



Monthly Macroeconomic Review

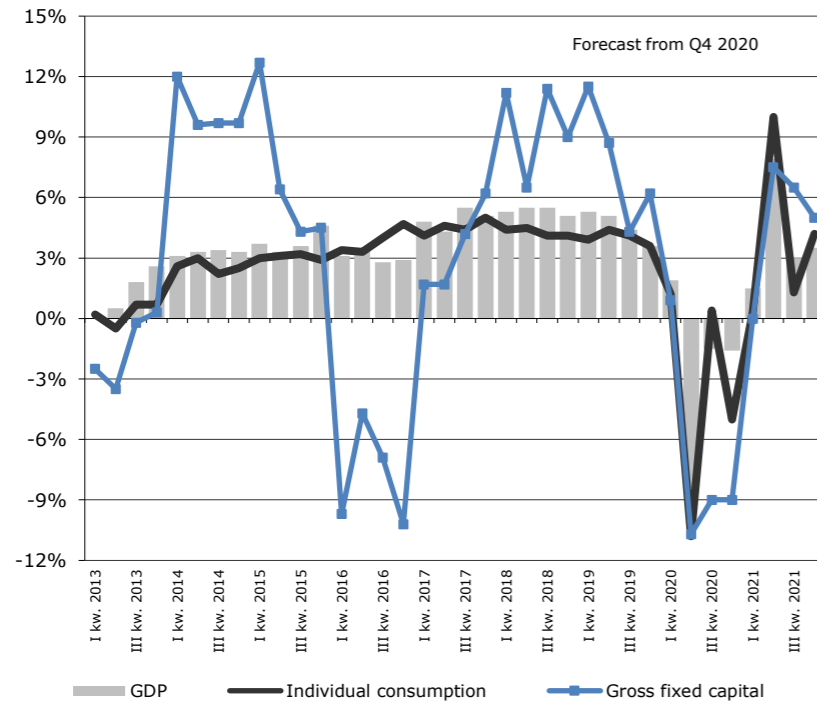
Prepared by
Polish Chamber of Commerce

Updated on 29/01/2021

Monthly macroeconomic indicators								Macroeconomic forecast					
	06.2020	07.2020	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021
Industrial sales, % real change, y/y	0,5%	1,1%	1,5%	5,9%	1,0%	5,4%	11,2%	4,3%	5,9%	18,1%	24,9%	11,6%	2,1%
Construction, % real change, y/y	-2,4%	-10,9%	-12,1%	-9,8%	-5,9%	-4,9%	3,4%	-6,6%	0,0%	8,9%	7,4%	6,7%	10,9%
Retail sales, % nominal change, y/y	-1,9%	2,7%	0,4%	2,7%	-2,1%	-5,3%	-0,8%	-1,5%	-3,5%	13,8%	30,9%	11,5%	4,8%
Consumer prices, % change, y/y	3,3%	3,0%	2,9%	3,2%	3,1%	3,0%	2,4%	2,2%	1,8%	1,9%	2,4%	2,9%	2,4%
Producer prices, % change, y/y	-0,8%	-0,6%	-1,3%	-1,4%	-0,4%	-0,2%	0,0%	0,6%	1,0%	1,5%	2,3%	2,6%	2,2%
Wages - enterprise sector, % nominal change, y/y	3,6%	3,8%	4,1%	5,6%	4,7%	4,9%	6,6%	5,2%	5,0%	4,7%	7,6%	8,5%	7,8%
Wages - enterprise sector, PLN	5 286	5 382	5 338	5 372	5 459	5 484	5 974	5 556	5 594	5 746	5 688	5 557	5 696
Registered unemployment rate	6,1%	6,1%	6,1%	6,1%	6,1%	6,1%	6,2%	6,4%	6,5%	6,4%	6,2%	6,3%	6,3%
Number of registered unemployed persons, thousand	1 027	1 030	1 028	1 024	1 018	1 026	1 046	1 086	1 100	1 088	1 050	1 068	1 065
Current account balance, EUR million	3 175	625	1 093	1 517	2 356	1 725	105	2 624	-146	238	1 471	1 416	191
Current account balance, EUR million, rolling annualised basis	11 022	12 383	14 147	14 952	17 065	17 608	17 640	17 508	16 262	15 695	16 343	16 199	13 216

