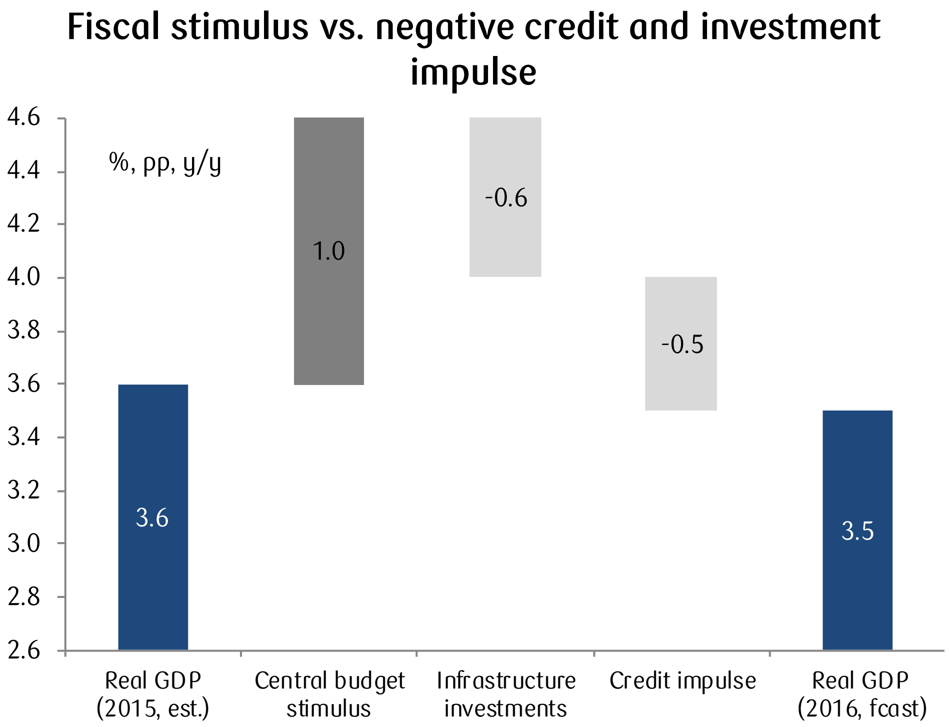
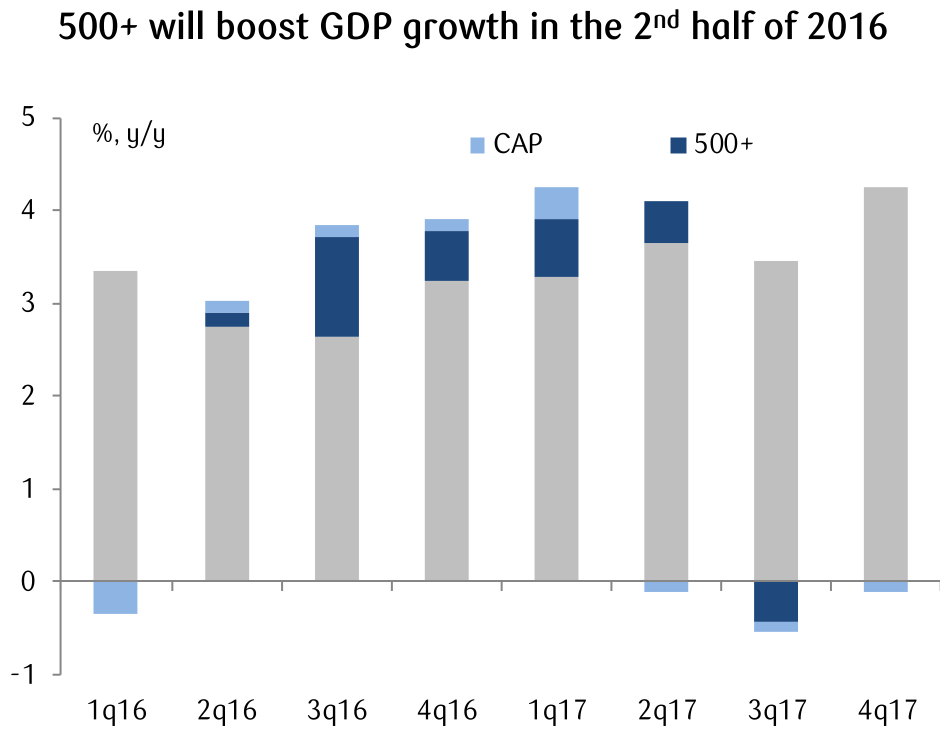
Bank Polski

