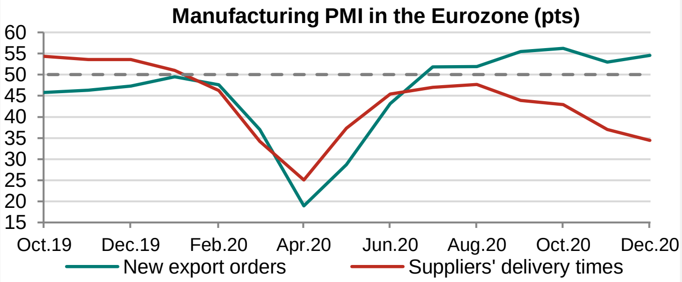
Will COVID-19 reduce inflation in 2021?

This week

- **The publication of preliminary January results of the PMI survey of key European economies, which is planned for Friday, will be the most important event this week.** We expect the aggregated PMI for the Eurozone to have decreased from 49.1 pts in December to 47.6 pts in January, with the economic upturn in France and deterioration of sentiments in Germany. The extended lockdown in some of the Eurozone countries is driving the downturn. We expect the PMI for manufacturing in the Eurozone in January to be similar to that reported in December. We are likely to see a further increase in delivery times, which will be driving the PMI up, and will be partly related to an increase in demand related to a global trade recovery and partly to pandemic-related disruptions in transport. This forecast is supported by December data showing a high capacity utilization in the industry of US and Asian countries. The ZEW index describing the sentiment of German businesses operating in the manufacturing industry, construction and services sectors will be published this Tuesday. We expect ZEW to fall from 55.0 pts in December to 50.0 pts in January. We do not expect any significant reaction of the market to the publishing of the PMI survey for the Eurozone.



Source: Markit, Credit Agricole

- **Thursday meeting of the European Central Bank will be another important event that will take place this week.** We expect the ECB to maintain the status quo following the significant monetary policy easing in December (see MACROmap of 14/12/2020). We believe that the impact of the prolonging restrictions in the Eurozone on the economic activity and monetary policy prospects will be discussed during the conference. However, we do not expect any new information that would change our scenario, in which there will be no changes to the ECB's monetary policy in 2021. In our opinion, the conference after the ECB meeting will be neutral for the financial markets.
- **Significant data from China has been published today.** GDP rose by 6.5% YoY in Q4 comparing to an increase by 4.9% in Q3 (+2.6% QoQ in Q4 vs. +2.7% in Q3), which was below and above the market consensus respectively (+6.1% YoY and +3.1% QoQ). This means that the Chinese GDP in 2020 rose by 2.3% comparing to a 6.0% growth in 2019. The annual growth rate increase in Q4 was mainly driven by a higher activity in the services sector. When it comes to demand, it should be noted that annualised private consumption grew for the first time since 2019 (+1.5%), which was connected with a strong increase in disposable income (5.1% YoY). Data on industrial production (7.3% YoY in December vs. 7.0% in November), retail sales (4.6% vs. 5.0%) and investments in urban areas (2.9% vs. 2.6%) has also been published. This means that the data on industrial production stood above the market consensus (6.8%) while the data on retail sales and investments in urban areas were below the consensus (5.5% and 3.2% respectively. The structure of data on China indicates at a continuing, though slightly slowing, economic recovery. In our opinion, today's data from China is neutral for the financial markets.
- **Significant data from the US will be published this week.** Data on jobless claims will be published this Thursday. The market consensus is that they will reach 830k vs. 965k a week ago. The market consensus is that the data on started constructions (1,570k in December vs. 1,547k in November), new building permits (1,602k vs. 1,632k) and existing home sales (6.59M vs. 6.69M) will indicate stabilisation of activity in the US real estate market. We believe that the US data will be neutral for the PLN and the yields of Polish bonds.
- **Data on the employment rate and the average salary in the Polish enterprise sector for November will be published this Thursday.** We do not expect the employment growth rate to

have changed in December vs. November, and we believe it stood at -1.2% YoY. We expect the average salary growth rate to have fallen from 4.9% in November to 4.5% YoY in December. Important as it is for the forecast for the private consumption growth rate in Q4, the publication of data about the employment rate and the average salary in the Polish enterprise sector will be neutral for the PLN and the debt market in our opinion.

