



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/05/2021

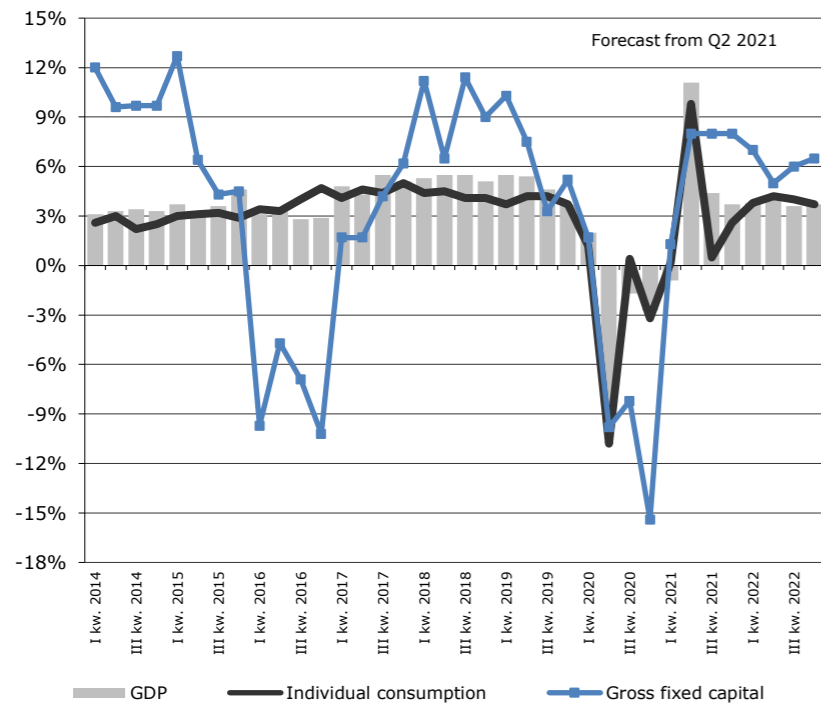
Macroeconomic forecast

Monthly macroeconomic indicators	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021	10.2021
Industrial sales, % real change, y/y	1,0%	5,4%	11,2%	0,9%	2,7%	18,9%	44,5%	29,0%	15,8%	12,3%	10,4%	1,1%	0,2%
Construction, % real change, y/y	-5,9%	-4,9%	3,4%	-10,0%	-16,9%	-10,8%	-4,2%	-3,0%	-2,9%	4,4%	12,5%	9,2%	2,1%
Retail sales, % nominal change, y/y	-2,1%	-5,3%	-0,8%	-6,0%	-2,7%	17,1%	25,7%	10,3%	4,0%	-0,1%	1,5%	2,5%	4,5%
Consumer prices, % change, y/y	3,1%	3,0%	2,4%	2,6%	2,4%	3,2%	4,3%	5,0%	4,6%	4,5%	4,2%	4,2%	4,3%
Producer prices, % change, y/y	-0,4%	-0,2%	0,1%	1,0%	2,2%	4,2%	5,3%	5,6%	5,3%	5,1%	5,4%	5,7%	5,4%
Wages - enterprise sector, % nominal change, y/y	4,7%	4,9%	6,6%	4,8%	4,5%	8,0%	9,9%	9,2%	8,5%	7,8%	7,3%	5,6%	5,5%
Wages - enterprise sector, PLN	5 459	5 484	5 974	5 537	5 569	5 929	5 806	5 591	5 736	5 799	5 730	5 672	5 758
Registered unemployment rate	6,1%	6,1%	6,2%	6,5%	6,5%	6,4%	6,3%	6,2%	6,2%	6,1%	6,1%	6,1%	6,0%
Number of registered unemployed persons, thousand	1 018	1 026	1 046	1 090	1 100	1 078	1 054	1 040	1 038	1 024	1 024	1 026	1 011
Current account balance, EUR million	2 307	1 956	477	3 341	1 585	938	1 171	1 244	590	183	288	1 162	1 166
Current account balance, EUR million, rolling annualised basis	17 427	18 201	18 605	19 414	19 261	19 463	19 917	19 604	16 862	16 395	15 410	15 241	14 100

Macroeconomic forecast

Quarterly macroeconomic indicators	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
Gross domestic product, % real change y/y	4,6%	3,7%	2,0%	-8,3%	-1,7%	-2,7%	-0,9%	11,1%	4,4%	3,7%	3,8%	4,0%	3,6%
Individual consumption, % real change y/y	4,2%	3,7%	1,2%	-10,8%	0,4%	-3,2%	0,2%	9,8%	0,5%	2,6%	3,8%	4,2%	4,0%
Gross fixed capital, % real change y/y	3,3%	5,2%	1,7%	-9,8%	-8,2%	-15,4%	1,3%	8,0%	8,0%	8,0%	7,0%	5,0%	6,0%

