



Monthly Macroeconomic Review

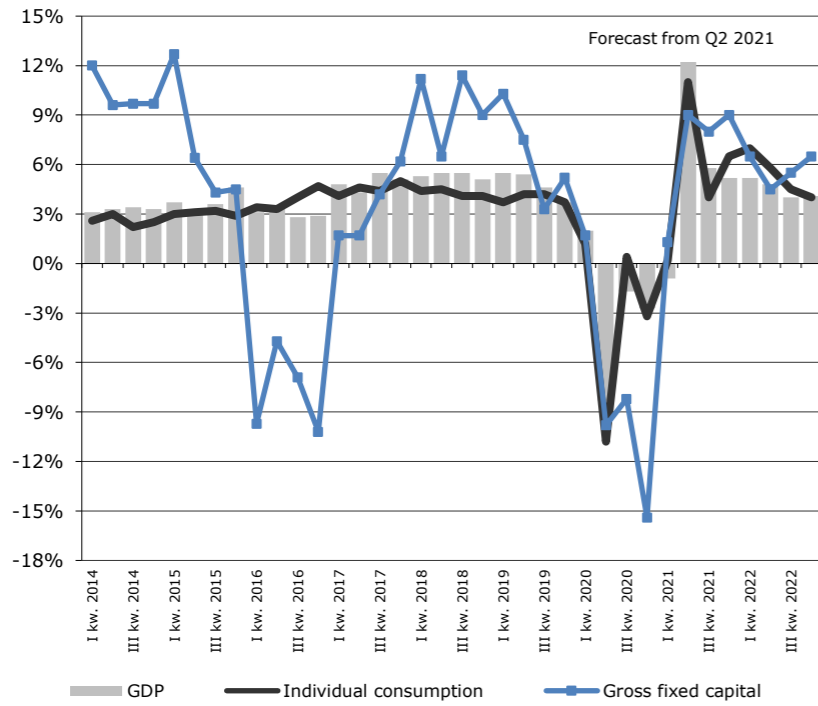
Prepared by
Polish Chamber of Commerce

Updated on 30/06/2021

Monthly macroeconomic indicators								Macroeconomic forecast					
	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021	10.2021	11.2021
Industrial sales, % real change, y/y	5,4%	11,2%	0,9%	2,7%	18,9%	44,5%	29,8%	13,8%	11,3%	13,5%	7,2%	2,1%	2,5%
Construction, % real change, y/y	-4,9%	3,4%	-10,0%	-16,9%	-10,8%	-4,2%	4,7%	7,0%	10,3%	15,6%	10,2%	1,2%	7,0%
Retail sales, % nominal change, y/y	-5,3%	-0,8%	-6,0%	-2,7%	17,1%	25,7%	19,1%	11,5%	7,1%	8,8%	9,9%	12,1%	15,3%
Consumer prices, % change, y/y	3,0%	2,4%	2,6%	2,4%	3,2%	4,3%	4,7%	4,5%	4,4%	4,1%	4,1%	4,2%	4,2%
Producer prices, % change, y/y	-0,2%	0,1%	1,0%	2,2%	4,2%	5,5%	6,5%	6,5%	6,6%	7,3%	7,4%	7,1%	7,1%
Wages - enterprise sector, % nominal change, y/y	4,9%	6,6%	4,8%	4,5%	8,0%	9,9%	10,1%	8,8%	7,9%	7,4%	5,6%	5,5%	6,6%
Wages - enterprise sector, PLN	5 484	5 974	5 537	5 569	5 929	5 806	5 637	5 750	5 808	5 732	5 675	5 760	5 846
Registered unemployment rate	6,1%	6,2%	6,5%	6,5%	6,4%	6,3%	6,1%	6,0%	6,0%	5,9%	5,9%	5,9%	5,9%
Number of registered unemployed persons, thousand	1 026	1 046	1 090	1 100	1 078	1 054	1 027	1 007	1 010	992	994	996	999
Current account balance, EUR million	1 504	889	2 006	834	116	1 740	1 311	538	152	264	1 345	1 267	1 439
Current account balance, EUR million, rolling annualised basis	17 359	18 175	17 649	16 745	16 125	17 148	16 903	14 108	13 610	12 601	12 616	11 966	11 900