- **Data on domestic retail sales will be published this Friday.** We expect the retail sales growth rate to have increased from -5.3% YoY in November to -0.6% in December. Our forecast is supported by an improvement in consumer sentiments in December and the opening of shopping malls at the end of November. Our forecast for the retail sales growth rate is close to the market consensus (-0.7%), and if it materialises, it will be neutral for the PLN and the yields of Polish bonds.

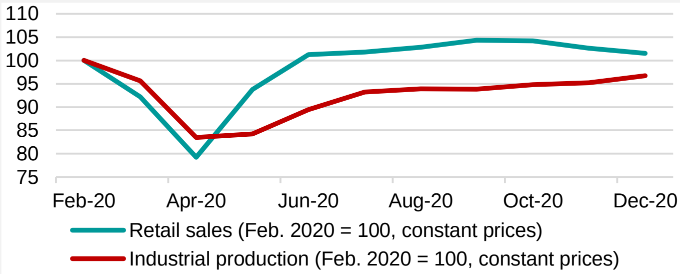
Last week

- **As we expected, the Monetary Policy Council (MPC) did not change the interest rates at its meeting last week (the reference rate is 0.10%).** In accordance with the statement, the MPC expects the economic activity to recover in 2021, but the pace of the recovery will depend mainly on the development of the pandemic-related situation and related restrictions. However, the January's statement did not contain the passage included in the December's statement, which said that the Council expected the GDP to stay below pre-pandemic levels in 2021. In our opinion, this means that the MPC is slightly more optimistic about short-term prospects for the economic activity. The Council maintained its opinion expressed in December, according to which an increased uncertainty and sentiments among business undertakings, which have deteriorated comparing to pre-pandemic periods, combined with no clear, lasting adjustment of the PLN exchange rate to a global shock caused by the pandemic and easing of the NBP monetary policy will slow the economic recovery down. In the January statement the tone of this fragment was additionally enhanced by a direct reference to the NBP's interventions carried out in the foreign exchange market since December 2020. The Council noted that it may intervene in the foreign currency market to enhance the impact of the easing of the monetary policy on the Polish economy, and the scale and the time of interventions will depend on market conditions. The NBP Governor held a conference last Friday. A. Glapiński's words show that the NBP is very determined when it comes to curbing the appreciation of the PLN – the scale of the December's intervention was *"unprecedented*", and the NBP is ready for further interventions. The NBP Governor said the interest rates might become negative, but noted that such decision will depend very much on the pandemic situation and its impact on the economic conditions. The announcement made after the MPC meeting and the NBP Governor's words support our scenario, in which the EURPLN exchange rate will stay above 4.50 for weeks to come, and a gradual, lasting decline of the rate will start in Q2 2021. We also maintain our scenario, in which the MPC will reduce the NBP reference rate from 0.10% to 0.00% in Q1 2021 (most likely in March). That scenario is consistent with severe restrictions we expect to be there in Q1 2021, whose aim will be to reduce the risk of the third wave of the COVID-19 pandemic, and with further interventions in the foreign currency market, whose aim will be to weaken the PLN rate. The slight increase in optimism mentioned above regarding the pace of the recovery in economic activity to pre-pandemic levels and the statements made by the NBP Governor on Friday indicate that there is a slight upward risk for our interest rate forecast. We still expect that the monetary policy will begin to be tightened in November 2022 (reference rate increase by 0.10 pp).
- **The surplus in the Polish current account fell from EUR 2,356M in October to EUR 1,725M in November.** The decrease in the current account balance resulted from lower balance on primary and secondary income (by EUR 380M and EUR 438M respectively vs. October data),

while higher balance on trade and services (by EUR 1M and EUR 186M respectively vs. October data) had an opposite effect. Polish exports (9.5% YoY in November vs. 3.8% in October) and imports (5.3% YoY vs. -3.5%) growth rates increased comparing to the October data, which was largely connected with a statistical effect resulting from a favourable difference in the number of business days. We can see a downward risk for our scenario, in which the relation of the accumulated balance on the current account for the last 4 quarters to the GDP decreased in the fourth quarter to 2.9% vs. 3.0% in the third quarter. We believe that the continuing significant surplus in the Polish current account will be increasing the pressure on the PLN appreciation in the quarters to come.

