



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/12/2020

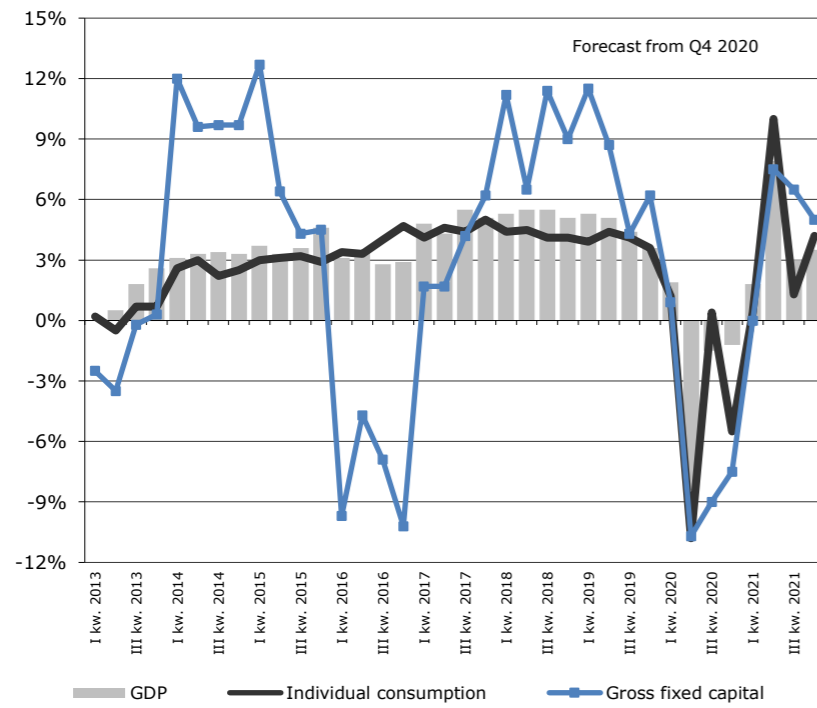
Macroeconomic forecast

Monthly macroeconomic indicators	05.2020	06.2020	07.2020	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021
Industrial sales, % real change, y/y	-16,9%	0,5%	1,1%	1,5%	5,9%	1,0%	5,4%	6,2%	0,5%	3,5%	15,6%	21,9%	10,6%
Construction, % real change, y/y	-5,1%	-2,4%	-10,9%	-12,1%	-9,8%	-5,9%	-4,9%	-0,9%	-5,7%	2,0%	9,9%	7,9%	7,7%
Retail sales, % nominal change, y/y	-8,6%	-1,9%	2,7%	0,4%	2,7%	-2,1%	-5,3%	-3,3%	-1,6%	-3,1%	13,3%	32,9%	13,8%
Consumer prices, % change, y/y	2,9%	3,3%	3,0%	2,9%	3,2%	3,1%	3,0%	2,3%	1,9%	1,5%	1,6%	2,1%	2,7%
Producer prices, % change, y/y	-1,7%	-0,8%	-0,6%	-1,3%	-1,4%	-0,4%	-0,2%	-0,4%	0,0%	0,4%	0,8%	1,5%	1,8%
Wages - enterprise sector, % nominal change, y/y	1,2%	3,6%	3,8%	4,1%	5,6%	4,7%	4,9%	5,2%	4,3%	4,2%	4,8%	7,7%	8,6%
Wages - enterprise sector, PLN	5 120	5 286	5 382	5 338	5 372	5 459	5 484	5 895	5 512	5 556	5 751	5 693	5 562
Registered unemployment rate	6,0%	6,1%	6,1%	6,1%	6,1%	6,1%	6,1%	6,3%	6,6%	6,7%	6,6%	6,4%	6,4%
Number of registered unemployed persons, thousand	1 012	1 027	1 030	1 028	1 024	1 018	1 026	1 061	1 116	1 131	1 119	1 083	1 079
Current account balance, EUR million	2 028	3 811	1 012	1 275	1 072	2 241	1 444	-100	2 462	-297	69	1 336	1 282
Current account balance, EUR million, rolling annualised basis	8 381	12 075	13 823	15 769	16 129	18 127	18 389	18 216	17 922	16 524	15 788	16 352	15 607

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%	-1,2%	1,8%	7,9%	3,0%	3,5%	3,5%
Individual consumption, % real change y/y	3,9%	4,4%	4,1%	3,6%	1,2%	-10,8%	0,4%	-5,5%	0,4%	10,0%	1,3%	4,2%	6,0%
Gross fixed capital, % real change y/y	11,5%	8,7%	4,3%	6,2%	0,9%	-10,7%	-9,0%	-7,5%	0,0%	7,5%	6,5%	5,0%	2,0%

