



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/03/2021

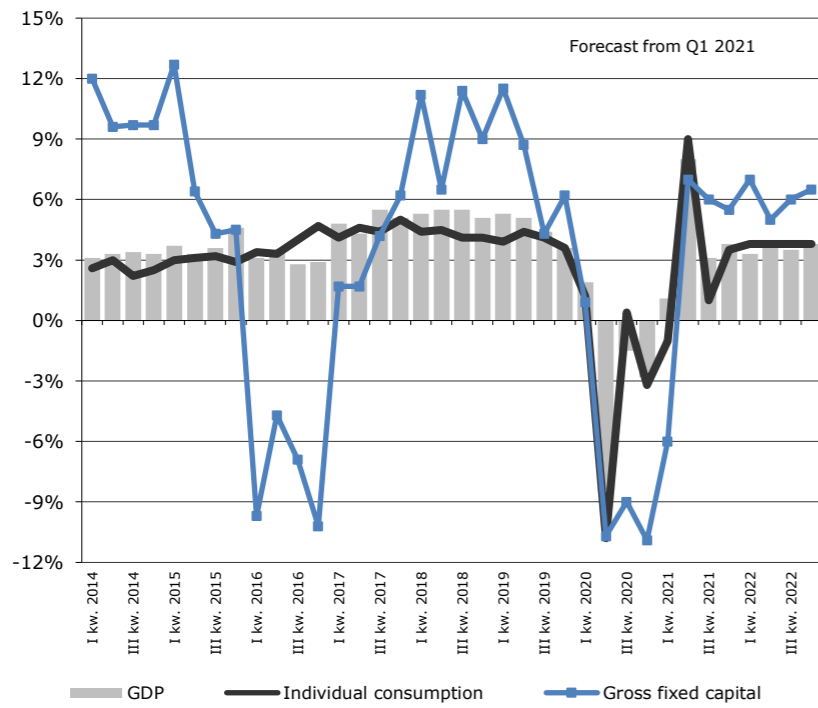
Macroeconomic forecast

Monthly macroeconomic indicators	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021
Industrial sales, % real change, y/y	1,5%	5,9%	1,0%	5,4%	11,2%	0,9%	2,7%	15,1%	24,9%	11,6%	3,0%	1,4%	5,1%
Construction, % real change, y/y	-12,1%	-9,8%	-5,9%	-4,9%	3,4%	-10,0%	-16,9%	-7,5%	-7,1%	-4,9%	1,1%	7,3%	14,6%
Retail sales, % nominal change, y/y	0,4%	2,7%	-2,1%	-5,3%	-0,8%	-6,0%	-2,7%	14,7%	30,7%	11,3%	4,6%	0,3%	3,0%
Consumer prices, % change, y/y	2,9%	3,2%	3,1%	3,0%	2,4%	2,6%	2,4%	3,2%	3,5%	3,9%	3,3%	3,3%	3,1%
Producer prices, % change, y/y	-1,3%	-1,4%	-0,4%	-0,2%	0,1%	1,0%	2,0%	2,8%	3,7%	4,0%	3,6%	3,2%	3,7%
Wages - enterprise sector, % nominal change, y/y	4,1%	5,6%	4,7%	4,9%	6,6%	4,8%	4,5%	4,2%	7,1%	8,0%	7,3%	5,6%	6,2%
Wages - enterprise sector, PLN	5 338	5 372	5 459	5 484	5 974	5 537	5 569	5 719	5 662	5 532	5 670	5 681	5 670
Registered unemployment rate	6,1%	6,1%	6,1%	6,1%	6,2%	6,5%	6,5%	6,4%	6,2%	6,3%	6,3%	6,2%	6,1%
Number of registered unemployed persons, thousand	1 028	1 024	1 018	1 026	1 046	1 090	1 100	1 086	1 049	1 067	1 065	1 050	1 034
Current account balance, EUR million	1 273	1 330	2 307	1 956	477	3 258	744	674	1 447	1 442	663	252	560
Current account balance, EUR million, rolling annualised basis	14 745	15 363	17 427	18 201	18 605	19 331	18 337	18 275	19 005	18 892	16 221	15 824	15 110

Macroeconomic forecast

Quarterly macroeconomic indicators	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
Gross domestic product , % real change y/y	5,1%	4,4%	3,6%	1,9%	-8,4%	-1,5%	-2,8%	1,1%	8,0%	3,1%	3,8%	3,3%	3,9%
Individual consumption , % real change y/y	4,4%	4,1%	3,6%	1,2%	-10,8%	0,4%	-3,2%	-1,0%	9,0%	1,0%	3,5%	3,8%	3,8%
Gross fixed capital , % real change y/y	8,7%	4,3%	6,2%	0,9%	-10,7%	-9,0%	-10,9%	-6,0%	7,0%	6,0%	5,5%	7,0%	5,0%