- **In accordance with the final data, the CPI inflation in Poland fell to 2.4% YoY in December vs. 3.0% in November, standing slightly above the GUS flash estimate (2.3%).** This means that it is the lowest inflation level since May 2019. It was driven down by lower core inflation, which fell from 4.3% in November to 3.6% in December in line with our estimates. We believe that the drop in the core inflation was mainly caused by last year's high base effects (see MACROpulse of 15 January 2021). Inflation was also driven up by lower growth rates of food and energy prices. A higher growth rate of the prices of fuels had the opposite effect. We expect the inflation to fall further in the months to come, and it will be driven down by a continuing decline in the growth rate of prices of food and non-alcoholic beverages and of core inflation. We expect the total inflation to decrease from 3.4% in 2020 to 2.6% in 2021.

- **A number of data on US economy was released last week.** The number of jobless claims rose to 965k vs. 784k two weeks ago, much above the market consensus (780k). It is also worth noting that the number of renewed claims rose from 5.1M to 5.3M. It suggests there was another wave of redundancies due to some of the companies stopping their operations in response to a recent spike in new COVID-19 infections in the US. The data confirms that the situation in the US labour market is still difficult and the market is still far from balance. CPI inflation data was also published last week. The CPI increased from 1.2% in November to 1.4% YoY in December, which was above the market consensus (1.3%). The inflation was driven up by a higher growth rate of energy and food prices, while a decline in the core inflation (1.6% YoY in December vs. 1.7% in November) had the opposite effect. Data on industrial production was also released last week. It showed that its monthly growth rate increased from 0.5% in November to 1.6% in December, standing much above the market consensus (0.4%). It was mainly driven up a higher growth rate of production in utilities. At the same time, the level of utilisation of production capacities increased from 73.4% in November to 74.5% in December. Nonetheless, it still remains well below pre-pandemic levels (ca. 77%). Data on retail sales was also released last week. It showed that its monthly growth rate increased from -1.4% in November to -0.7% in December. However, the monthly growth rate of sales excluding cars fell from -1.3% in November to -1.4% in December, which resulted from a decrease in growth rates in most retail sales categories. The preliminary Michigan University Index, which fell from 80.7 pts to 79.2 pts in January, standing below the market consensus of 80.0 pts, was also published last week. The index was lower because both "current condition" and "expectations" components were lower, too. We expect the US GDP growth rate to fall from 3.0% YoY in Q4 2020 to 1.2% YoY in Q1 2021. We expect the activity in the US economy in the first quarter to continue to be heavily influenced by a strong negative impact of administrative restrictions related to the second wave of the COVID-19 pandemic. We expect a stronger economic recovery only in the second-half of 2021, which will be supported by the launch of the new fiscal package (see below).