GDP components in terms of demand - y / y

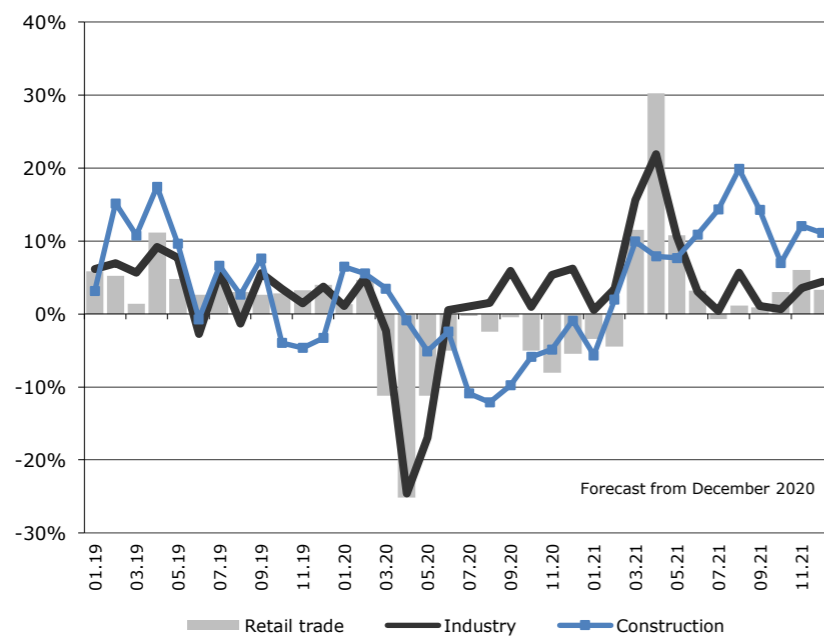


The Central Statistical Office published data on GDP dynamics in the third quarter of 2020. GDP decreased by -1.5% y / y against a decrease in the second quarter by -8.4% y / y. The decline turned out to be slightly shallower than currently expected by the market. It was definitely smaller than expected 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 2.4%. In nominal terms, GDP will amount to PLN 2,321 billion (EUR 522 billion). Growth in 2021 may turn out to be high (due to base effects) and amount to approximately 4.1%. In nominal terms, GDP will reach PLN 2,476 billion (EUR 562 billion).

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



In November, industrial production decreased by 1.6% in real terms. The decline was seasonal. The decline was smaller than a year ago. The annual production dynamics improved to 5.4% from 1.0% in October. The industry's results in November were better than expected.

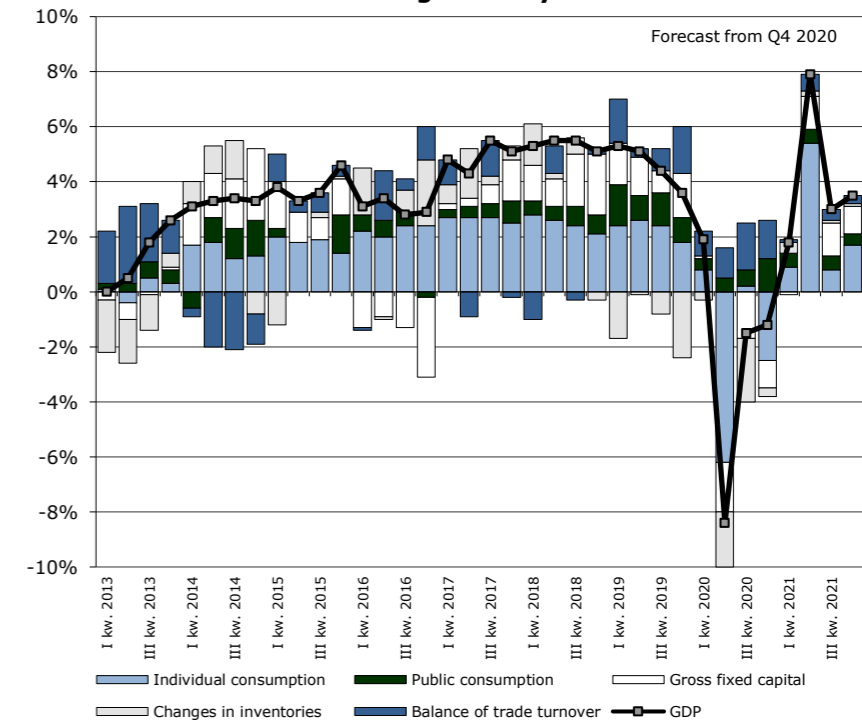
In November, construction and assembly production turned out to be 0.6% higher in real terms than in October. Sales stabilization is typical in November. The annual dynamics of construction and assembly production improved from negative -5.9% in October to negative -4.9% in November. Construction results in November were slightly better than expected.

Retail sales in November in nominal terms turned out to be 5.4% lower than in October. The annual sales dynamics decreased from negative -2.1% in October to negative -5.3% in November. The deterioration is a consequence of the autumn freezing of the economy. However, November's results were better than expected.