Quarterly macroeconomic indicators								Macroeconomic forecast					
	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%	-1,6%	1,5%	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%	-5,0%	0,3%	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%	-9,0%	0,0%	7,5%	6,5%	5,0%	2,0%

GDP components in terms of demand - y / y

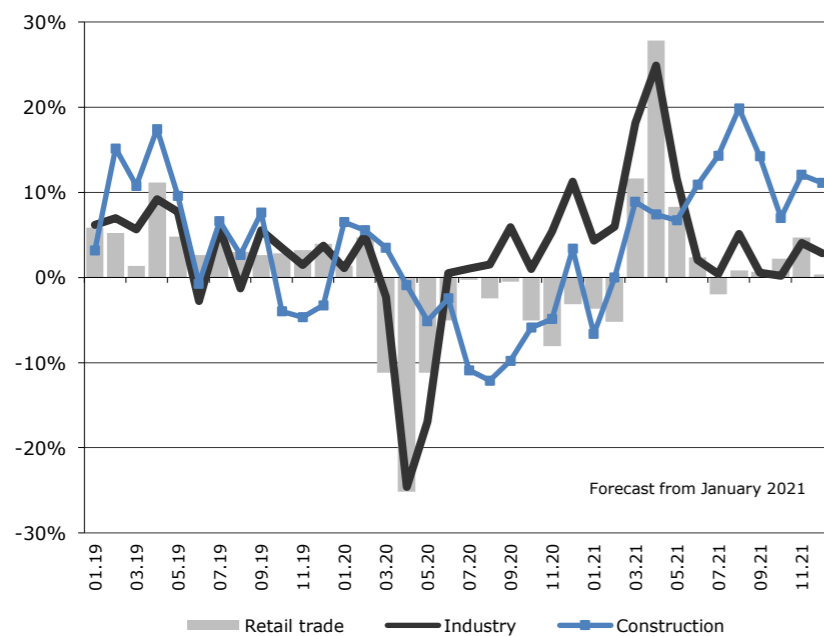


The Central Statistical Office published data on GDP dynamics throughout 2020. GDP decreased by -2.8% y / y as compared to the increase from 2019 by 4.5% y / y. The decline turned out to be close to the one currently expected by the market. It was definitely smaller than expected in spring.

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, part of the economy was closed again.

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, the rapid improvement in economic activity did not continue in the fourth quarter. Throughout 2020, GDP in real terms will contract by 2.8%. In nominal terms, GDP amounted to PLN 2,326 billion (EUR 523 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 2,484 billion (EUR 564 billion).

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



In December, industrial production decreased in real terms by 4.4%. The decline was seasonal. The decline was smaller than a year ago. The annual production dynamics improved to 11.2% from 5.4% in November. The industrial results in December were better than expected.

