



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 1/04/2022

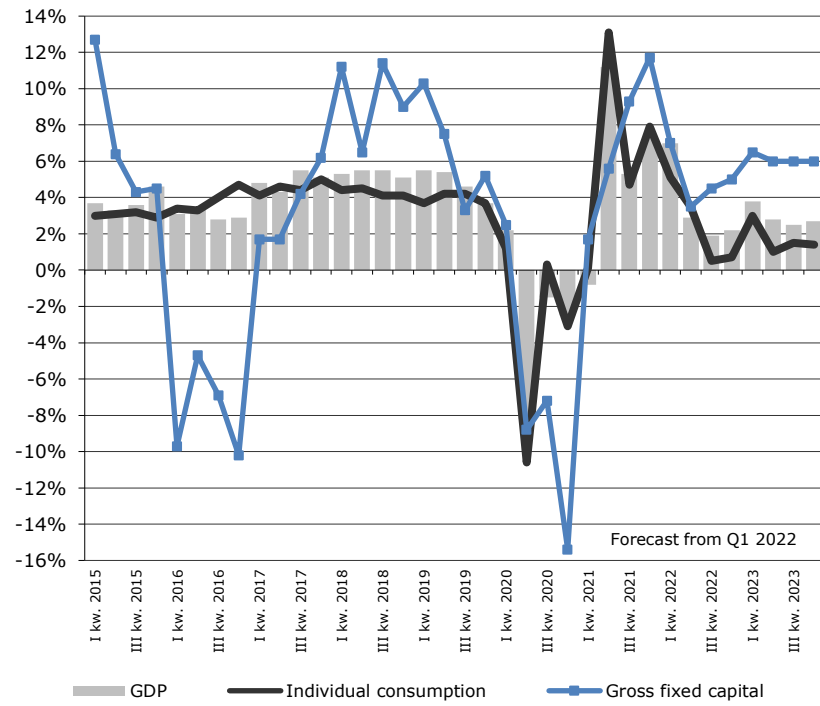
Macroeconomic forecast

Monthly macroeconomic indicators	08.2021	09.2021	10.2021	11.2021	12.2021	01.2022	02.2022	03.2022	04.2022	05.2022	06.2022	07.2022	08.2022
Industrial sales, % real change, y/y	13,2%	8,8%	7,8%	14,8%	14,2%	19,2%	17,6%	7,0%	6,2%	7,5%	4,2%	5,1%	6,0%
Construction, % real change, y/y	10,2%	4,3%	4,2%	12,7%	3,1%	20,9%	21,2%	15,9%	7,2%	4,3%	1,2%	1,2%	4,0%
Retail sales, % nominal change, y/y	10,7%	11,1%	14,4%	21,2%	16,9%	20,0%	16,5%	12,5%	23,6%	13,4%	13,0%	11,4%	12,1%
Consumer prices, % change, y/y	5,5%	5,9%	6,8%	7,8%	8,6%	9,4%	8,5%	10,9%	11,7%	12,7%	13,7%	13,8%	14,0%
Producer prices, % change, y/y	9,6%	10,3%	12,0%	13,6%	14,4%	16,1%	15,9%	17,4%	16,4%	15,1%	13,7%	11,7%	10,9%
Wages - enterprise sector, % nominal change, y/y	9,5%	8,7%	8,4%	9,8%	11,2%	9,5%	11,7%	10,2%	9,7%	10,4%	10,4%	10,6%	10,4%
Wages - enterprise sector, PLN	5 844	5 841	5 917	6 022	6 644	6 064	6 220	6 531	6 368	6 221	6 408	6 472	6 453
Registered unemployment rate	5,8%	5,6%	5,5%	5,4%	5,4%	5,5%	5,5%	5,3%	5,2%	5,1%	5,0%	4,9%	4,8%
Number of registered unemployed persons, thousand	961	935	911	899	895	927	922	894	880	866	844	824	806
Current account balance, EUR million	-1 530	-651	-856	-628	-3 957	-64	-2 179	-2 645	-901	-1 346	-1 190	-1 319	-1 179
Current account balance, EUR million, rolling annualised basis	5 931	3 863	1 457	-469	-5 177	-7 275	-10 106	-12 822	-15 304	-16 612	-17 308	-17 265	-16 914