GDP components in terms of demand - y / y



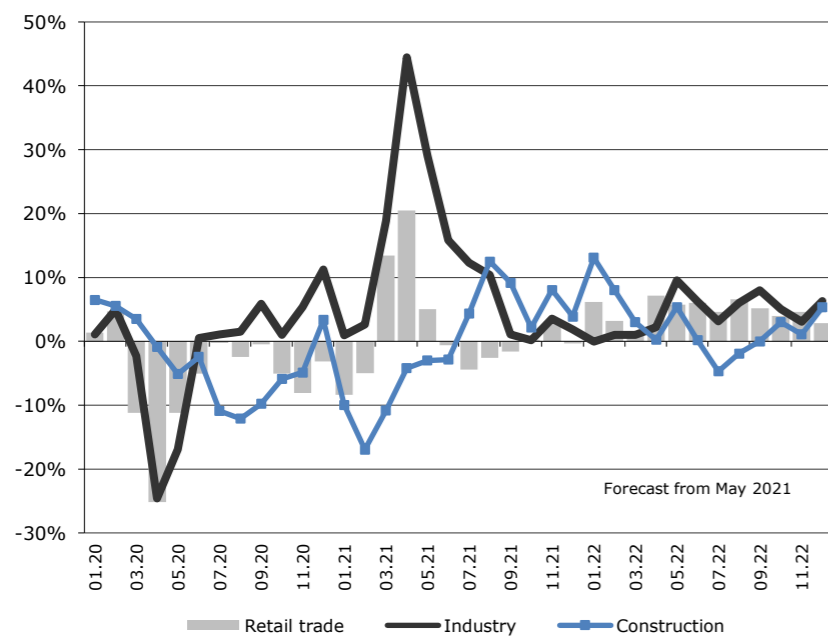
The Central Statistical Office informed that in the first quarter of 2021, GDP decreased by 0.9% y / y against a drop by 2.7% y / y in the fourth quarter of 2020. The decline turned out to be close to the market expected.

In the second quarter of 2021, strong GDP growth to 11.1% y / y is expected. In the third and fourth quarters, the growth will be significantly lower - reaching around 4% y / y. The above results will be a rebound of the variable base from last year.

In the whole of 2020, GDP in real terms shrank by 2.7%. In nominal terms, GDP amounted to PLN 2,324 billion (EUR 523 billion).

Throughout 2021, economic growth may turn out to be high, amounting to approximately 4.6%, and the nominal GDP will reach PLN 2,545 billion (EUR 570 billion).

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



In April, industrial production decreased in real terms by 9.2%. The decline was seasonal. The decline was smaller than in the previous year. The annual dynamics of production improved to 44.7% from 18.9% in March. The industry's results in April were better than expected. In the first four months of the year, industrial production was 15.5% higher than in the corresponding period of the previous year.

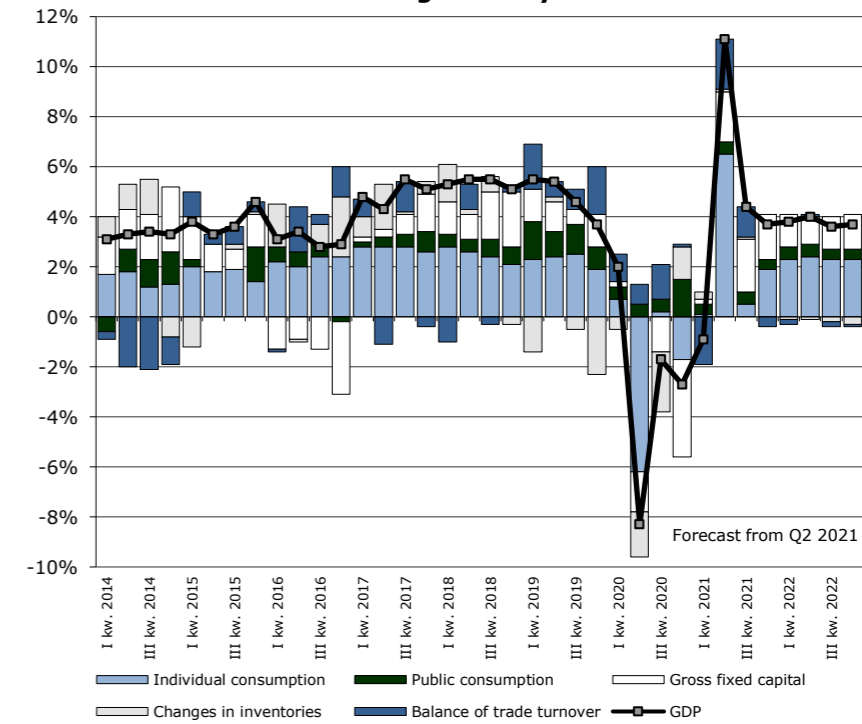
In April, construction and assembly production turned out to be 9.9% higher than in March. The increase in sales in April is not a typical phenomenon. The annual dynamics of construction and assembly production improved from negative -10.8% in March to negative -4.2% in April. Construction results in April were slightly better than expected. In the first four months of the year, construction and assembly production was 10.4% lower than in the corresponding period of the previous year.

Retail sales in April in nominal terms turned out to be 6.7% lower than in March. The decline was seasonal. The annual sales dynamics improved from 17.1% in March to 25.7% in April. April's results were weaker than expected. In the first four months of the year, sales in nominal terms were by 7.9% higher than in the corresponding period of the previous year.

