



# **Monthly Macroeconomic Review**

Prepared by  
Polish Chamber of Commerce

Updated on 30/07/2021

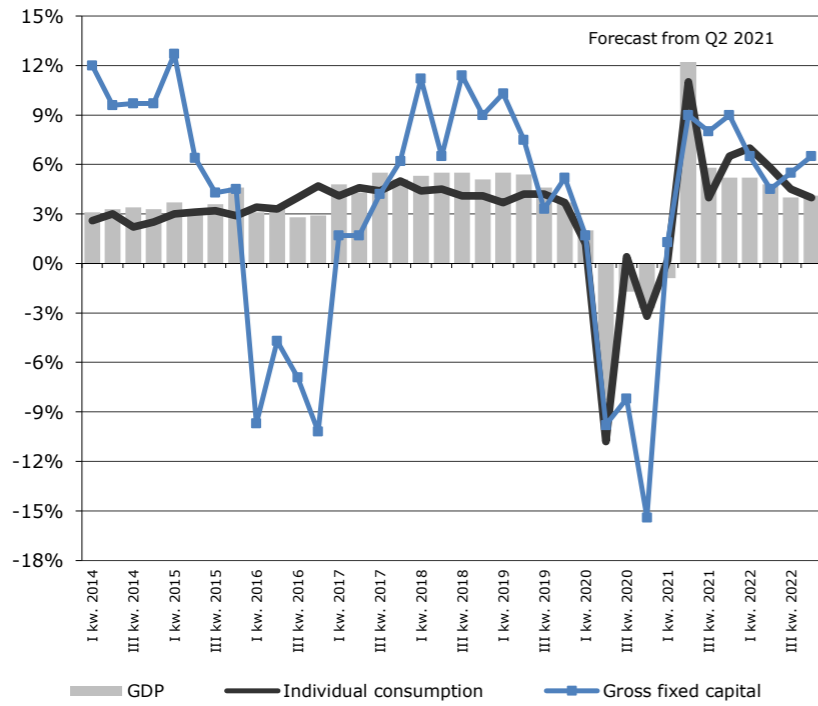
Macroeconomic forecast

Monthly macroeconomic indicators	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021	10.2021	11.2021	12.2021
Industrial sales, % real change, y/y	11,2%	0,9%	2,7%	18,9%	44,2%	29,8%	18,4%	14,3%	15,6%	9,2%	6,0%	7,0%	2,9%
Construction, % real change, y/y	3,4%	-10,0%	-16,9%	-10,8%	-4,2%	4,7%	4,4%	11,3%	16,7%	11,2%	2,1%	7,0%	2,9%
Retail sales, % nominal change, y/y	-0,8%	-6,0%	-2,7%	17,1%	25,7%	19,1%	13,0%	8,3%	9,5%	10,2%	12,4%	15,6%	11,7%
Consumer prices, % change, y/y	2,4%	2,6%	2,4%	3,2%	4,3%	4,7%	4,4%	5,0%	4,9%	4,9%	5,1%	5,1%	5,1%
Producer prices, % change, y/y	0,1%	1,0%	2,2%	4,2%	5,5%	6,6%	7,0%	7,6%	8,4%	8,7%	8,5%	8,6%	8,1%
Wages - enterprise sector, % nominal change, y/y	6,6%	4,8%	4,5%	8,0%	9,9%	10,1%	9,8%	8,6%	8,0%	6,3%	5,9%	6,9%	5,9%
Wages - enterprise sector, PLN	5 974	5 537	5 569	5 929	5 806	5 637	5 802	5 843	5 767	5 709	5 784	5 865	6 328
Registered unemployment rate	6,2%	6,1%	6,1%	6,0%	5,8%	5,6%	5,4%	5,3%	5,3%	5,2%	5,2%	5,2%	5,3%
Number of registered unemployed persons, thousand	1 046	1 055	1 052	1 036	1 003	971	933	914	913	899	898	898	917
Current account balance, EUR million	889	2 006	834	116	1 631	60	-409	-764	-568	278	567	645	-429
Current account balance, EUR million, rolling annualised basis	18 175	17 649	16 745	16 125	17 039	15 543	11 801	10 387	8 546	7 494	6 144	5 285	3 967

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%	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