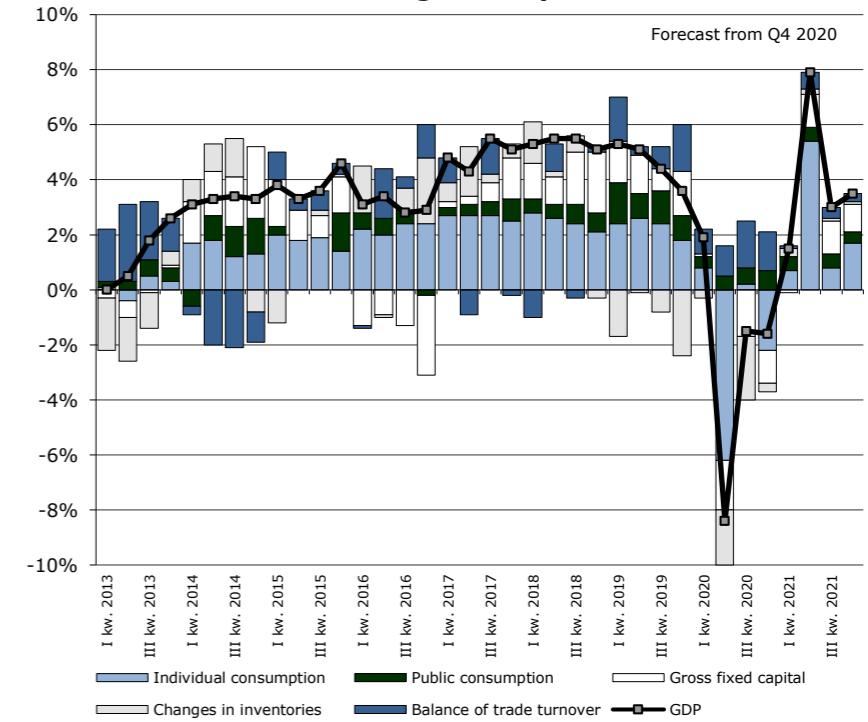
In December, construction and assembly production turned out to be 34.4% higher in real terms than in November. Strong sales growth is typical in December. The annual dynamics of construction and assembly production improved from negative -4.9% in November to positive 3.4% in December. Construction results in December were slightly better than expected.

Retail sales in December in nominal terms turned out to be 20.0% higher than in November. The increase was seasonal. The annual sales dynamics improved from negative -5.3% in November to negative -0.8% in December. The results show the fall freezing of the economy. December's results were better than expected.

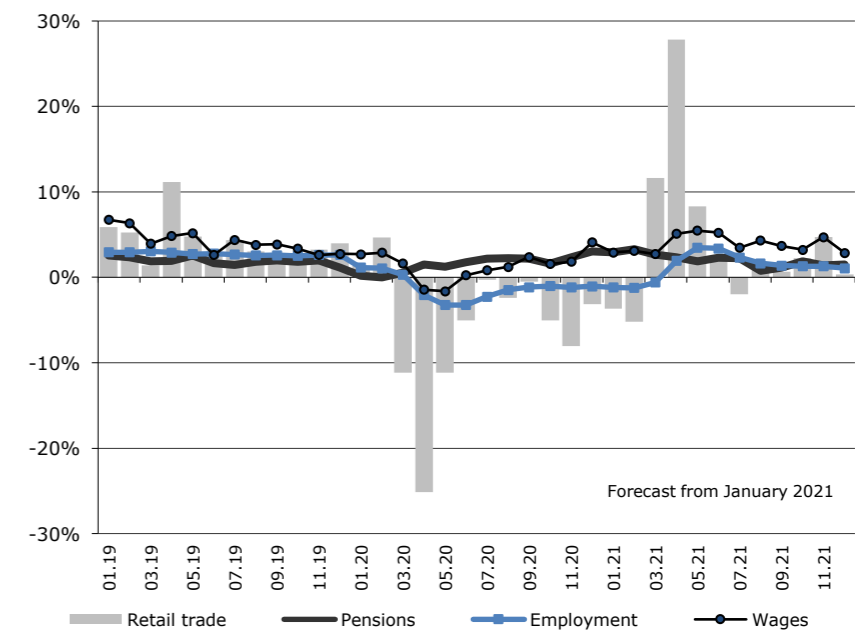
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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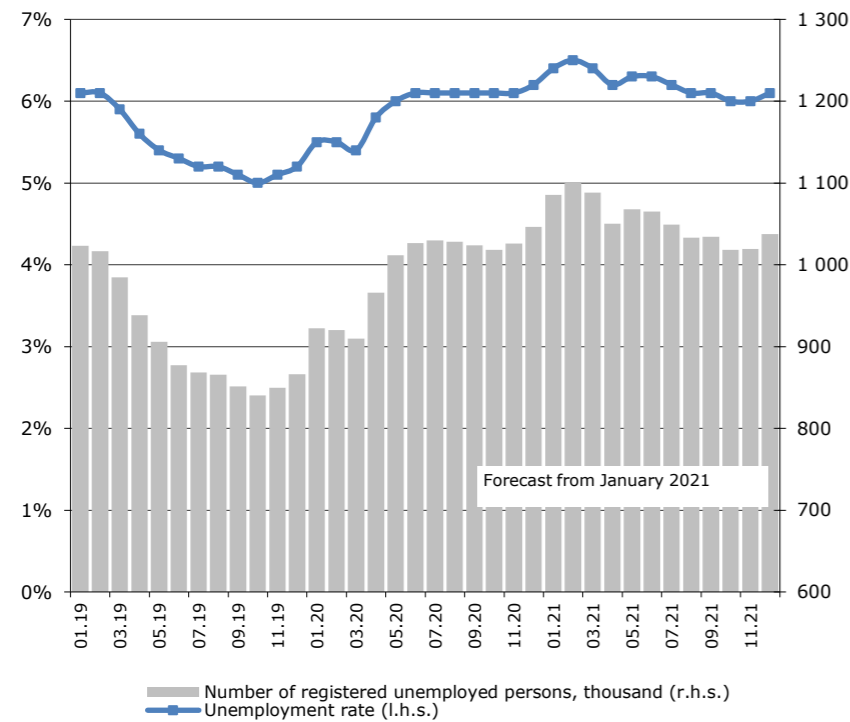
Scale of impact of GDP demand components on economic growth dynamics