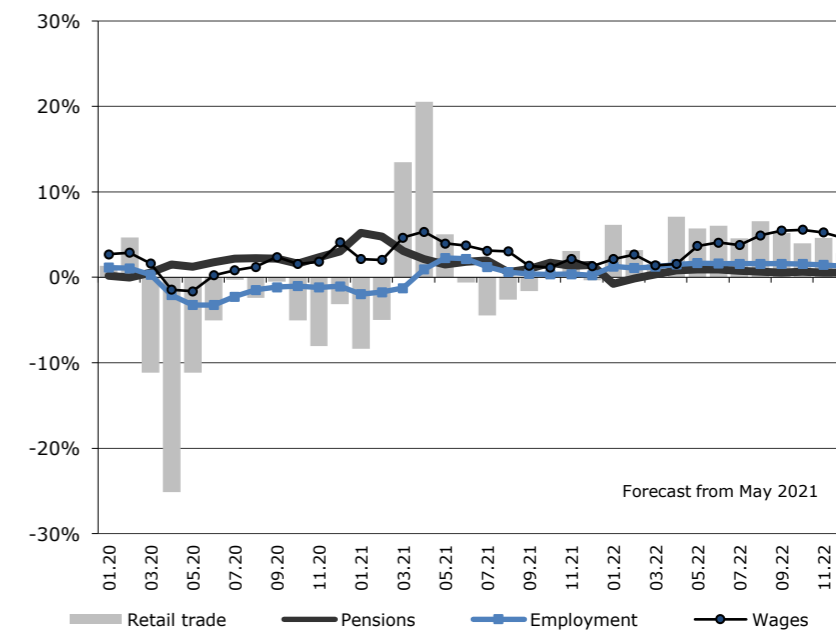
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 31/05/2021

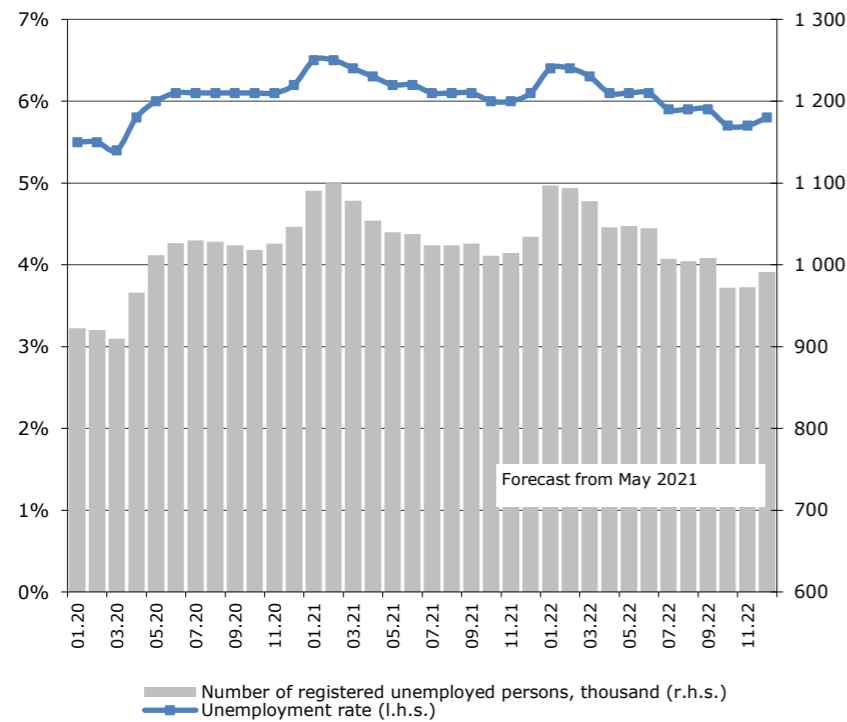
Scale of impact of GDP demand components on economic growth dynamics



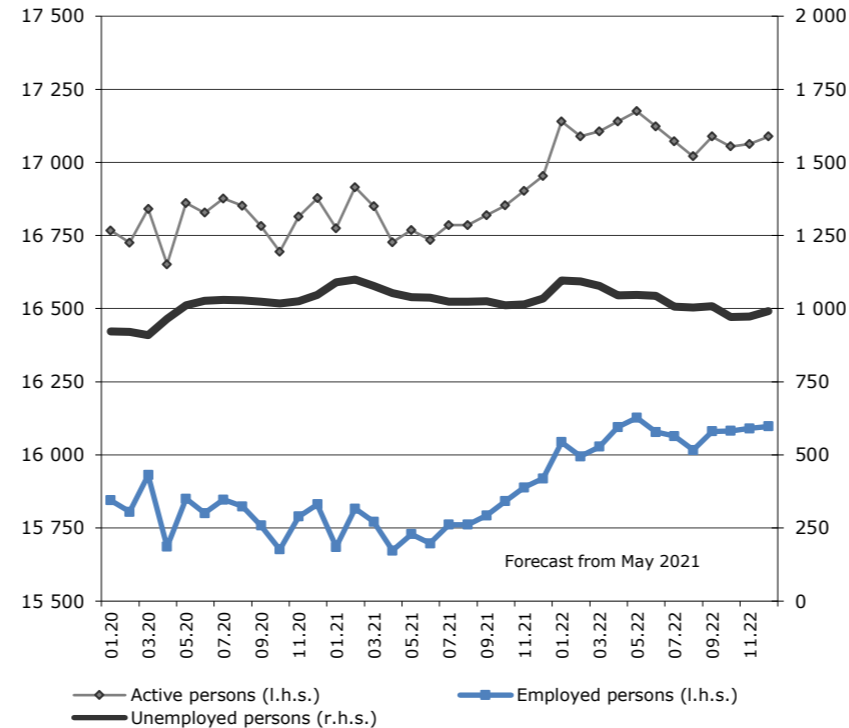
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