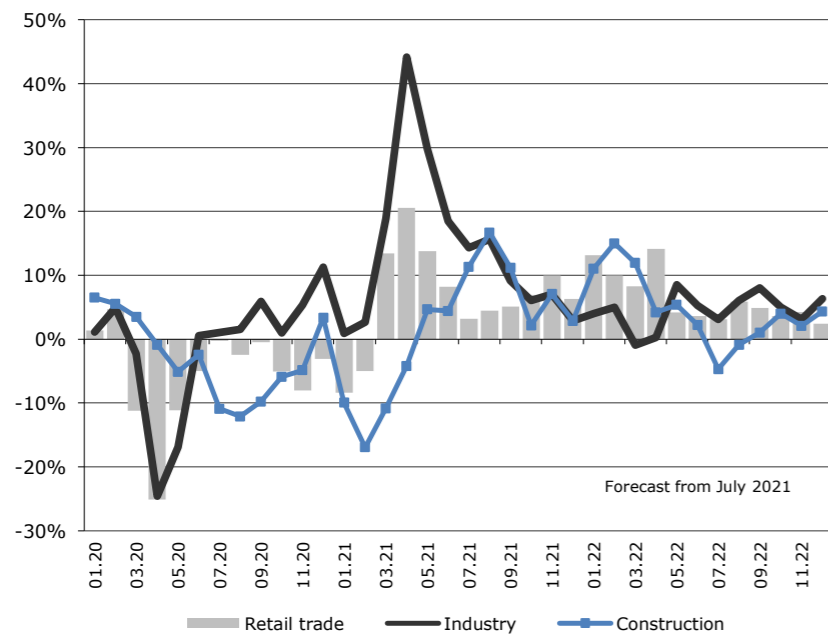
The Central Statistical Office informed that in the first quarter of 2021, GDP decreased by 0.9% y / y against a drop by 2.7% y / y in the fourth quarter of 2020. The decline turned out to be close to the market expected.

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 567 billion).

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



In June, industrial production increased in real terms by 4.0%. The increase was seasonal. The annual dynamics of production decreased to 18.4% from 29.8% in May. The industrial results in June were close to expectations. In the first six months of the year, industrial production was 18.2% higher than in the corresponding period of the previous year.

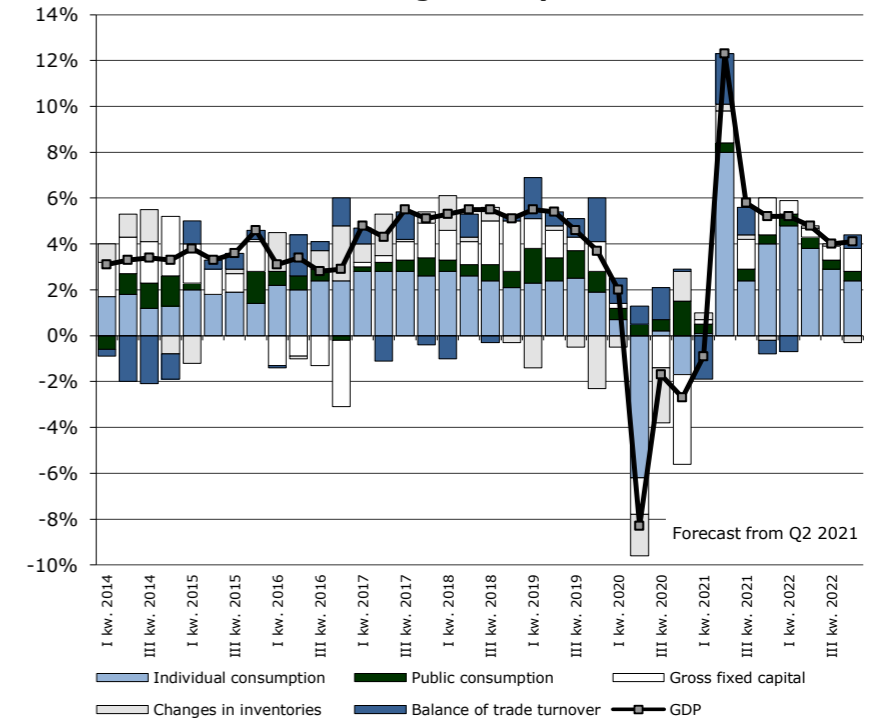
In June, construction and assembly production turned out to be 12.2% higher than in May. The increase in sales in June is a typical phenomenon. The annual dynamics of construction and assembly production decreased from 4.7% in May to 4.4% in June. Construction results in June were weaker than expected. In the first six months of the year, construction and assembly production was 2.8% lower than in the corresponding period of the previous year.