Macroeconomic forecast

Quarterly macroeconomic indicators	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Gross domestic product, % real change y/y	-8,2%	-1,5%	-2,5%	-0,8%	11,2%	5,3%	7,3%	7,0%	2,9%	1,9%	2,2%	3,8%	2,8%
Individual consumption, % real change y/y	-10,6%	0,3%	-3,1%	0,1%	13,1%	4,7%	7,9%	5,1%	3,5%	0,5%	0,7%	3,0%	1,0%
Gross fixed capital, % real change y/y	-8,8%	-7,2%	-15,4%	1,7%	5,6%	9,3%	11,7%	7,0%	3,5%	4,5%	5,0%	6,5%	6,0%

GDP components in terms of demand - y / y



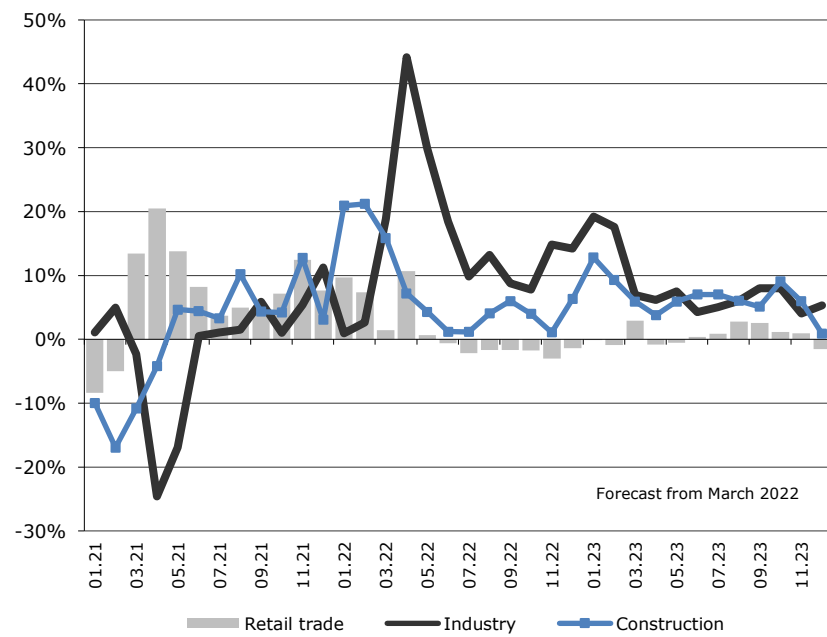
The Central Statistical Office presented data on the GDP dynamics for the whole year 2021. The increase in real terms amounted to 5.7% after a drop by 2.5% in 2020. The increase turned out to be slightly better than expected by the market.

In the fourth quarter of 2021, the GDP dynamics amounted to 7.3% y / y. It may reach 7.0% in the first quarter of 2022 and 2.9% in the second quarter.

Throughout 2021, GDP in nominal terms amounted to PLN 2,603 billion (EUR 570 billion).

For 2022, the GDP dynamics is forecasted at 3.5%. In nominal terms, GDP will amount to PLN 2,994 billion (EUR 661 billion).

Industry, construction and retail trade y / y (real)



In February, industrial production increased in real terms by 3.6%. The increase was seasonal. The annual dynamics of production decreased to 17.6% from 19.2% in January. The industry's results in February were better than expected. In the entire year 2021, industrial production was 14.9% higher than in 2020.

