



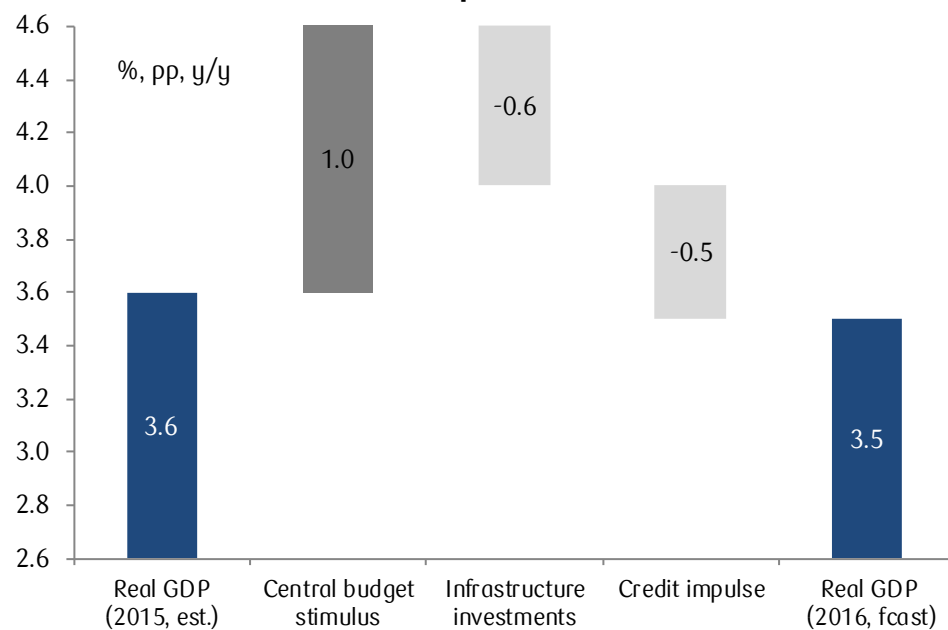
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# Economic outlook for Poland

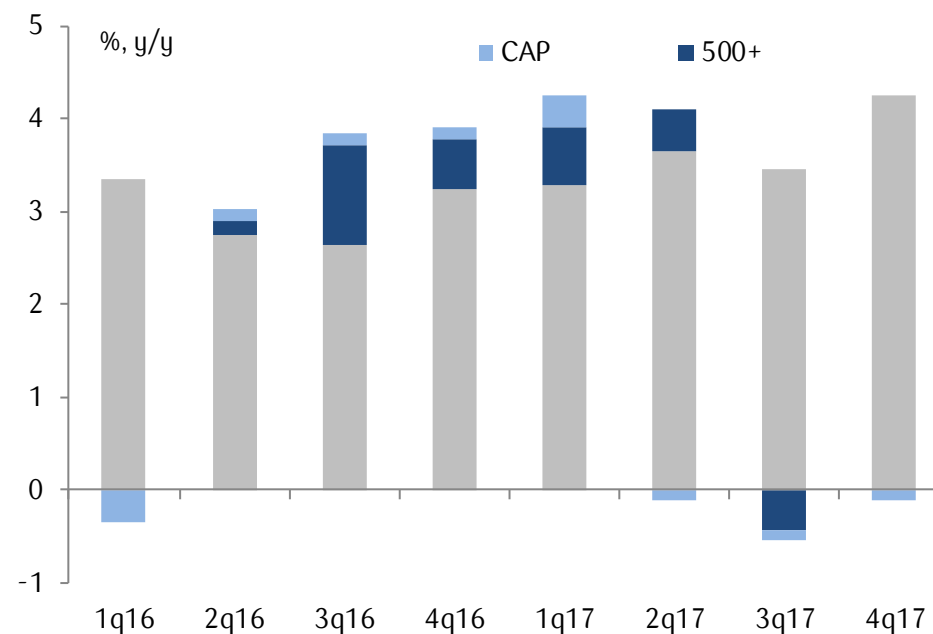
SPCC Economic Outlook Conference  
Warsaw, June 15<sup>th</sup>, 2016

