



Monthly Macroeconomic Review

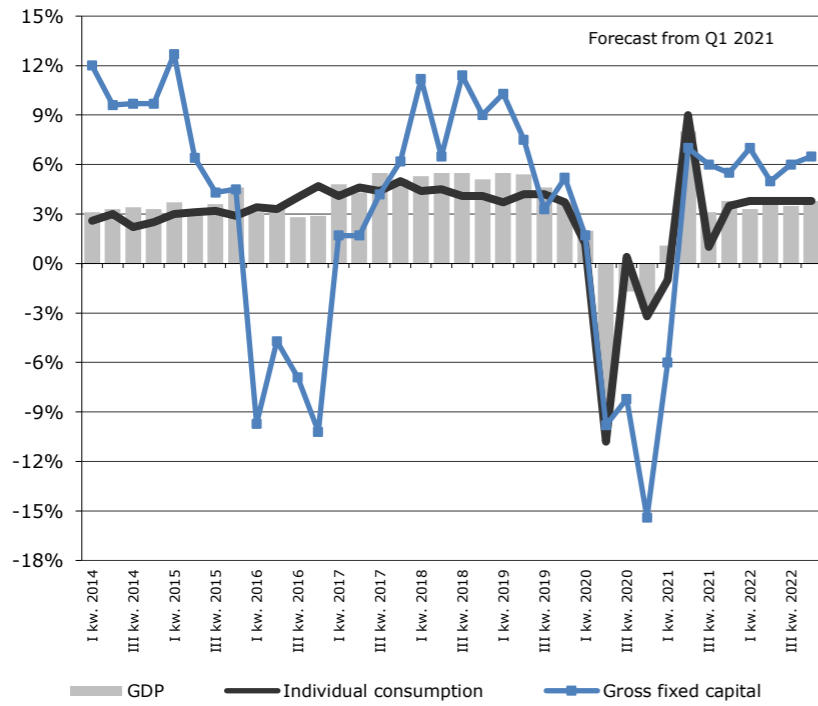
Prepared by
Polish Chamber of Commerce

Updated on 30/04/2021

Monthly macroeconomic indicators								Macroeconomic forecast					
	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021
Industrial sales, % real change, y/y	5,9%	1,0%	5,4%	11,2%	0,9%	2,7%	18,9%	29,9%	13,5%	2,1%	1,4%	4,6%	0,1%
Construction, % real change, y/y	-9,8%	-5,9%	-4,9%	3,4%	-10,0%	-16,9%	-10,8%	-11,1%	-9,8%	-3,8%	3,4%	12,5%	9,2%
Retail sales, % nominal change, y/y	2,7%	-2,1%	-5,3%	-0,8%	-6,0%	-2,7%	17,1%	31,4%	14,2%	7,4%	2,9%	4,6%	4,4%
Consumer prices, % change, y/y	3,2%	3,1%	3,0%	2,4%	2,6%	2,4%	3,2%	3,7%	4,4%	3,8%	3,9%	3,7%	3,7%
Producer prices, % change, y/y	-1,4%	-0,4%	-0,2%	0,1%	1,0%	2,2%	3,9%	4,8%	5,1%	4,7%	4,5%	4,9%	5,0%
Wages - enterprise sector, % nominal change, y/y	5,6%	4,7%	4,9%	6,6%	4,8%	4,5%	8,0%	7,9%	7,8%	7,1%	5,9%	6,3%	5,6%
Wages - enterprise sector, PLN	5 372	5 459	5 484	5 974	5 537	5 569	5 929	5 704	5 521	5 659	5 699	5 676	5 670
Registered unemployment rate	6,1%	6,1%	6,1%	6,2%	6,5%	6,5%	6,4%	6,2%	6,2%	6,2%	6,1%	6,1%	6,1%
Number of registered unemployed persons, thousand	1 024	1 018	1 026	1 046	1 090	1 100	1 078	1 041	1 042	1 038	1 024	1 024	1 026
Current account balance, EUR million	1 330	2 307	1 956	477	3 341	1 619	772	1 457	1 451	635	169	362	1 148
Current account balance, EUR million, rolling annualised basis	15 363	17 427	18 201	18 605	19 414	19 295	19 331	20 072	19 967	17 269	16 788	15 877	15 695

Quarterly macroeconomic indicators								Macroeconomic forecast					
	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	5,4%	4,6%	3,7%	2,0%	-8,3%	-1,7%	-2,7%	1,1%	8,0%	3,1%	3,8%	3,3%	3,9%
Individual consumption , % real change y/y	4,2%	4,2%	3,7%	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	7,5%	3,3%	5,2%	1,7%	-9,8%	-8,2%	-15,4%	-6,0%	7,0%	6,0%	5,5%	7,0%	5,0%