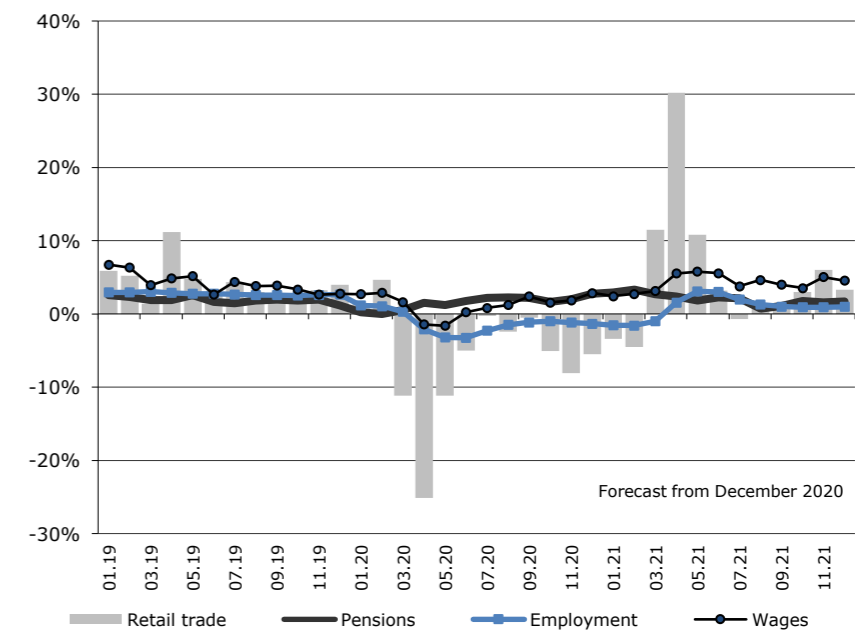
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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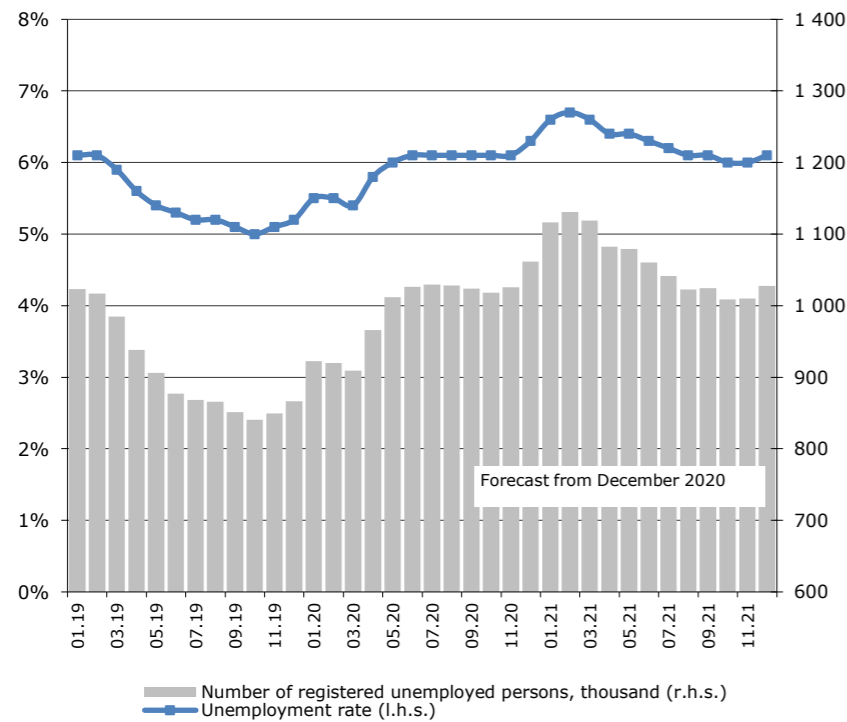
Scale of impact of GDP demand components on economic growth dynamics



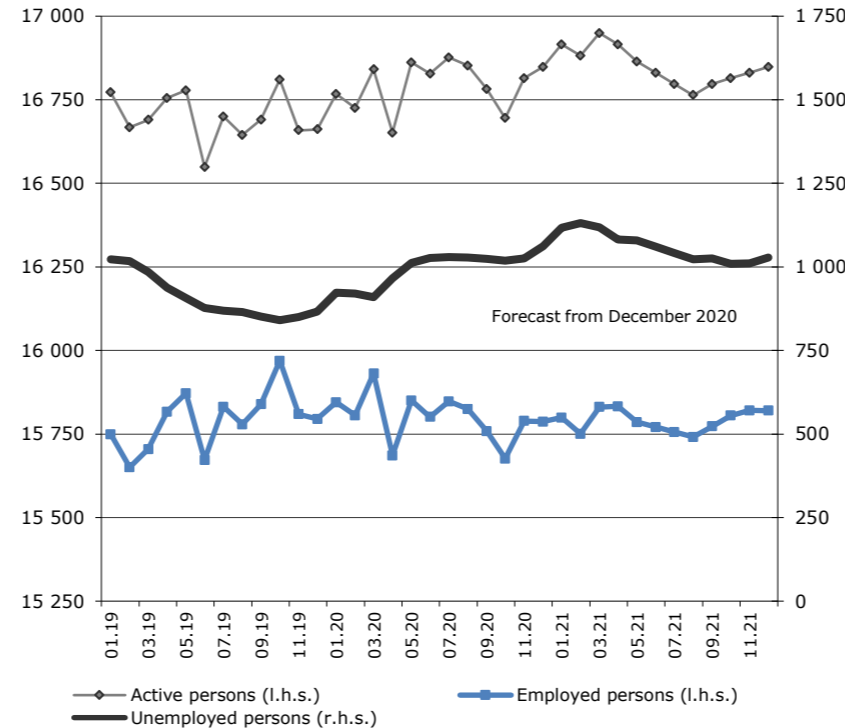
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