Quarterly macroeconomic indicators								Macroeconomic forecast					
	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%	12,3%	5,8%	5,2%	5,2%	4,8%	4,0%
Individual consumption , % real change y/y	4,2%	3,7%	1,2%	-10,8%	0,4%	-3,2%	0,2%	11,0%	4,0%	6,5%	7,0%	5,8%	4,5%
Gross fixed capital , % real change y/y	3,3%	5,2%	1,7%	-9,8%	-8,2%	-15,4%	1,3%	9,0%	8,0%	9,0%	6,5%	4,5%	5,5%

GDP components in terms of demand - y / y



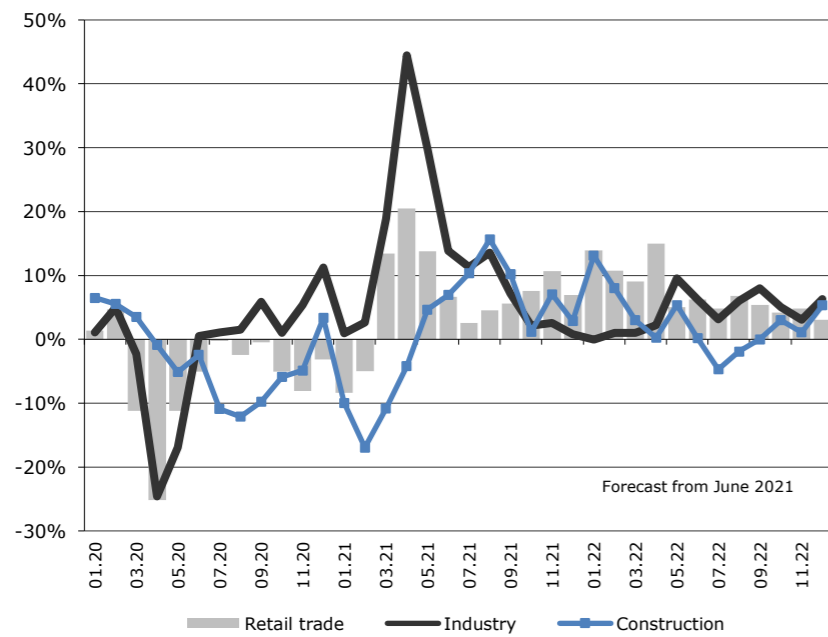
The Central Statistical Office informed that in the first quarter of 2021, GDP decreased by 0.9% y / y against a drop by 2.7% y / y in the fourth quarter of 2020. The decline turned out to be close to the market expected.

In the second quarter of 2021, strong GDP growth to 12.3% y / y is expected. In the third and fourth quarters, the growth will be significantly lower - reaching around 5% 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 5.6%, and the nominal GDP will reach PLN 2,570 billion (EUR 573 billion).

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



In May, industrial production decreased by 0.8% in real terms. The decline was seasonal. The annual dynamics of production decreased to 29.8% from 44.7% in April. The industry's results in May were slightly better than expected. In the first five months of the year, industrial production was 18.1% higher than in the corresponding period of the previous year.