GDP components in terms of demand - y / y

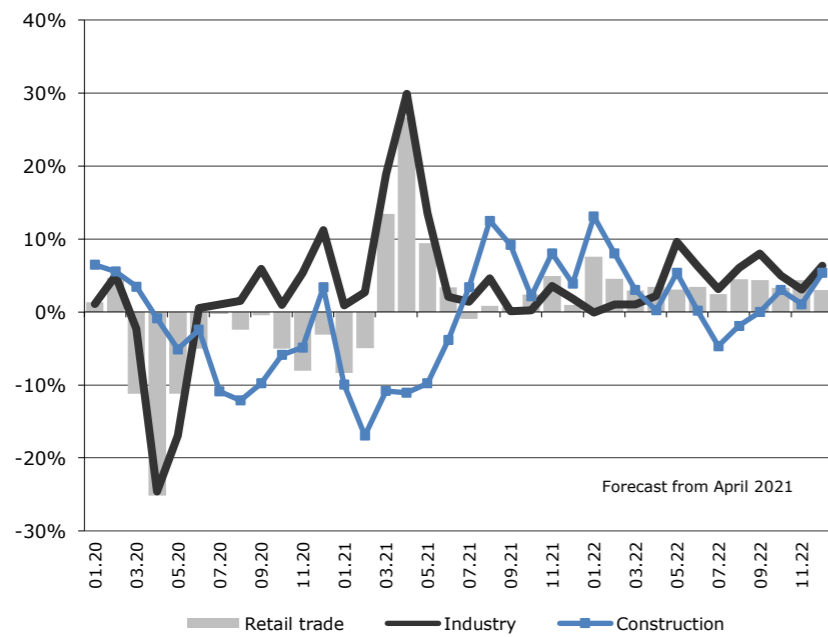


According to the most recent data of the Central Statistical Office on GDP, in the fourth quarter of 2020 it decreased by 2.7% y / y against a decrease of 1.7% y / y in the third quarter. The decline turned out to be close to what the market expected. Throughout 2020, GDP in real terms shrank by 2.7%. In nominal terms, GDP amounted to PLN 2,324 billion (EUR 523 billion).

In the first quarter of 2021 (preliminary data will be published by the Central Statistical Office in mid-May), slight economic growth could be achieved. Its scale was limited by another wave of economic restrictions (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 approximately 4.0%, and the nominal GDP will reach PLN 2,518 billion (EUR 554 billion).

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



In March, industrial production increased by 18.6% in real terms. The increase was seasonal. The increase was greater than in the previous year. The annual dynamics of production improved to 18.9% from 2.7% in February. The industry's results in March were better than expected.

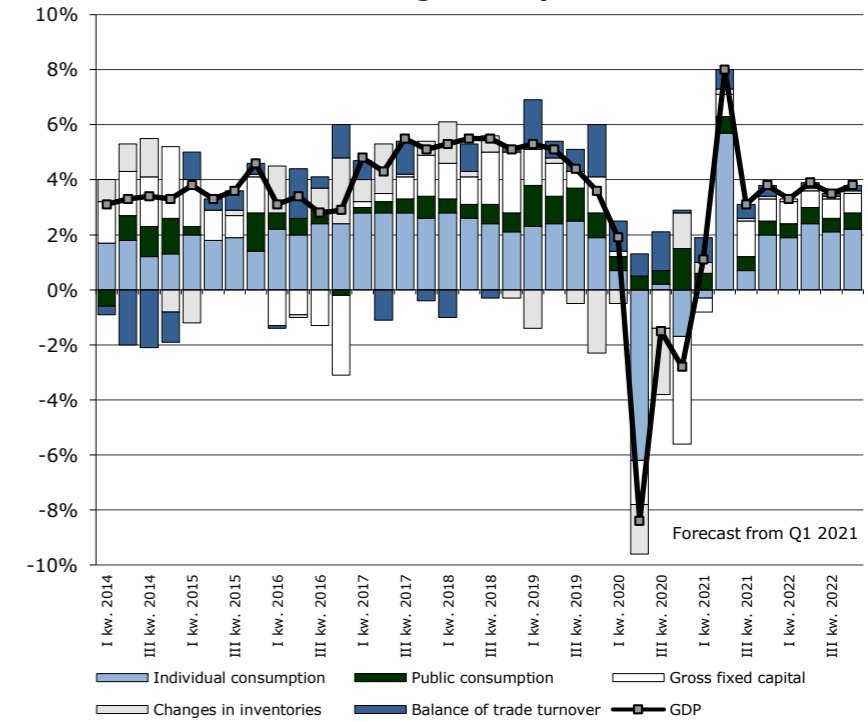
In March, construction and assembly production turned out to be 34.2% higher than in February. The increase in sales in March is a typical phenomenon. The annual dynamics of construction and assembly production improved from -16.9% in February to -10.8% in March. Construction results in March were slightly worse than expected.

Retail sales in March in nominal terms turned out to be 16.5% higher than in February. The increase was seasonal. The annual sales dynamics improved from negative -2.7% in February to positive 17.1% in March. The results still show a re-freezing of the economy. March's results were better than expected.