# Real economy: GDP growth accelerating towards 4% in 2017

## Fiscal stimulus vs. negative credit and investment impulse

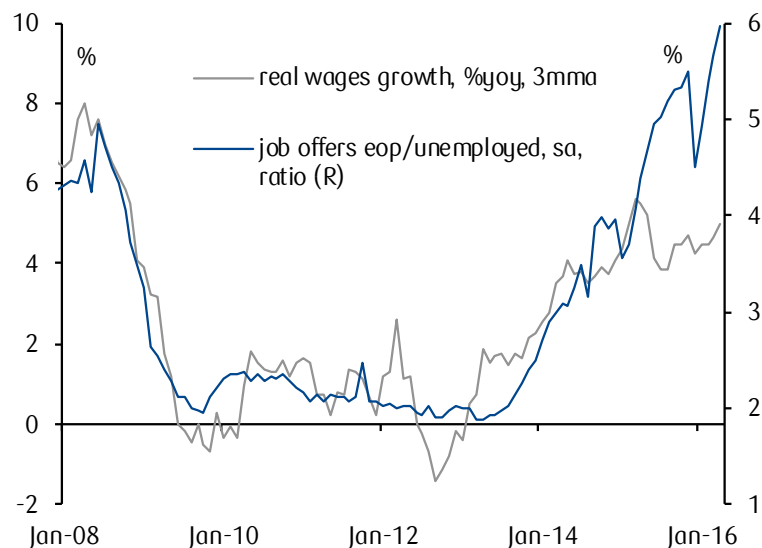


## 500+ will boost GDP growth in the 2<sup>nd</sup> half of 2016

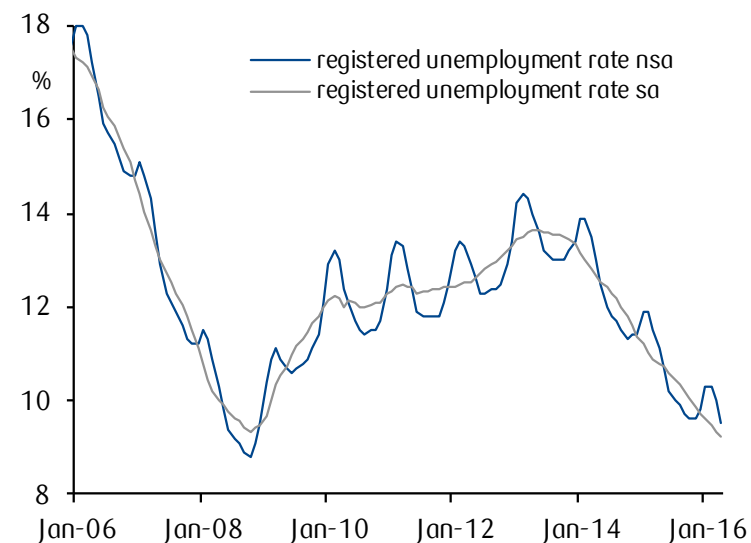


# Labour market: signs of reviving wage pressure

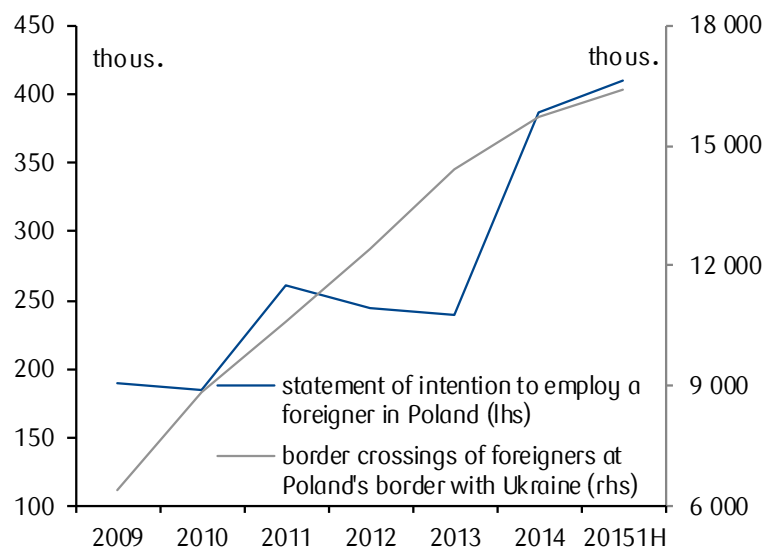
## Real wage growth vs. number of job offers on each unemployed