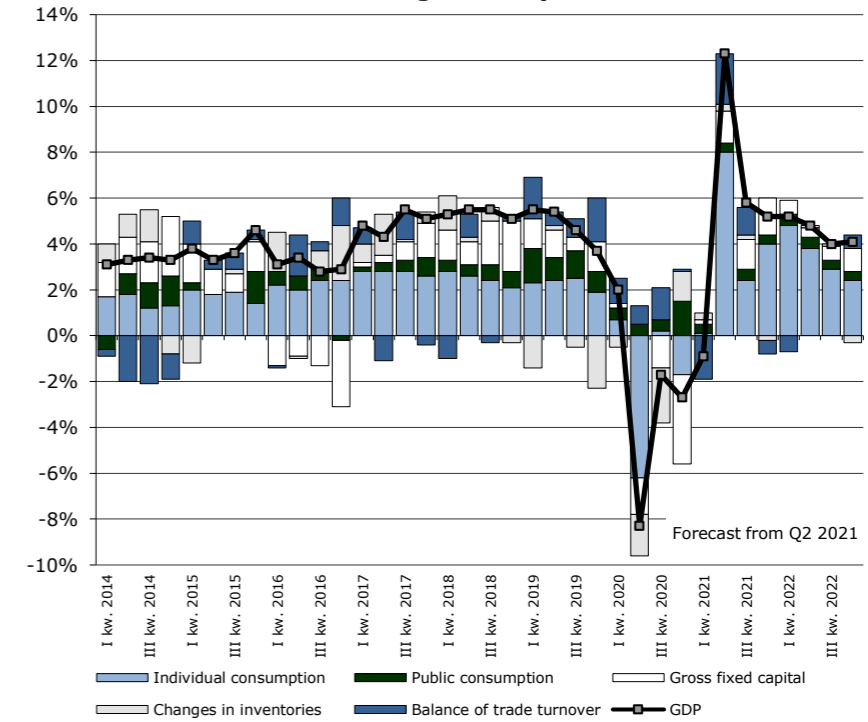
In May, construction and assembly production turned out to be 10.2% higher than in April. The increase in sales in May is a typical phenomenon. The annual dynamics of construction and assembly production improved from negative -4.2% in April to positive 4.7% in May. Construction results in May were better than expected. In the first five months of the year, construction and assembly production was 6.7% lower than in the corresponding period of the previous year.

Retail sales in May in nominal terms turned out to be 8.4% higher than in April. The increase was seasonal. The annual sales dynamics decreased from 25.7% in April to 19.1% in May. May's results were clearly better than expected. In the first five months of the year, sales in nominal terms were 10.1% higher than in the corresponding period of the previous year.

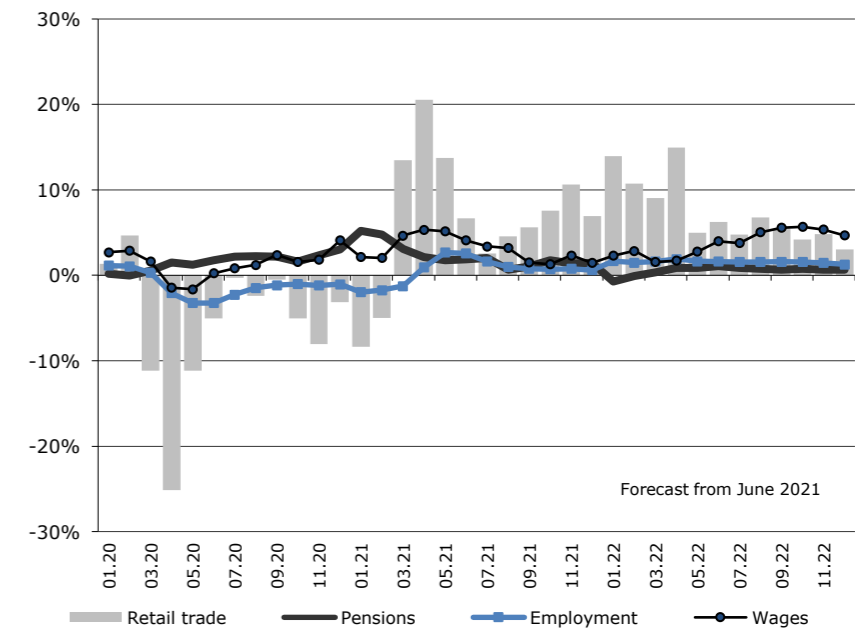
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 30/06/2021