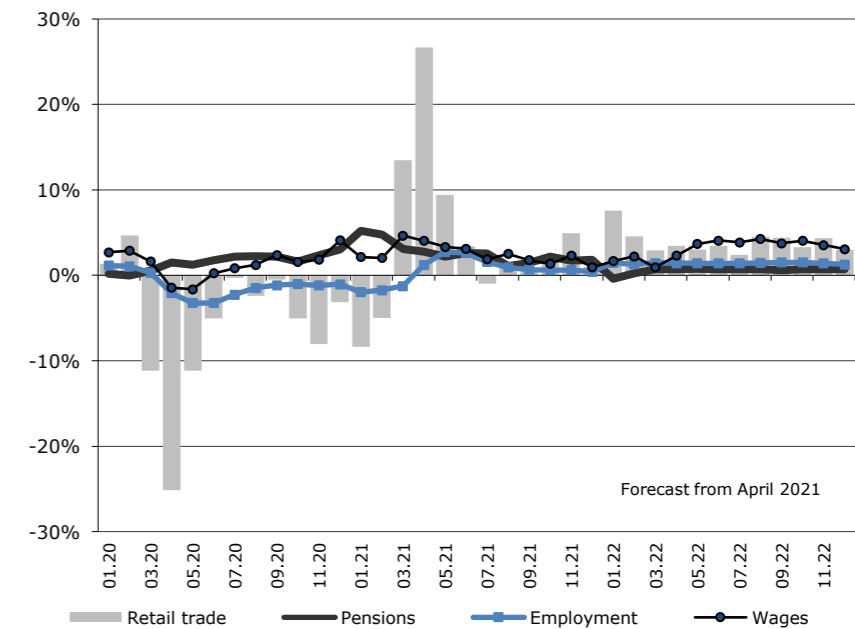
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 30/04/2021

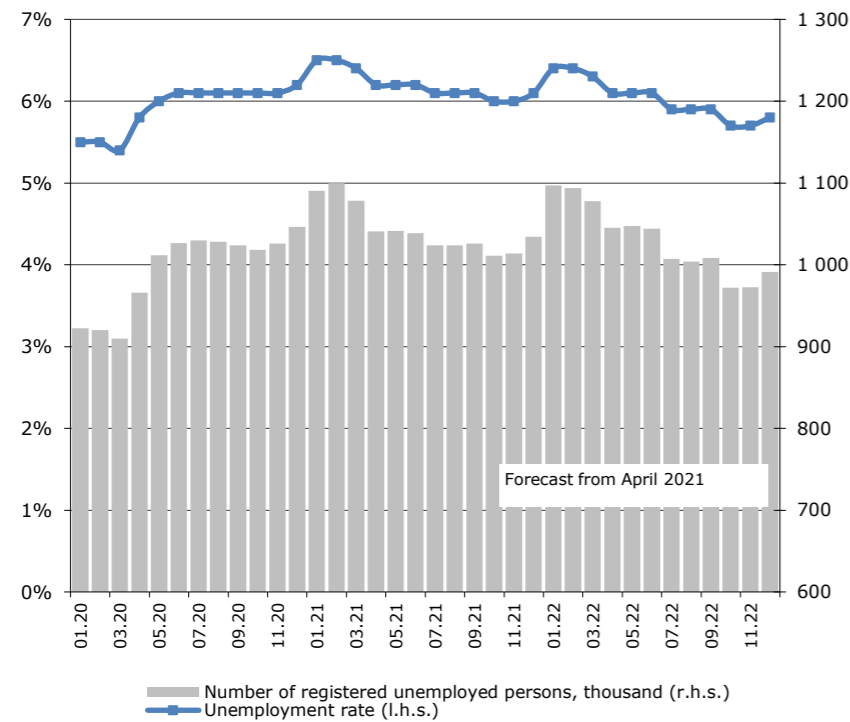
Scale of impact of GDP demand components on economic growth dynamics



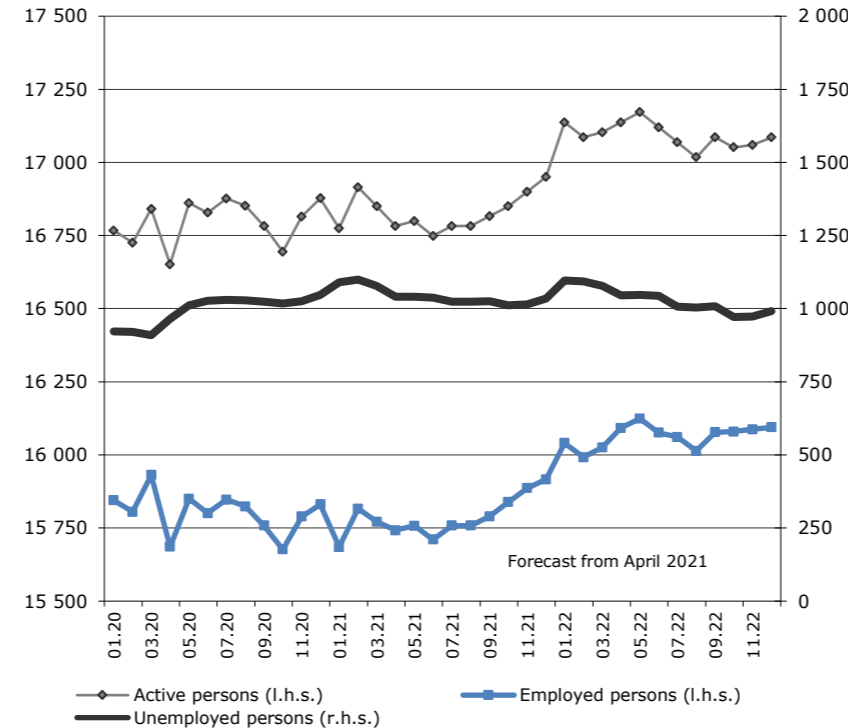
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

