



# **Monthly Macroeconomic Review**

Prepared by  
Polish Chamber of Commerce

Updated on 30/11/2020

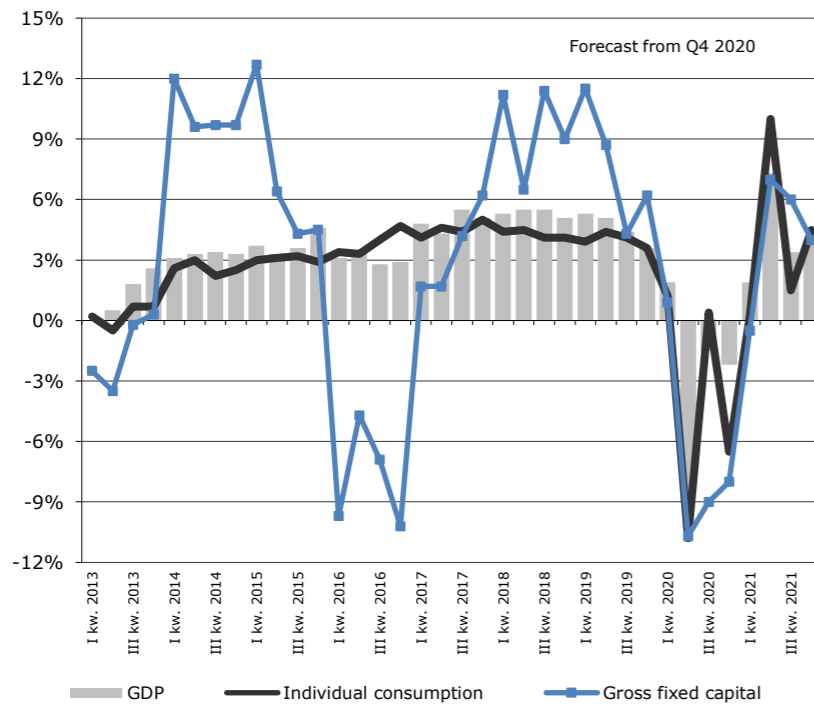
Macroeconomic forecast

Monthly macroeconomic indicators	04.2020	05.2020	06.2020	07.2020	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021
Industrial sales, % real change, y/y	-24,6%	-16,9%	0,5%	1,1%	1,5%	5,9%	1,0%	3,3%	6,2%	0,0%	3,0%	16,1%	22,9%
Construction, % real change, y/y	-0,9%	-5,1%	-2,4%	-10,9%	-12,1%	-9,8%	-5,9%	-3,9%	-0,9%	-0,9%	5,9%	6,8%	3,9%
Retail sales, % nominal change, y/y	-22,6%	-8,6%	-1,9%	2,7%	0,4%	2,7%	-2,1%	-7,8%	-6,7%	-5,0%	-6,0%	10,8%	31,4%
Consumer prices, % change, y/y	3,4%	2,9%	3,3%	3,0%	2,9%	3,2%	3,1%	3,0%	2,3%	1,9%	1,5%	1,6%	2,1%
Producer prices, % change, y/y	-1,4%	-1,7%	-0,8%	-0,6%	-1,3%	-1,4%	-0,4%	-0,3%	-0,5%	0,0%	0,3%	0,8%	1,4%
Wages - enterprise sector, % nominal change, y/y	1,9%	1,2%	3,6%	3,8%	4,1%	5,6%	4,7%	5,2%	5,8%	4,4%	4,2%	4,7%	7,7%
Wages - enterprise sector, PLN	5 285	5 120	5 286	5 382	5 338	5 372	5 459	5 503	5 932	5 517	5 555	5 750	5 692
Registered unemployment rate	5,8%	6,0%	6,1%	6,1%	6,1%	6,1%	6,1%	6,2%	6,4%	6,8%	6,9%	6,7%	6,5%
Number of registered unemployed persons, thousand	966	1 012	1 027	1 030	1 028	1 024	1 018	1 031	1 062	1 133	1 147	1 119	1 083
Current account balance, EUR million	772	2 028	3 811	1 012	1 275	1 072	690	914	98	2 383	-298	68	1 336
Current account balance, EUR million, rolling annualised basis	6 300	8 381	12 075	13 823	15 769	16 129	16 576	16 308	16 333	15 960	14 563	13 826	14 389

Macroeconomic forecast

Quarterly macroeconomic indicators	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Gross domestic product, % real change y/y	5,3%	5,1%	4,4%	3,6%	1,9%	-8,4%	-1,5%	-2,2%	1,9%	7,3%	3,4%	4,0%	3,5%
Individual consumption, % real change y/y	3,9%	4,4%	4,1%	3,6%	1,2%	-10,8%	0,4%	-6,5%	0,2%	10,0%	1,5%	4,5%	6,0%
Gross fixed capital, % real change y/y	11,5%	8,7%	4,3%	6,2%	0,9%	-10,7%	-9,0%	-8,0%	-0,5%	7,0%	6,0%	4,0%	2,0%