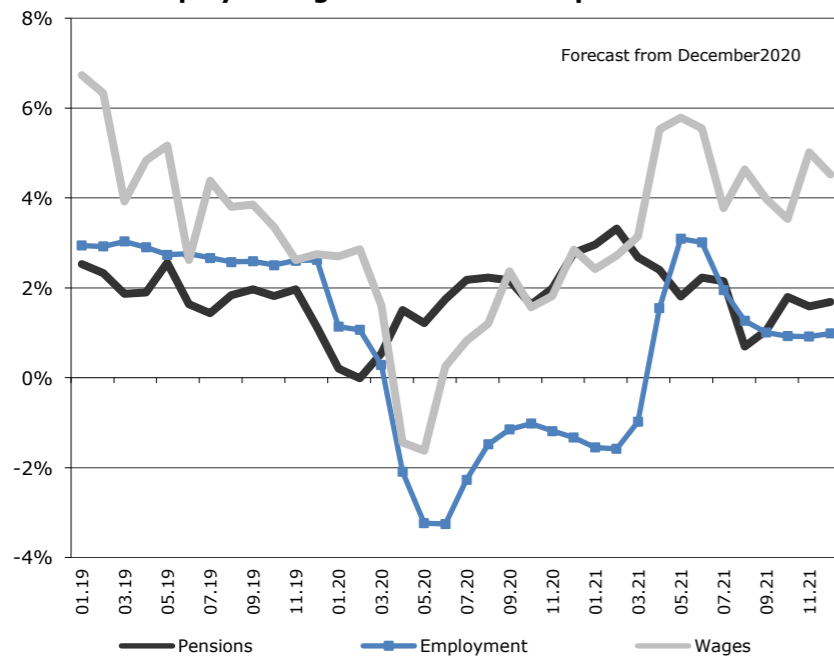
Registered unemployment



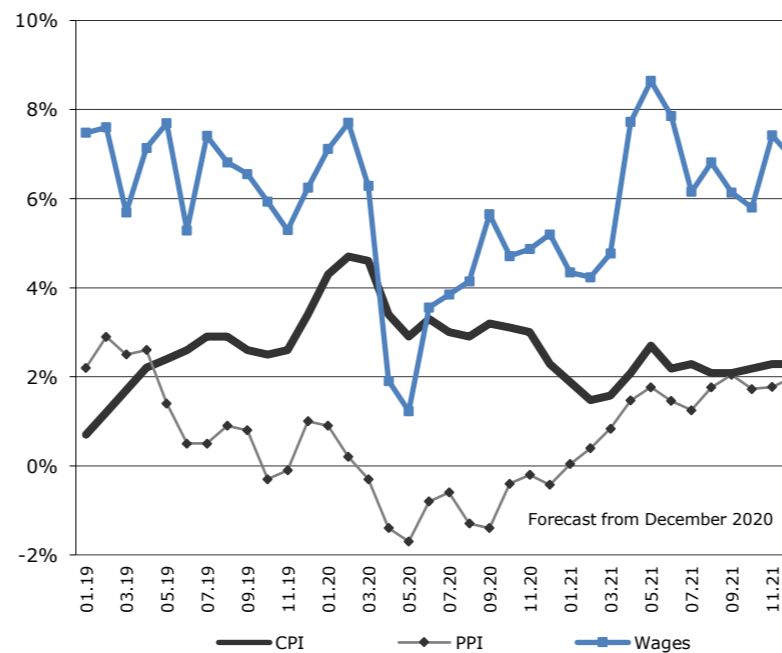
Labor activity



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 November, the number of registered unemployed increased by 7.3 thousand people up to 1025.7 thousand people. The unemployment rate did not change and amounted to 6.1%. A year ago, in November, the unemployment rate was 5.1%. The rise in unemployment in November is typical. Autumn brings an increase in unemployment related to a decrease in demand for seasonal works in construction, agriculture and tourist services.