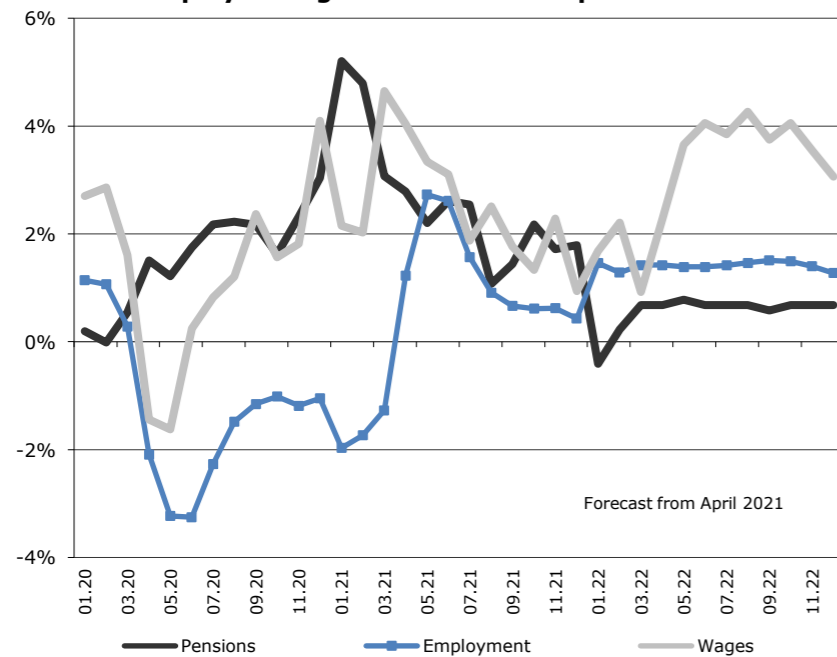


In March, the number of registered unemployed fell by 21.1 thousand, up to 1078.4 thousand people. The unemployment rate was 6.4%. The unemployment rate fell by 0.1 percentage point. A year ago, in March, the unemployment rate was 5.4%. March usually brings a clear improvement in unemployment statistics. The beginning of spring brings a drop in unemployment related to the increased demand for seasonal work in construction, agriculture and tourist services.

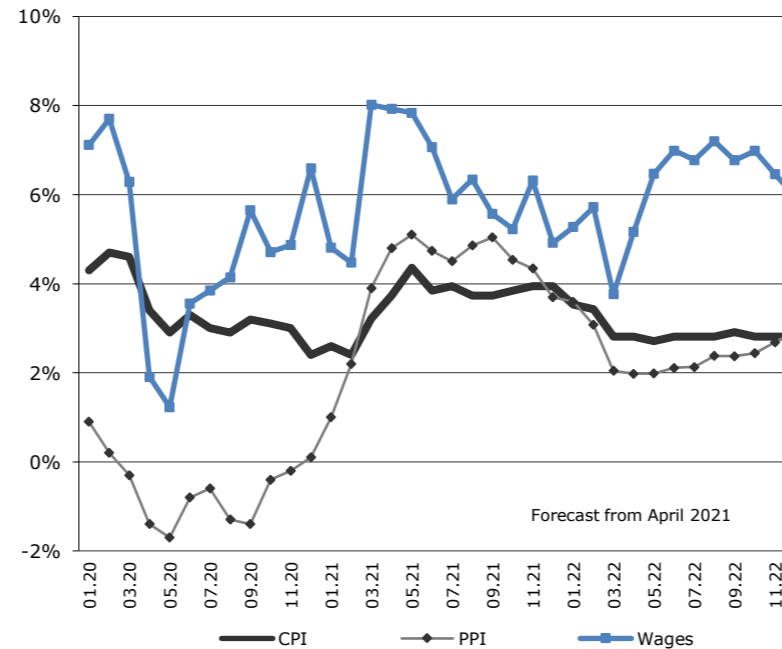
The number of employed in March amounted to approximately 15,772,000 people. It was about 160 thousand, i.e. 1.0% lower than last year.

In spring and summer, unemployment will decline. In autumn, the unemployment rate will be 6.0%, and the number of unemployed will be 1,010,000. At the end of the year, the unemployment rate will increase to 6.1%, and the number of unemployed will increase to 1,035,000.