GDP components in terms of demand - y / y

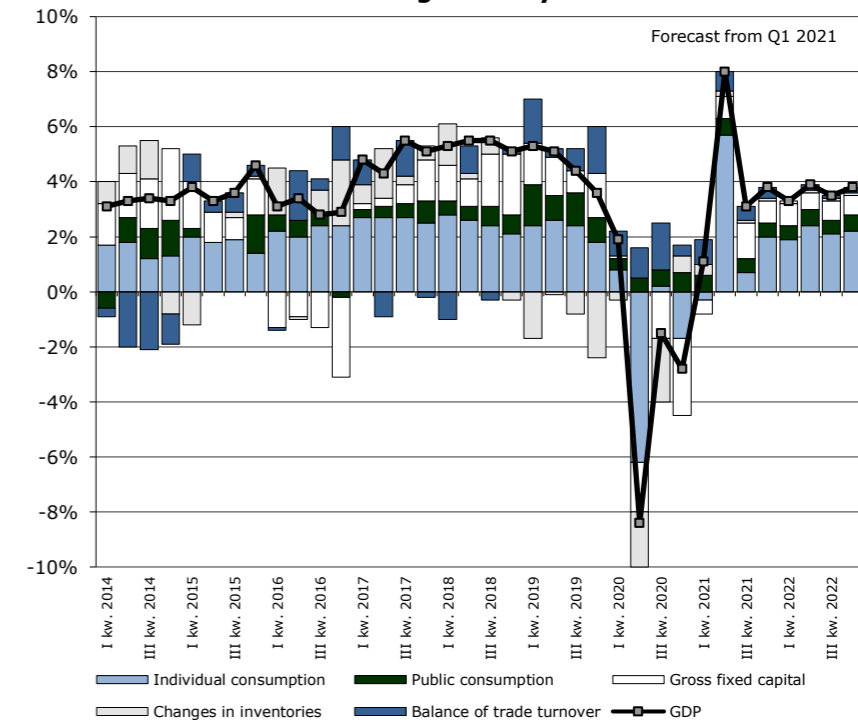


The Central Statistical Office published data on GDP dynamics in the fourth quarter of 2020. GDP decreased by -2.8% y / y against a decrease of 1.5% y / y in the third quarter. The decline turned out to be close to what the market expected. In the entire year 2020, GDP in real terms will contract by 2.7%. In nominal terms, GDP amounted to PLN 2,317 billion (EUR 521 billion).

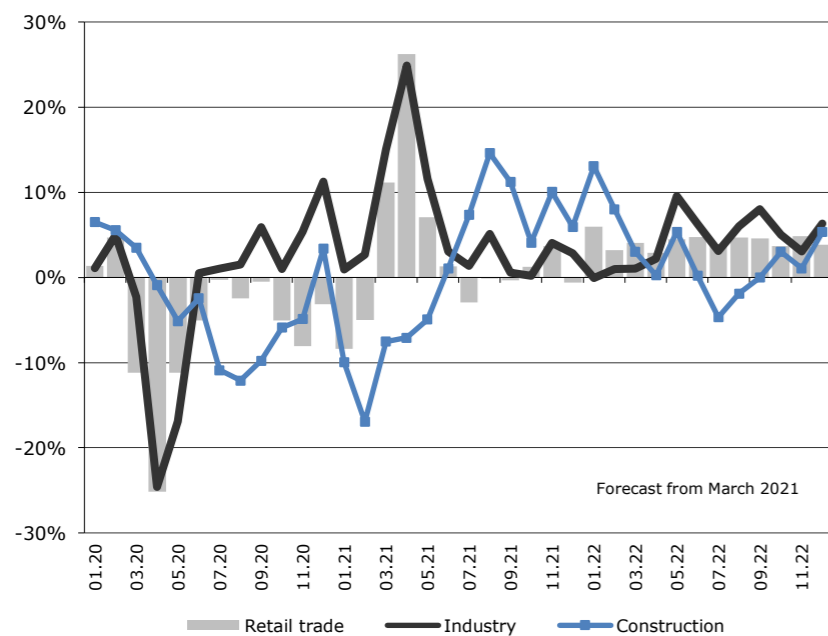
Slight economic growth could be achieved in the first quarter of 2021. Its scale was limited by another wave of restrictions in the economy (see services and trade). In the following quarters, the growth rate will be high (especially in the second quarter) due to the base effects from a year ago.

Throughout 2021, economic growth may turn out to be high, amounting to around 4.0%. The nominal GDP will reach PLN 2,493 billion (EUR 547 billion).