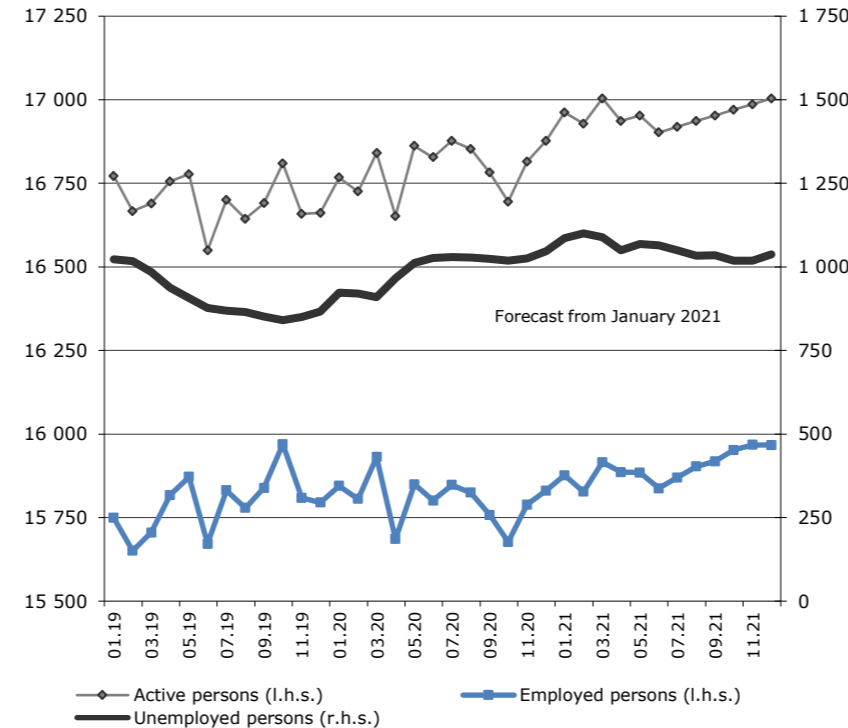
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