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



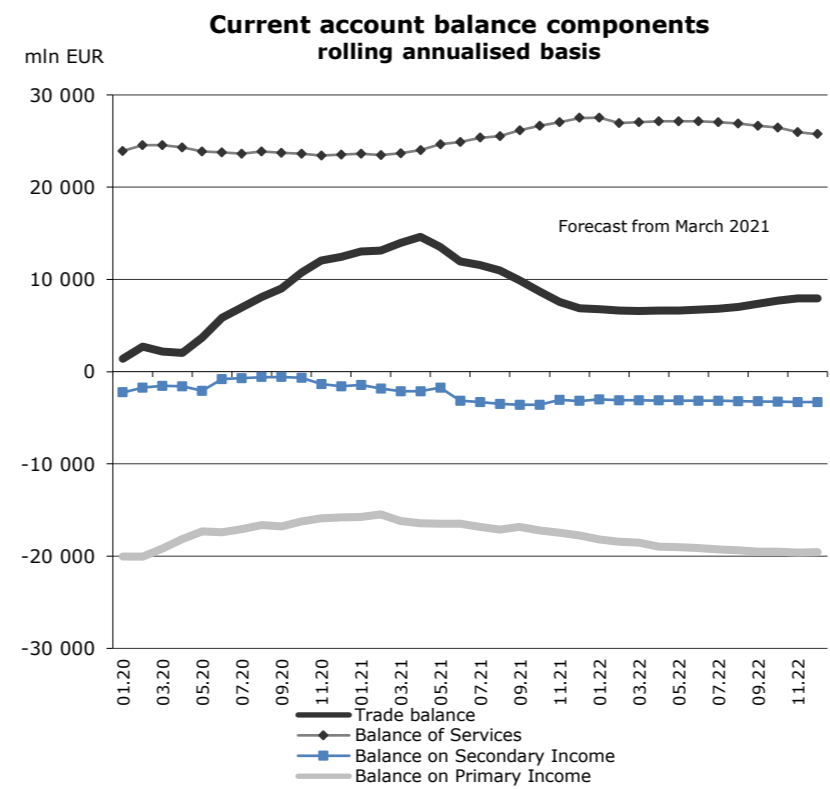
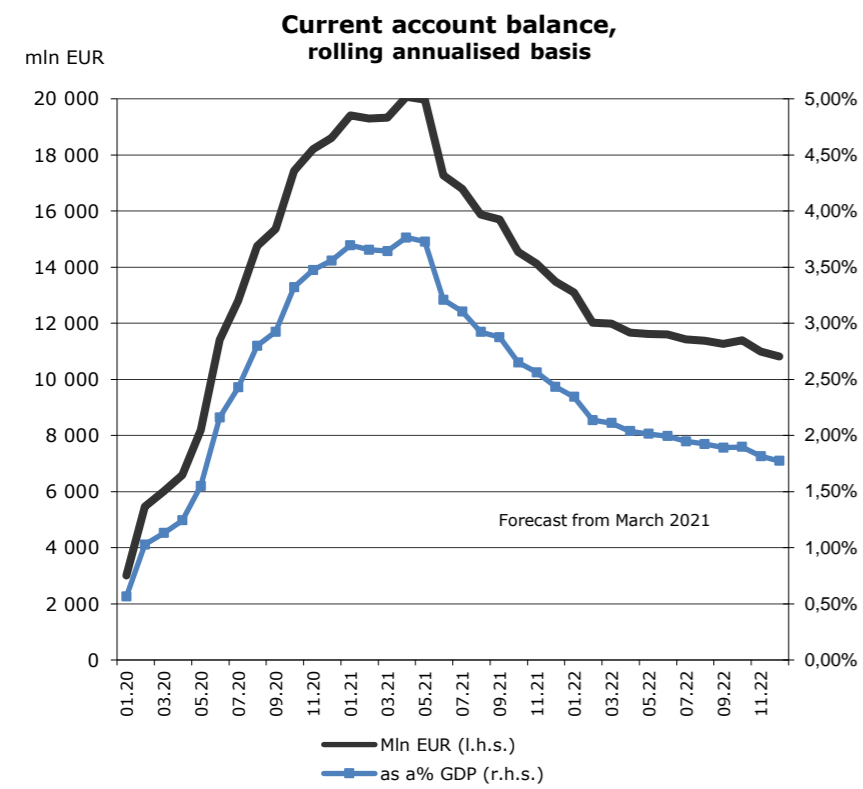
CPI, PPI, Wages - y / y



In March, the prices of consumer goods and services turned out to be 1.0% higher than in February. This result was higher than expected. Prices have increased significantly in, among others, groups: transport, clothing and footwear, communication and food. In March, the prices of goods and services turned out to be 3.2% higher than in the previous year. The annual inflation rate is expected to increase in the coming months.

Industrial prices rose by 1.3% in March. Industrial prices in March were on average 3.9% higher than 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 cost of production.

In March, the average salary in the enterprise sector amounted to PLN 5,929.05. It was therefore PLN 360.23, i.e. 6.5% higher than in February. It was also PLN 439.99 and 8.0% higher than in March of the previous year. The wage growth recorded in March is seasonal (due to the movable parts of the salary and the longer working month). The level of wages in the coming months will be influenced by changes in the level of economic activity. Changes in the employment structure between individual industries and in individual enterprises will be significant.