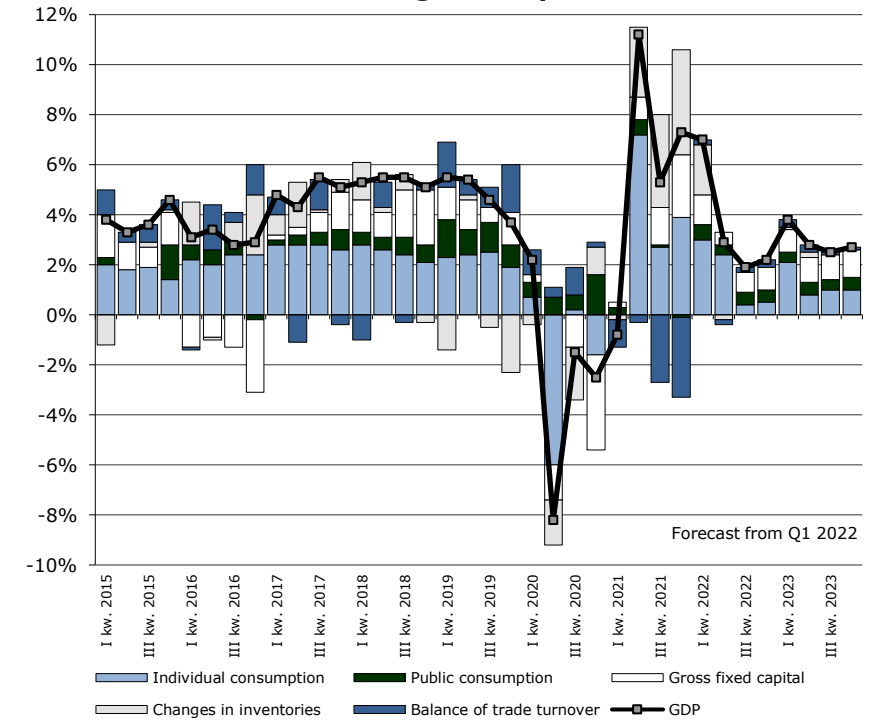
In February, construction and assembly production turned out to be 5.8% higher than in January. The increase in sales in February is a typical phenomenon. The annual dynamics of construction and assembly production increased from 20.8% in January to 21.2% in February. Construction results in February were lower than expected. In the entire year 2021, construction and assembly production was 3.2% higher than in 2020.

Retail sales in February in nominal terms turned out to be 0.9% higher than in January. Sales stabilization is typical in February. The annual sales dynamics decreased from 20.0% in January to 16.5% in February. February results were in line with expectations. Throughout 2021, sales in nominal terms were 12.9% higher than in 2020.

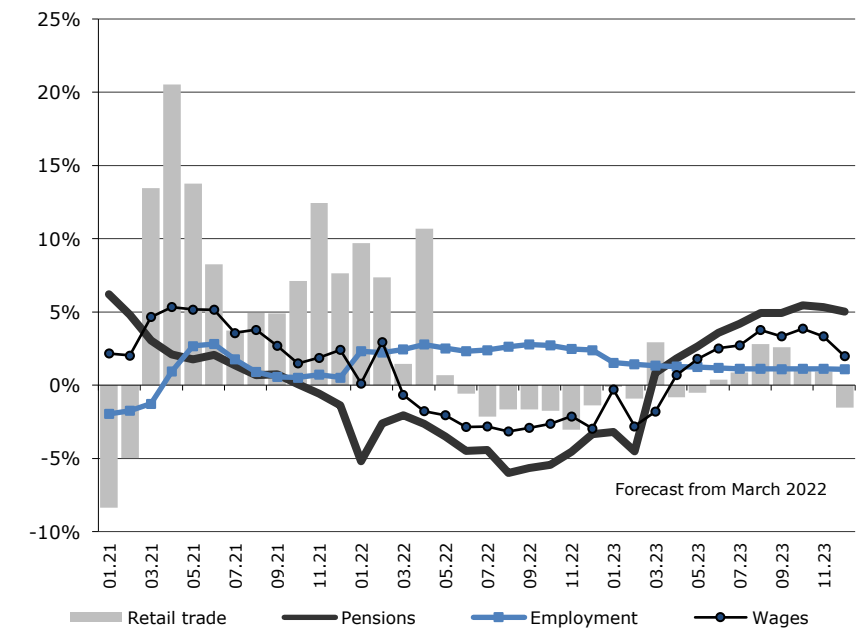
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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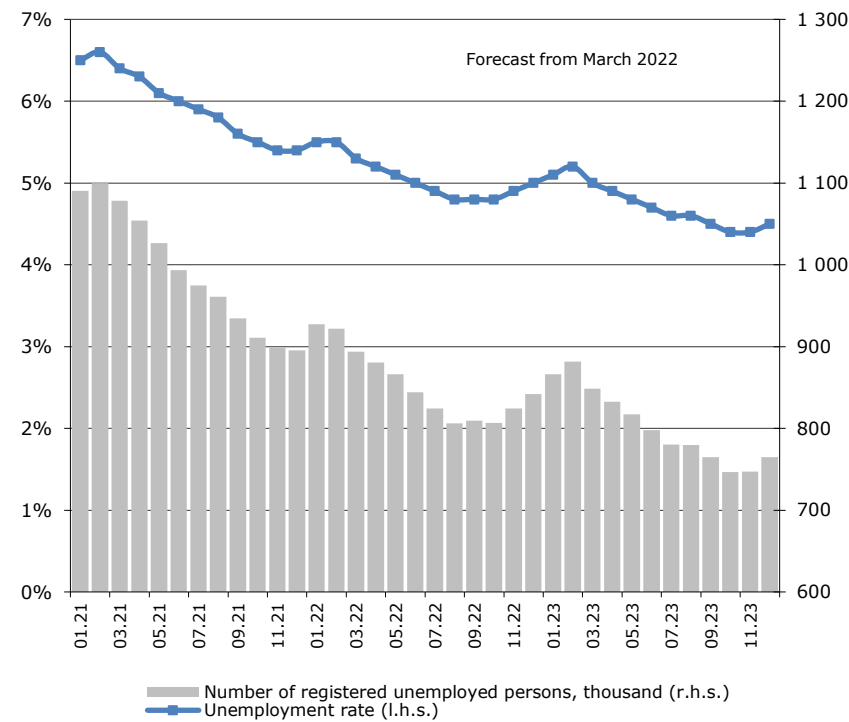
Scale of impact of GDP demand components on economic growth dynamics