Retail sales in June in nominal terms turned out to be 3.4% higher than in May. The increase was seasonal. The annual sales dynamics decreased from 19.1% in May to 13.0% in June. May's results were better than expected. In the first six months of the year, sales in nominal terms were 10.4% higher than in the corresponding period of the previous year.

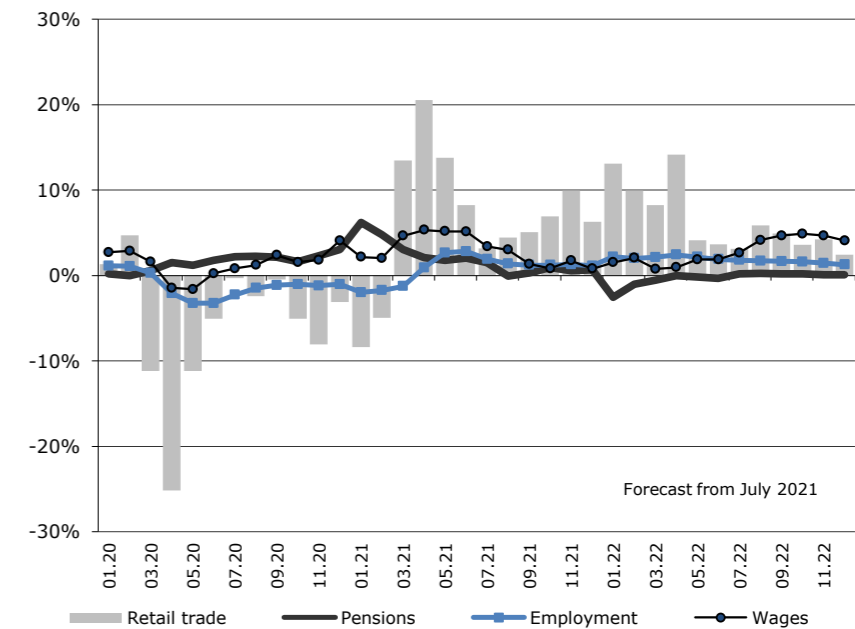
## GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 30/07/2021

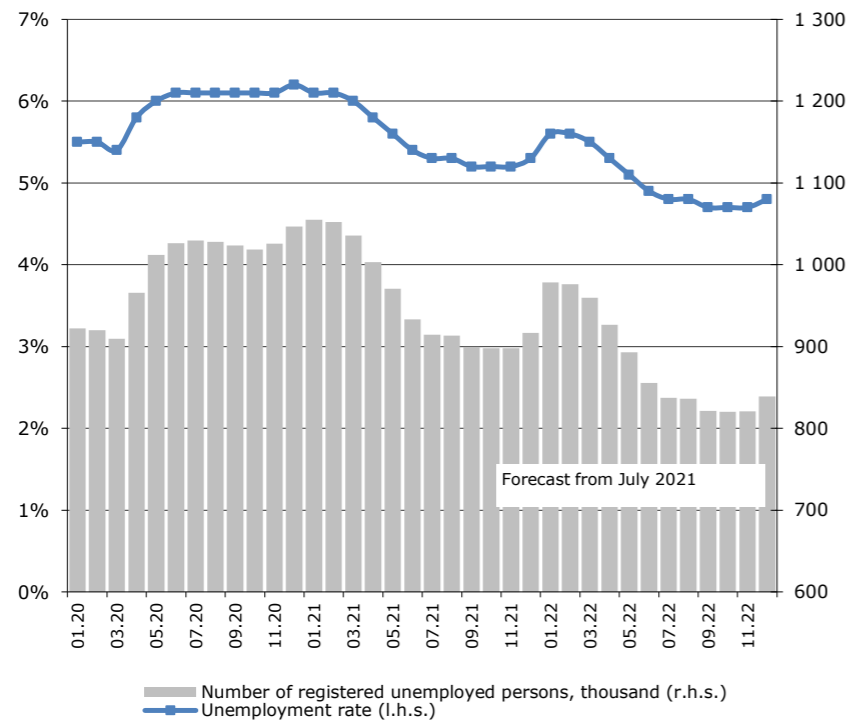
### Scale of impact of GDP demand components on economic growth dynamics