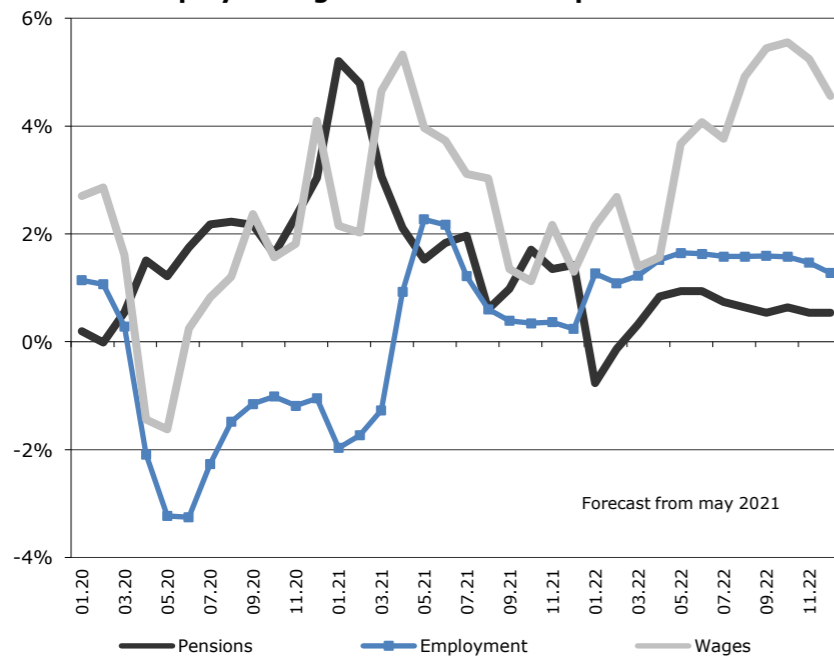
Registered unemployment



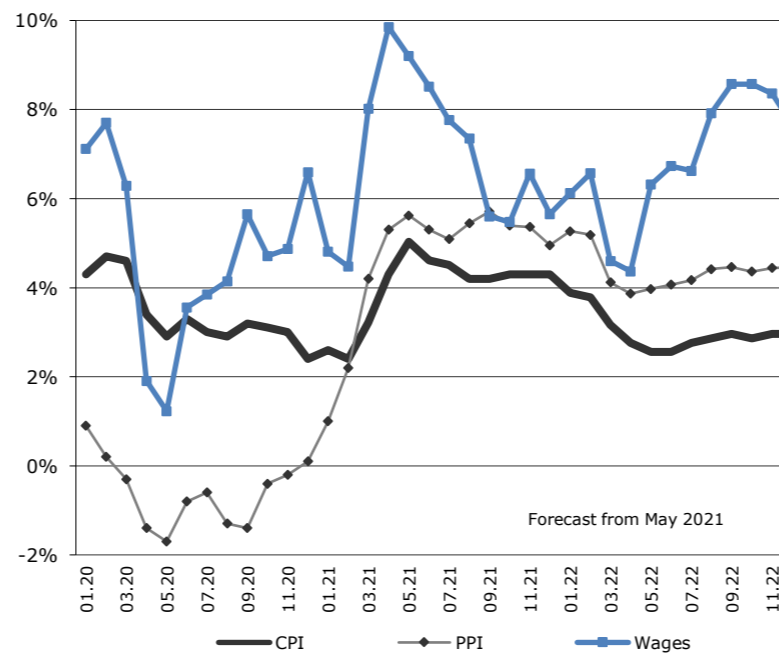
Labor activity



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 April, the number of registered unemployed fell by 24.6 thousand, up to 1,053.8 thousand people. The unemployment rate was 6.3%. The unemployment rate fell by 0.1 percentage point. A year ago, in April, the unemployment rate was 5.8%. April usually brings a marked 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.