### GDP components in terms of demand - y / y

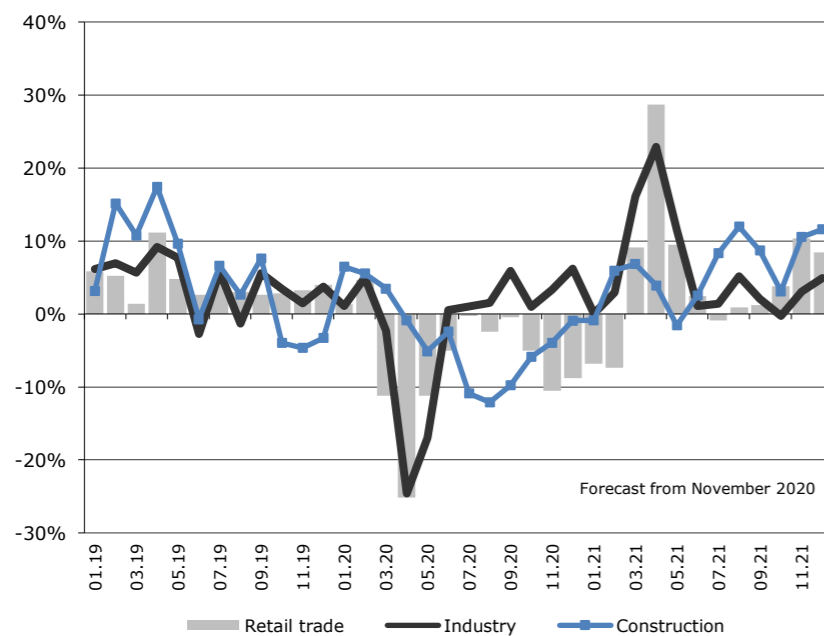


The Central Statistical Office published data on GDP dynamics in the third quarter of 2020. GDP decreased by -1.5% y / y against a decrease in the second quarter by -8.4% y / y. The decline turned out to be slightly shallower than currently expected by the market. It was definitely smaller than expected in spring.

After a particularly difficult spring in the summer months, economic activity improved significantly. It was stronger than expected. It was related to faster unfreezing of the economy. Unfortunately, at the end of the year there is a temporary shutdown of part of the economy.

The first quarter of 2020 was slightly better than expected. The second quarter brought a deep decline in GDP. In the third quarter, the decline in GDP was slight. Unfortunately, in the fourth quarter, the rapid improvement in economic activity did not continue. In the whole of 2020, GDP in real terms will contract by 2.5%. In nominal terms, GDP will amount to PLN 2,313 billion (EUR 521 billion). Growth in 2021 may turn out to be high (due to base effects) and amount to approximately 4.2%. In nominal terms, GDP will reach

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



In October, industrial production increased by 3.2% in real terms. The increase was seasonal. The increase was lower than in the previous year. The annual production dynamics decreased to a positive 1.0% from a positive 5.9% in September and 1.5% in August. The industrial results in October were close to expectations.

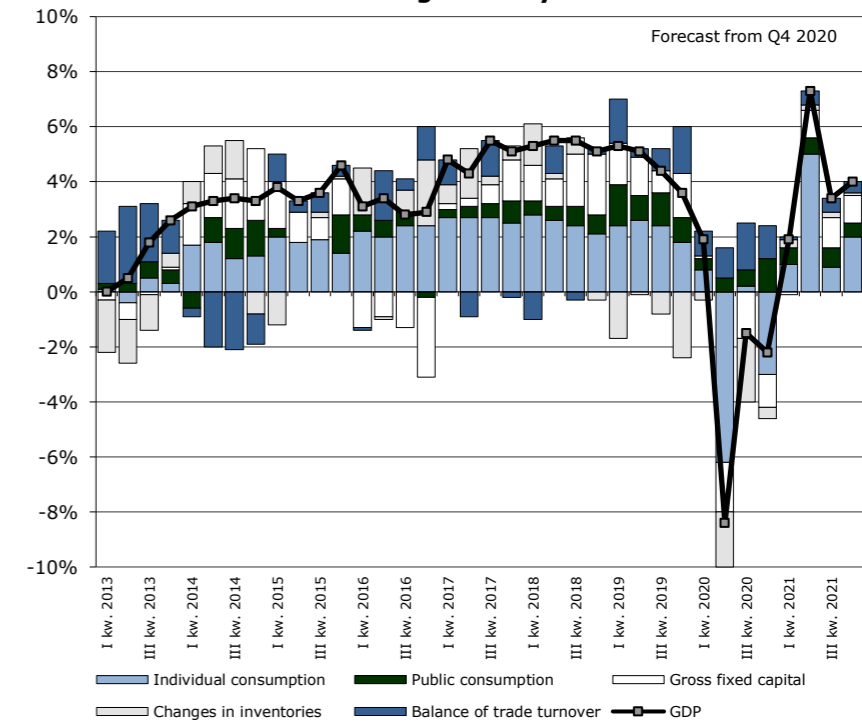
In October, construction and assembly production turned out to be 0.4% higher in real terms than in September. The increase in sales in October is typical. The annual dynamics of construction and assembly production improved from negative -9.8% in September to negative -5.9% in October. Construction results in October were better than expected.

Retail sales in October in nominal terms turned out to be 2.3% higher than in September. The annual sales dynamics decreased from positive + 2.7% in September to negative -2.1% in October. These results were slightly worse than expected.