Scale of impact of GDP demand components on economic growth dynamics



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

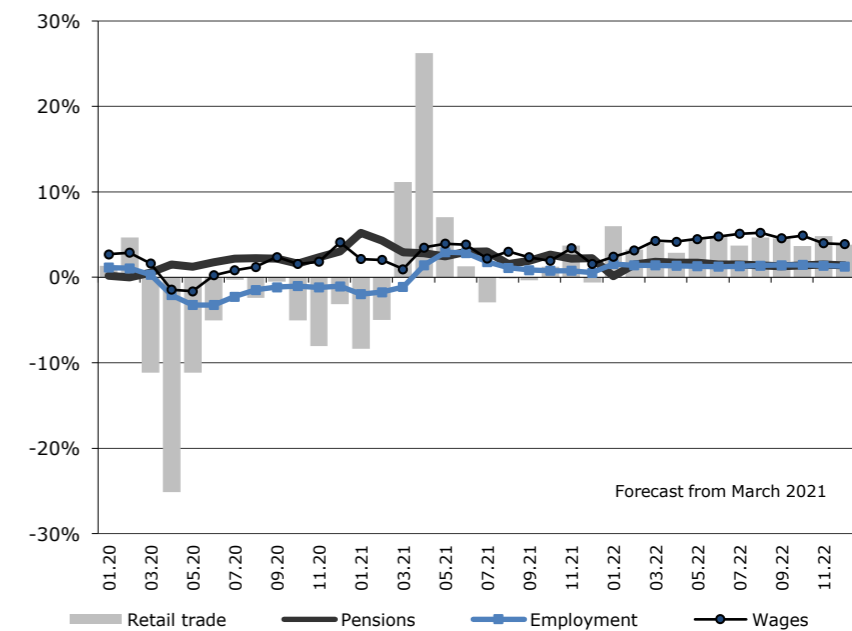


In February, industrial production increased by 4.3% in real terms. The increase was not of a seasonal nature. The increase was greater than in the previous year. The annual dynamics of production improved to 2.7% from 0.9% in January. The industry's results in February were worse than expected.

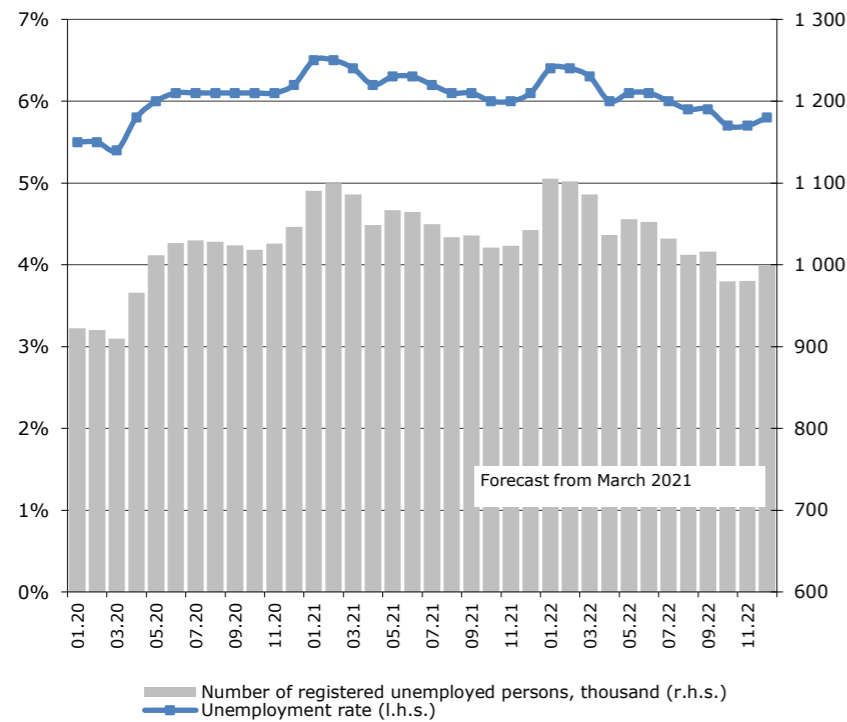
In February, construction and assembly production turned out to be 5.5% higher in real terms than in January. A marked increase in sales is typical in February. The annual dynamics of construction and assembly production deteriorated from negative -10.0% in January to negative -16.9% in February. Construction results in February were clearly worse than expected.

Retail sales in February in nominal terms turned out to be 4.0% higher than in January. The increase was seasonal. The annual sales dynamics improved from negative -6.0% in January to negative -2.7% in February. The results still show a re-freezing of the economy. February's results were better than expected.

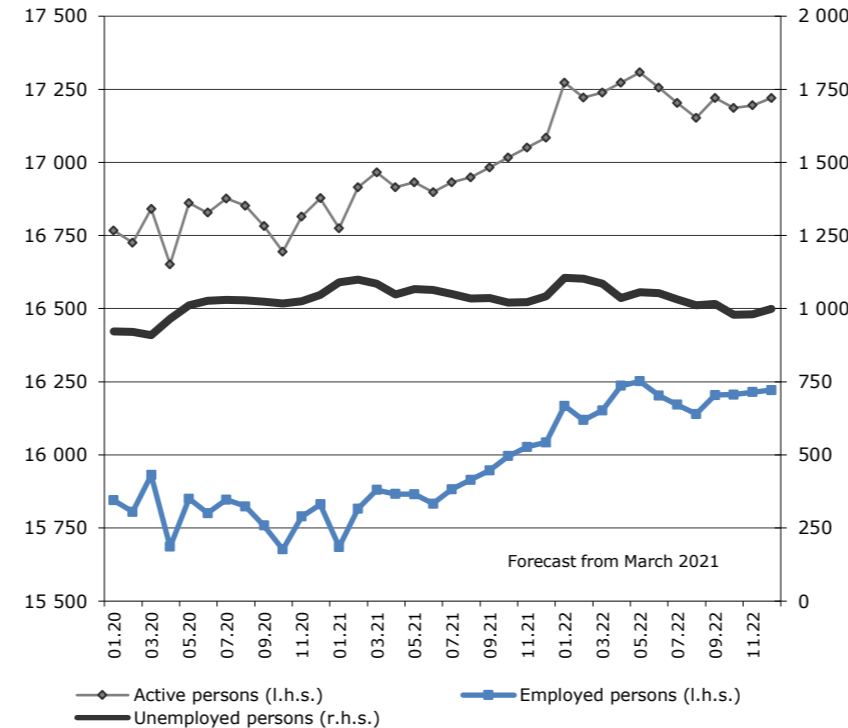
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