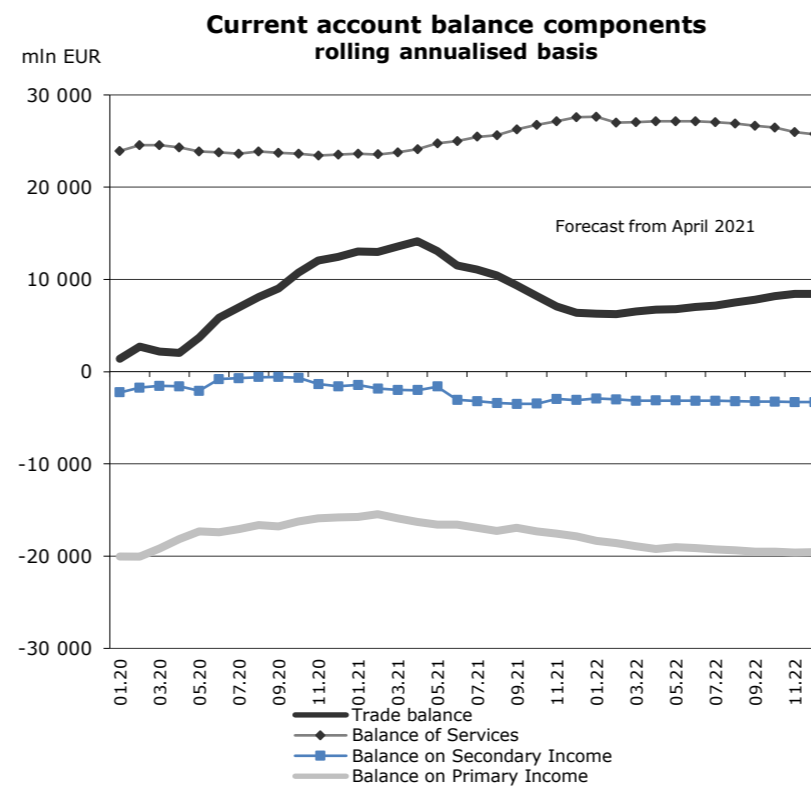
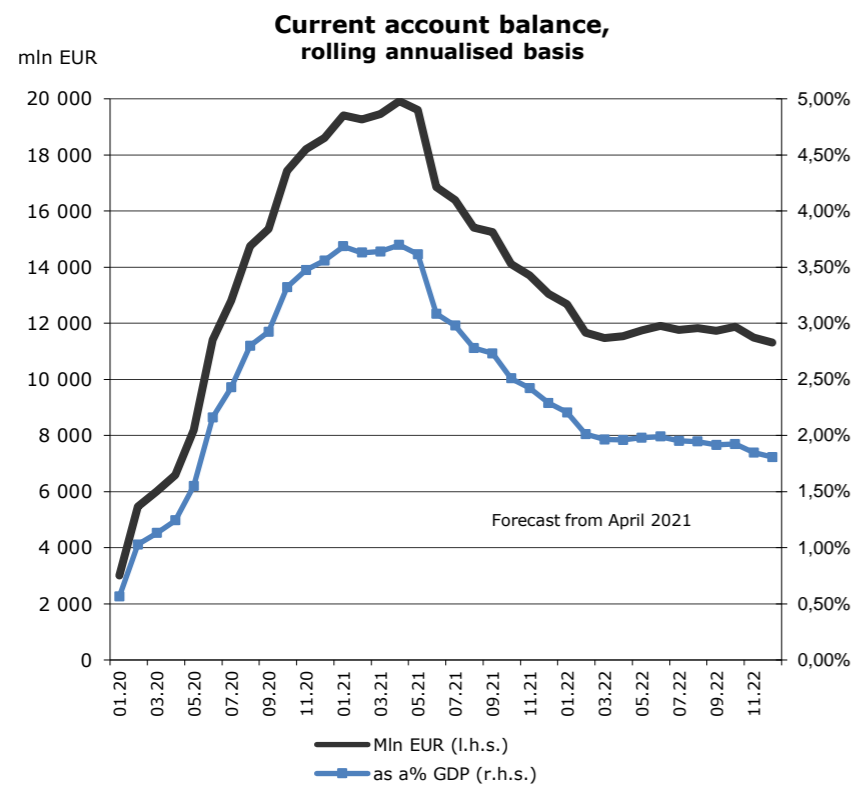
The number of employed in April amounted to approximately 15 673 thousand people. It was about 13 thousand, i.e. 0.08% lower than last year.

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 the unemployed will increase to 1,035,000.

In April, the prices of consumer goods and services turned out to be 0.8% higher than in March. This result was higher than expected. Prices increased significantly in, among others, groups: transport, clothing and footwear, communication and food. In April, the prices of goods and services turned out to be 4.3% higher than in the previous year. The annual inflation rate is expected to increase in May, and a gradual decline in the following months.

Industrial prices rose by 0.5% in April. Industrial prices in April were on average 5.3% higher than in the previous year. 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 rising production costs.

In April, the average salary in the enterprise sector amounted to PLN 5,805.72. It was therefore PLN 123.33, i.e. 2.1% lower than in March. It was also PLN 520.71 and 9.9% higher than in April of the previous year. The fall in wages in April is seasonal. The level of wages in April was higher than expected. 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.