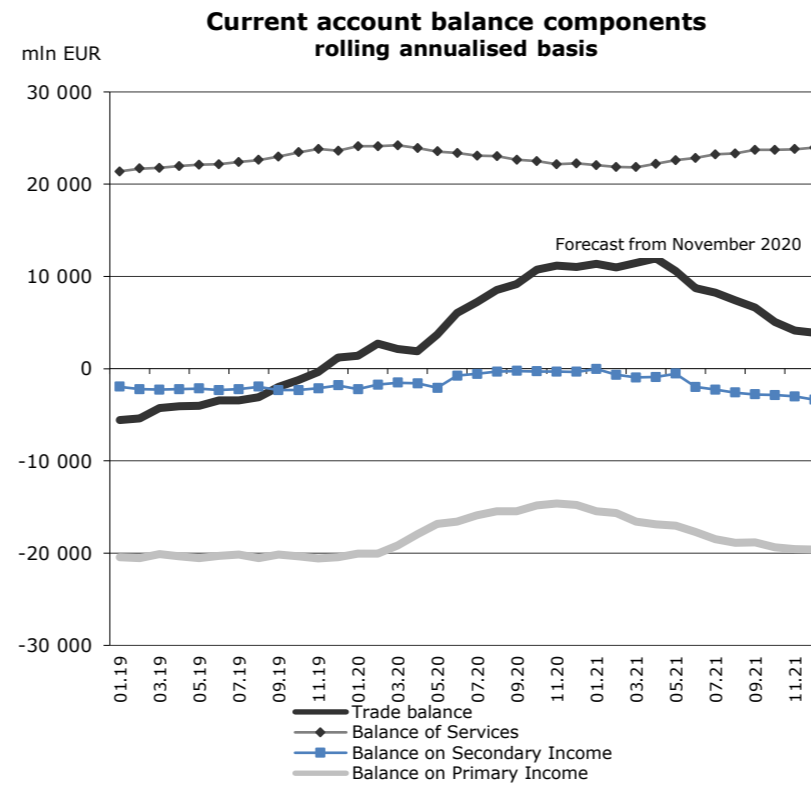
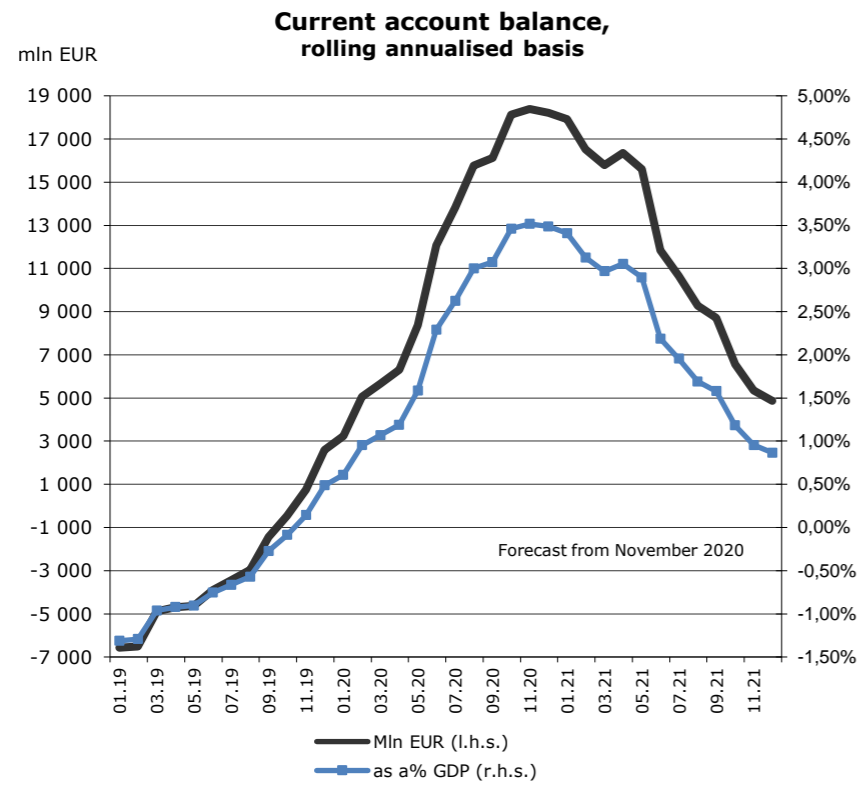
The number of employed persons in November amounted to 15,789 thousand. It was about 20.3 thousand people, i.e. 0.1% lower than last year.

In December, the number of employed persons may be similar to that recorded in November - assuming that the administration's actions referred to as the Anti-Crisis Shield are still effective. At the same time, the number of unemployed will probably increase to 1.06 million, and the unemployment rate to 6.3%. The peak of unemployment should come in February 2021, after which the situation on the labor market will gradually improve.

In November, the prices of consumer goods and services turned out to be 0.1% higher than in October. This result was as expected. Prices in the groups: communication, restaurants, hotels and other groups clearly increased. Prices also rose in the following groups: home use, education, home furnishings, recreation and culture, and health. Price drops were recorded in the following groups: clothing and footwear, food, transport. In November, the prices of consumer goods and services turned out to be 3.0% 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 in November have not changed. Industrial prices in November were 0.2% lower than in the previous year. In the period between January and November, industrial prices were on average 0.6% 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 November, the average salary in the enterprise sector amounted to PLN 5,484.07. So it was PLN 25.19 and 0.5% higher than in October. It was also PLN 254.63 and 4.9% higher than in November 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)	X 2019	IX 2020*	X 2020
Current account balance	243	1 072	2 241
Exports	22 138	21 109	22 965
Imports	21 992	19 871	21 233
Trade balance	146	1 238	1 732
Balance on Services	2 173	1 746	2 031
Balance on Primary Income	-2 004	-1 814	-1 404
Balance on Secondary Income	-72	-98	-118