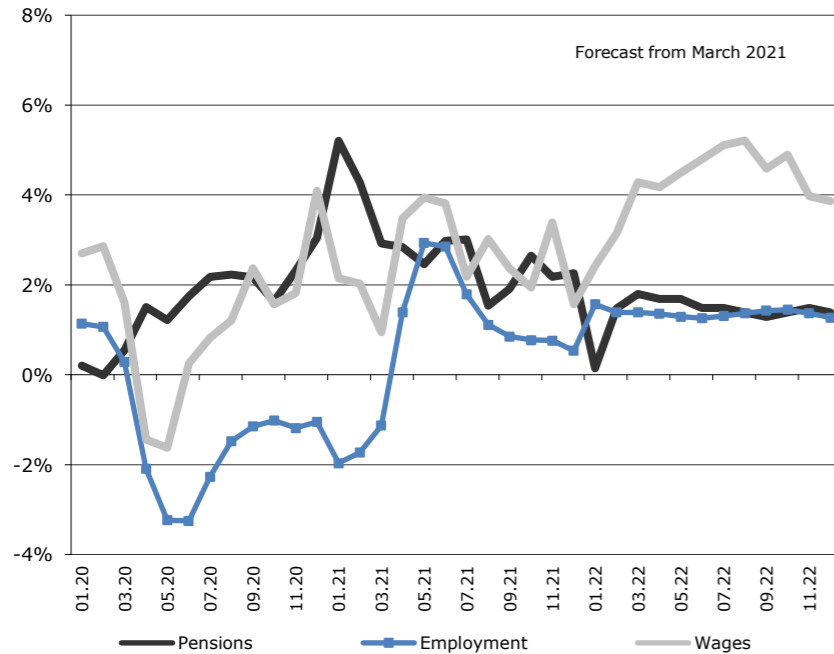


In February, the number of registered unemployed increased by 9.1 thousand people up to 1099.5 thousand people. The unemployment rate was the same as in January and amounted to 6.5%. A year ago, in February, the unemployment rate was 5.5%. Stabilization of unemployment in February at an elevated level is typical. The beginning of the year brings an increase in unemployment related to a decrease in demand for seasonal works in construction, agriculture and tourist services.

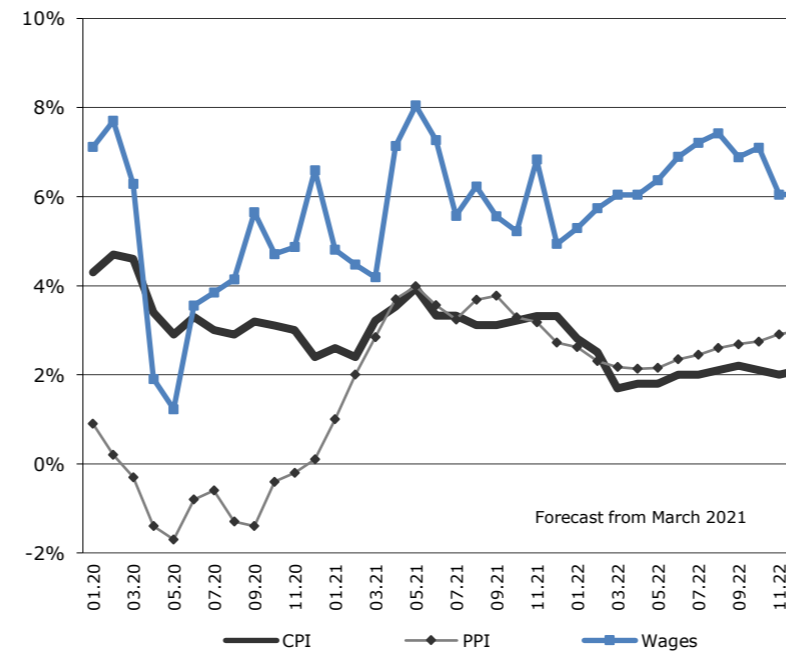
The number of employed in February amounted to 15,815 thousand. It was about 10 thousand people, i.e. 0.07% lower than last year.

In spring and summer, unemployment will decline. In autumn, the unemployment rate will be 6.0%, and the number of unemployed will be less than 1,020,000. At the end of the year, the unemployment rate will increase to 6.1% and the number of the unemployed will increase to 1,040,000 people.