Source: Datastream, Credit Agricole

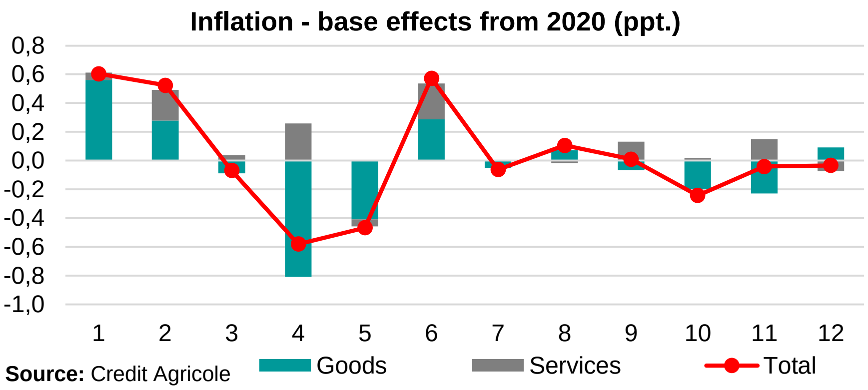
- **German GDP fell by 5.0% in 2020 comparing to a 0.6% growth, standing above the market consensus (-5.1%) and our forecast (-5.7%).** There was a drop in the growth rates of private consumption (-5.4% YoY in 2020 vs. 2.9% in 2019), investments (-2.0% YoY vs. 5.5%), exports (-10.3% vs. 1.7%) and imports (-10.9% vs. 2.4%), while the government expenses growth rate increased from 5.1% to 6.5%. Therefore, the strong slowdown in the economic growth in Germany resulted from lower contributions of private consumption (-3.2 pp in 2020 vs. 0.8 pp in 2019), investments (-0.8 pp vs. 0.5 pp) and net exports (-1.1 pp vs. -0.6 pp), while a higher contribution of the government expenses had the opposite effect (0.7 pp vs. 0.5 pp). At the same time, the contribution of stocks has not changed, standing at -0.7 pp. Consequently, lower private consumption was the main factor driving the German GDP down in 2020. Data for the entire 2020 carry a significant upward risk for our forecast, in which the quarterly growth rate of the German GDP fell from 8.5% in Q3 to -1.4% in Q4 (the data for the entire year imply the quarterly GDP growth rate of around 0% in Q4).
- **China's trade balance widened in December to USD 78.2bn vs. USD 75.4bn in November, which is above market expectations (USD 72.4bn).** At the same time, exports growth rate slowed in December by 18.1% YoY vs. 21.1% in November while imports growth rate increased to 6.5% YoY vs. 4.5%. The decline in exports growth rate thus indicates a slowdown in global trade associated with intensifying supply constraints signalled by business surveys, which are partly related to the second wave of pandemic (see MACROmap of 11/1/2021). We forecast that China's GDP growth rate will increase to 8.0% YoY in 2021 vs. 2.3% in 2020, and in 2022 it will reach 5.1%. Our scenario is consistent with the Chinese Government's long-term objective for economic growth (the average GDP growth rate for the last 15 years in 2035 is expected to be 4.73%).
- **Last week, US President-elect J. Biden unveiled the details of this proposed USD 1.9trn fiscal package.** It will consist of, among other things, direct payments to individuals (USD 465bn), aid to state governments (USD 350bn), an extension of unemployment benefits (USD 350bn), funds for schools and universities to resume operations (USD 170bn) and funds to fight the epidemic - COVID-19 testing and vaccination (USD 160bn). J. Biden's fiscal package also envisages an increase in the minimum wage to USD 15 per hour. We believe that the final scale of the fiscal package that will be pushed through the Congress will be lower and will amount to ca. USD 1trn. At the same time, we believe that the attempt to push through an increase in the minimum wage to USD 15 per hour may meet with opposition from Republicans and lead to a slowdown in work on the package. If enacted on the scale we expect (USD 1trn), the fiscal package will boost US GDP growth rate by about 1 pp in 2021 to 4.0% YoY vs. -3.6% in 2020. The prospect of another large US fiscal package being launched is positive for US bond yields since it reduces the pressure on further easing of monetary policy by the FED. At the same time, the announcement of the fiscal package is positive for the USD. However, in the medium term, its weakening will be supported by a decrease in risk aversion as the pandemic gradually subsides. We forecast EURUSD exchange rate to be 1.22 at the end of 2021, rising to 1.25 at the end of 2022.

Will COVID-19 reduce inflation in 2021?

Inflation in 2020 was significantly influenced by the COVID-19 pandemic. Thus, the prices of some goods and services developed differently from previous years, which was reflected in large changes in annual price growth rate in many categories. These unusual changes, due to the impact of the so-called base effects, will have a significant impact on inflation developments this year. The main conclusions of our analysis of inflation trends are presented below.

Base effects in the case of inflation are defined as a MoM price change that differs markedly from that recorded 'normally' in a given month. In this context, the problem lies in determining a typical MoM price change in a given month. For this purpose, the average change in prices recorded in a given month over a longer period is usually calculated. This allows a correct representation of the seasonal pattern for the prices of individual goods and services. If the recorded relative change is greater than the normal trend, we speak of a high base, while if the change is smaller than normal, we speak of a low base. This approach makes it possible, for example, to correctly take into account clothing sales, which take place in the same month every year, and thus, despite the observed strong MoM price change, are not qualified as base effects.

Defining base effects is crucial for a correct understanding of inflation trends. If this month's MoM price change is in line with the seasonal pattern, while in the same period a year ago there was a high base, the annual rate of inflation will decrease. On the other hand, if a year ago there was a low base, and in the current month the MoM price change was typical, the annual inflation rate will increase. The greater the anomalies of a year ago (i.e. greater base effects), the greater will be their impact on changes in current inflation.



Source: Credit Agricole

In our analysis, we took the average of the 2005-2019 period as the typical price change in a given month. In a first step, we calculated base effects for total inflation and then performed their decomposition into goods and services (see chart). Positive values in the chart indicate high base effects from 2020, i.e. they will be conducive to a reduction in inflation in the corresponding month of 2021. Negative values, on the other hand, denote low base effects and will have the opposite effect on inflation developments in 2021. The values show by how many percentage points these base effects raised or lowered total inflation in individual months of 2020 compared to a situation in which typical MoM price changes for a given month would be reported. As a simplification, it may be assumed that these effects will affect inflation in 2021 to the same extent (but with the opposite sign).