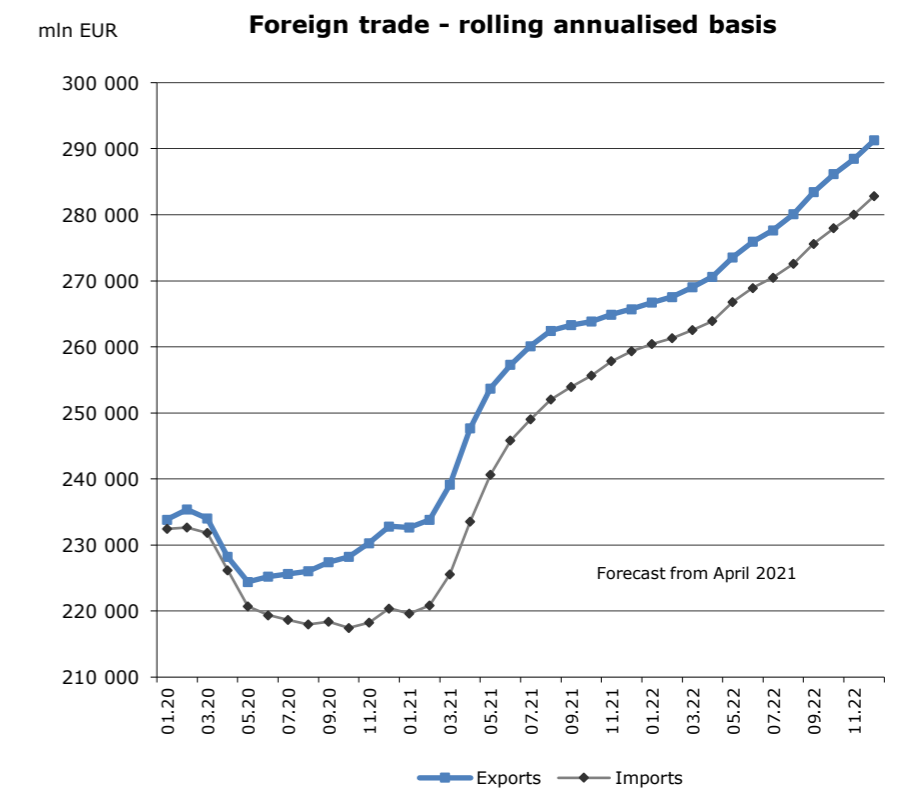
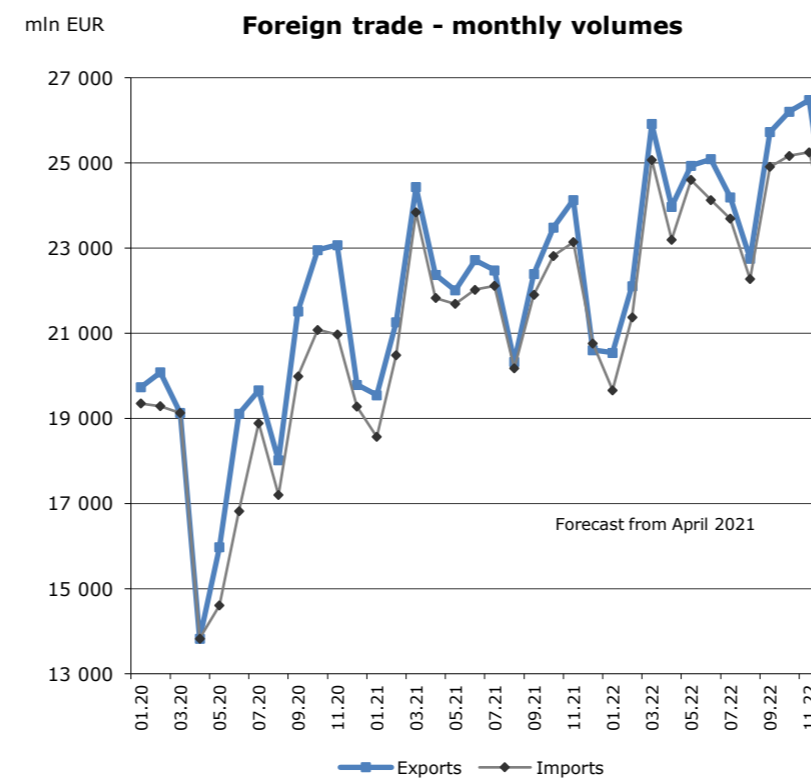
(mIn EUR)	III 2020	II 2021*	III 2021
Current account balance	736	1 585	938
Exports	19 129	21 258	24 427
Imports	19 129	20 487	23 838
Trade balance	0	771	589
Balance on Services	1 736	2 549	1 935
Balance on Primary Income	-1 005	-1 194	-1 438
Balance on Secondary Income	5	-541	-148

*Corrected data

In early May, the National Bank of Poland presented its estimated March balance of payments data. The current account balance in March 2021 was positive and amounted to EUR 938 million. In the previous month, there was a surplus of EUR 1,585 million. A year ago, a surplus of EUR 736 million was recorded.