Economic outlook for Poland

SPCC Economic Outlook Conference
Warsaw, June 15th, 2016

Real economy: GDP growth accelerating towards 4% in 2017

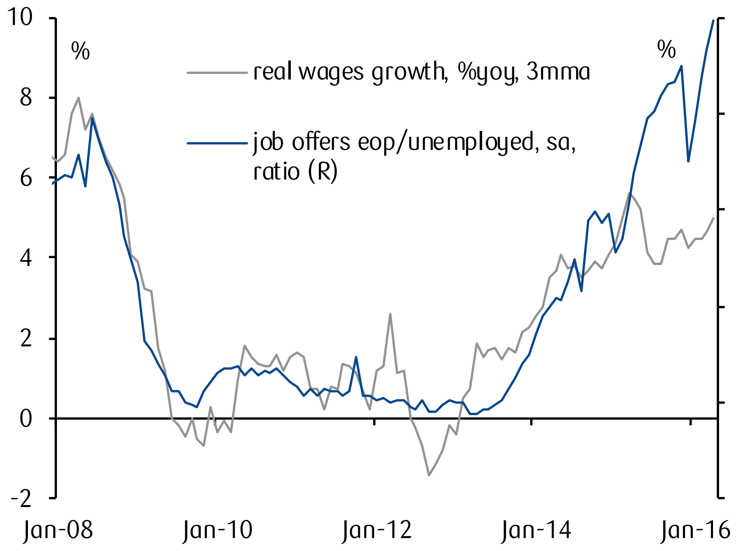




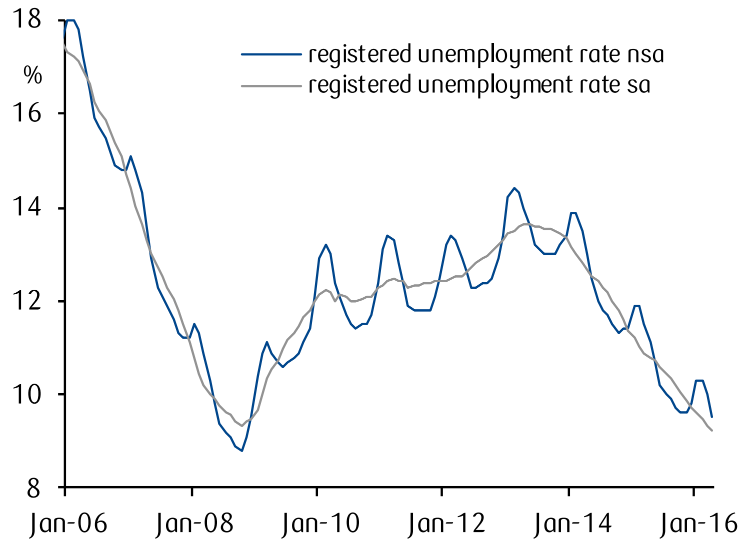
Source: FinMin, GUS, PKO Bank Polski.