There was a high base in January and February 2020 due to increases in electricity prices, waste disposal fees and food prices. In March, prices evolved close to the historical seasonal pattern. In April, there was simultaneously a high base on services (waste disposal and transport services) and a low base on fuels, the result of which was a high base for CPI inflation. In May, we noted a number of high-base effects related to the phenomenon of companies passing on costs associated with the need to meet pandemic safety requirements to consumers (dental services, hairdressing, beauty and personal care services) and we also noted a pro-inflationary increase in demand for personal hygiene items and personal protection equipment. However, these effects were fully offset by further falls in fuel prices and a smaller than usual seasonal increase in food prices. June recorded a high base due to, among other things, rising fuel prices and increases in the 'recreation and culture' category. In the following summer months, the base effects on individual categories offset each other and, as a result, MoM inflation changes were in line with the seasonal pattern. In October, a low base was recorded for food prices. In November and December 2020, base effects offset each other again.

One should also bear in mind that when calculating the base effects within single categories on total inflation, the weight of these categories in the inflation basket must be taken into account. It may be the case that there is a strong price change in a particular category, but its impact on total inflation will be insignificant due to the small weight of that category. The best example is the category of ‘financial services provided by banks and other institutions’, the price of which increased by 42.9% MoM in May 2020, but given that the share of spending on these services in the total inflation basket is only 0.05%, the impact of this increase on inflation was negligible (it amounted to 0.02 pp). Therefore, in the above description only the most important trends of the 2020 base effects are presented.

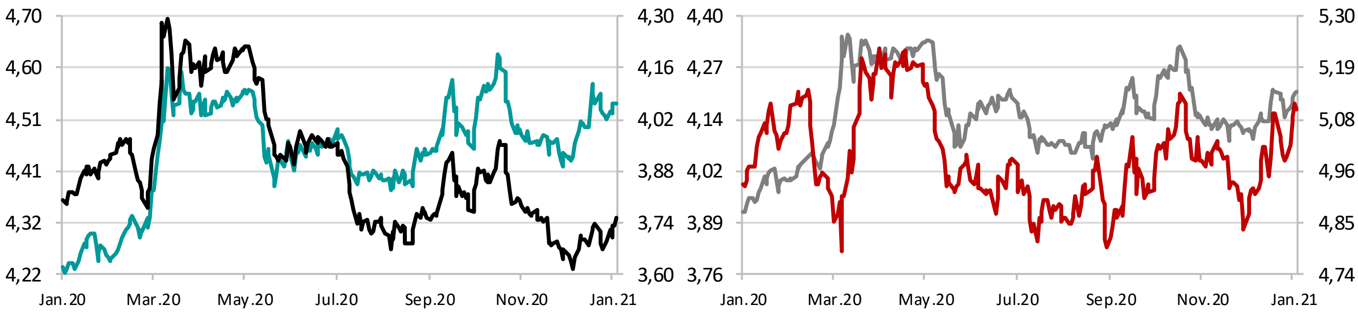
Analysing the profile of abnormal price changes recorded in 2020, one can say that if total prices in 2021 evolved in line with the seasonal pattern, we will see a decline in annual rate of inflation in early 2021 due to high base effects. Then in April and May, inflation will be boosted by low base effects on fuels, with inflation declining again in June. In the second half of 2021, the impact of 2020 base effects will be limited. It is only in October that we can expect an increase in annual price growth rate by 0.2 pp due to them.

In terms of the magnitude of the impact, of all the base effects listed, those observed in the 'fuels' category will have the greatest impact on the evolution of inflation in 2021. They will contribute to the increase in total inflation in 2021 on average by ca. 0.6-0.7 pp. In turn, the so-called ‘COVID increases’ implemented in 2020, i.e. the above-mentioned price increases related to the phenomenon of passing on by companies of the costs associated with the need to meet safety requirements to consumers, pro-inflationary increase in demand for certain services due to the prolonged prospect of remote work and further social isolation, as well as increases to compensate for reduced turnover, due to the effects of a high base will be conducive to a decline in average annual inflation in 2021 by about 0.2-0.3 pp.

