,0	5,1	4,2	4,1	4,7	-4,6	3,8
Import - constant prices (% YoY)		-0,2	-8,0	-7,4	-2,8	4,5	5,0	3,4	3,5	2,7	-4,6	4,1
GDP growth contributions	Private consumption (pp)	0,7	-8,7	-1,8	0,0	1,3	4,4	2,5	1,9	2,2	-2,4	2,5
	Investments (pp)	0,1	-1,2	-2,2	-3,5	-0,7	0,9	0,9	1,3	1,3	-1,8	0,6
	Net exports (pp)	0,4	-2,1	0,9	-0,3	-1,2	0,2	0,7	0,5	1,2	-0,3	0,1
Current account (% of GDP)***		1,3	1,2	0,8	0,5	0,2	0,1	0,2	0,2	0,5	0,5	0,2
Unemployment rate (%)**		5,4	6,3	6,5	7,5	7,3	6,1	5,5	6,1	5,2	7,5	6,1
Non-agricultural employment (% YoY)		0,7	-2,5	-3,1	-2,0	-0,9	3,2	2,9	2,2	0,3	-1,7	1,8
Wages in national economy (% YoY)		7,7	2,3	3,2	3,4	2,7	3,2	2,9	3,0	7,2	4,1	3,0
CPI Inflation (% YoY)*		4,5	3,2	3,0	3,5	2,2	2,9	2,2	1,5	2,3	3,6	2,2
Wibor 3M (%)**		1,17	0,26	0,26	0,26	0,26	0,26	0,26	0,26	1,71	0,26	0,26
NBP reference rate (%)**		1,00	0,10	0,10	0,10	0,10	0,10	0,10	0,10	1,50	0,10	0,10
EURPLN**		4,55	4,44	4,40	4,37	4,36	4,35	4,34	4,33	4,26	4,37	4,33
USDPLN**		4,13	3,95	3,86	3,80	3,79	3,82	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 07/20/2020				
10:00	Eurozone	Current account (bn EUR)	May	14,4		
10:00	**Poland**	**Industrial production (% YoY)**	**Jun**	**-17,0**	**-7,5**	**-6,9**
10:00	**Poland**	**PPI (% YoY)**	**Jun**	**-1,5**	**-1,0**	**-1,0**
		Tuesday 07/21/2020				
10:00	**Poland**	**Retail sales (% YoY)**	**Jun**	**-8,6**	**-2,5**	**-4,0**
		Wednesday 07/22/2020				
14:00	**Poland**	**M3 money supply (% YoY)**	**Jun**	**16,0**	**19,0**	**17,5**
16:00	USA	Existing home sales (M MoM)	Jun	3,91	4,69	4,86
		Thursday 07/23/2020				
10:00	**Poland**	**Registered unemplyment rate (%)**	**Jun**	**6,0**	**6,3**	**6,2**
14:30	USA	Initial jobless claims (k)	w/e	1314		1300
16:00	Eurozone	Consumer Confidence Index (pts)	Jul	-14,7	-12,0	-12,0
		Friday 07/24/2020				
9:30	Germany	Flash Manufacturing PMI (pts)	Jul	45,2	48,5	48,0
10:00	Eurozone	Flash Services PMI (pts)	Jul	48,3	52,5	51,0
10:00	Eurozone	Flash Manufacturing PMI (pts)	Jul	47,4	49,6	50,0
10:00	Eurozone	Flash Composite PMI (pts)	Jul	48,5	52,4	51,1
15:45	USA	Flash Manufacturing PMI (pts)	Jul	49,8		51,5
16:00	USA	New home sales (k)	Jun	676	703	700

*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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