(mln EUR)	II 2020	I 2021*	II 2021
Current account balance	1 738	3 341	1 619
Exports	20 077	19 545	21 322
Imports	19 286	18 566	20 439
Trade balance	791	979	883
Balance on Services	2 606	2 318	2 490
Balance on Primary Income	-1 510	569	-1 213
Balance on Secondary Income	-149	-525	-541

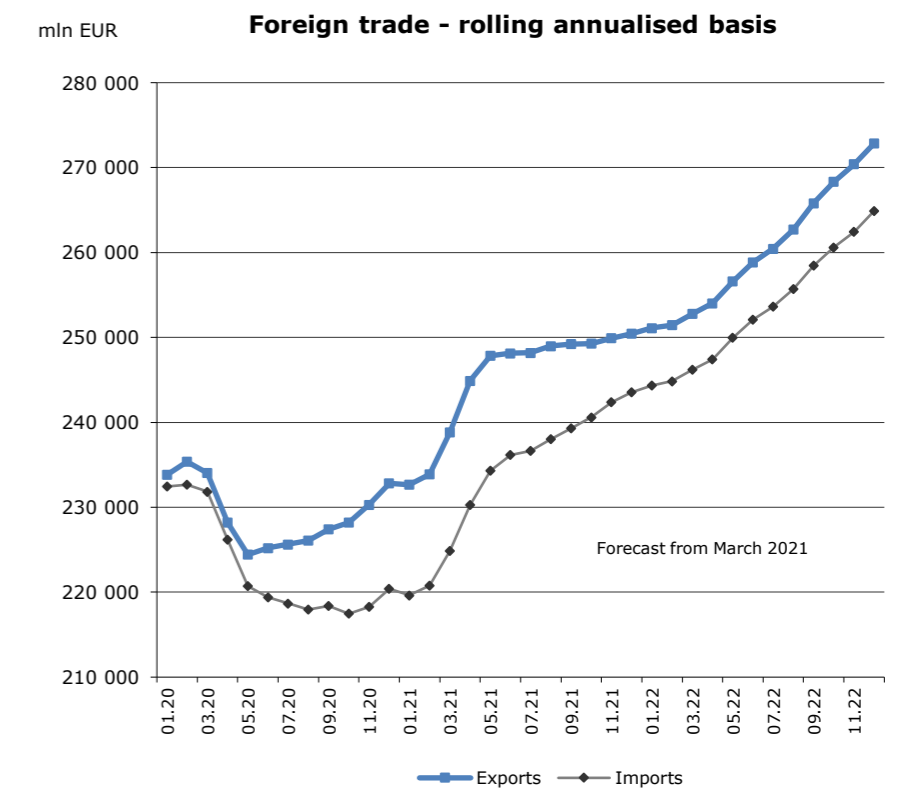
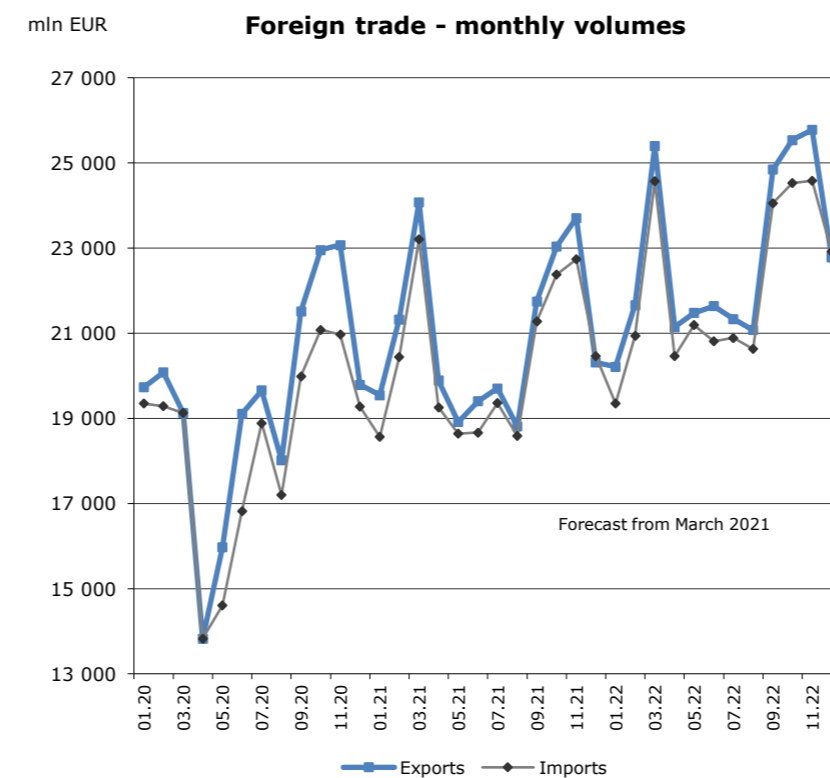
*Corrected data

At the beginning of April, the National Bank of Poland presented estimated data on the balance of payments in February. The current account balance in February 2021 was positive and amounted to EUR 1,619 million. In the previous month, there was a surplus, which amounted to EUR 3,341 million. A year ago, a surplus of EUR 1,738 million was recorded.