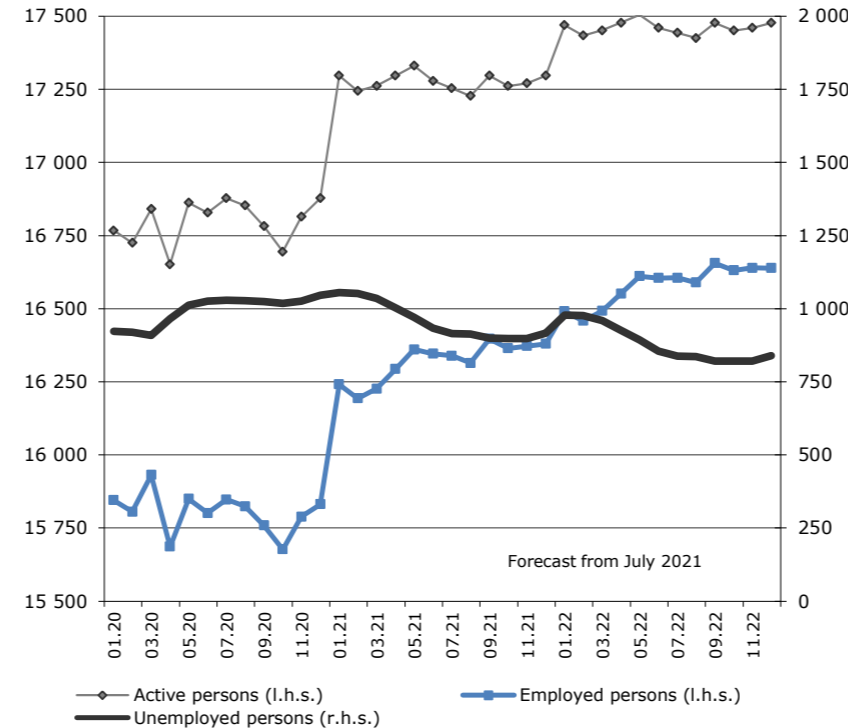
### Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



**Registered unemployment**



**Labor activity**

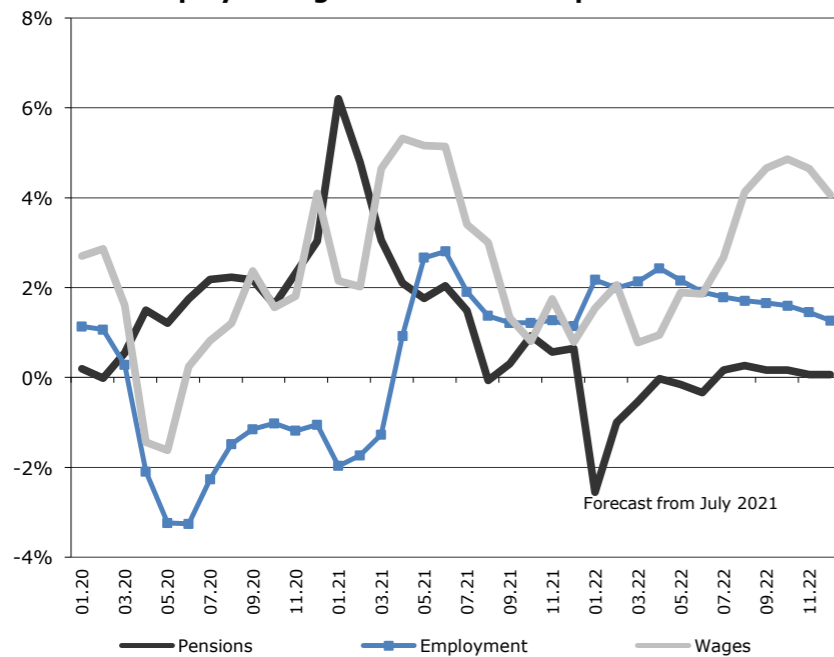


In June, the number of registered unemployed fell by 33.3 thousand, up to 993.4 thousand people. The unemployment rate was 5.9%. The unemployment rate fell by 0.2 percentage points. A year ago, in June, the unemployment rate was 6.1%. June usually brings an improvement in unemployment statistics. Spring brings a drop in unemployment related to the increased demand for seasonal work in construction, agriculture and tourist services.