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



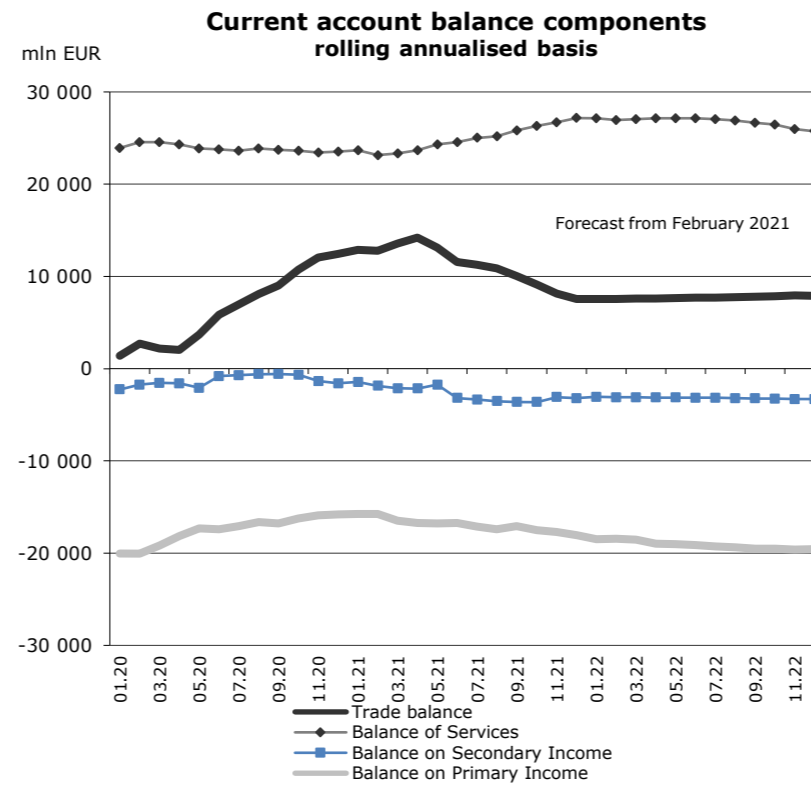
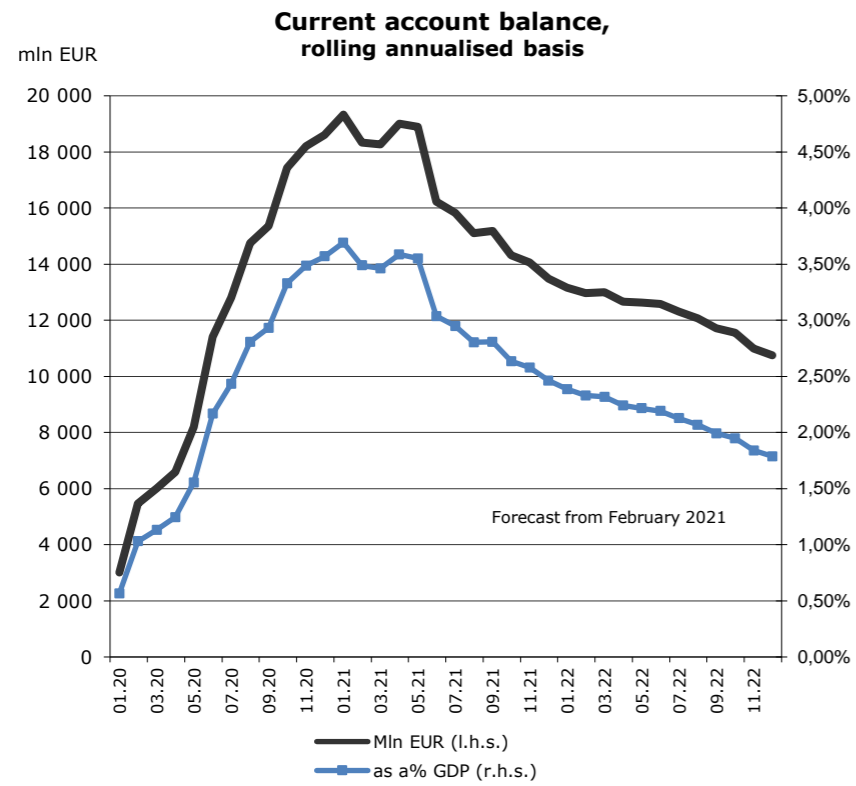
CPI, PPI, Wages - y / y



In February, the prices of consumer goods and services turned out to be 0.5% higher than in January. This result was lower than expected. Prices in the transport, recreation and culture, and food groups increased significantly. In February, the prices of consumer goods and services turned out to be 2.4% higher than in the previous year. The annual inflation rate is expected to increase in the coming months.

Industrial prices rose by 0.8% in February. Industrial prices in February were on average 2.0% higher than a year ago. In the period of January-December 2020, 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 February, the average wage in the enterprise sector amounted to PLN 5,568.82. It was thus PLN 32.02 and 0.6% higher than in January. It was also PLN 238.34 and 4.5% higher than in February of the previous year. The wage growth recorded in February 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)	I 2020	XII 2020*	I 2021
Current account balance	2 532	477	3 258
Exports	19 732	19 788	19 149
Imports	19 349	19 277	18 304
Trade balance	383	511	845
Balance on Services	2 253	1 653	2 367
Balance on Primary Income	560	-1 395	574
Balance on Secondary Income	-664	-292	-528