Labour market: signs of reviving wage pressure

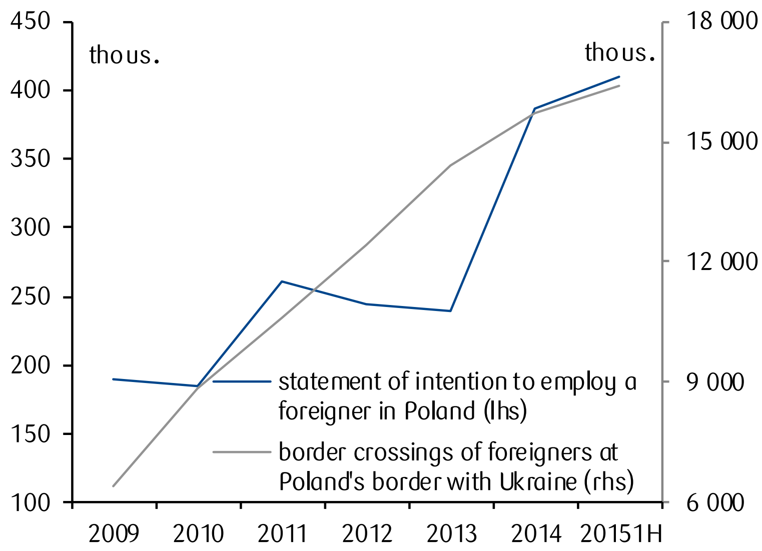
Real wage growth vs. number of job offers on each unemployed



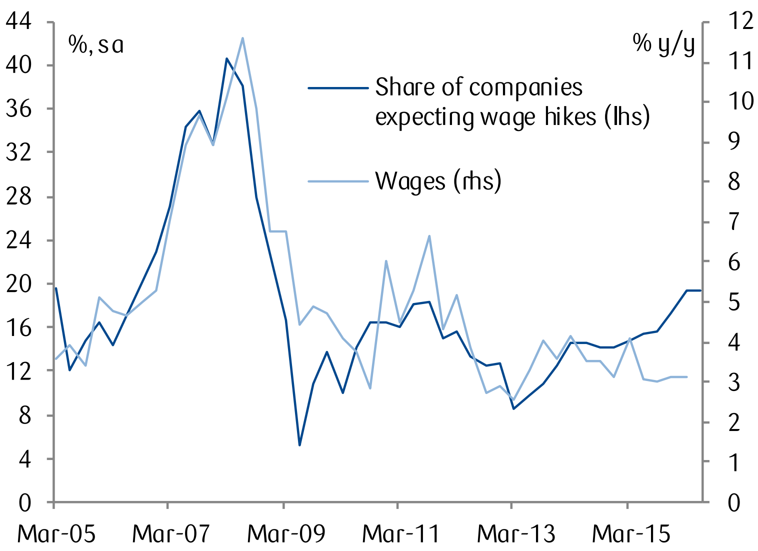
Unemployment rate approaching lowest levels since transformation period



Exponential growth of immigration from Ukraine



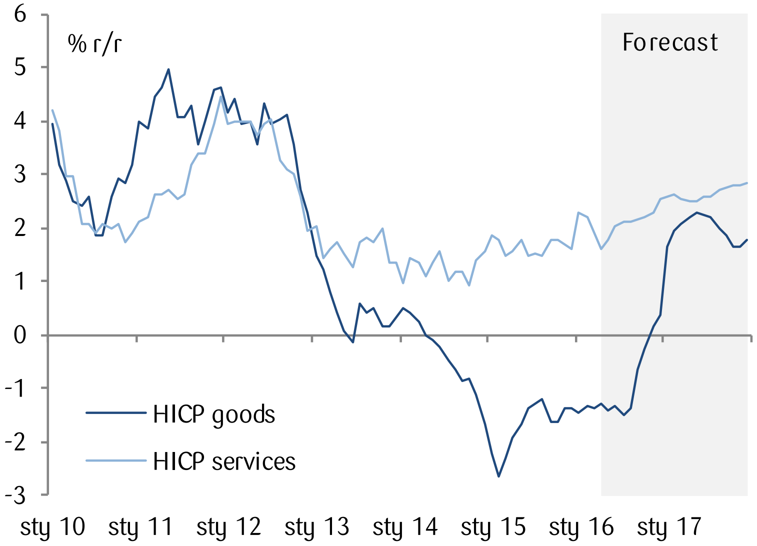
Rising number of companies predicting wage hikes