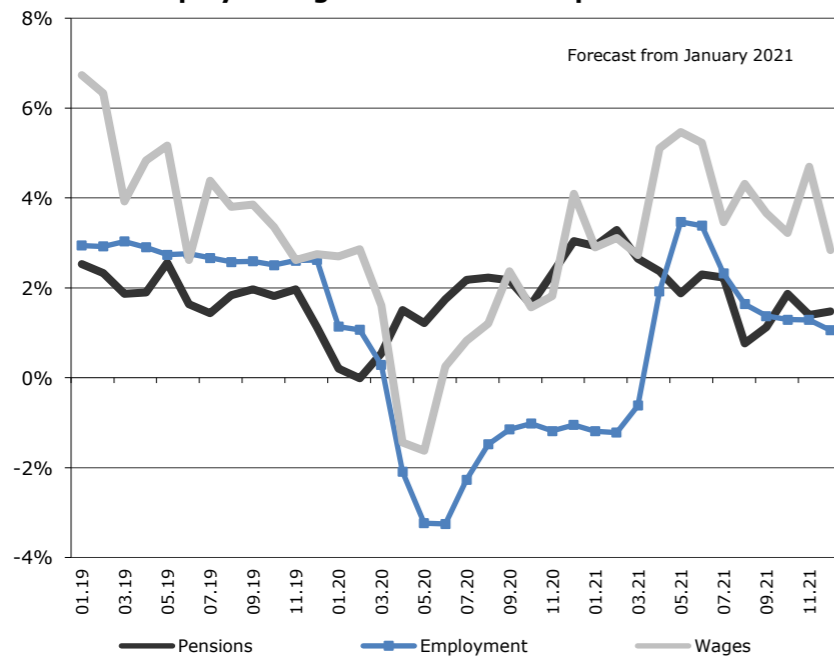
Registered unemployment



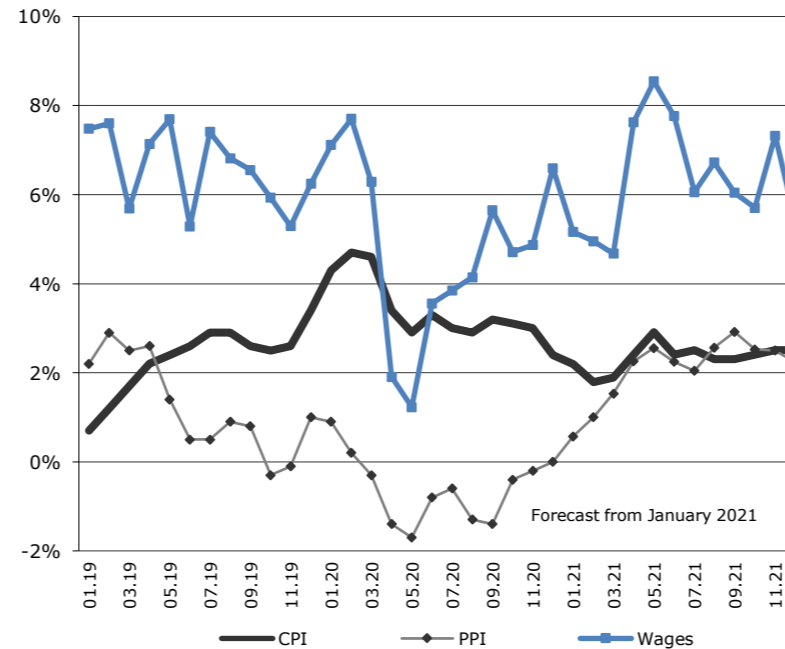
Labor activity



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 December, the number of registered unemployed increased by 20.7 thousand people up to 1046.4 thousand people. The unemployment rate increased by 0.1 percentage point and was 6.2%. A year ago, in December, the unemployment rate was 5.2%. The rise in unemployment in December is typical. Autumn brings an increase in unemployment related to a decrease in demand for seasonal works in construction, agriculture and tourist services.