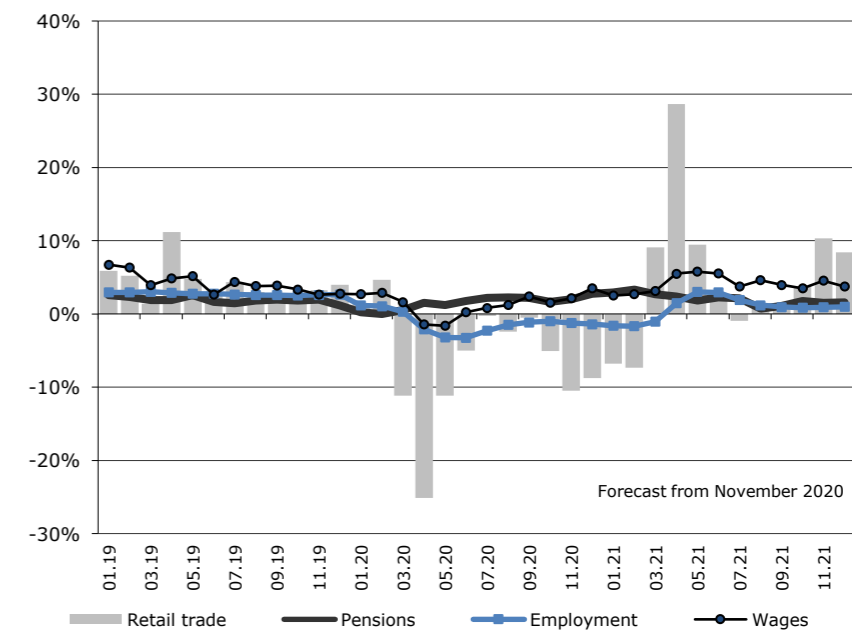
## GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 30/11/2020

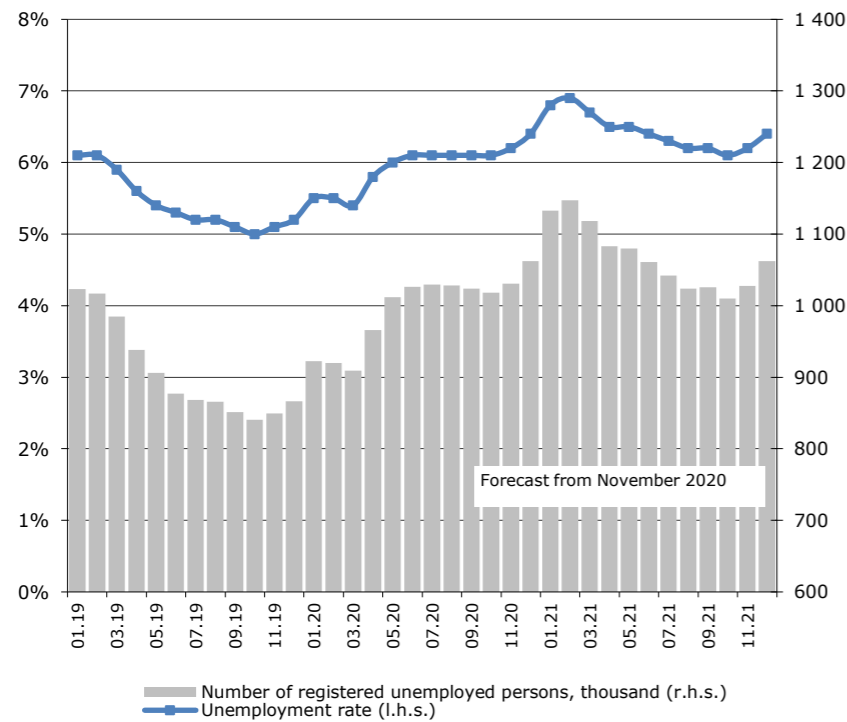
### Scale of impact of GDP demand components on economic growth dynamics



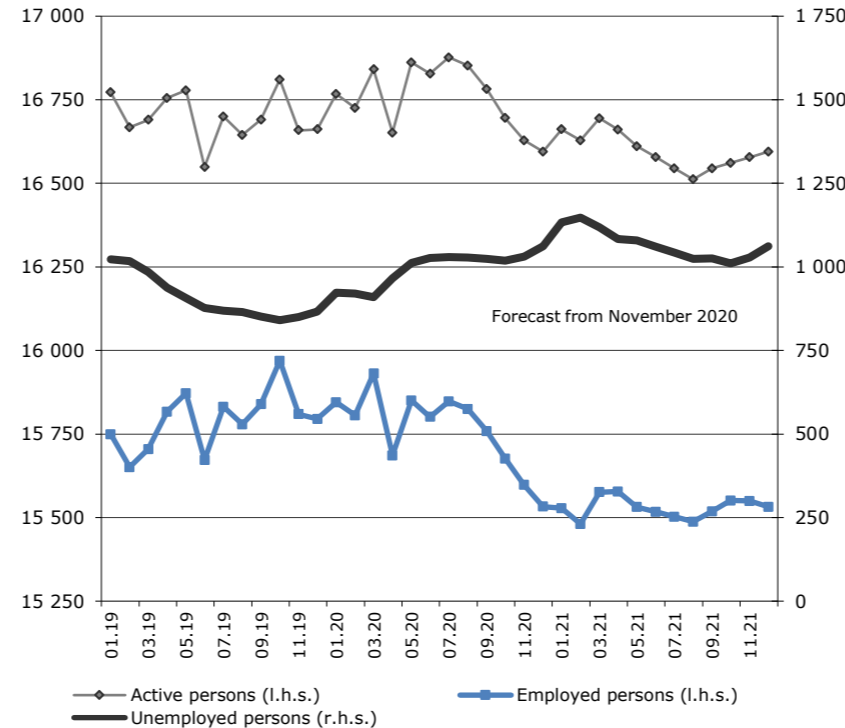
### Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