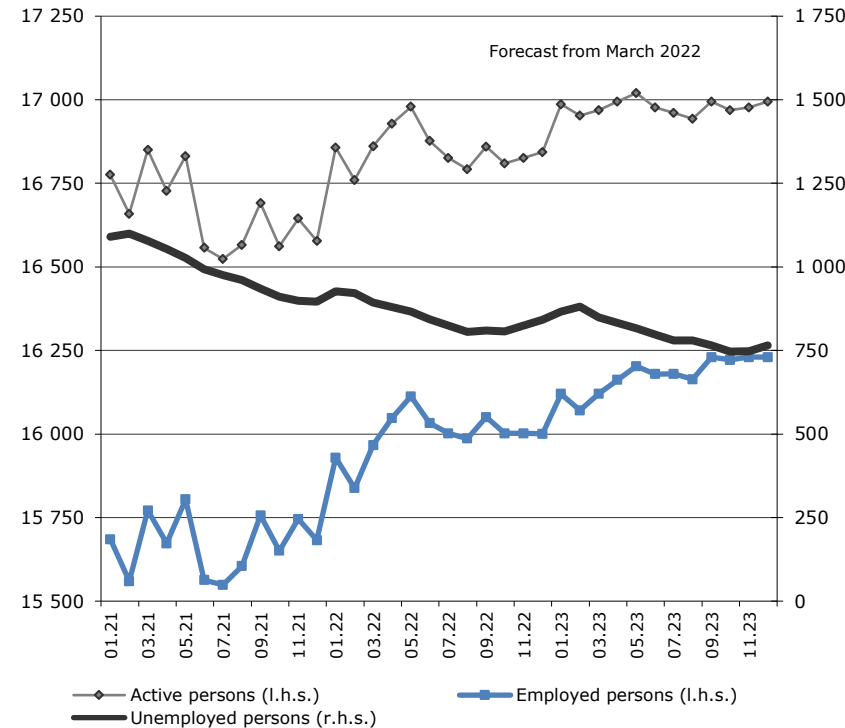
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