After February, the current account balance was positive on an annual rolling basis and amounted to EUR 19,295 million. Its level in relation to GDP was 3.65%. In the last 12 months, the export of goods amounted to EUR 234 billion, and the export of services to EUR 58 billion.

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	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021
International reserves, EUR million	119 127	122 589	120 499	125 622	129 832	134 764	134 814	135 084	135 354	135 625	137 388	138 075	138 489
International reserves in the months of import of goods and services	5,63	5,82	5,70	5,90	6,12	6,33	6,24	6,12	6,03	6,00	6,06	6,06	6,05
International reserves as a% of money supply	30,6%	31,8%	30,1%	31,8%	32,4%	33,1%	33,7%	33,1%	33,1%	33,0%	33,2%	33,1%	32,9%
Current account balance, EUR million, rolling annualised basis	15 363	17 427	18 201	18 605	19 414	19 295	19 331	20 072	19 967	17 269	16 788	15 877	15 695
Current account balance, as a% of GDP, rolling annualised basis	2,92%	3,32%	3,48%	3,56%	3,69%	3,65%	3,64%	3,76%	3,73%	3,21%	3,10%	2,92%	2,87%
Inflow of foreign direct investment - rolling annualised basis, EUR million	10 926	12 239	11 572	11 228	10 567	9 748	9 645	11 458	10 954	11 036	10 367	9 191	9 381
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-12 431	-19 101	-11 066	-10 456	-9 350	-12 284	-9 073	-2 335	-3 410	-2 589	-3 649	-3 560	-3 022

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%	57%	58%	57%	56%	56%	55%	54%	53%	51%
External debt as a% of export	137%	136%	130%	133%	133%	130%	127%	122%	122%	121%	121%	118%	115%
International reserves as a% of total external debt	35%	36%	36%	38%	40%	41%	45%	45%	46%	46%	47%	46%	47%
International reserves as a% of short-term external debt	235%	228%	278%	277%	276%	262%	295%	295%	299%	303%	308%	300%	304%

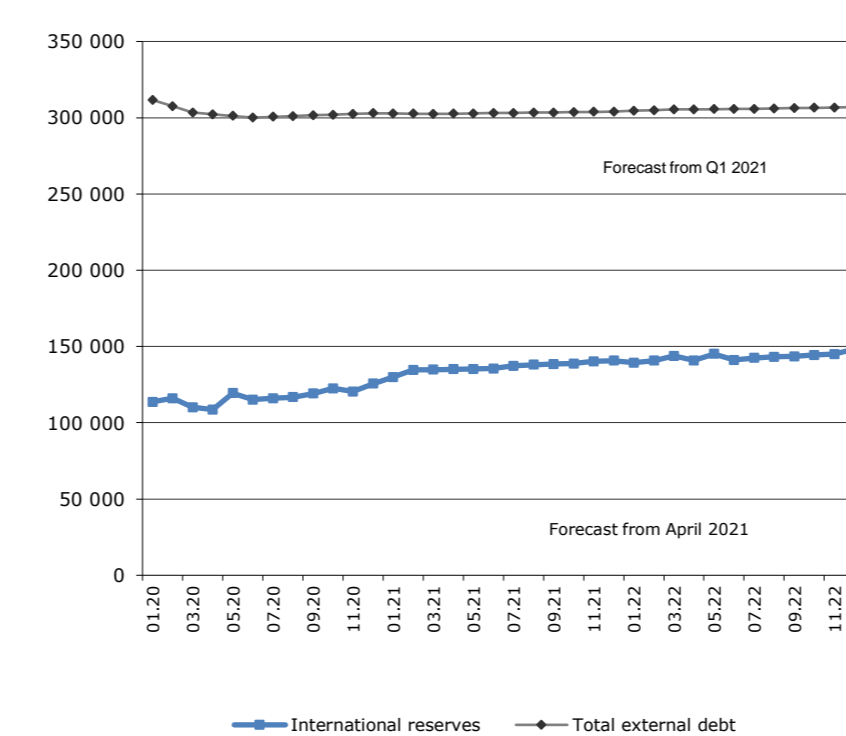
The current account has been positive in recent months. In the last 12 months, it was comparable to 3,65% of GDP.

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.