After March, the current account balance on a rolling year basis was positive and amounted to EUR 19,463 million. Its level in relation to GDP was 3.64%. In the last 12 months, exports of goods amounted to EUR 239 billion, and exports of services amounted to EUR 58 billion

The export of goods is now comparable to 45% 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 are better than those recorded before the beginning of the crisis.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021	10.2021
International reserves, EUR million	122 589	120 499	125 622	129 832	134 764	134 814	128 703	130 634	130 895	132 597	133 923	135 262	135 938
International reserves in the months of import of goods and services	5,82	5,70	5,90	6,12	6,33	6,22	5,75	5,68	5,58	5,59	5,59	5,60	5,60
International reserves as a% of money supply	31,8%	30,1%	31,8%	32,4%	33,1%	33,7%	31,6%	31,3%	30,8%	31,0%	31,1%	31,2%	31,1%
Current account balance, EUR million, rolling annualised basis	17 427	18 201	18 605	19 414	19 261	19 463	19 917	19 604	16 862	16 395	15 410	15 241	14 100
Current account balance, as a% of GDP, rolling annualised basis	3,32%	3,48%	3,56%	3,69%	3,63%	3,64%	3,70%	3,61%	3,09%	2,98%	2,78%	2,73%	2,51%
Inflow of foreign direct investment - rolling annualised basis, EUR million	12 239	11 572	11 228	10 567	10 040	11 030	12 843	12 339	12 421	11 752	10 576	10 766	9 322
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-19 101	-11 066	-10 456	-9 350	-12 214	-11 849	-5 111	-6 186	-5 365	-6 425	-6 336	-5 798	3 627

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	306 000	306 500
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	91 500	92 000
External debt as a% of GDP	60%	59%	57%	57%	57%	58%	57%	55%	54%	53%	52%	51%	50%
External debt as a% of export	137%	136%	130%	133%	133%	130%	127%	118%	115%	114%	114%	111%	108%
International reserves as a% of total external debt	35%	36%	36%	38%	40%	41%	45%	43%	45%	46%	47%	46%	47%
International reserves as a% of short-term external debt	235%	228%	278%	277%	276%	262%	295%	285%	292%	303%	308%	300%	304%

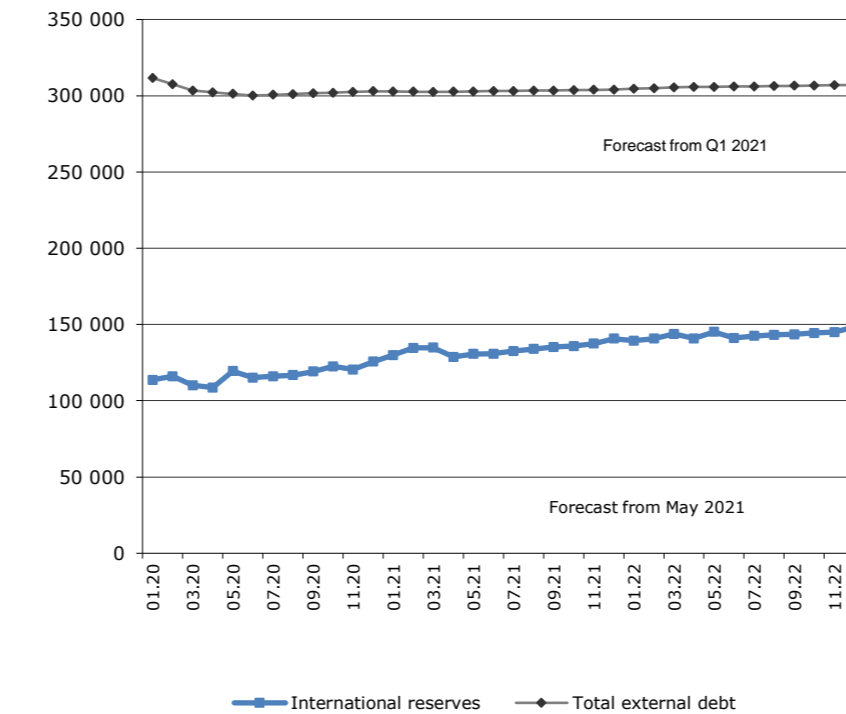
The current account has been positive in recent months. In the last 12 months, it was comparable to 3,64% of GDP.

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.