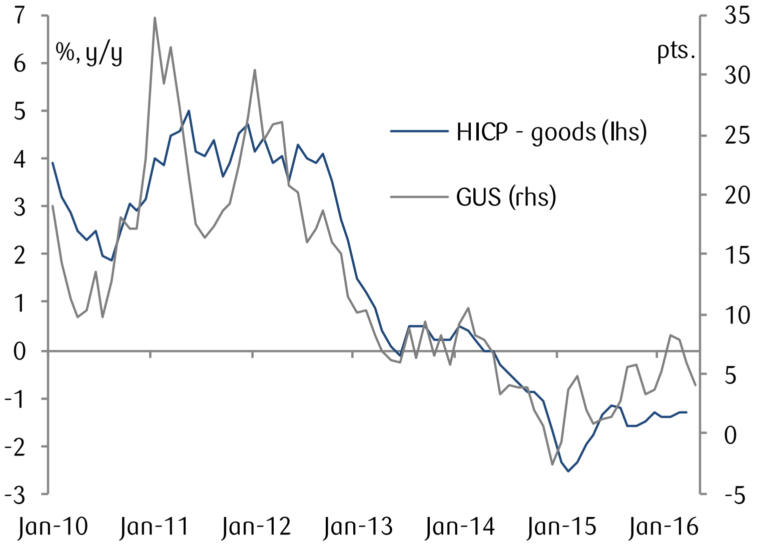
Source: Border guards, GUS, NBP, PKO Bank Polski.

Inflation awakens. Rate hikes on the horizon

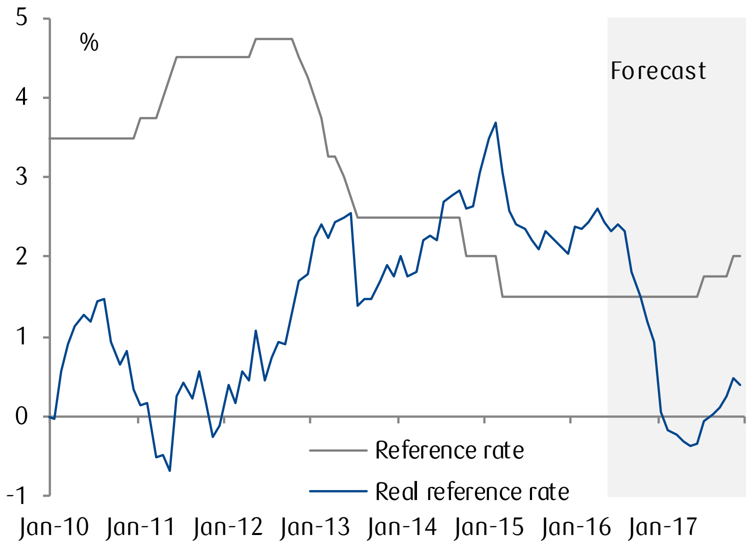
Goods deflation, services inflation



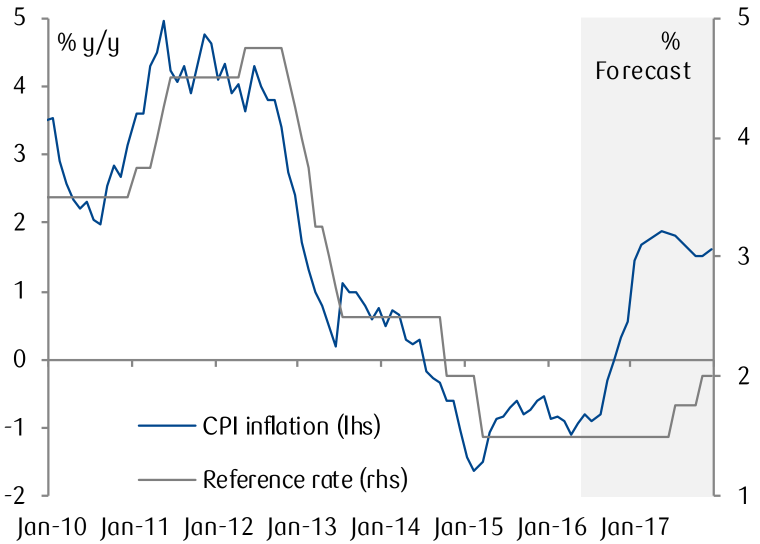
HICP goods deflation vs. retail sellers expectations on prices