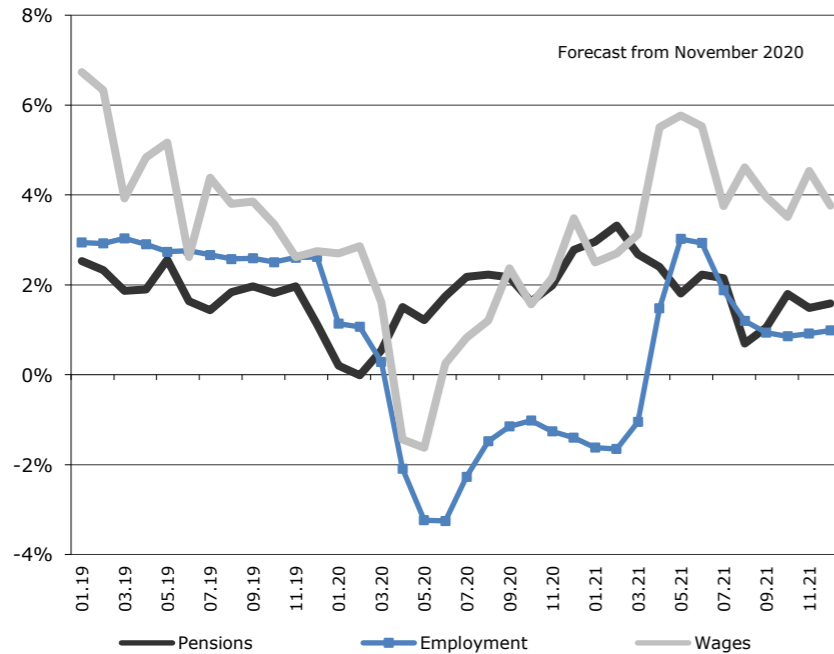
**Registered unemployment**



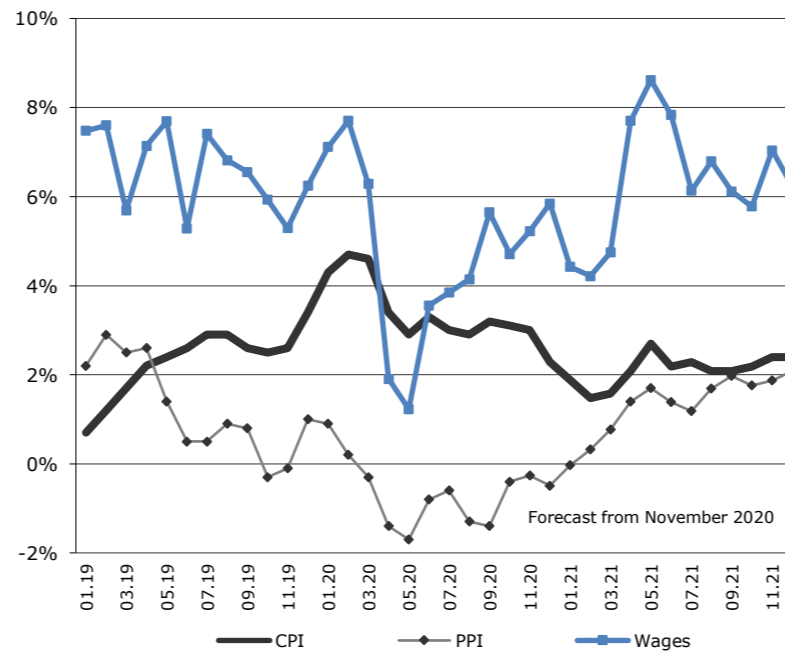
**Labor activity**



**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 October, the number of registered unemployed decreased by 5.3 thousand people up to 1018.4 thousand people. The unemployment rate did not change and amounted to 6.1%. A year ago, in October, the unemployment rate was 5.0%. The fall in unemployment in October is typical. Until early autumn, unemployment fell due to strong demand for seasonal work in construction, agriculture and tourism services.