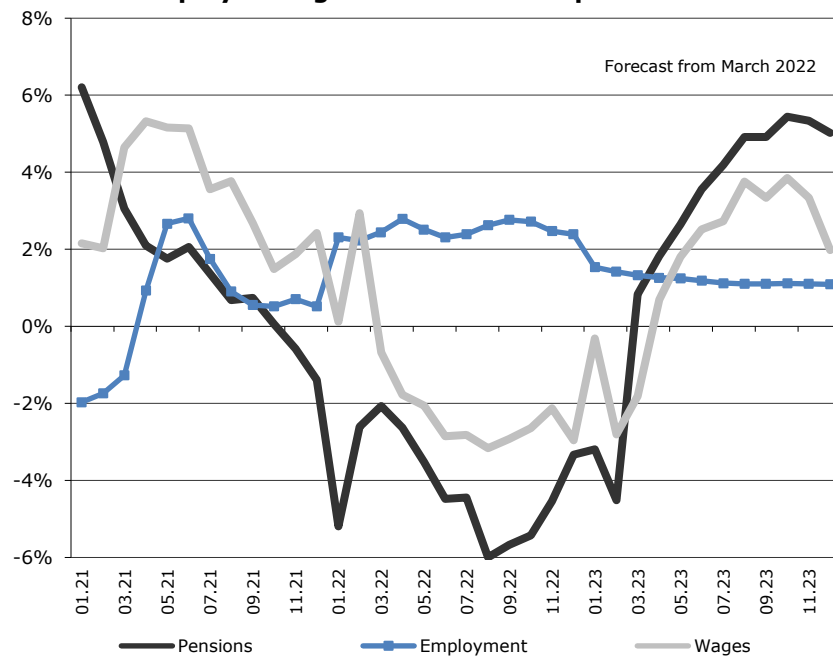
Registered unemployment



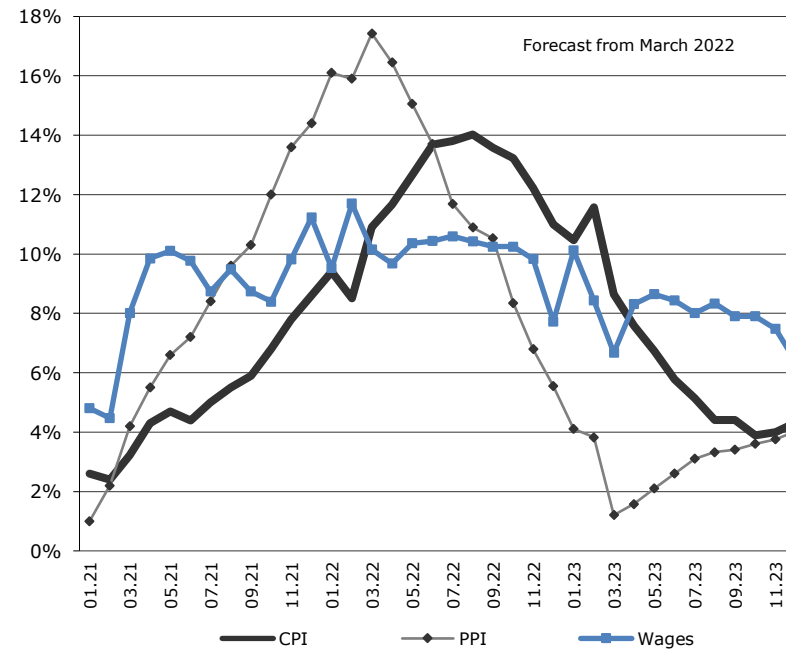
Labor activity



Real dynamics of gross wages in the enterprise sector and pensions against the background of employment growth in the enterprise sector



CPI, PPI, Wages - y / y



In February, the number of registered unemployed fell by 5.3 thousand, up to 921.8 thousand people. The unemployment rate was 5.5%. The unemployment rate was the same as in January. A year ago, in February, the unemployment rate was 6.6%. February usually brings a deterioration in the unemployment statistics. The demand for seasonal works in construction, agriculture and tourist services is falling. So the data was better than expected.