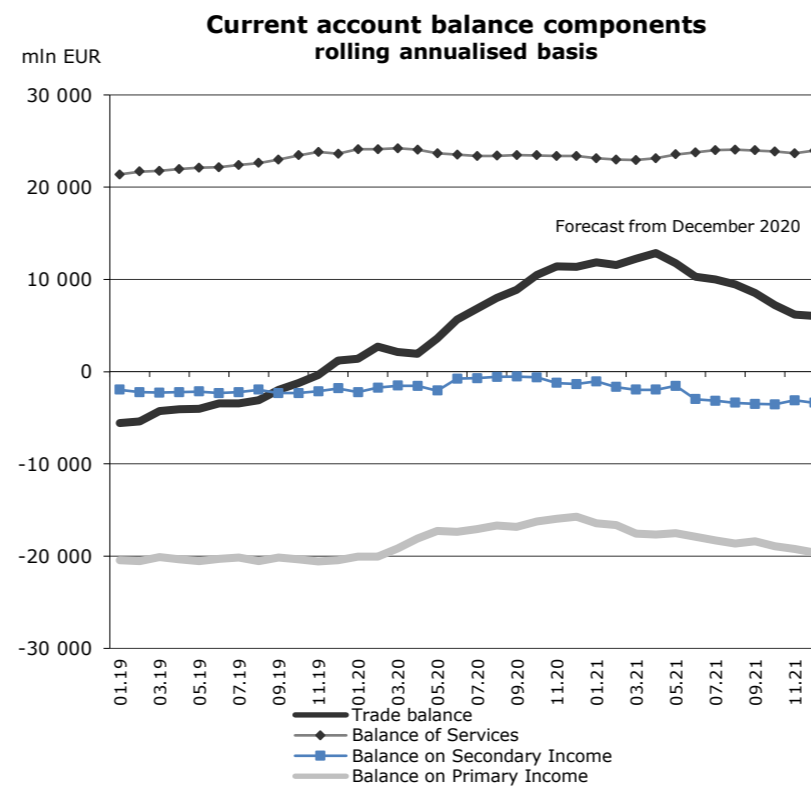
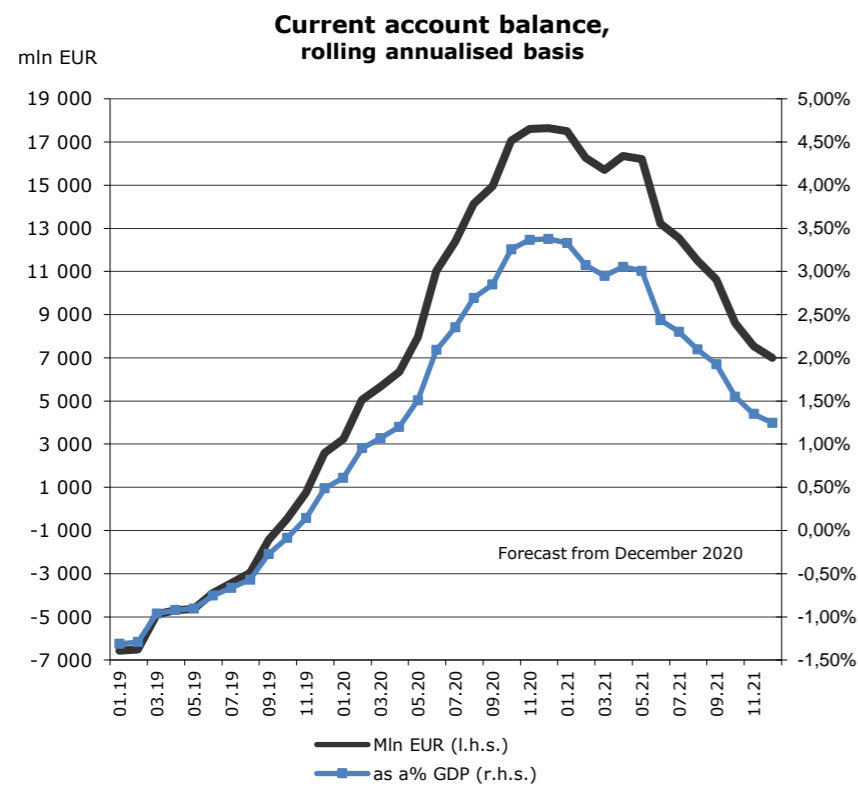
The number of employed persons in December amounted to 15,831 thousand. It was about 35.9 thousand people, i.e. 0.2% higher than last year.

In the first months of 2021, the situation on the labor market will worsen due to seasonal reasons. The number of unemployed will probably increase to 1.10 million and the unemployment rate to 6.5%. In spring and summer, unemployment will decline.