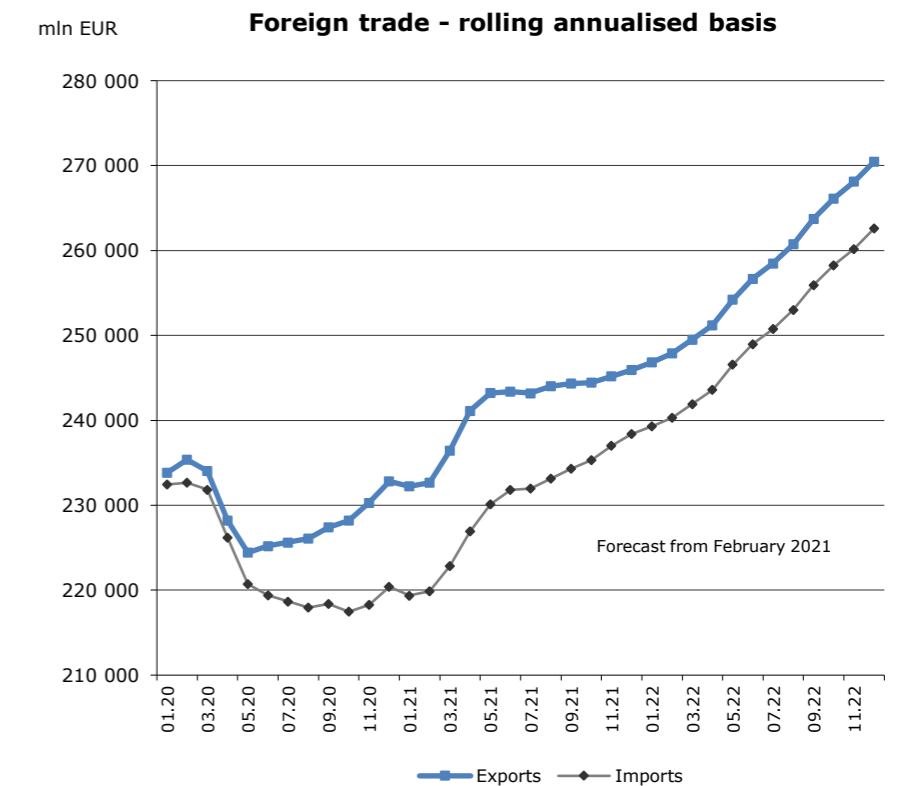
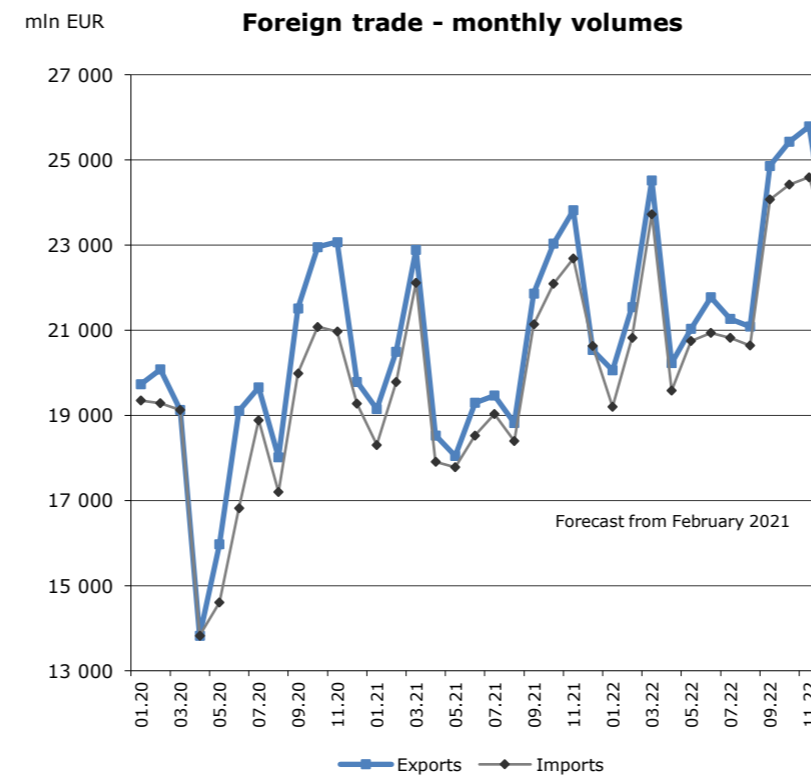
*Corrected data

In early March, the National Bank of Poland presented its estimated January balance of payments data. The current account balance in January 2020 was positive and amounted to EUR 3,258 million. In the previous month, there was a surplus of EUR 430 million (adjusted data). A year ago, a surplus of EUR 2,756 million was recorded.

After January, the current account balance was positive on an annual rolling basis and amounted to EUR 18,858 million. Its level in relation to GDP was 3.59%. In the last 12 months, exports of goods amounted to EUR 232,249 million, and exports of services amounted to EUR 58,430 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	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021
International reserves, EUR million	116 822	119 127	122 589	120 499	125 622	129 832	134 764	133 417	134 217	134 888	135 428	137 188	137 874
International reserves in the months of import of goods and services	5,52	5,63	5,82	5,70	5,90	6,13	6,37	6,24	6,16	6,12	6,09	6,17	6,17
International reserves as a% of money supply	29,5%	30,6%	31,8%	30,1%	31,8%	32,4%	33,1%	33,7%	33,6%	33,5%	33,4%	33,5%	33,4%
Current account balance, EUR million, rolling annualised basis	14 745	15 363	17 427	18 201	18 605	19 331	18 337	18 275	19 005	18 892	16 221	15 824	15 110
Current account balance, as a% of GDP, rolling annualised basis	2,81%	2,93%	3,33%	3,49%	3,57%	3,69%	3,49%	3,46%	3,59%	3,55%	3,04%	2,95%	2,80%
Inflow of foreign direct investment - rolling annualised basis, EUR million	10 630	10 926	12 239	11 572	11 228	10 508	9 430	9 327	11 140	10 636	10 718	10 049	8 873
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-12 589	-12 431	-19 101	-11 066	-10 456	-9 347	-11 837	-8 626	-1 888	-2 963	-2 142	-3 202	-3 113