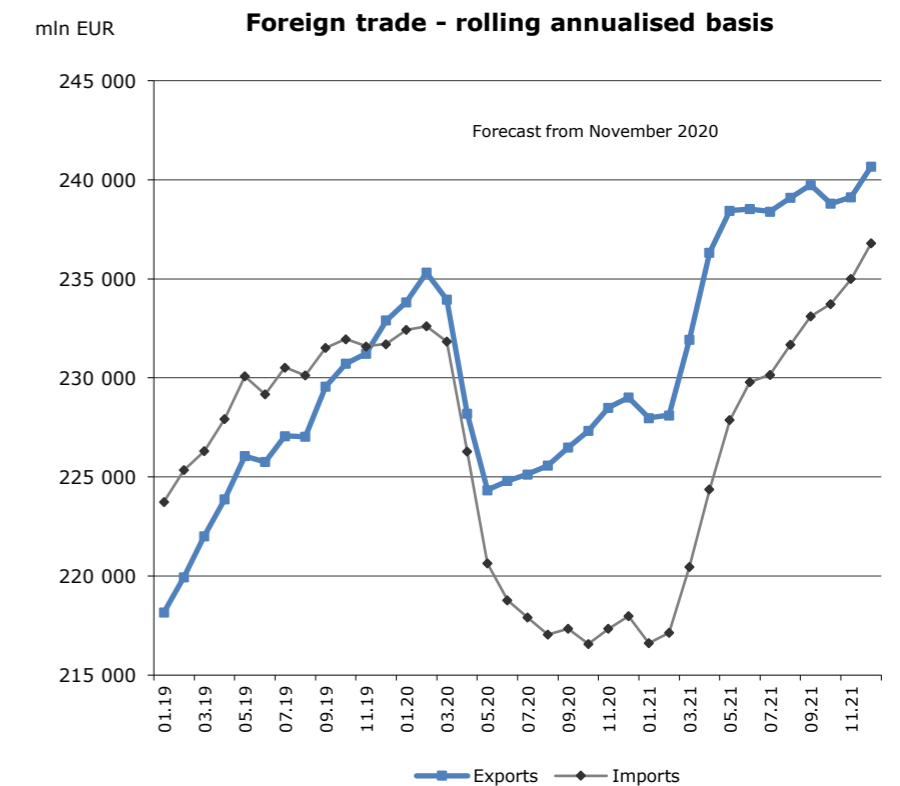
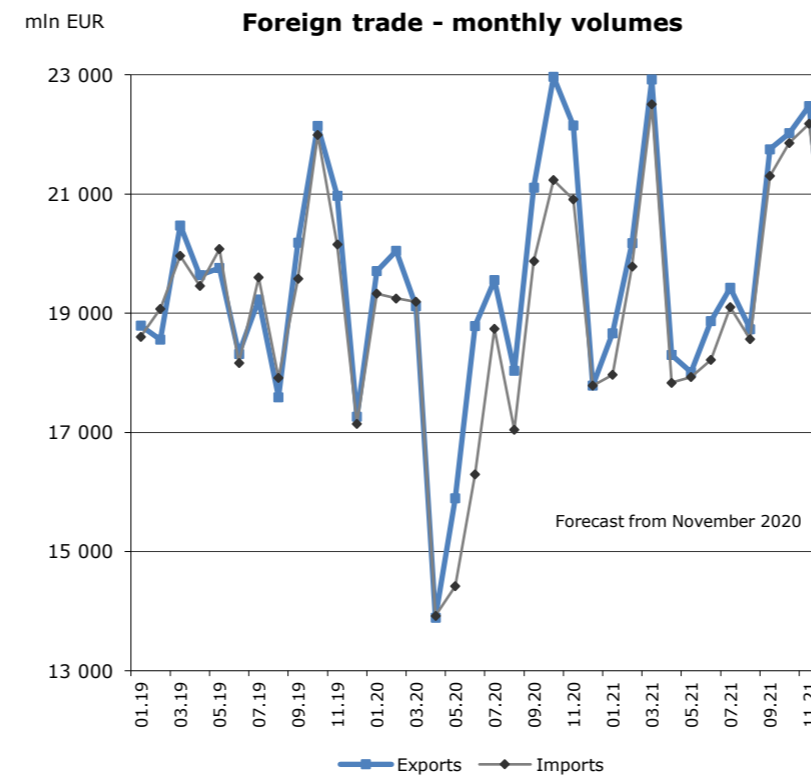
*Corrected data

In early December, the National Bank of Poland presented its estimated October balance of payments data. The current account balance in October 2020 was positive and amounted to EUR 2,241 million. In the previous month, there was a surplus of EUR 1,072 million (adjusted data). A year ago, a surplus of EUR 243 million was recorded.

After October, the current account balance was positive on an annual rolling basis and amounted to EUR 18,127 million. Its level in relation to GDP was 3.46%. In the last 12 months, the export of goods amounted to EUR 227 322 million, and the export of services amounted to EUR 57 743 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. The export of services is 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

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	05.2020	06.2020	07.2020	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021
International reserves, EUR million	119 444	115 058	116 101	116 822	119 127	122 589	120 499	124 114	124 486	125 109	126 360	127 118	128 516
International reserves in the months of import of goods and services	5,55	5,40	5,48	5,54	5,65	5,84	5,73	5,90	5,95	5,96	5,93	5,86	5,82
International reserves as a% of money supply	30,9%	29,4%	29,4%	29,5%	30,6%	31,8%	30,1%	31,2%	30,5%	30,2%	30,7%	30,6%	30,9%
Current account balance, EUR million, rolling annualised basis	8 381	12 075	13 823	15 769	16 129	18 127	18 389	18 216	17 922	16 524	15 788	16 352	15 607
Current account balance, as a% of GDP, rolling annualised basis	1,59%	2,29%	2,63%	3,00%	3,07%	3,46%	3,52%	3,49%	3,41%	3,12%	2,97%	3,05%	2,90%
Inflow of foreign direct investment - rolling annualised basis, EUR million	7 254	9 519	8 808	7 972	8 013	7 483	7 525	8 648	8 023	6 921	7 278	9 022	8 942
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-14 981	-16 817	-13 790	-12 614	-12 464	-19 125	-17 740	-16 627	-16 030	-18 520	-15 309	-8 552	-9 627