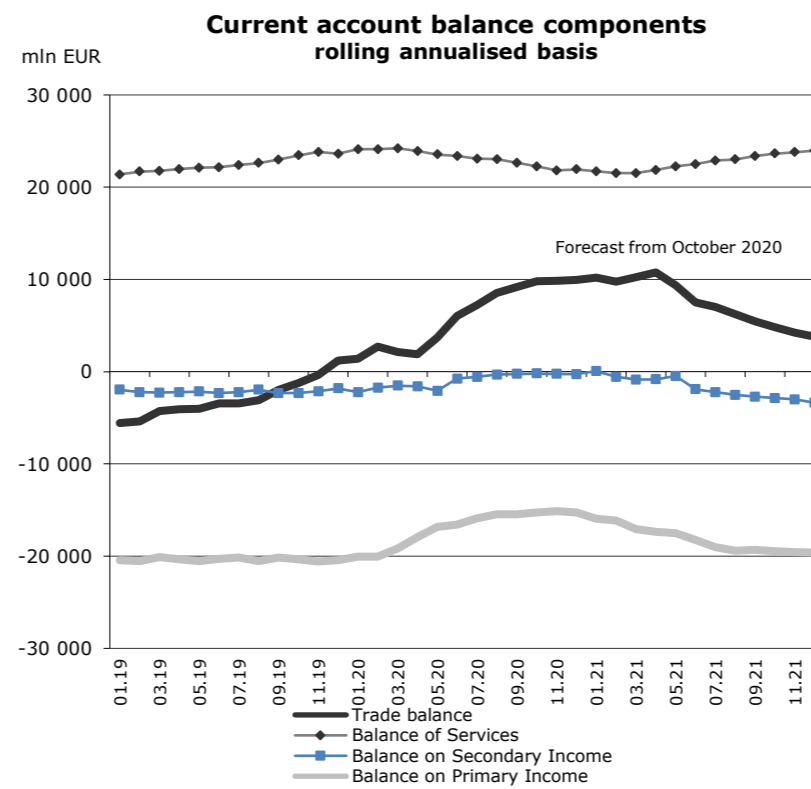
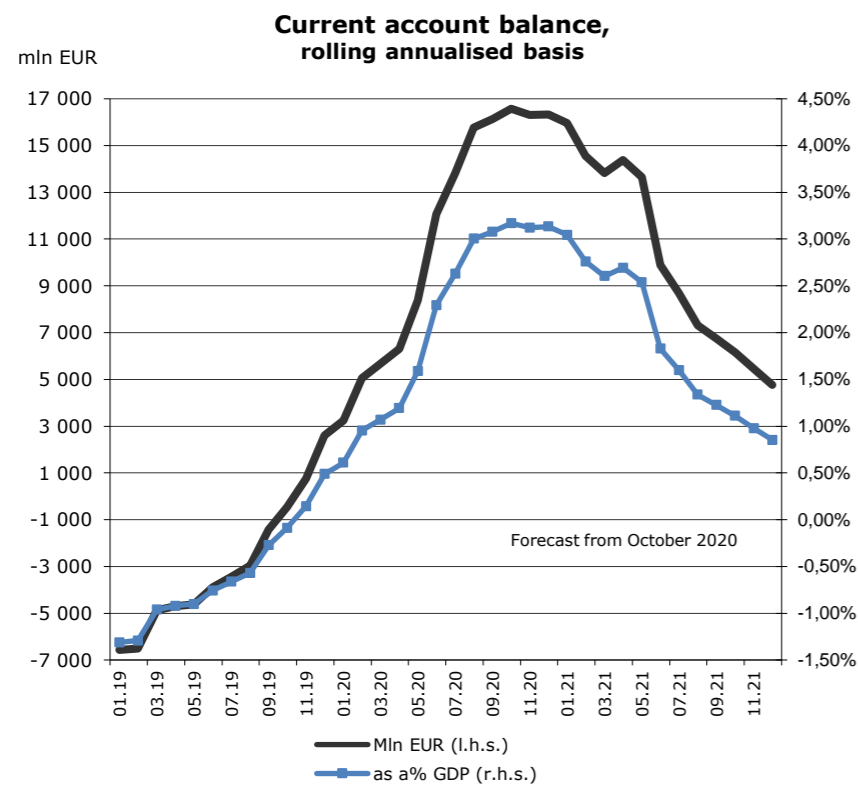
The number of employed in October amounted to 15,677 thousand. It was about 293 thousand people, i.e. 1.8% lower than last year.

By December, the number of employed persons may shrink by approximately 140,000 - assuming still good effectiveness of the administration's actions referred to as the Anti-Crisis Shield. At the same time, the number of unemployed will probably increase to 1.06 million, and the unemployment rate to 6.4%. The peak of unemployment should come in February 2021, after which the situation on the labor market will gradually improve.

In October, the prices of consumer goods and services turned out to be 0.1% higher than in September. This result was lower than expected. There was a marked increase in prices in the groups of education, clothing and footwear, housing and other groups. Prices also grew in groups, apartment furnishings, restaurants and hotels. Price drops were recorded in the following groups: food, communications, health, recreation and culture, and transport. In October, the prices of consumer goods and services turned out to be 3.1% higher than in the previous year. In the following months, the annual inflation rate is expected to decline to 1.5% in February.

Industrial prices rose by 0.4% in October. Industrial prices in October were 0.4% lower than in the previous year. In the period from January to October, industrial prices were on average 0.7% lower than in the corresponding period of the previous year. In the coming months, industrial prices will increase due to the increase in production costs.

In October, the average salary in the enterprise sector amounted to PLN 5,458.88. So it was PLN 87.32 and 1.6% higher than in September. It was also PLN 245.61 and 4.7% higher than in October of the previous year. 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.



(mIn EUR)	IX 2019	VIII 2020*	IX 2020
<b>Current account balance</b>	712	1 275	1 072
Exports	20 186	18 031	21 109
Imports	19 575	17 042	19 871
Trade balance	611	989	1 238
Balance on Services	2 117	1 663	1 746
Balance on Primary Income	-1 837	-1 452	-1 814
Balance on Secondary Income	-179	75	-98