Real vs. nominal NBP reference rate^



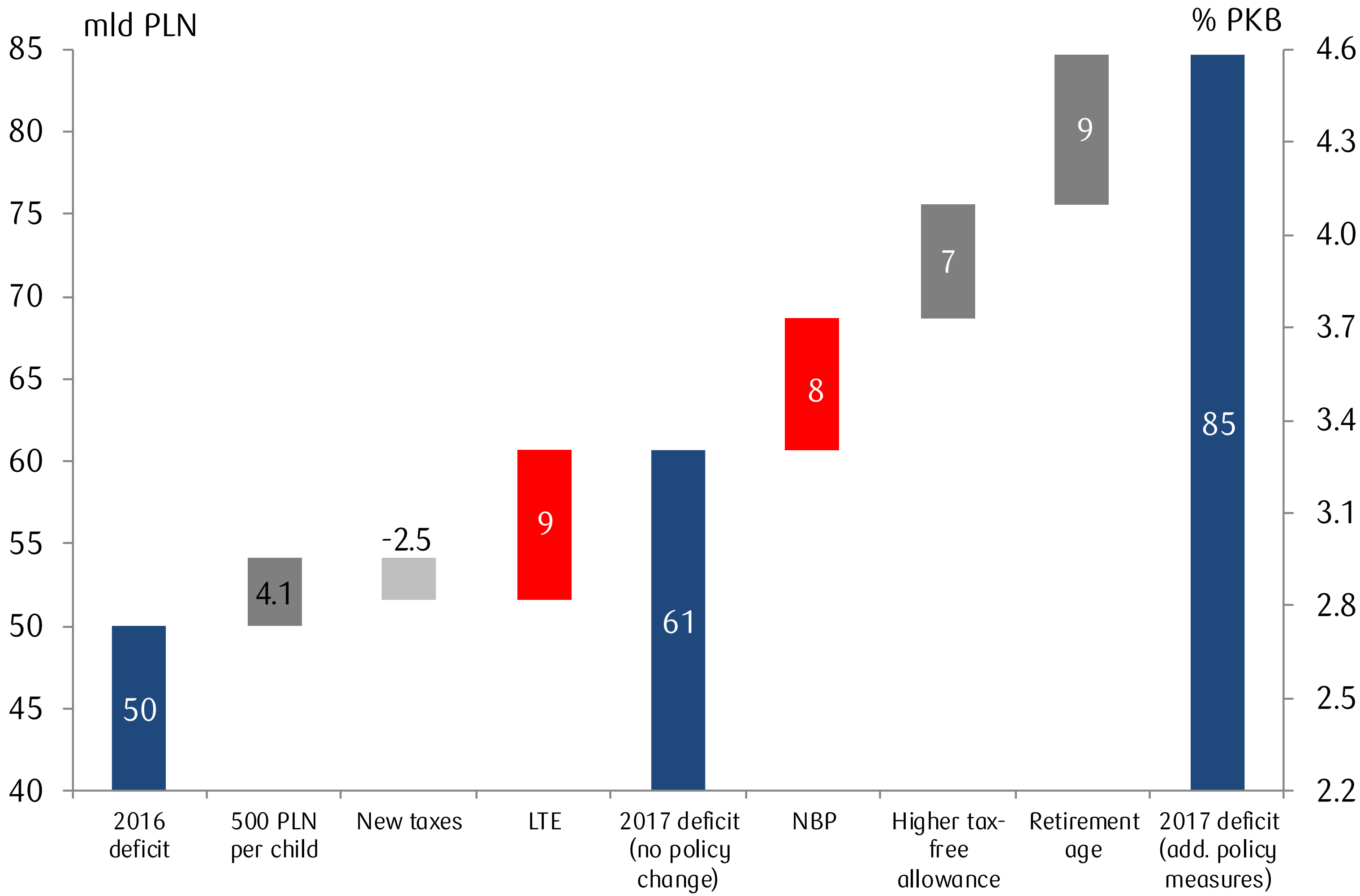
Will the new MPC follow its predecessors?



Source: GUS, NBP, Eurostat, PKO Bank Polski. ^ assuming PKO BP inflation forecast.