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Total external debt, EUR million	314 384	315 148	315 659	302 132	299 326	300 695	302 000	302 500	303 000	303 500	304 000	305 500	305 667
Long-term external debt, EUR million	184 513	182 160	179 367	175 737	170 536	170 819	169 000	168 750	168 500	168 250	168 000	167 750	167 500
Short-term external debt, EUR million	43 954	46 967	50 189	39 555	41 529	43 123	45 500	45 750	46 000	46 250	46 500	46 750	47 000
External debt - Direct investment debt instruments, EUR million	85 917	86 021	86 103	86 840	87 261	86 753	87 500	88 000	88 500	89 000	89 500	91 000	91 167
External debt as a% of GDP	61%	60%	59%	57%	57%	57%	58%	57%	56%	55%	54%	53%	52%
External debt as a% of export	139%	137%	136%	129%	133%	133%	132%	130%	127%	127%	126%	126%	122%
International reserves as a% of total external debt	33%	35%	36%	36%	38%	40%	41%	42%	43%	43%	44%	45%	44%
International reserves as a% of short-term external debt	235%	235%	228%	278%	277%	276%	273%	276%	281%	285%	288%	293%	286%

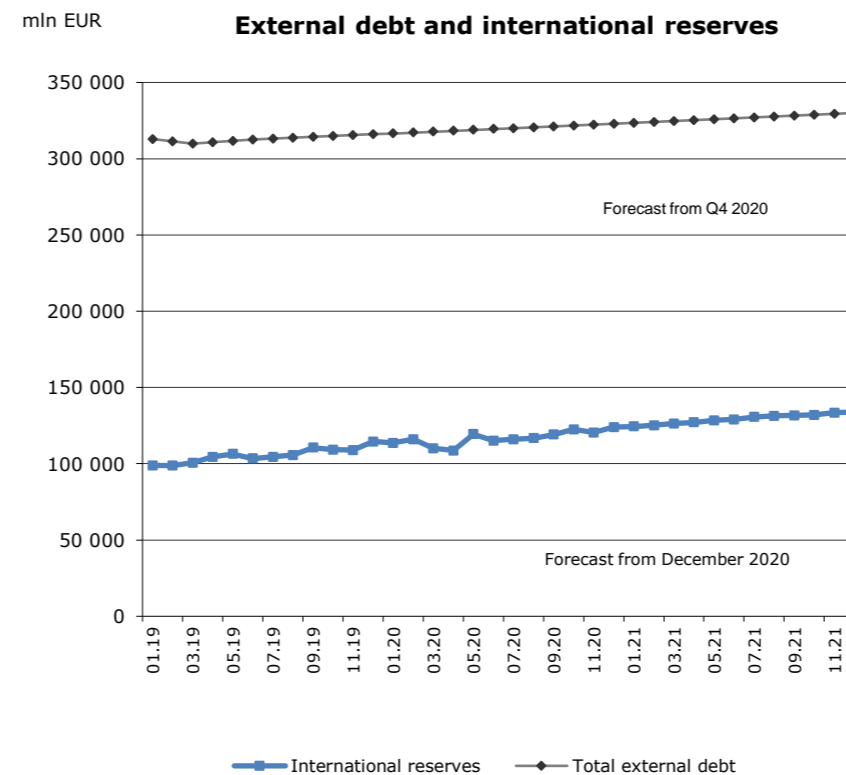
The current account has been positive in recent months. In the last 12 months, it was comparable to 3,46% of GDP.

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.

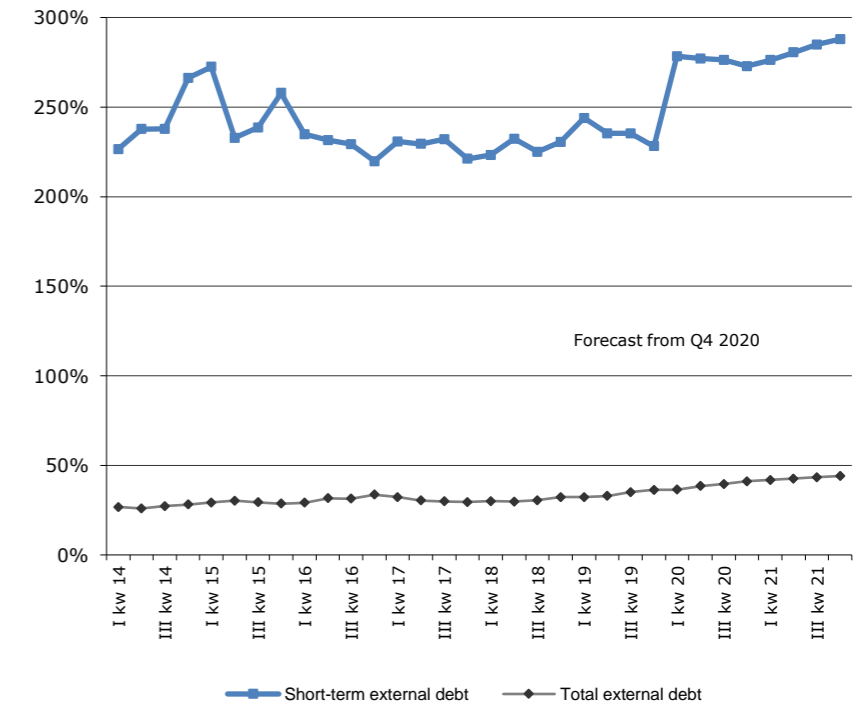
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.73 months of imports of goods and services), money supply (30,8%) and external debt (40,7%).