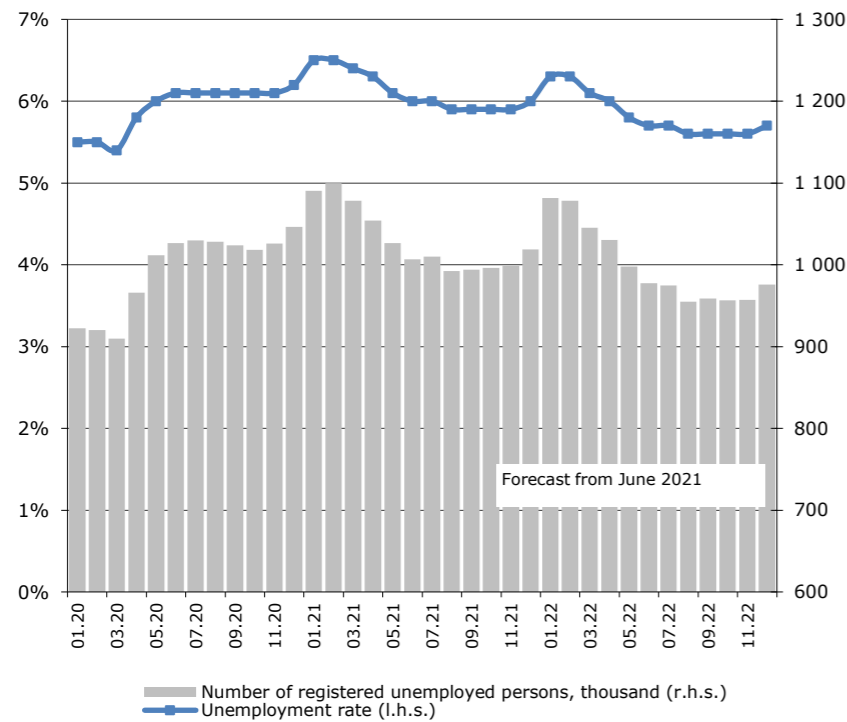
Scale of impact of GDP demand components on economic growth dynamics



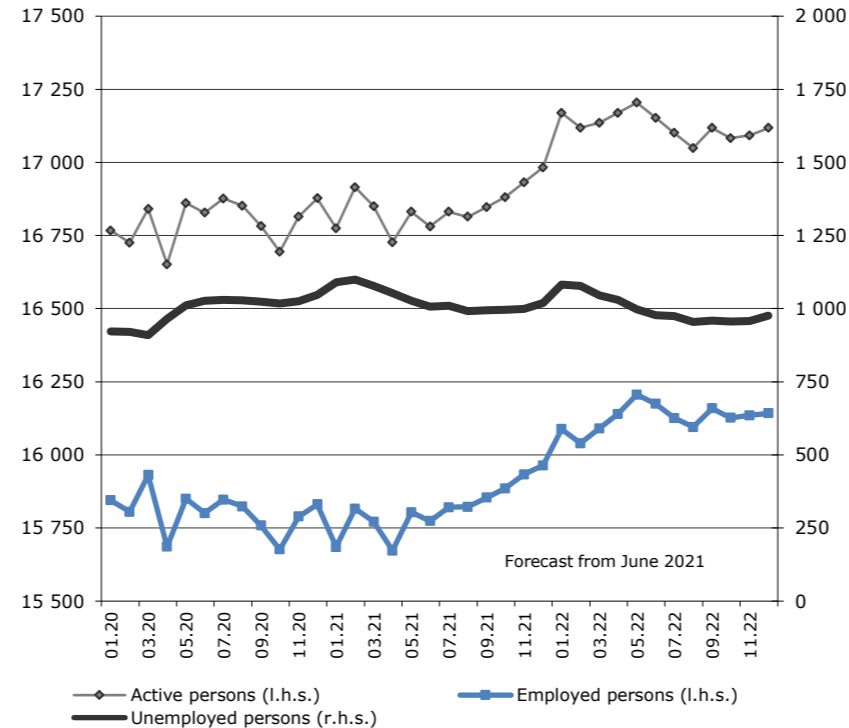
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