Higher fiscal risk

Base- and worst-case scenario for the budget deficit in 2017



Source: FinMin, GUS, PKO Bank Polski. *Net – ie, adjusted for the related VAT revenues increase. ^incremental values relative to 2016. **one-off 2016 financing source.

Macroeconomic forecasts

	2013	2014	2015	2016F	2017F
Real economy					
Real GDP (%, y/y)	1.3	3.3	3.6	3.5	4.0
Domestic demand (%, y/y)	-0.7	4.9	3.4	4.2	4.7
Domestic final sales (pp)	0.2	4.5	3.8	3.4	4.3
Investments (%, y/y)	-1.1	10.0	5.8	2.3	6.5
Private consumption (%, y/y)	0.2	2.6	3.1	4.0	4.1
Inventories (pp)	-1.0	0.5	-0.2	0.8	0.4
Net exports (pp)	2.0	-1.5	0.3	-0.7	-0.7
Exports (%, r/r)	6.1	6.4	6.8	6.8	4.6
Imports (%, r/r)	1.7	10.0	6.3	8.5	6.0
Labour market					
Employment (%, y/y, period avg.)	-1.0	0.6	1.3	2.4	1.3
Unemp. rate (%, eop)	13.4	11.5	9.8	8.9	8.4
Wages (%, y/y, period avg.)	2.9	3.7	3.5	4.1	4.5
Prices					
CPI inflation (%)	0.9	0.0	-0.9	-0.5	1.7
Core inflation (%)	1.2	0.6	0.3	0.4	1.0
Monetary policy					
NBP reference rate (%)	2.50	2.00	1.50	1.50	2.00
NBP lombard rate (%)	4.00	3.00	2.50	2.50	3.00
Balance of payments					
Current account (% of GDP)	-1.3	-2.0	-0.1	-0.8	-1.3
Merchandise trade (% of GDP)	-0.1	-0.8	0.7	-0.2	-0.4
Fiscal policy					
Public deficit (ESA2010, % of GDP)	-4.0	-3.3	-2.6	-2.6	-3.2
Public debt (ESA2010, % of GDP)	56.0	50.5	51.3	50.8	51.0
Monetary aggregates					
Deposits (%, y/y)	5.7	9.3	7.6	7.7	6.7
Loans (%, y/y)	3.8	6.8	7.0	5.7	5.3

Source: PKO Bank Polski.

Market forecasts

	4q2015	1q2016	2q2016P	3q2016F	4q2016F	2017F	2018F
Exchange rates							
EUR/USD	1.10	1.13	1.09	1.06	1.02	1.06	1.08
EUR/PLN	4.27	4.23	4.37	4.46	4.40	4.25	4.10
USD/PLN	3.88	3.74	4.01	4.21	4.31	4.01	3.80
CHF/PLN	3.88	3.92	4.01	4.09	4.11	3.86	3.63
EUR/CHF	1.10	1.08	1.09	1.09	1.07	1.10	1.13
Interest rates							
Reverse repo rate NBP	1.50	1.50	1.50	1.50	1.50	2.00	2.50
WIBOR 3M	1.72	1.67	1.65	1.65	1.65	2.15	2.65
PLN OS 2	1.58	1.45	1.50	1.55	1.60	2.60	2.75
PLN OS 5	2.23	2.20	2.30	2.35	2.45	3.00	3.20
PLN OS 10	2.95	2.84	2.90	3.00	3.10	3.35	3.35
Main refinancing rate EBC	0.05	0.00	0.00	0.00	0.00	0.00	0.25
EURIBOR3M	-0.13	-0.25	-0.35	-0.35	-0.35	0.10	0.35
FED funds rate	0.50	0.50	0.50	0.75	0.75	1.50	2.00
LIBOR USD 3M	0.62	0.60	0.60	0.85	0.85	1.55	2.05
SNB target rate	-0.75	-0.75	-0.75	-0.75	-0.75	-0.50	-0.25
LIBOR CHF 3M	-0.76	-0.73	-0.80	-0.80	-0.80	-0.55	0.00

Source: PKO Bank Polski.

Disclaimer

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Macroeconomic Research

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