In December, the prices of consumer goods and services turned out to be 0.1% higher than in November. This result was as expected. Prices in the transport group increased significantly. Prices also rose in the following groups: recreation and culture, housing, health, restaurants and hotels. The prices in the groups: food, home furnishings, education have not changed. Price drops were recorded in the following groups: clothing and footwear, communications and others. In December, the prices of consumer goods and services turned out to be 2.4% higher than in the previous year. In the following months, the annual inflation rate is expected to decline to 1.8% in February.

Industrial prices rose by 0.2% in December. Industrial prices in December were on average the same as in the previous year. In the period between January and December, 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 December, the average salary in the enterprise sector amounted to PLN 5,973.75. It was thus PLN 489.68 and 8.9% higher than in November. It was also PLN 369.50 and 6.6% higher than in December of the previous year. The increase in December is seasonal. 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)	XI 2019	X 2020*	XI 2020
Current account balance	1 182	2 356	1 725
Exports	20 970	22 988	22 965
Imports	20 149	21 233	21 209
Trade balance	821	1 755	1 756
Balance on Services	2 417	2 167	2 353
Balance on Primary Income	-2 100	-1 426	-1 806
Balance on Secondary Income	44	-140	-578

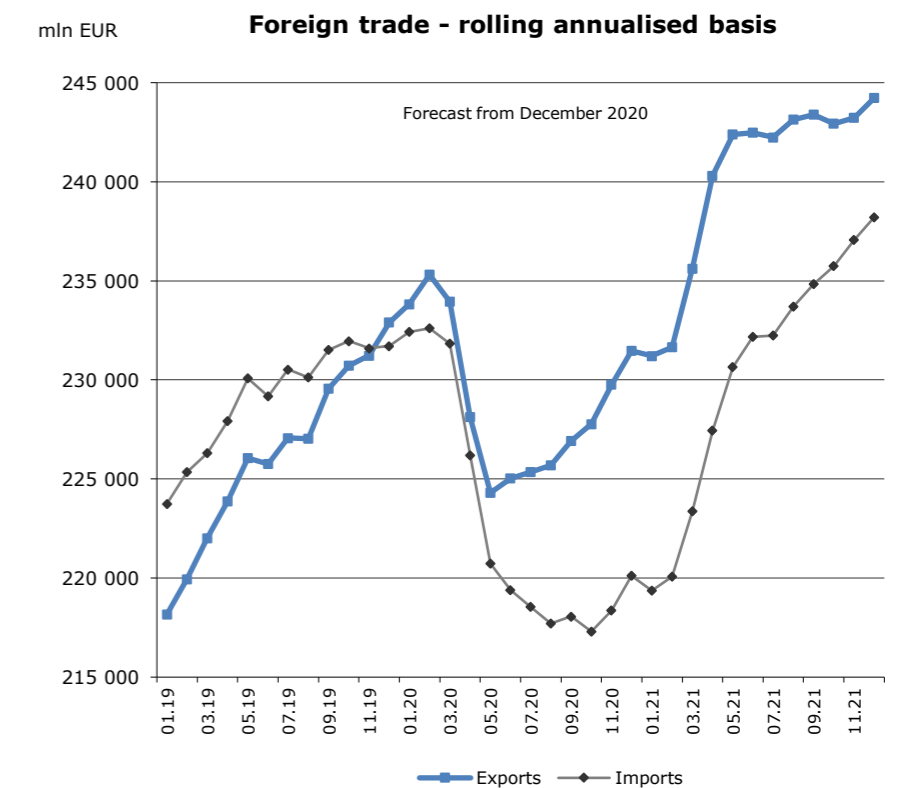
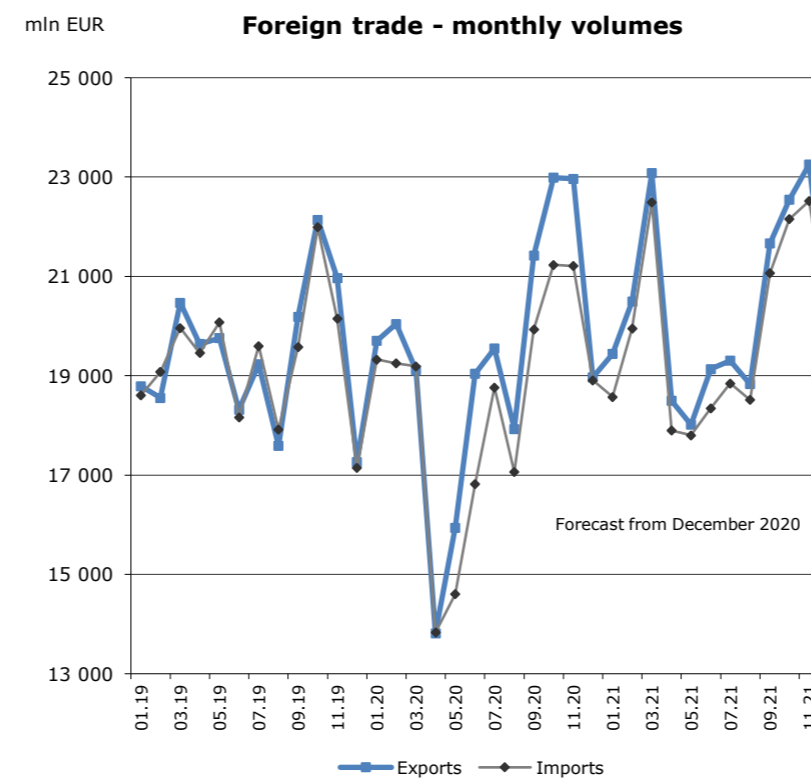
*Corrected data