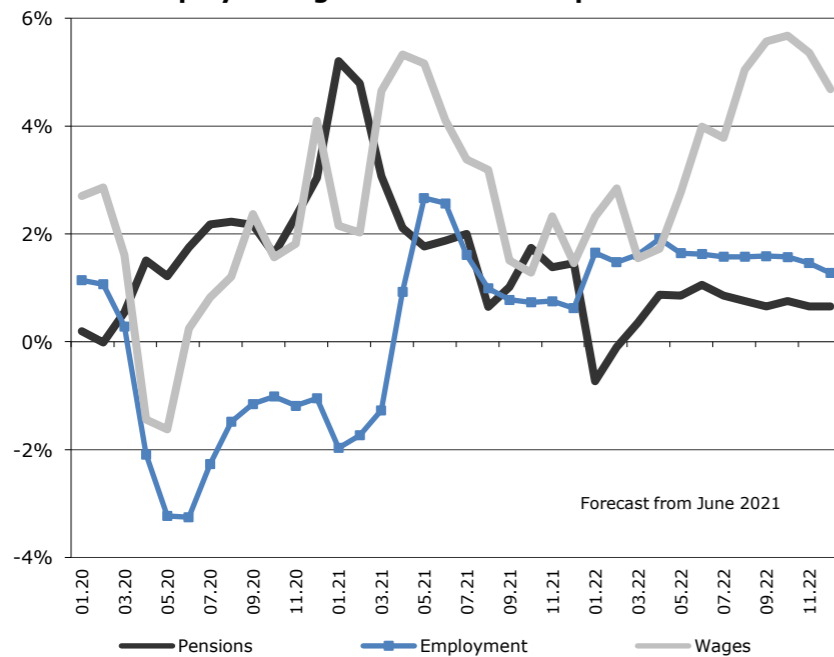
Registered unemployment



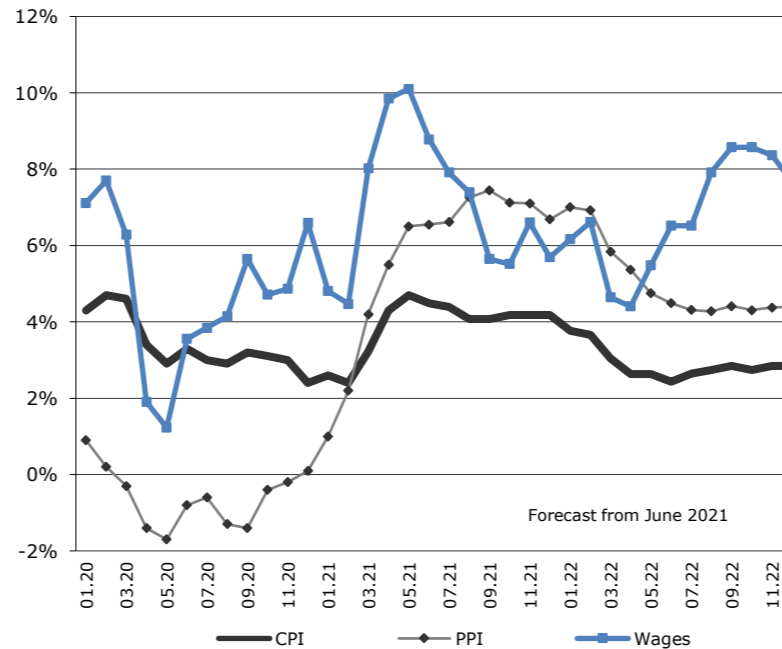
Labor activity



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 May, the number of registered unemployed fell by 27.1 thousand, up to 1026.7 thousand people. The unemployment rate was 6.1%. The unemployment rate fell by 0.2 percentage points. A year ago, in May, the unemployment rate was 6.0%. May usually brings an improvement in unemployment statistics. Spring brings a drop in unemployment related to the increased demand for seasonal work in construction, agriculture and tourist services.