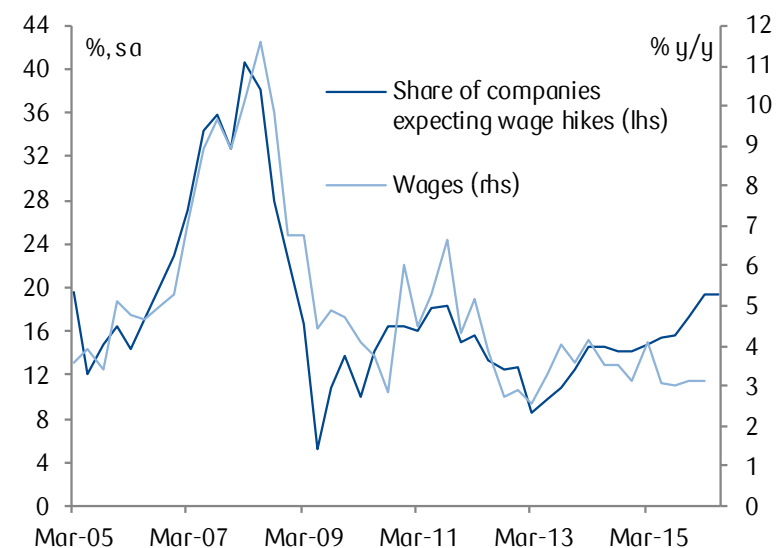
## Unemployment rate approaching lowest levels since transformation period