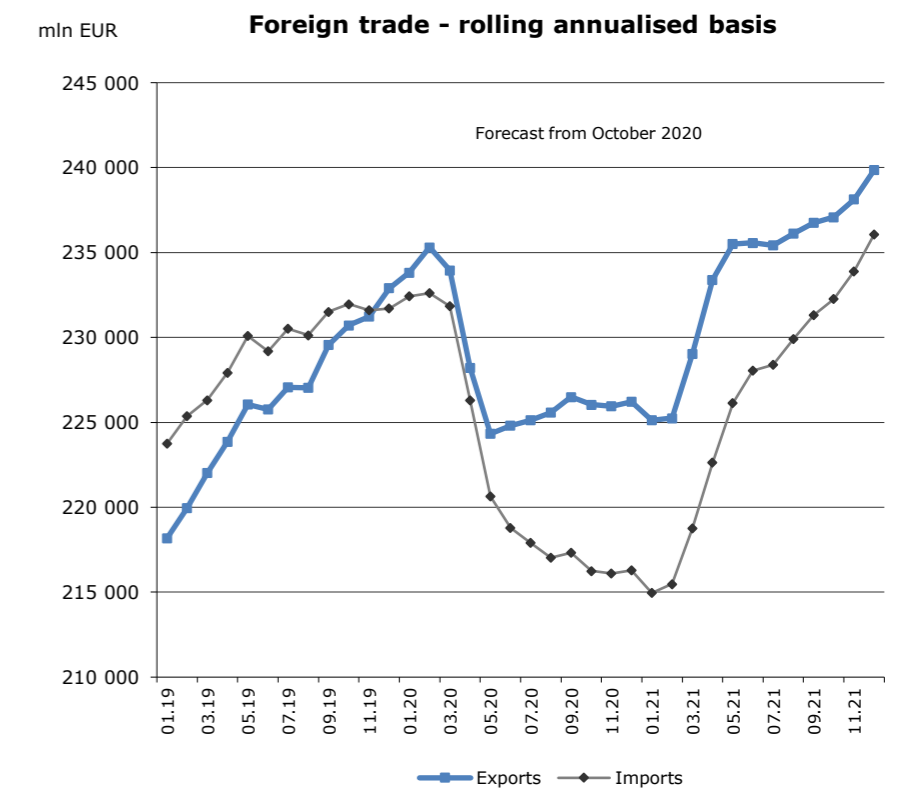
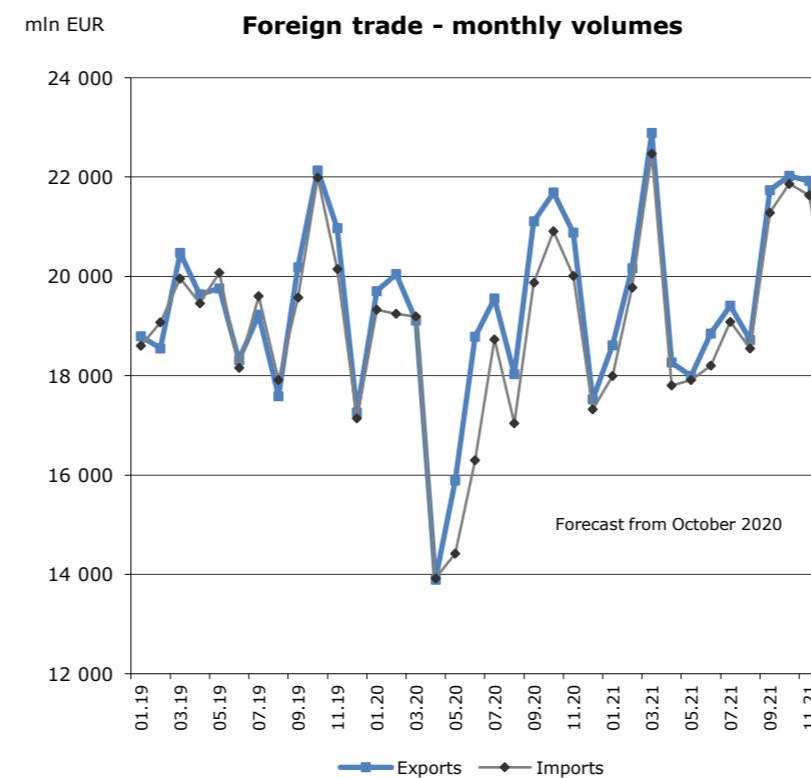
\*Corrected data

In early November, the National Bank of Poland presented estimated data on the balance of payments in September. The current account balance in September 2020 was positive and amounted to EUR 1,072 million. In the previous month, there was a surplus of EUR 1,275 million (adjusted data). A year ago, a surplus of EUR 712 million was recorded.

After September, the current account balance was positive on a rolling year basis and amounted to EUR 16,129 million. Its level in relation to GDP was 3.08%. In the last 12 months, exports of goods amounted to EUR 226,495 million, and exports of services amounted to EUR 58,324 million.

The impact of the coronavirus is revealed by reducing the turnover of goods and the surplus generated in services. However, the achieved results are much better than in the forecasts from a few months ago.

The export of goods is now comparable to 43% of GDP. It is a high value for a country with a population and area of Poland. Exports of services are comparable to 11% of GDP, which should also be considered a very good result. These rates are only slightly lower than before the crisis began.



Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly</b>	<b>04.2020</b>	<b>05.2020</b>	<b>06.2020</b>	<b>07.2020</b>	<b>08.2020</b>	<b>09.2020</b>	<b>10.2020</b>	<b>11.2020</b>	<b>12.2020</b>	<b>01.2021</b>	<b>02.2021</b>	<b>03.2021</b>	<b>04.2021</b>
International reserves, EUR million	108 644	119 444	115 058	116 101	116 822	119 127	122 589	124 060	126 169	126 547	127 180	128 452	129 222
International reserves in the months of import of goods and services	4,93	5,55	5,40	5,48	5,54	5,65	5,85	5,93	6,03	6,08	6,10	6,07	5,99
International reserves as a% of money supply	29,5%	30,9%	29,4%	29,4%	29,5%	30,6%	31,8%	30,9%	31,0%	31,0%	30,7%	31,3%	31,1%
Current account balance, EUR million, rolling annualised basis	6 300	8 381	12 075	13 823	15 769	16 129	16 576	16 308	16 333	15 960	14 563	13 826	14 389
Current account balance, as a% of GDP, rolling annualised basis	1,19%	1,59%	2,29%	2,63%	3,00%	3,08%	3,17%	3,12%	3,13%	3,04%	2,76%	2,60%	2,69%
Inflow of foreign direct investment - rolling annualised basis, EUR million	8 333	7 254	9 519	8 808	7 972	8 013	7 957	7 999	9 122	8 497	7 395	7 752	9 496
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-16 424	-14 981	-16 817	-13 790	-12 614	-12 464	-9 609	-8 224	-7 111	-6 514	-9 004	-5 793	964

Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly</b>	<b>Q1 19</b>	<b>Q2 19</b>	<b>Q3 19</b>	<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20</b>	<b>Q4 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21</b>	<b>Q4 21</b>	<b>Q1 22</b>
Total external debt, EUR million	312 620	314 384	315 148	315 659	302 132	299 022	301 750	302 250	302 750	303 250	303 750	304 250	305 750
Long-term external debt, EUR million	184 801	184 513	182 160	179 367	175 737	170 457	168 750	168 500	168 250	168 000	167 750	167 500	167 250
Short-term external debt, EUR million	41 291	43 954	46 967	50 189	39 555	41 577	46 000	46 250	46 500	46 750	47 000	47 250	47 500
External debt - Direct investment debt instruments, EUR million	86 528	85 917	86 021	86 103	86 840	86 988	87 000	87 500	88 000	88 500	89 000	89 500	91 000
External debt as a% of GDP	62%	61%	60%	59%	57%	57%	58%	58%	57%	56%	55%	54%	53%
External debt as a% of export	141%	139%	137%	136%	129%	133%	133%	134%	132%	129%	128%	127%	126%
International reserves as a% of total external debt	32%	33%	35%	36%	36%	38%	39%	42%	42%	43%	44%	45%	43%
International reserves as a% of short-term external debt	244%	235%	235%	228%	278%	277%	259%	273%	276%	281%	285%	288%	276%

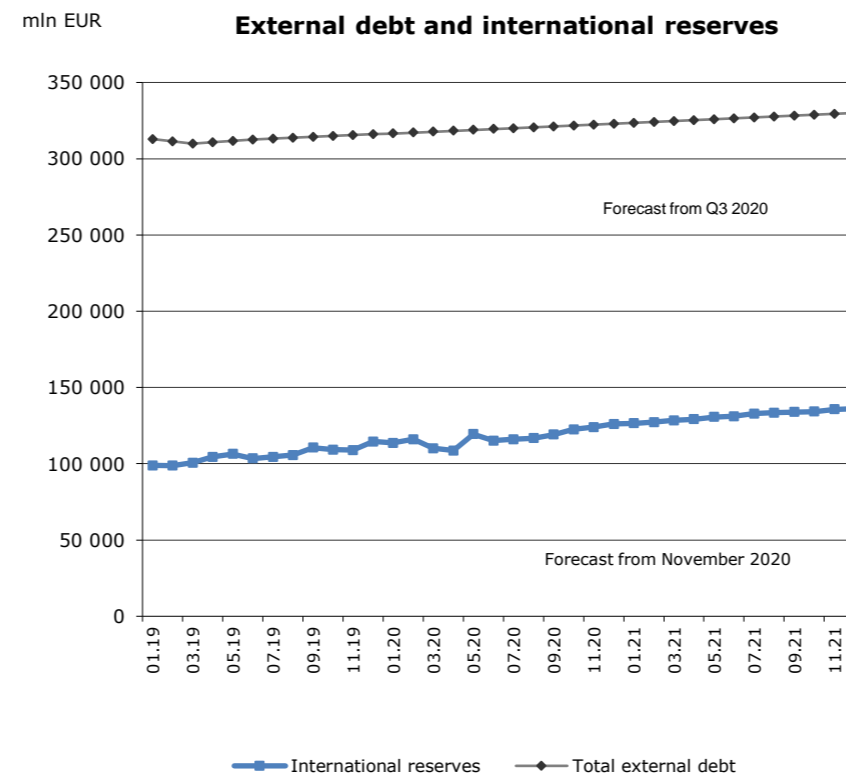
The current account has been positive in recent months. In the last 12 months, it was comparable to 3,08% of GDP.

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.