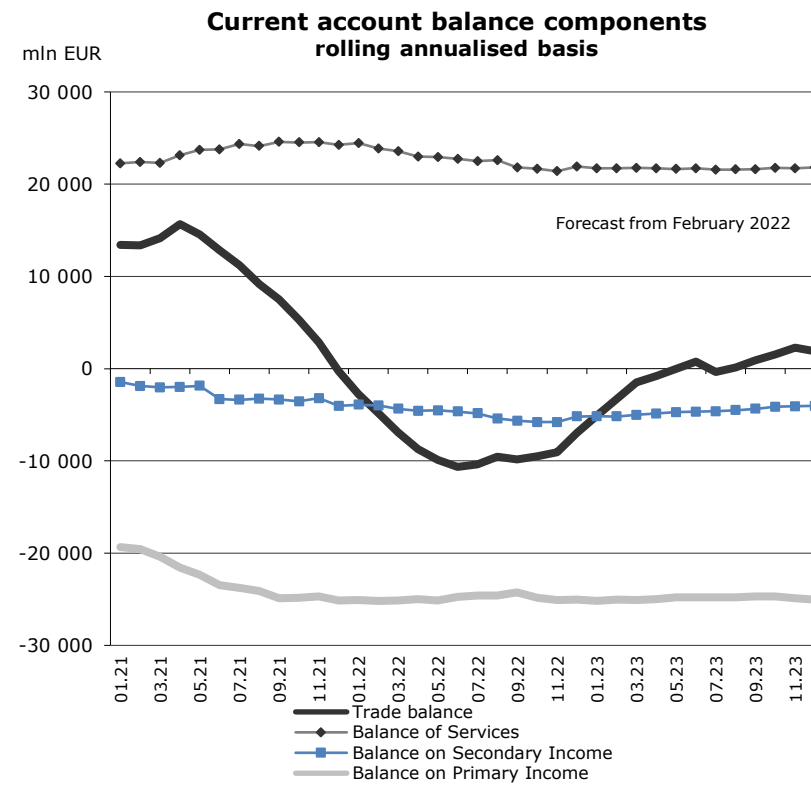
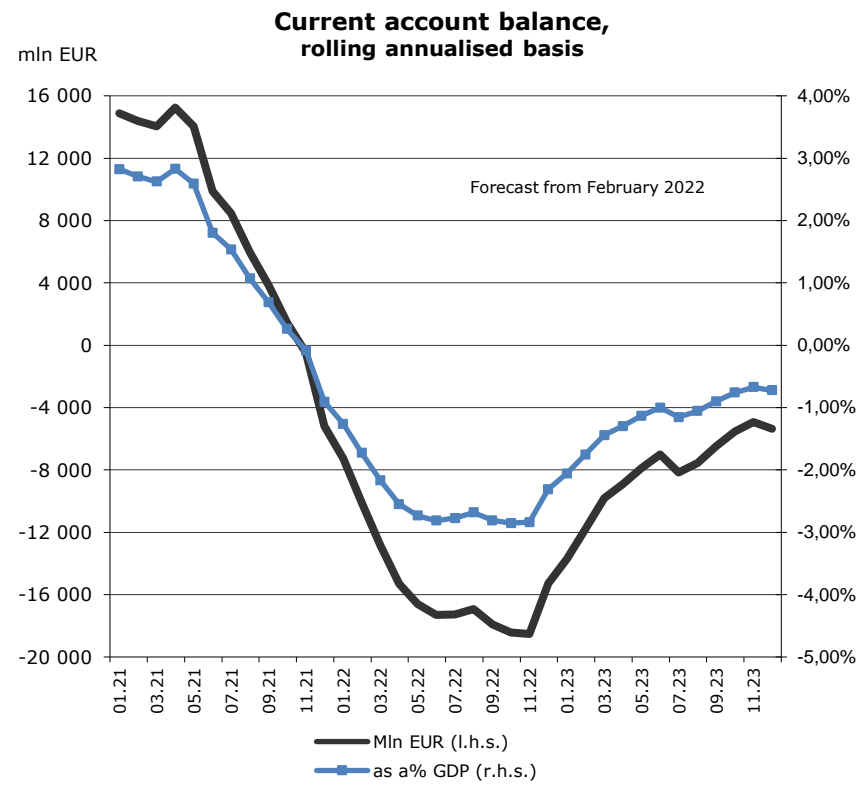
The number of employed in February amounted to approximately 15,838,000 people. It was about 279 thousand, i.e. 1.79% higher than last year.

Spring and summer will bring a drop in unemployment. The local minimum is expected in October, when 810,000 will be unemployed people and the unemployment rate will be 4.8%. At the end of 2022, the unemployment rate will amount to 5.0%, and the number of unemployed will amount to 840,000.

In February, the prices of consumer goods and services turned out to be 0.3% lower than in January. Prices usually go up in February. This time the decline was an effect of the government's "anti-inflation shield". The February result was close to the expected one. Prices have increased significantly in, among others, groups: recreation and culture, restaurants and hotels, communication, health, alcohol and tobacco, household equipment. Prices dropped in the following groups: transport, clothing and footwear, food, housing, including energy. In February, the prices of goods and services turned out to be 8.5% higher than in the previous year. In January, the prices were 9.4% higher than in the previous year. Throughout 2021, prices were on average 5.1% higher than in 2020. March is expected to see a strong increase in the annual inflation rate.

Industrial prices rose by 0.9% in February. Industrial prices in February were on average 15.9% higher than last year (in January by 16.1%). In the period of January-December 2021, industrial prices were on average 7.9% higher than in the corresponding period of the previous year. In the coming months, industrial prices will continue to rise due to rising manufacturing costs.

In February, the average wage in the enterprise sector amounted to PLN 6,220.04. It was thus PLN 155.80, i.e. 2.6% higher than in January. It was also PLN 651.22 and 11.7% higher than in February of the previous year. The wage growth recorded in February is seasonal. The wage level in February was higher than expected. Changes in the level of economic activity will affect the level of wages in the coming months. Changes in the employment structure between individual industries and in individual enterprises will be significant.