## Exponential growth of immigration from Ukraine

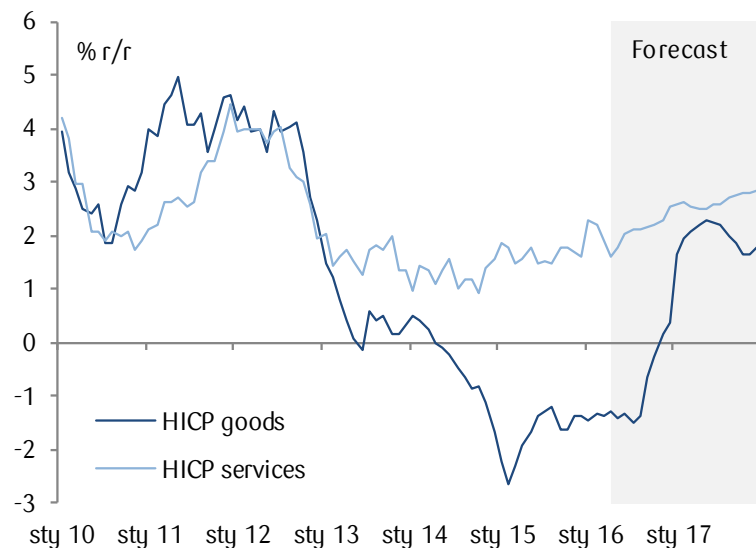


## Rising number of companies predicting wage hikes

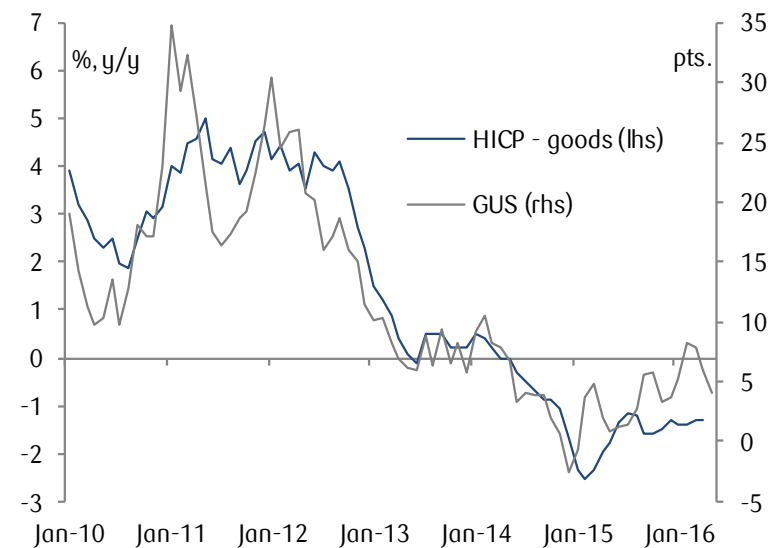


# Inflation awakens. Rate hikes on the horizon

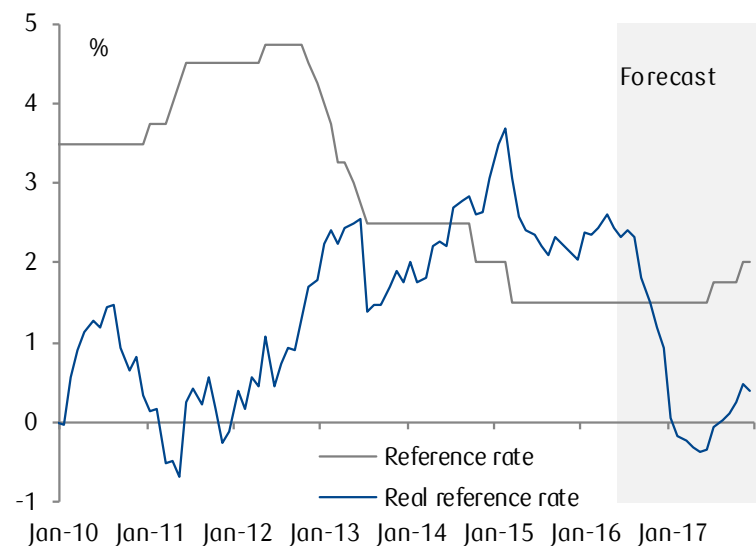
## Goods deflation, services inflation



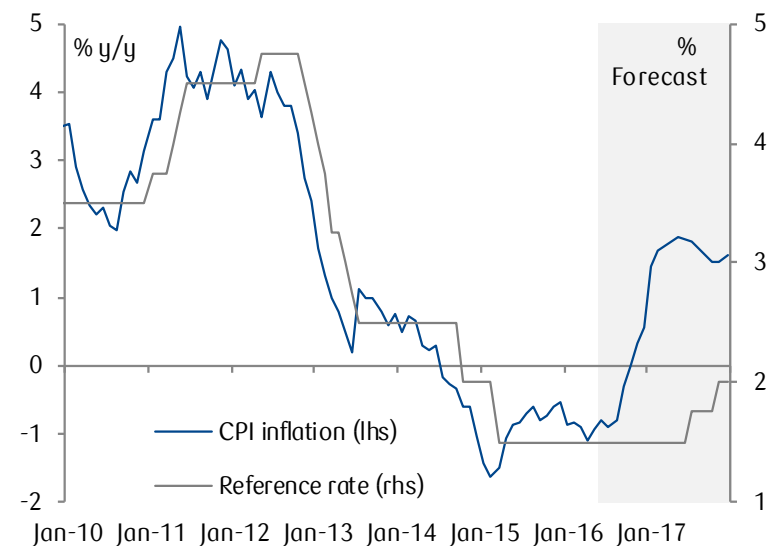
## HICP goods deflation vs. retail sellers expectations on prices