It should also be noted that, in addition to base effects, inflation in 2021 will be significantly influenced by a number of price increases caused by administrative decisions (following the introduction of the sugar tax, retail trade tax, increases in electricity prices, higher fees for waste disposal), the pro-inflationary impact of the economic recovery, as well as price increases compensating for reduced turnover in 2020 caused by government restrictions. An additional factor of uncertainty for the evolution of price dynamics in 2021 will be the annual revision of the weights in the inflation basket by the Central Statistical Office, reflecting a markedly different structure of expenditure from 2020 household budgets than in previous years. Taking into account the factors outlined above, we forecast that total CPI inflation will amount to 2.6% YoY on average in 2021, compared to 3.4% in 2020. A more precise assessment of inflation trends will be possible once we become familiar with the revised system of inflation basket weights, which the CSO will publish in March this year.

US fiscal package in the spotlight

FX rates



Source: Reuters

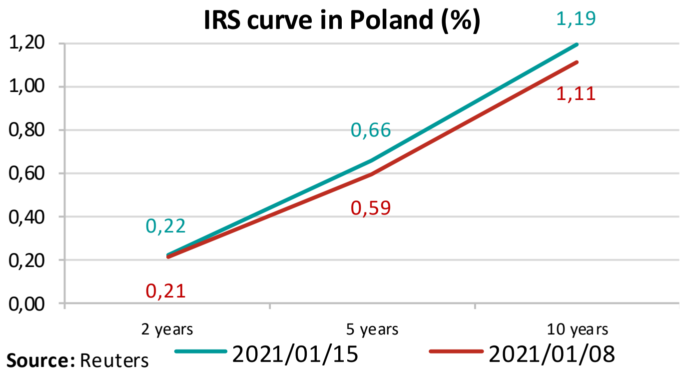
Last week, the EURPLN rate increased to 4.5382 (the PLN weakening by 0.7%). Throughout last week, the EURPLN exchange rate followed a mild upward trend. The depreciation of the PLN was observed despite a reduction in global risk aversion, which was reflected in the decline of the VIX index. A factor limiting the pressure on the appreciation of the PLN is the presence of the National Bank of Poland on the foreign exchange market, which in recent weeks has intervened to weaken the PLN. The MPC meeting did not have a significant impact on the market.

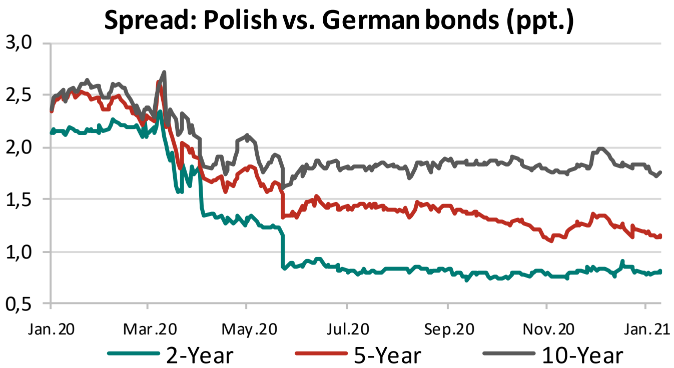
Last week we also saw a further decline in the EURUSD rate (see MAKROmap of 11/1/2021). The strengthening of the USD is supported by the decline in political risk in the US with the Democrats taking control of the two chambers of Congress. Last week, US President-elect J. Biden's announcement of a new fiscal package was an additional positive factor for the USD.

Data from China published this morning is neutral for the PLN. This week, investors will focus on the prospects for the introduction of a new fiscal package in the US. If they indicate a decrease in the likelihood of J. Biden's last week's announcements being fulfilled, they may be conducive to an increase in risk aversion and consequently a weakening of the PLN. The publication of the Eurozone business surveys (preliminary PMIs, ZEW index for Germany) and US data (construction starts, new building permits, home sales in the secondary market, number of new jobless claims) planned for this week, as well as Thursday's ECB meeting are not expected to have a significant impact on the Polish currency. Domestic data (employment and average wages in the corporate sector, retail sales) is also likely to be neutral for the PLN.

We expect that this week the EURPLN exchange rate will be in the range of 4.50-4.55. At the same time, we believe that in the case of increasing pressure on the appreciation of the PLN, further NBP currency interventions are possible.

Statements by NBP Governor may promote a drop in IRS rates





Source: Reuters

Last week, 2-year IRS rates increased to 0.22 (up by 1 bps), 5-year rates to 0.66 (up by 7 bps) and 10-year ones to 1,19 (up by 8bps). Last week saw a rise in IRS rates across the curve following the core markets. The rise in IRS rates on the core markets was supported by a reduction in global risk aversion associated with growing investor expectations for the gradual phasing out of the pandemic, as well as US President-elect J. Biden's announcement on the launch of a new fiscal package. Friday's conference of the NBP Governor (see above) took place after market close and had no significant impact on IRS rates.