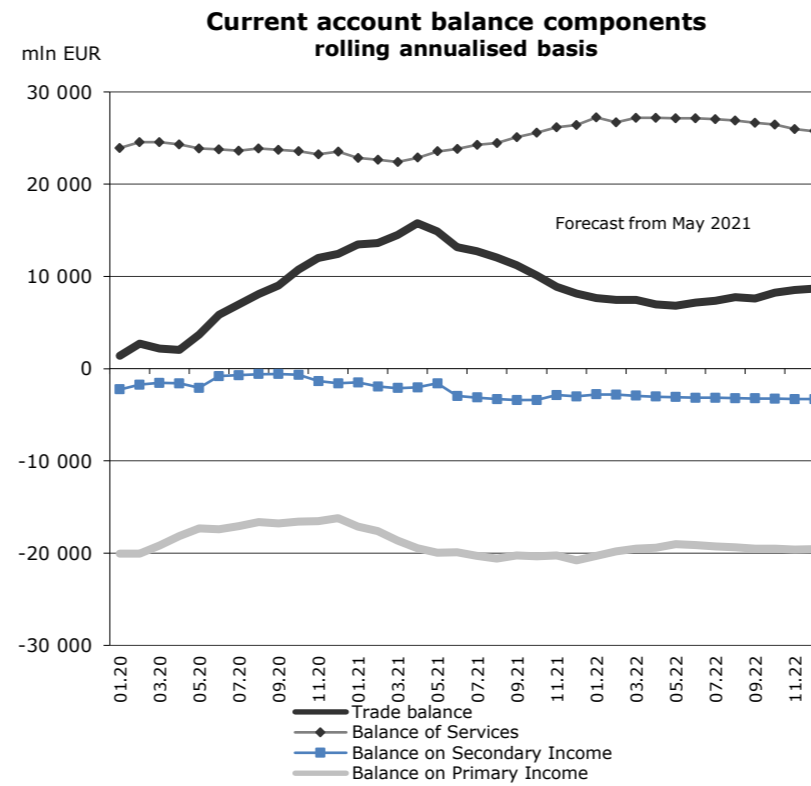
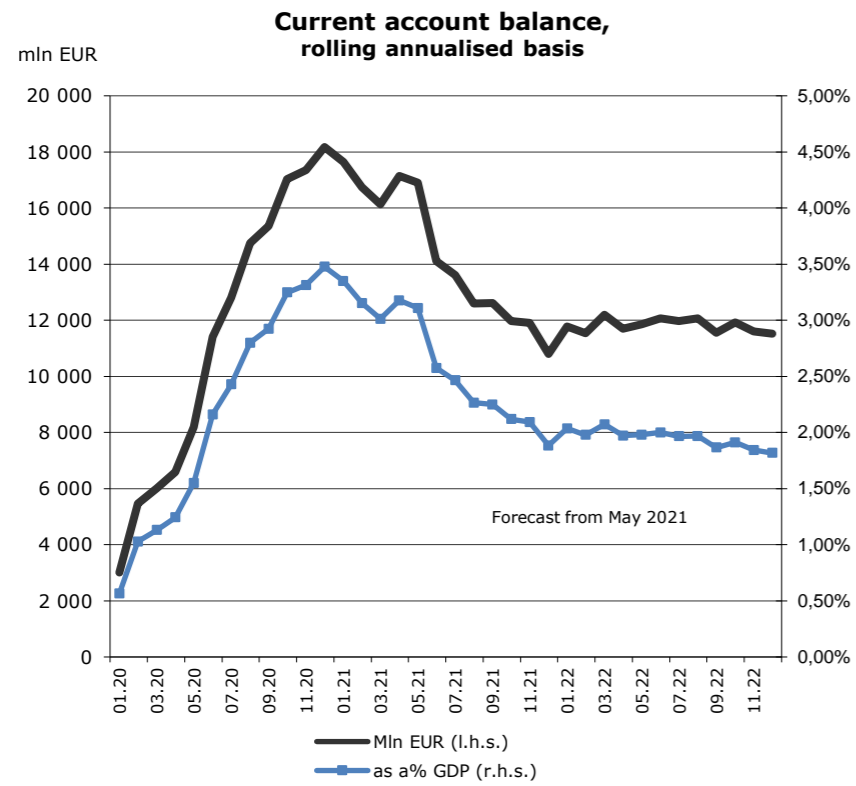
The number of employed in May amounted to approximately 15,804,000 people. It was about 46 thousand, i.e. 0.29% lower than last year.

In summer, unemployment will decline. In autumn, the unemployment rate will be 5.9%, and the number of unemployed will amount to 995,000. At the end of the year, the unemployment rate will increase to 6.0%, and the number of the unemployed will increase to 1,020,000.

In May, the prices of consumer goods and services turned out to be 0.3% higher than in April. This result was slightly lower than expected. Prices increased significantly in, among others, groups: restaurants and hotels, health, food. In May, the prices of goods and services turned out to be 4.7% higher than in the previous year. The annual inflation rate is expected to decline in June.

Industrial prices rose by 0.8% in May. Industrial prices in May were on average 6.5% 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 rising production costs.