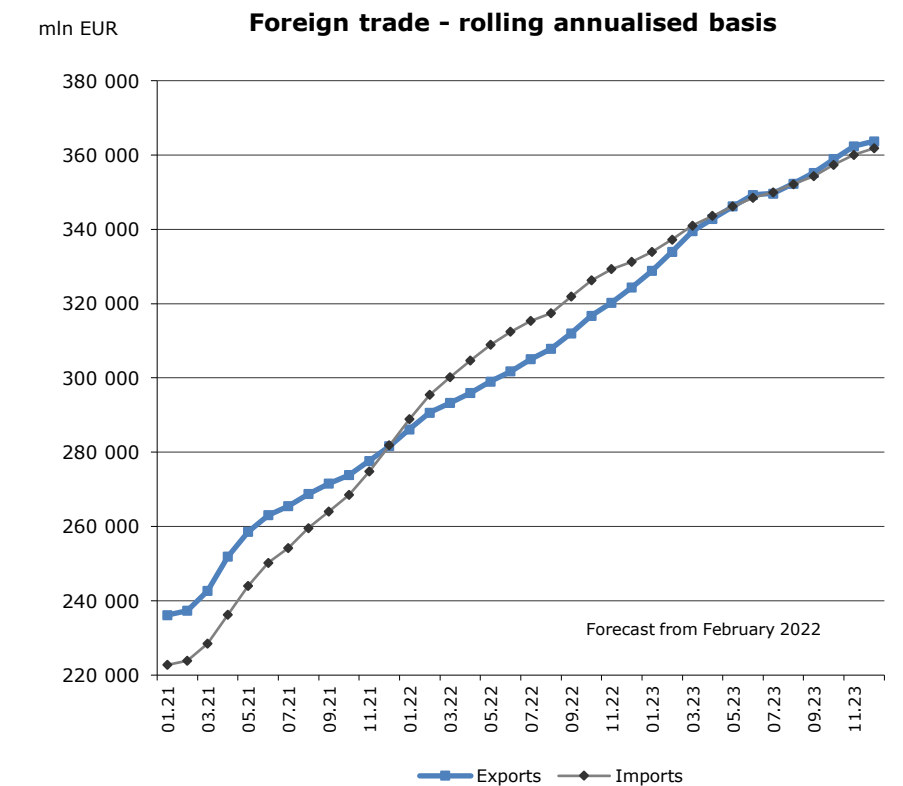
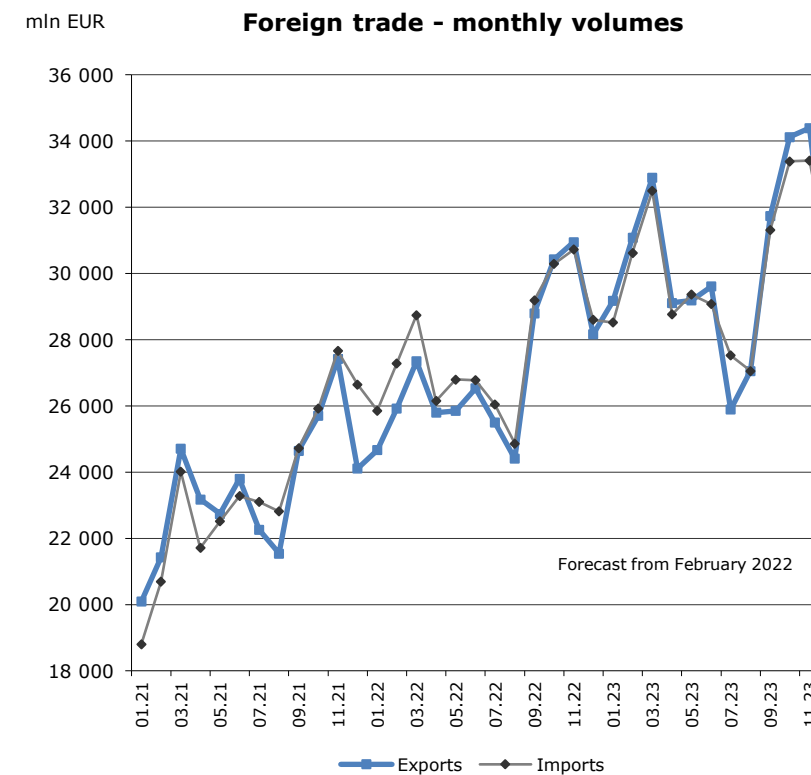
(mln EUR)	I 2021	XII 2021*	I 2022
Current account balance	2 034	-3 957	-64
Exports	20 089	24 109	24 669
Imports	18 803	26 644	25 855
Trade balance	1 286	-2 535	-1 186
Balance on Services	1 669	1 499	1 851
Balance on Primary Income	-377	-1 806	-320
Balance on Secondary Income	-544	-1 115	-409