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Total external debt, EUR million	315 148	315 659	303 432	300 115	301 572	302 987	302 500	303 000	303 500	304 000	305 500	305 667	306 310
Long-term external debt, EUR million	182 160	179 367	175 924	170 703	171 032	169 151	168 750	168 500	168 250	168 000	167 750	167 500	167 250
Short-term external debt, EUR million	46 967	50 189	39 583	41 538	43 111	47 984	45 750	46 000	46 250	46 500	46 750	47 000	47 250
External debt - Direct investment debt instruments, EUR million	86 021	86 103	87 925	87 874	87 429	85 852	88 000	88 500	89 000	89 500	91 000	91 167	91 810
External debt as a% of GDP	60%	59%	57%	57%	58%	58%	57%	57%	56%	56%	54%	53%	52%
External debt as a% of export	137%	136%	130%	133%	133%	130%	128%	124%	124%	124%	122%	119%	116%
International reserves as a% of total external debt	35%	36%	36%	38%	40%	41%	44%	45%	46%	46%	47%	46%	47%
International reserves as a% of short-term external debt	235%	228%	278%	277%	276%	262%	292%	294%	299%	302%	307%	300%	303%

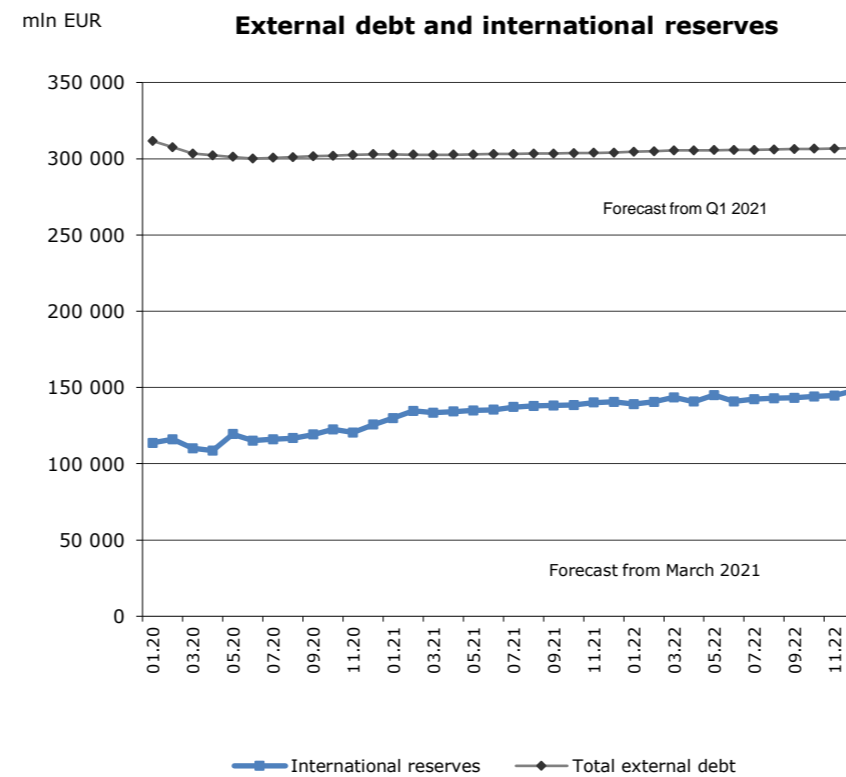
The current account has been positive in recent months. In the last 12 months, it was comparable to 3,59% of GDP.

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.