In May, the average salary in the enterprise sector amounted to PLN 5,637.34. It was thus PLN 168.38, i.e. 2.9% lower than in April. It was also PLN 514.40 and 10.1% higher than in May of the previous year. The drop in wages recorded in May is seasonal. The level of wages in May 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.



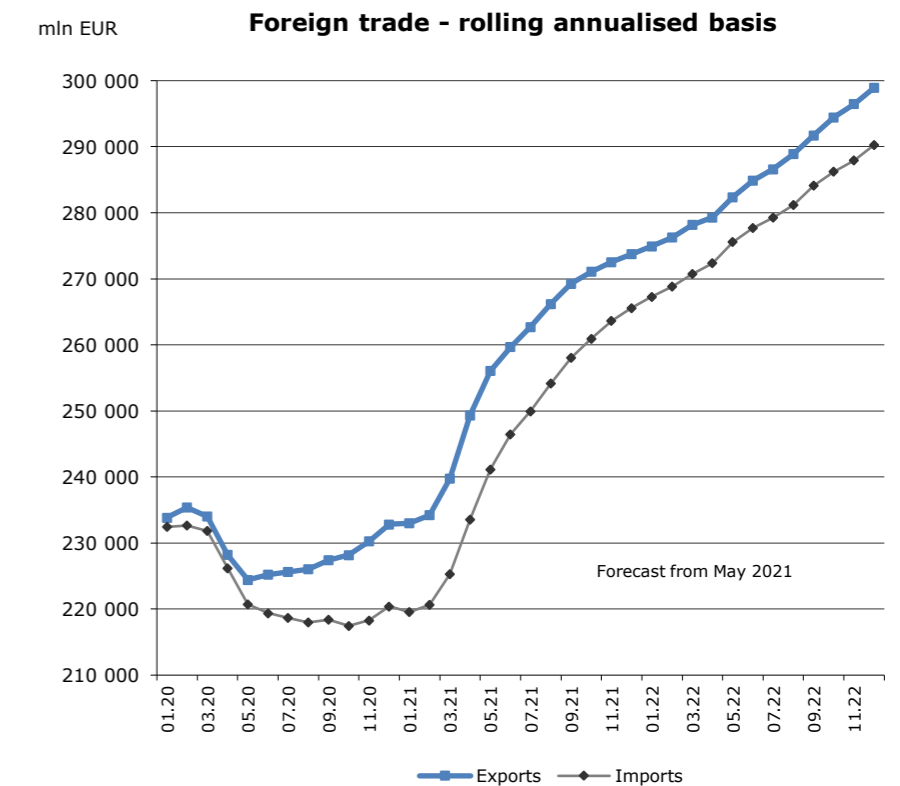
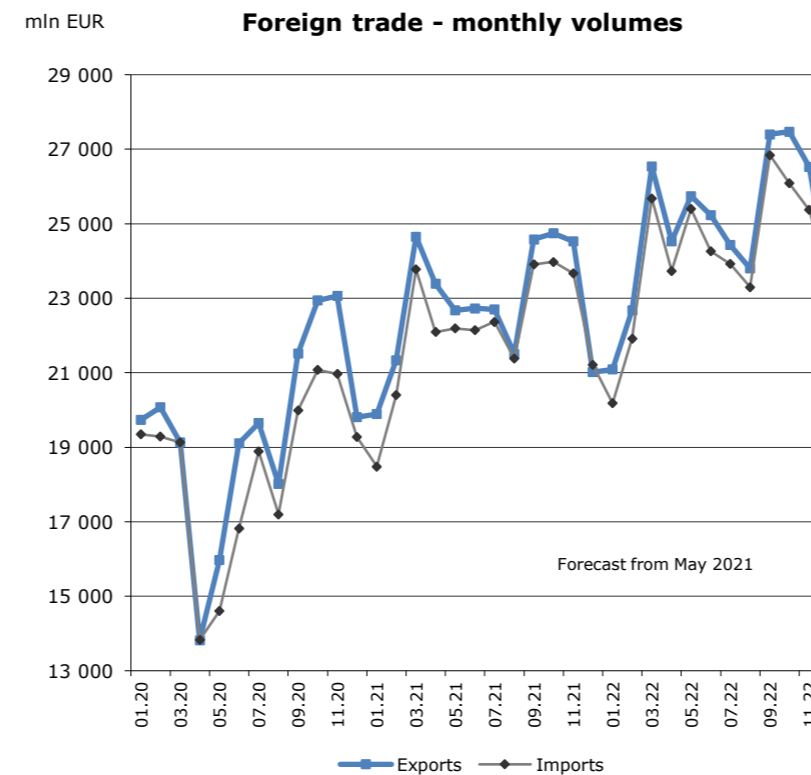
(mIn EUR)	IV 2020	III 2021*	IV 2021
Current account balance	717	116	1 740
Exports	13 820	24 651	23 386
Imports	13 828	23 773	22 097
Trade balance	-8	878	1 289
Balance on Services	1 652	1 481	2 108
Balance on Primary Income	-803	-2 057	-1 611
Balance on Secondary Income	-124	-186	-46