In early January, the National Bank of Poland presented estimated data on the balance of payments in November. The current account balance in November 2020 was positive and amounted to EUR 1,725 million. In the previous month, there was a surplus of EUR 2,356 million (adjusted data). A year ago, a surplus of EUR 1,182 million was recorded.

After November, the current account balance on a rolling year basis was positive and amounted to EUR 17,608 million. Its level in relation to GDP was 3.37%. In the last 12 months, exports of goods amounted to EUR 229,767 million, and exports of services amounted to EUR 58,058 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 44% 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 indicators do not differ significantly from those recorded before the beginning of the crisis.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	06.2020	07.2020	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021
International reserves, EUR million	115 058	116 101	116 822	119 127	122 589	120 499	125 622	125 450	127 432	128 536	129 308	130 730	131 253
International reserves in the months of import of goods and services	5,40	5,48	5,54	5,65	5,84	5,73	5,97	5,99	6,07	6,04	5,96	5,92	5,89
International reserves as a% of money supply	29,4%	29,4%	29,5%	30,6%	31,8%	30,1%	31,8%	31,4%	31,6%	32,0%	31,9%	31,9%	31,8%
Current account balance, EUR million, rolling annualised basis	11 022	12 383	14 147	14 952	17 065	17 608	17 640	17 508	16 262	15 695	16 343	16 199	13 216
Current account balance, as a% of GDP, rolling annualised basis	2,09%	2,35%	2,69%	2,85%	3,26%	3,37%	3,38%	3,33%	3,07%	2,95%	3,05%	3,01%	2,44%
Inflow of foreign direct investment - rolling annualised basis, EUR million	10 282	9 906	9 653	9 880	9 512	9 120	10 243	9 618	8 516	8 873	10 740	10 293	10 438
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-16 799	-13 772	-12 559	-12 393	-19 142	-11 258	-10 145	-9 548	-12 038	-8 827	-2 089	-3 164	-2 343

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%	130%	128%	125%	125%	124%	126%	122%
International reserves as a% of total external debt	33%	35%	36%	36%	38%	40%	42%	42%	43%	44%	45%	46%	45%
International reserves as a% of short-term external debt	235%	235%	228%	278%	277%	276%	276%	281%	285%	290%	293%	298%	290%

The current account has been positive in recent months. In the last 12 months, it was comparable to 3,37% 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 (5.97 months of imports of goods and services), money supply (31,8%) and external debt (41,6%).

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.