## Real vs. nominal NBP reference rate^

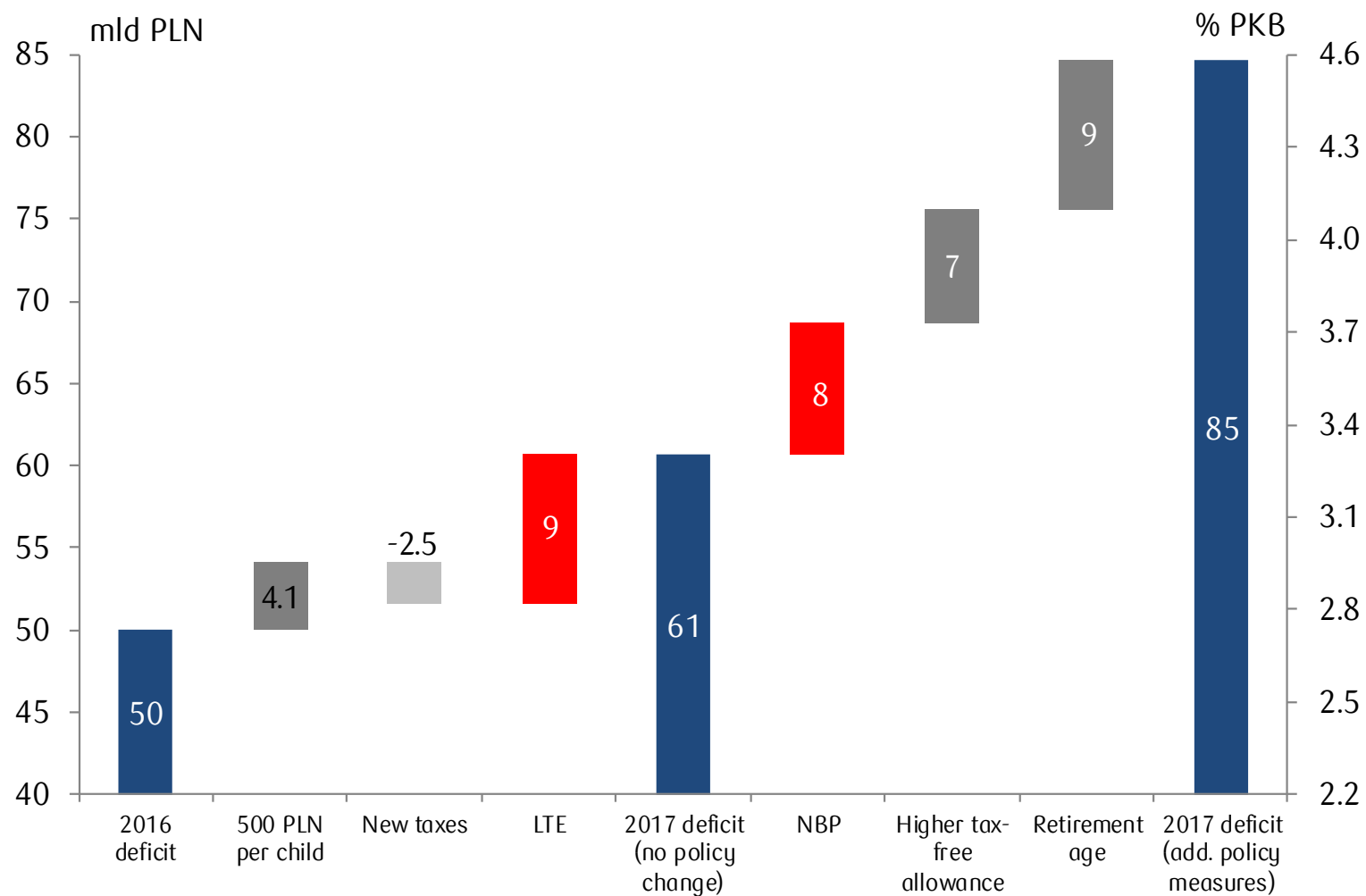


## Will the new MPC follow its predecessors?



# Higher fiscal risk

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



# Macroeconomic forecasts

|                                    | 2013 | 2014 | 2015 | 2016F | 2017F |
|------------------------------------|------|------|------|-------|-------|
| <b>Real economy</b>                |      |      |      |       |       |
| 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   |
| <b>Labour market</b>               |      |      |      |       |       |
| 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   |
| <b>Prices</b>                      |      |      |      |       |       |
| CPI inflation (%)                  | 0.9  | 0.0  | -0.9 | -0.5  | 1.7   |
| Core inflation (%)                 | 1.2  | 0.6  | 0.3  | 0.4   | 1.0   |
| <b>Monetary policy</b>             |      |      |      |       |       |
| 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  |
| <b>Balance of payments</b>         |      |      |      |       |       |
| 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  |
| <b>Fiscal policy</b>               |      |      |      |       |       |
| 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  |
| <b>Monetary aggregates</b>         |      |      |      |       |       |
| 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   |

## Market forecasts

|                           | 4q2015 | 1q2016 | 2q2016P | 3q2016F | 4q2016F | 2017F | 2018F |
|---------------------------|--------|--------|---------|---------|---------|-------|-------|
| <b>Exchange rates</b>     |        |        |         |         |         |       |       |
| 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  |
| <b>Interest rates</b>     |        |        |         |         |         |       |       |
| 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  |

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## Macroeconomic Research

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