*Corrected data

In early March, the National Bank of Poland presented its estimated January balance of payments data. The current account balance in January 2022 was negative and amounted to EUR -64 million. In the previous month, there was a deep deficit of -EUR 3,957 million. A year ago, a surplus of EUR 2 034 million was recorded.

After January, the current account balance on a rolling year basis was negative and amounted to EUR -7,275 million. Its level in relation to GDP was -1.26%. In the last 12 months, exports of goods amounted to EUR 286 billion, and exports of services amounted to EUR 66 billion.

The export of goods is now comparable to 49.5% of GDP. It is a high value for a country with a population and area of Poland. The export of services is comparable to 11.5% of GDP, which should also be considered a very good result. These indicators are much better than those recorded before the beginning of the crisis.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	08.2021	09.2021	10.2021	11.2021	12.2021	01.2022	02.2022	03.2022	04.2022	05.2022	06.2022	07.2022	08.2022
International reserves, EUR million	143 355	143 940	144 069	146 719	146 576	144 152	143 730	143 011	142 582	146 860	145 391	148 299	150 523
International reserves in the months of import of goods and services	5,78	5,71	5,62	5,59	5,45	5,23	5,10	5,00	4,91	4,99	4,89	4,95	5,00
International reserves as a% of money supply	34,2%	34,8%	34,4%	34,8%	34,0%	33,8%	34,0%	33,4%	32,8%	33,2%	32,4%	32,7%	33,2%
Current account balance, EUR million, rolling annualised basis	5 931	3 863	1 457	-469	-5 177	-7 275	-10 106	-12 822	-15 304	-16 612	-17 308	-17 265	-16 914
Current account balance, as a% of GDP, rolling annualised basis	1,07%	0,69%	0,26%	-0,08%	-0,91%	-1,26%	-1,73%	-2,16%	-2,55%	-2,73%	-2,81%	-2,77%	-2,68%
Inflow of foreign direct investment - rolling annualised basis, EUR million	22 247	23 377	21 893	22 227	23 277	23 231	22 552	20 448	19 512	18 876	18 842	17 492	15 945
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-4 795	-4 999	2 633	-4 996	-5 369	-6 415	-6 217	-6 267	-6 082	-5 324	-6 938	-7 851	-8 524

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Total external debt, EUR million	301 734	305 694	308 829	309 937	317 105	320 374	322 000	322 650	323 300	323 450	323 600	323 750	323 900
Long-term external debt, EUR million	171 166	170 023	171 673	169 594	174 063	169 829	171 000	171 250	171 500	171 250	171 000	170 750	170 500
Short-term external debt, EUR million	43 066	49 378	48 077	48 935	48 909	53 958	54 200	54 400	54 600	54 800	55 000	55 200	55 400
External debt - Direct investment debt instruments, EUR million	87 502	86 293	89 079	91 408	94 133	96 587	96 800	97 000	97 200	97 400	97 600	97 800	98 000
External debt as a% of GDP	57%	58%	58%	57%	57%	56%	54%	52%	51%	49%	48%	46%	45%
External debt as a% of export	132%	130%	127%	118%	117%	114%	110%	107%	104%	100%	95%	93%	91%
International reserves as a% of total external debt	39%	41%	44%	43%	45%	46%	44%	45%	47%	48%	50%	49%	50%
International reserves as a% of short-term external debt	277%	254%	280%	274%	294%	272%	264%	267%	277%	286%	292%	287%	292%

The current account has been negative in recent months. In the last 12 months, it was comparable to -1,26% of GDP.

Recent quarters have seen a simultaneous inflow of direct investment to our market and an outflow of portfolio investment. The outflow of portfolio investments is a consequence of the change in the State debt management policy. Debt is issued mainly to domestic entities, and less to foreign investors.

Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.10 months of imports of goods and services), money supply (34,0%) and external debt (46,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 56%) and goods exports (currently 114%) is declining. The ratio of external debt to GDP and exports is low.