IRS rates may fall slightly across the curve early this week due to the dovish tone of Friday's interview with NBP Governor A. Glapinski. This week, IRS rates are likely to remain influenced by the situation in the base markets. Investors' growing expectations of a gradual phasing out of the pandemic and a recovery in economic activity may support a rise in IRS rates. In our opinion the publication of the Eurozone business surveys (preliminary PMIs, ZEW index for Germany) and US data (construction starts, new building permits, home sales in the secondary market, number of new jobless claims) planned for this week as well as Thursday's ECB meeting will be neutral for the curve. Domestic data (employment and average wages in the corporate sector, retail sales) is also likely to be neutral for the IRS rates.

Forecasts of the monthly macroeconomic indicators

Main monthly macroeconomic indicators in Poland

Indicator	Dec.19	Jan.20	Feb.20	Mar.20	Apr.20	May.20	Jun.20	Jul.20	Aug.20	Sep.20	Oct.20	Nov.20	Dec.20	Jan.21
NBP reference rate (%)	1,50	1,50	1,50	1,00	0,50	0,10	0,10	0,10	0,10	0,10	0,10	0,10	0,10	0,10
EURPLN*	4,26	4,30	4,33	4,55	4,54	4,44	4,44	4,41	4,40	4,53	4,60	4,47	4,55	**4,50**
USDPLN*	3,79	3,87	3,92	4,13	4,15	4,00	3,95	3,74	3,68	3,86	3,95	3,75	3,73	**3,72**
CHFPLN*	3,92	4,02	4,06	4,29	4,30	4,16	4,17	4,10	4,07	4,21	4,32	4,13	4,21	**4,16**
CPI inflation (% YoY)	3,4	4,3	4,7	4,6	3,4	2,9	3,3	3,0	2,9	3,2	3,1	3,0	2,4	
Core inflation (% YoY)	3,1	3,1	3,6	3,6	3,6	3,8	4,1	4,3	4,0	4,3	4,2	4,3	3,6	
Industrial production (% YoY)	3,8	1,1	4,8	-2,4	-24,6	-16,8	0,5	1,1	1,5	5,7	1,0	5,5	**10,0**	
PPI inflation (% YoY)	1,0	0,9	0,2	-0,3	-1,4	-1,7	-0,8	-0,6	-1,3	-1,4	-0,4	-0,2	**-0,2**	
Retail sales (% YoY)	7,5	5,7	9,6	-7,0	-22,6	-8,6	-1,9	2,7	0,4	2,7	-2,1	-5,3	**-0,6**	
Corporate sector wages (% YoY)	6,2	7,1	7,7	6,3	1,9	1,2	3,6	3,8	4,1	5,6	4,7	4,9	**4,5**	
Employment (% YoY)	2,6	1,1	1,1	0,3	-2,1	-3,2	-3,3	-2,3	-1,5	-1,2	-1,0	-1,2	**-1,2**	
Unemployment rate* (%)	5,2	5,5	5,5	5,4	5,8	6,0	6,1	6,1	6,1	6,1	6,1	6,1	**6,3**	
Current account (M EUR)	73	2756	1100	805	823	1560	3175	625	1093	1517	2356	1725		
Exports (% YoY EUR)	10,8	4,9	8,0	-6,6	-29,6	-19,3	3,9	1,7	1,9	6,1	3,8	9,5		
Imports (% YoY EUR)	0,7	3,9	0,9	-3,9	-28,9	-27,3	-7,4	-4,3	-4,7	1,8	-3,5	5,3		