Foreign debt is growing slowly. 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.

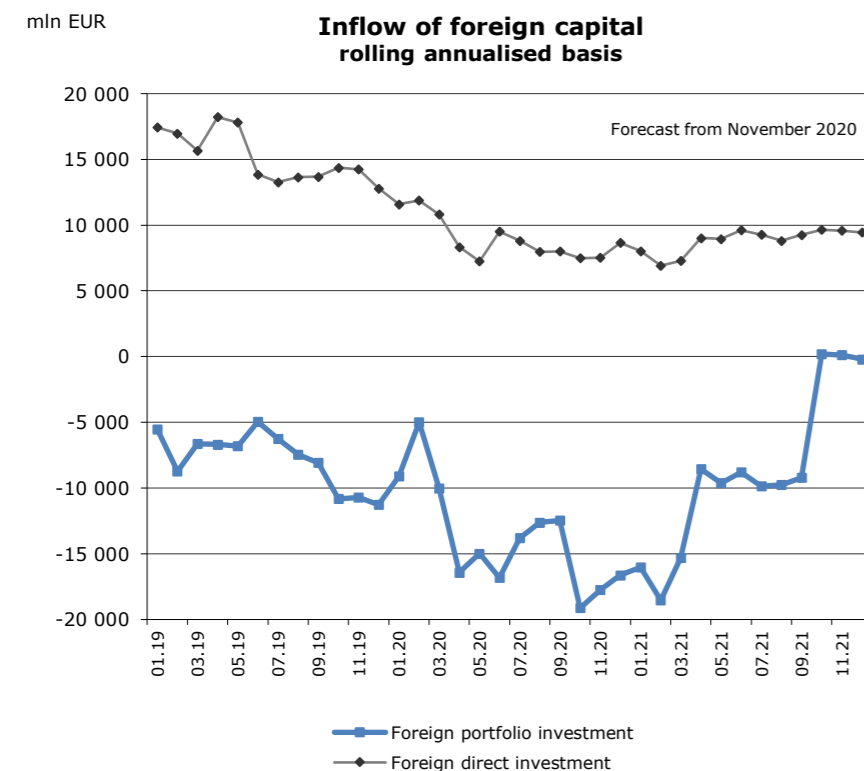
External debt and international reserves



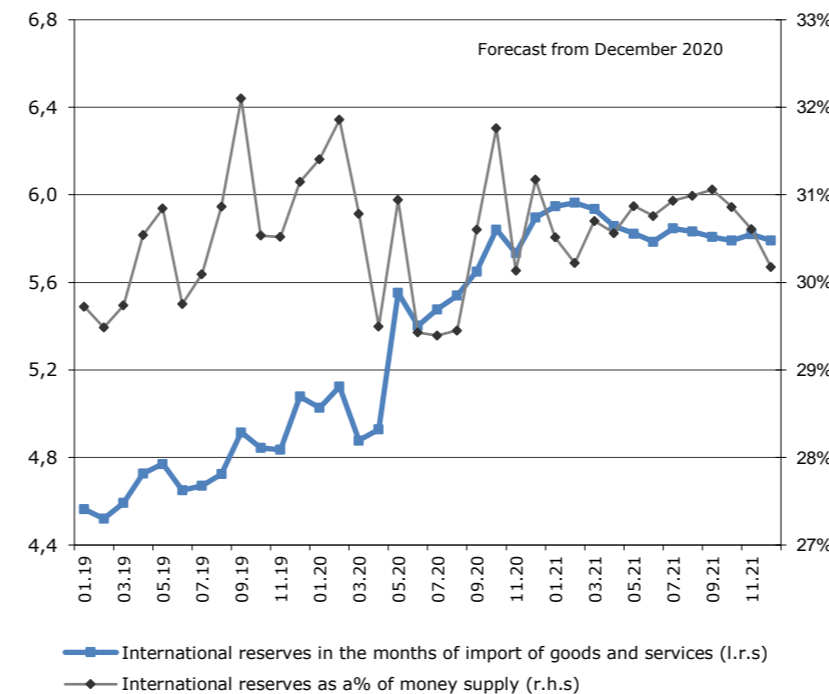
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