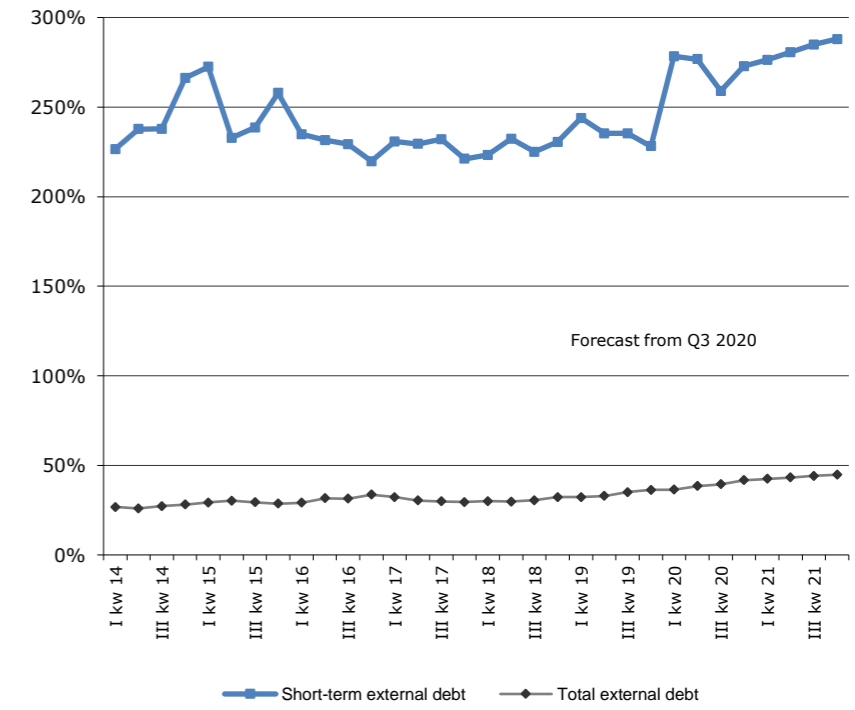
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.85 months of imports of goods and services), money supply (31,8%) and external debt (40,2%).

External debt is falling. The ratio of external debt to GDP (currently 57%) and goods exports (currently 133%) is declining. The ratio of external debt to GDP and exports is low.

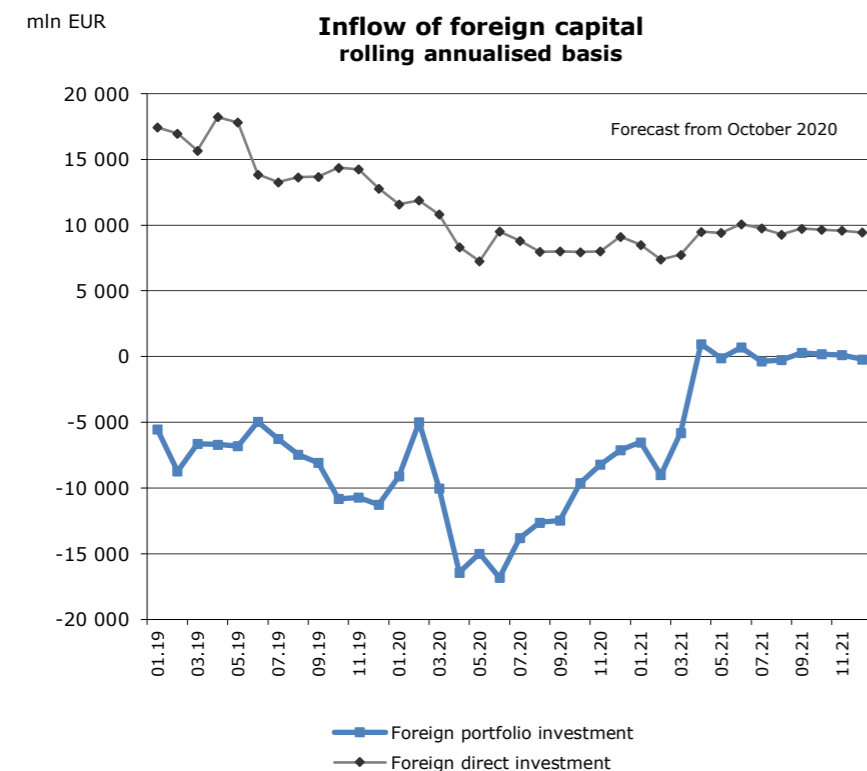
External debt and international reserves



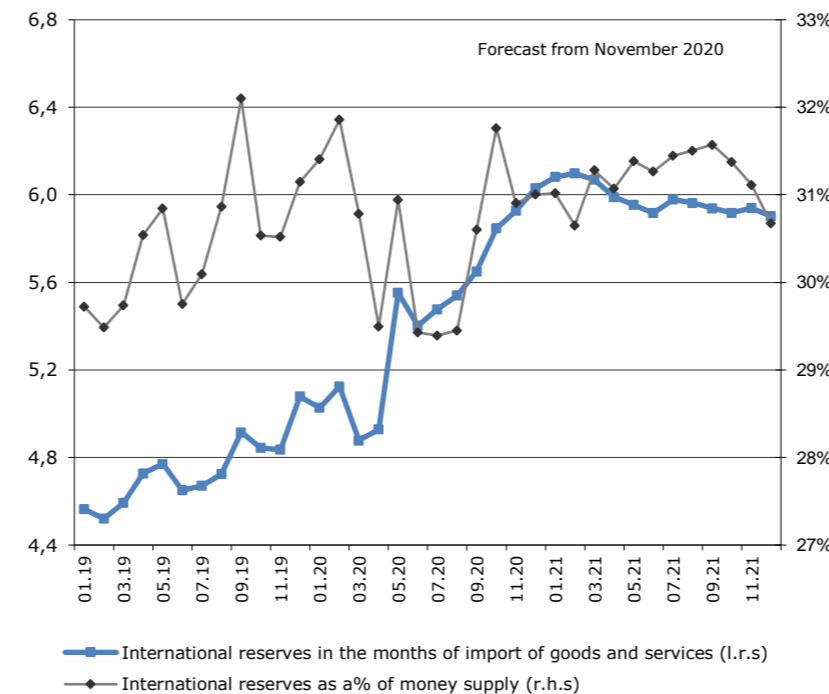
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