*end of period

Forecasts of the quarterly macroeconomic indicators

Main macroeconomic indicators in Poland

Indicator		2020				2021				2020	2021	2022
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross Domestic Product (% YoY)		1,9	-8,4	-1,5	-4,2	-1,0	6,9	4,0	4,4	-3,1	3,6	4,9
Private consumption (% YoY)		1,2	-10,8	0,4	-4,0	0,0	7,1	3,5	3,1	-3,2	3,3	4,1
Gross fixed capital formation (% YoY)		0,9	-10,7	-9,0	-10,5	-7,2	5,4	6,0	6,3	-8,3	3,6	8,2
Export - constant prices (% YoY)		2,0	-14,5	2,0	0,5	3,5	9,0	4,5	5,4	-2,5	5,5	8,3
Import - constant prices (% YoY)		0,4	-18,0	-1,0	2,0	3,0	9,1	3,8	3,4	-4,1	4,6	8,9
GDP growth contributions	Private consumption (pp)	0,8	-6,2	0,2	-2,0	0,0	3,9	2,1	1,6	-1,9	1,9	2,3
	Investments (pp)	0,1	-1,8	-1,7	-2,7	-0,9	0,9	1,0	1,5	-1,5	0,6	1,4
	Net exports (pp)	0,9	1,1	1,7	-0,7	0,5	0,7	0,6	1,2	0,7	0,8	0,0
Current account (% of GDP)***		1,0	2,3	3,1	2,9	2,4	2,2	2,5	2,7	2,9	2,7	2,3
Unemployment rate (%)**		5,4	6,1	6,1	6,3	6,3	5,7	5,4	5,6	6,3	5,6	5,2
Non-agricultural employment (% YoY)		0,7	-1,8	-0,7	-0,5	0,0	1,8	0,7	0,5	-0,6	0,8	0,4
Wages in national economy (% YoY)		7,7	3,8	4,8	4,0	2,8	3,3	3,0	3,1	5,1	3,1	5,8
CPI Inflation (% YoY)*		4,5	3,2	3,0	2,8	2,2	2,8	2,7	2,8	3,4	2,6	2,2
Wibor 3M (%)**		1,17	0,26	0,22	0,21	0,12	0,12	0,12	0,12	0,21	0,12	0,27
NBP reference rate (%)**		1,00	0,10	0,10	0,10	0,00	0,00	0,00	0,00	0,10	0,00	0,10
EURPLN**		4,55	4,44	4,53	4,55	4,50	4,46	4,42	4,37	4,55	4,37	4,27
USDPLN**		4,13	3,95	3,86	3,73	3,78	3,72	3,65	3,58	3,73	3,58	3,42

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

Calendar

TIME	COUNTRY	INDICATOR	PERIOD	PREV. VALUE	FORECAST*	
					CA	CONSENSUS**
		Monday 01/18/2021				
3:00	China	Industrial production (% YoY)	Dec	7,0		6,9
3:00	China	GDP (% YoY)	Q4	4,9		6,1
3:00	China	Retail sales (% YoY)	Dec	5,0		5,5
3:00	China	Urban investments (% YoY)	Dec	2,6		3,2
14:00	**Poland**	**Core inflation (% YoY)**	**Dec**	**4,3**	**3,9**	**3,7**
		Tuesday 01/19/2021				
10:00	Eurozone	Current account (bn EUR)	Nov	26,6		
11:00	Germany	ZEW Economic Sentiment (pts)	Jan	55,0	50,0	60,0
		Wednesday 01/20/2021				
11:00	Eurozone	HICP (% YoY)	Dec	-0,3		-0,3
		Thursday 01/21/2021				
10:00	USA	Philadelphia Fed Index (pts)	Jan	11,1		12,0
10:00	**Poland**	**Employment (% YoY)**	**Dec**	**-1,2**	**-1,2**	**-1,2**
10:00	**Poland**	**Corporate sector wages (% YoY)**	**Dec**	**4,9**	**4,5**	**4,8**
13:45	Eurozone	EBC rate decision (%)	Jan	0,00	0,00	0,00
14:30	USA	Housing starts (k MoM)	Dec	1547	1570	1562
14:30	USA	Building permits (k)	Dec	1635	1602	1610
14:30	USA	Initial jobless claims (k)	w/e	965		830
		Friday 01/22/2021				
9:30	Germany	Flash Manufacturing PMI (pts)	Jan	58,3	56,8	58,0
10:00	Eurozone	Flash Services PMI (pts)	Jan	46,4	44,5	44,8
10:00	Eurozone	Flash Manufacturing PMI (pts)	Jan	55,2	54,2	55,0
10:00	Eurozone	Flash Composite PMI (pts)	Jan	49,1	47,6	47,8
10:00	**Poland**	**PPI (% YoY)**	**Dec**	**-0,2**	**-0,2**	**0,0**
10:00	**Poland**	**Retail sales (% YoY)**	**Dec**	**-5,3**	**-0,6**	**-0,7**
15:45	USA	Flash Manufacturing PMI (pts)	Jan	57,1		56,5
16:00	USA	Existing home sales (M MoM)	Dec	6,69	6,59	6,53

*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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