*Corrected data

In early June, the National Bank of Poland presented its estimated April balance of payments data. The current account balance in April 2021 was positive and amounted to EUR 1,740 million. In the previous month, there was a surplus of EUR 116 million. A year ago, a surplus of EUR 717 million was recorded.

After April, the current account balance on a rolling year basis was positive and amounted to EUR 17,148 million. Its level in relation to GDP was 3.18%. In the last 12 months, exports of goods amounted to EUR 249 billion, and exports of services amounted to EUR 58 billion

The export of goods is now comparable to 46% 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	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021	10.2021	11.2021
International reserves, EUR million	120 499	125 622	129 832	134 764	134 814	128 703	133 383	131 383	132 828	134 156	135 498	136 175	137 673
International reserves in the months of import of goods and services	5,70	5,90	6,12	6,34	6,23	5,76	5,80	5,60	5,59	5,56	5,54	5,51	5,53
International reserves as a% of money supply	30,1%	31,8%	32,4%	33,1%	33,7%	31,6%	32,7%	32,0%	32,1%	32,2%	32,2%	32,1%	32,0%
Current account balance, EUR million, rolling annualised basis	17 359	18 175	17 649	16 745	16 125	17 148	16 903	14 108	13 610	12 601	12 616	11 966	11 900
Current account balance, as a% of GDP, rolling annualised basis	3,31%	3,48%	3,35%	3,16%	3,02%	3,18%	3,12%	2,58%	2,47%	2,27%	2,26%	2,13%	2,10%
Inflow of foreign direct investment - rolling annualised basis, EUR million	12 937	12 449	12 969	13 202	14 899	17 033	16 529	16 611	15 942	14 766	14 956	12 871	12 771
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-10 213	-9 604	-8 445	-11 308	-10 951	-5 663	-6 738	-5 917	-6 977	-6 888	-6 350	2 218	-4 518

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Total external debt, EUR million	315 659	303 432	300 115	301 572	303 711	307 739	308 250	308 750	309 250	309 750	310 250	310 750	311 250
Long-term external debt, EUR million	179 367	175 924	170 703	171 032	169 867	171 155	171 000	170 750	170 500	170 250	170 000	169 750	169 500
Short-term external debt, EUR million	50 189	39 583	41 538	43 111	47 406	47 963	48 250	48 500	48 750	49 000	49 250	49 500	49 750
External debt - Direct investment debt instruments, EUR million	86 103	87 925	87 874	87 429	86 438	88 621	89 000	89 500	90 000	90 500	91 000	91 500	92 000
External debt as a% of GDP	59%	57%	57%	57%	58%	57%	56%	55%	54%	53%	51%	50%	49%
External debt as a% of export	136%	130%	133%	133%	130%	128%	119%	115%	113%	111%	109%	107%	104%
International reserves as a% of total external debt	36%	36%	38%	40%	41%	44%	43%	44%	46%	47%	46%	46%	48%
International reserves as a% of short-term external debt	228%	278%	277%	276%	265%	281%	272%	279%	289%	294%	287%	290%	299%

The current account has been positive in recent months. In the last 12 months, it was comparable to 3.18% 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 (5.80 months of imports of goods and services), money supply (32.7%) and external debt (44.0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 57%) and goods exports (currently 128%) is declining. The ratio of external debt to GDP and exports is low.