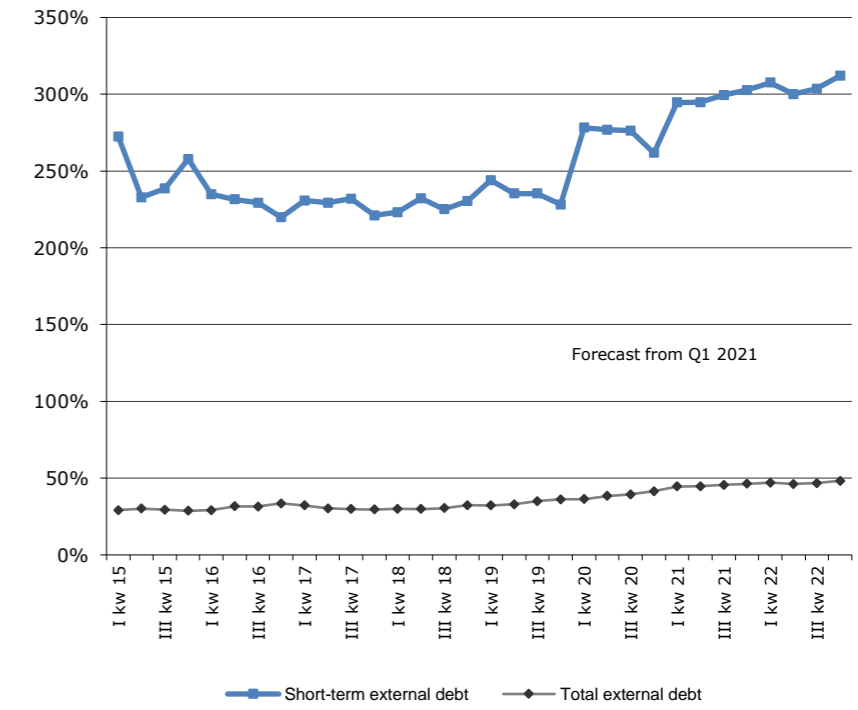
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (6.24 months of imports of goods and services), money supply (33,7%) and external debt (45,0%).

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.

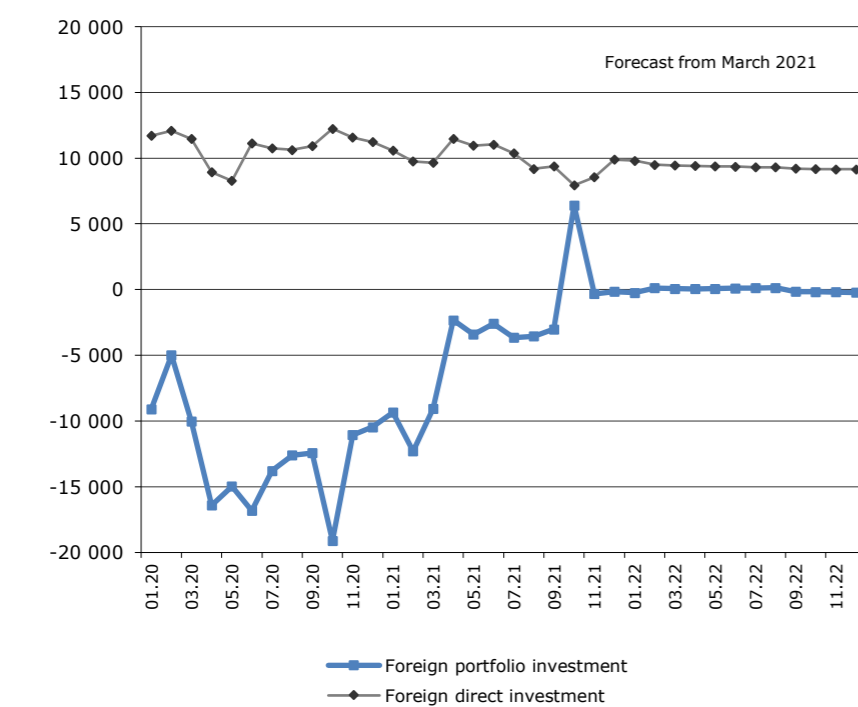
External debt and international reserves



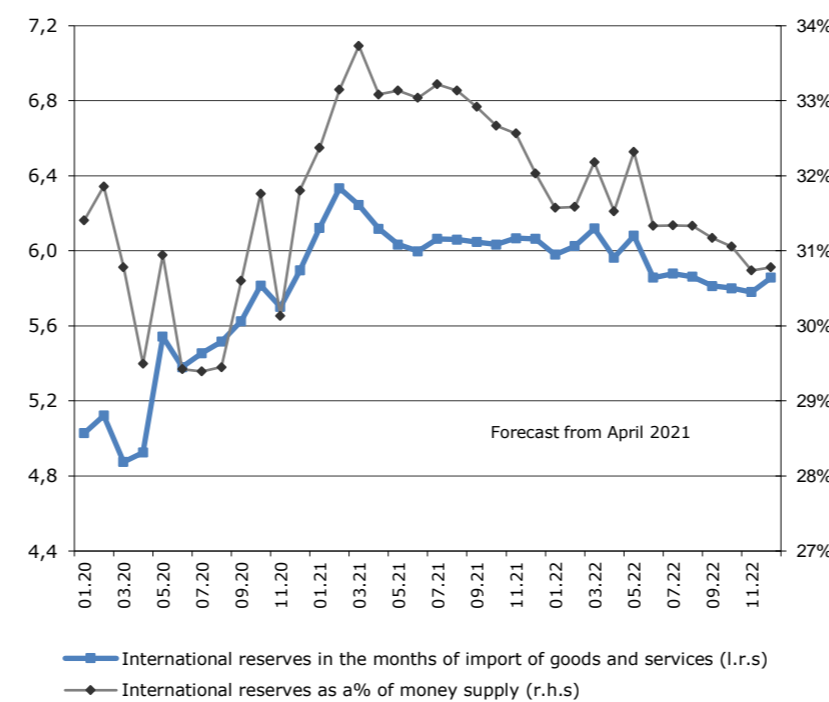
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