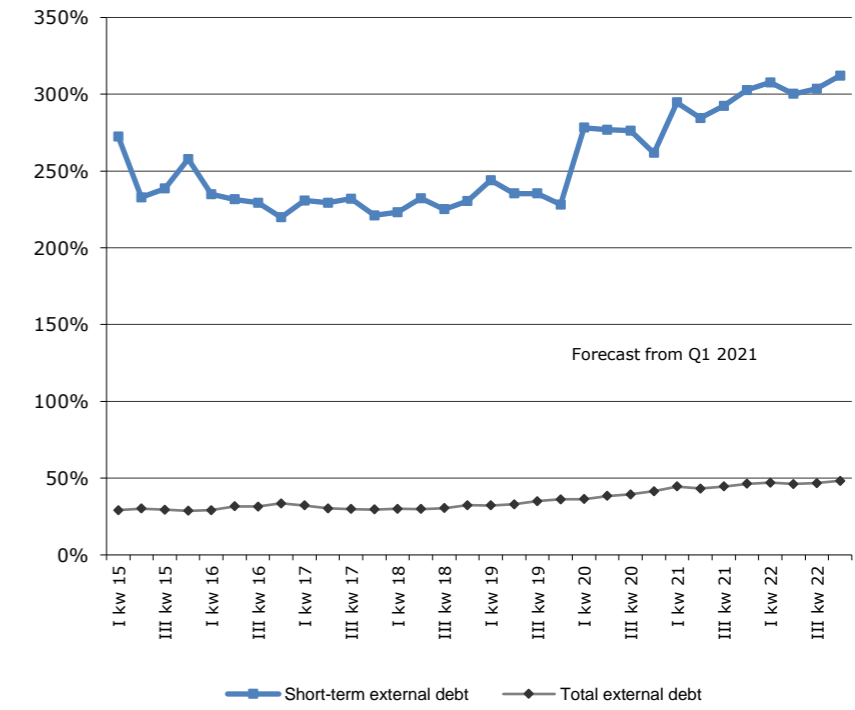
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.75 months of imports of goods and services), money supply (31.6%) and external debt (45,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 57%) and goods exports (currently 127%) is declining. The ratio of external debt to GDP and exports is low.

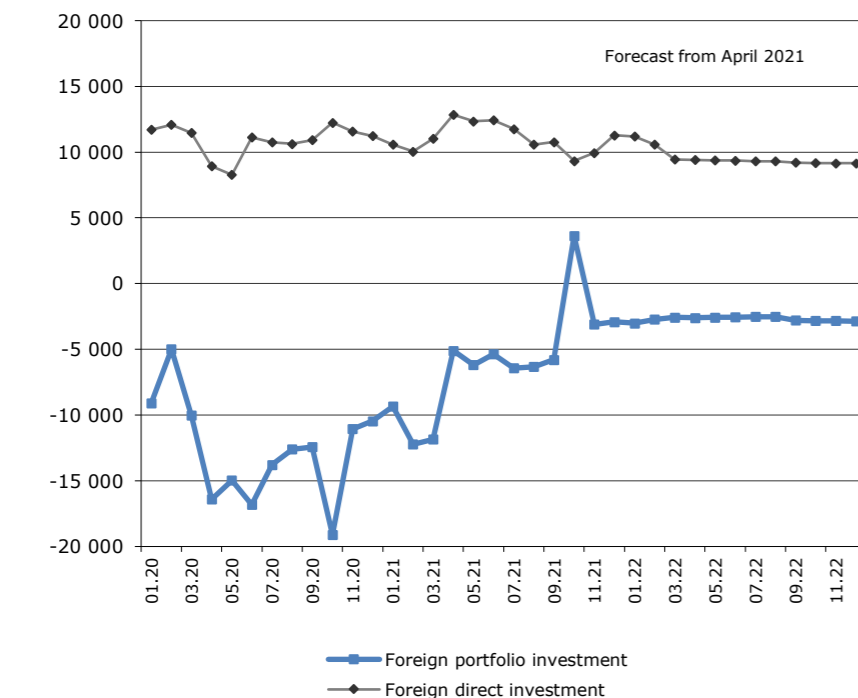
External debt and international reserves



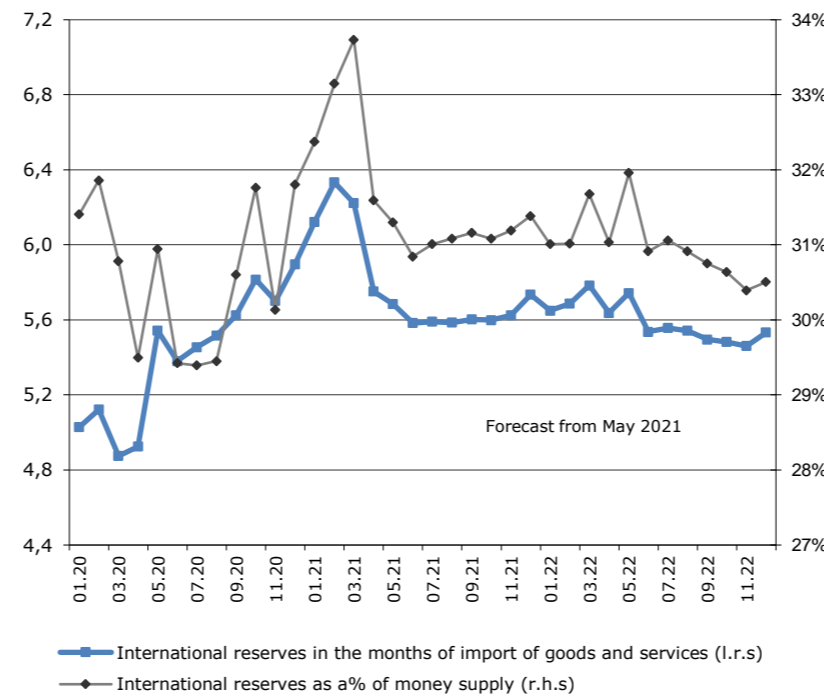
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