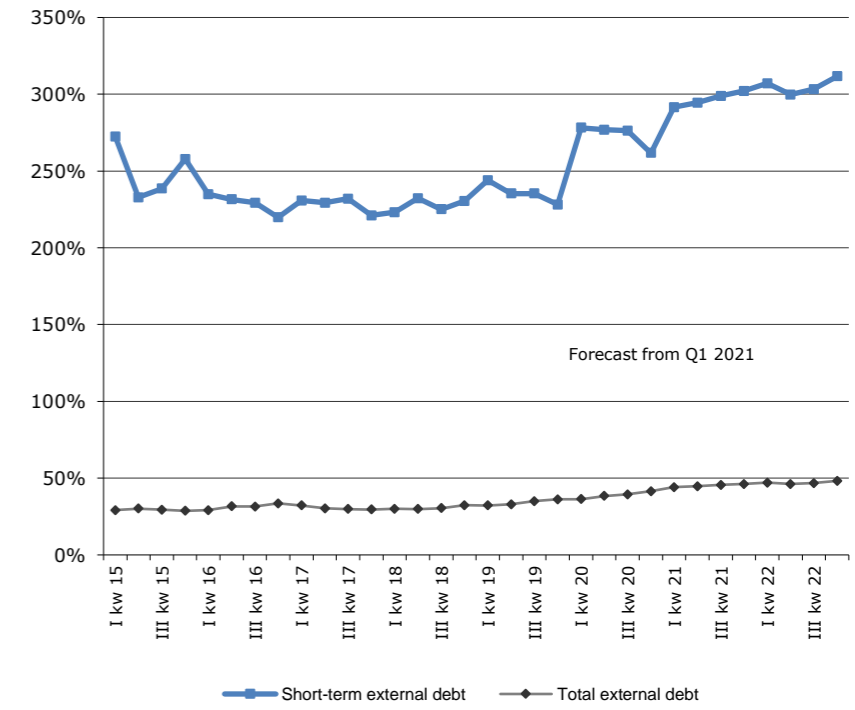
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (6.37 months of imports of goods and services), money supply (33,1%) and external debt (43,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 58%) and goods exports (currently 130%) is declining. The ratio of external debt to GDP and exports is low.

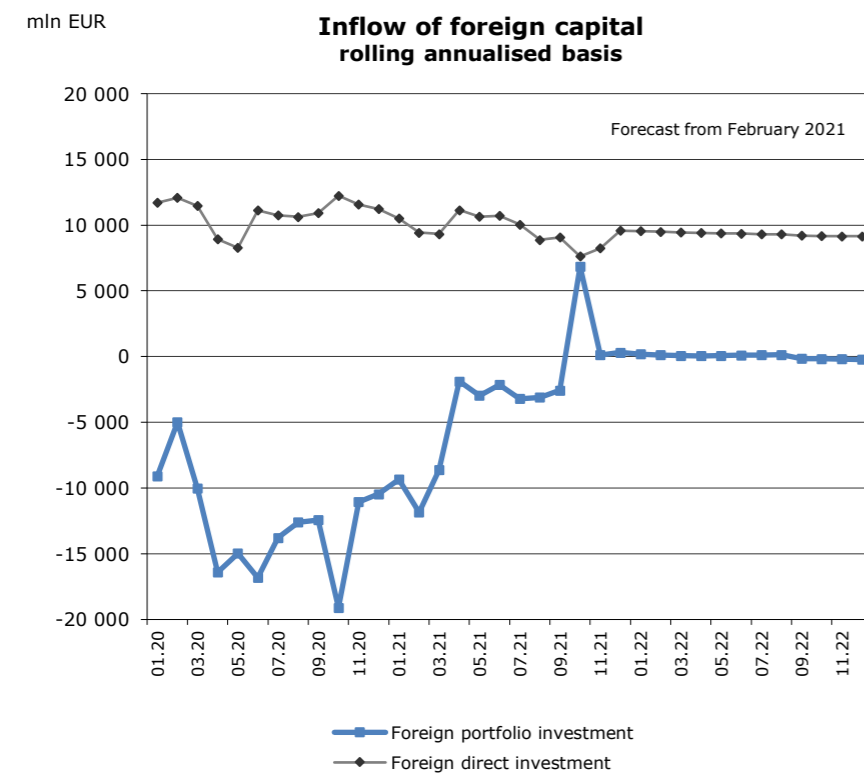
External debt and international reserves



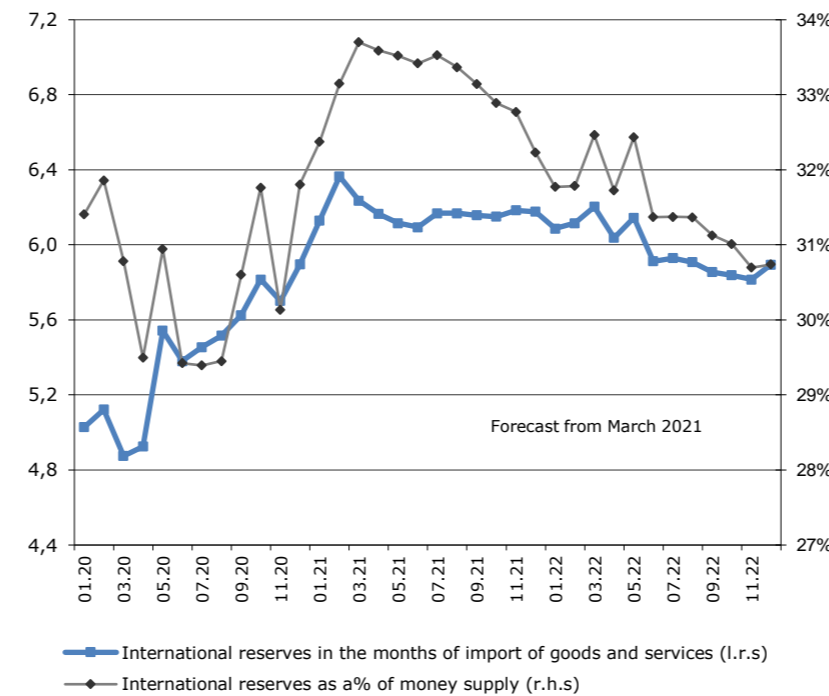
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