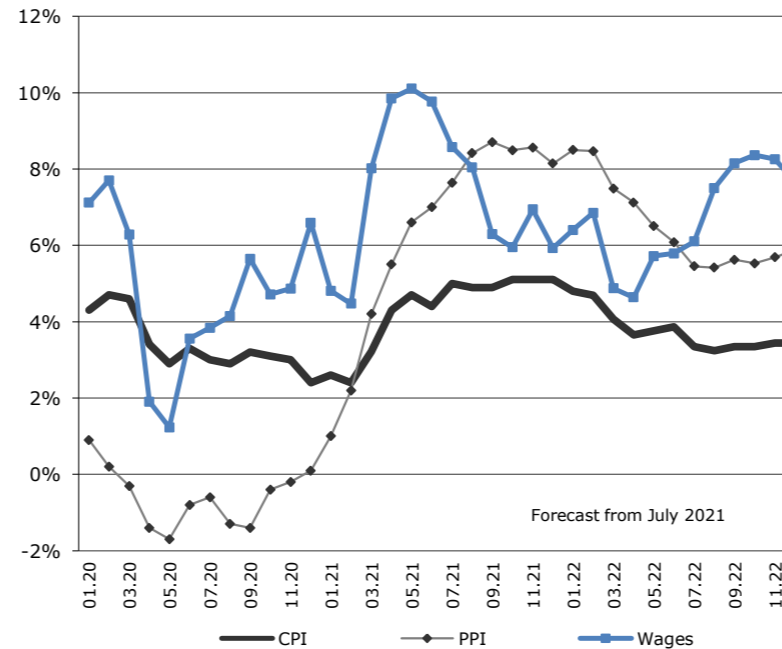
The number of employed in June amounted to approximately 15,844 thousand people. It was about 43 thousand, ie 0.27% higher than last year.

In summer, unemployment will decline. In autumn, the unemployment rate will amount to 5.7%, and the number of unemployed will amount to 965,000. At the end of the year, the unemployment rate will increase to 5.8%, and the number of the unemployed will increase to 990,000.

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



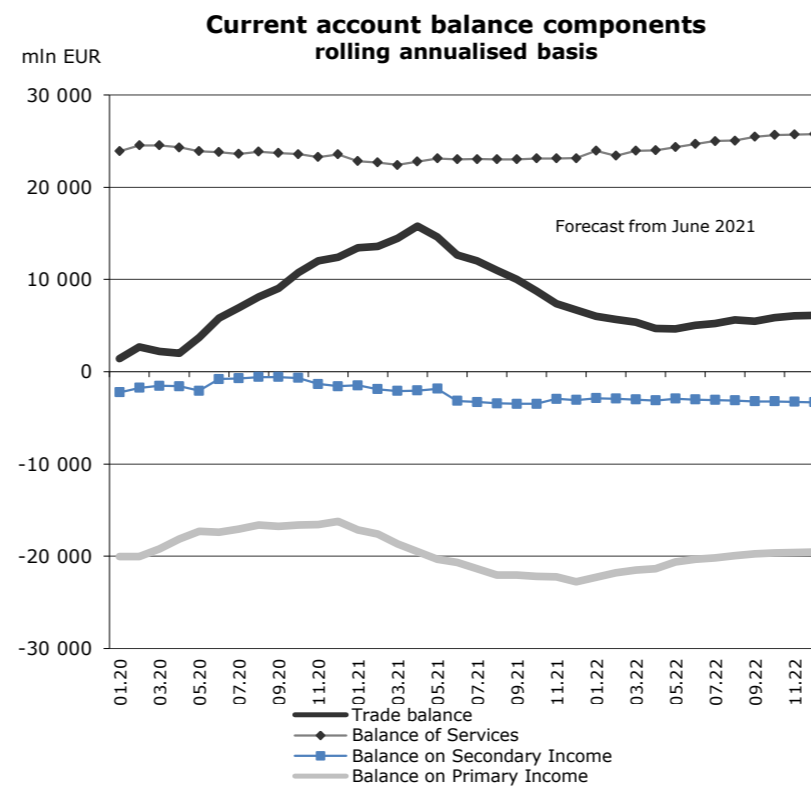
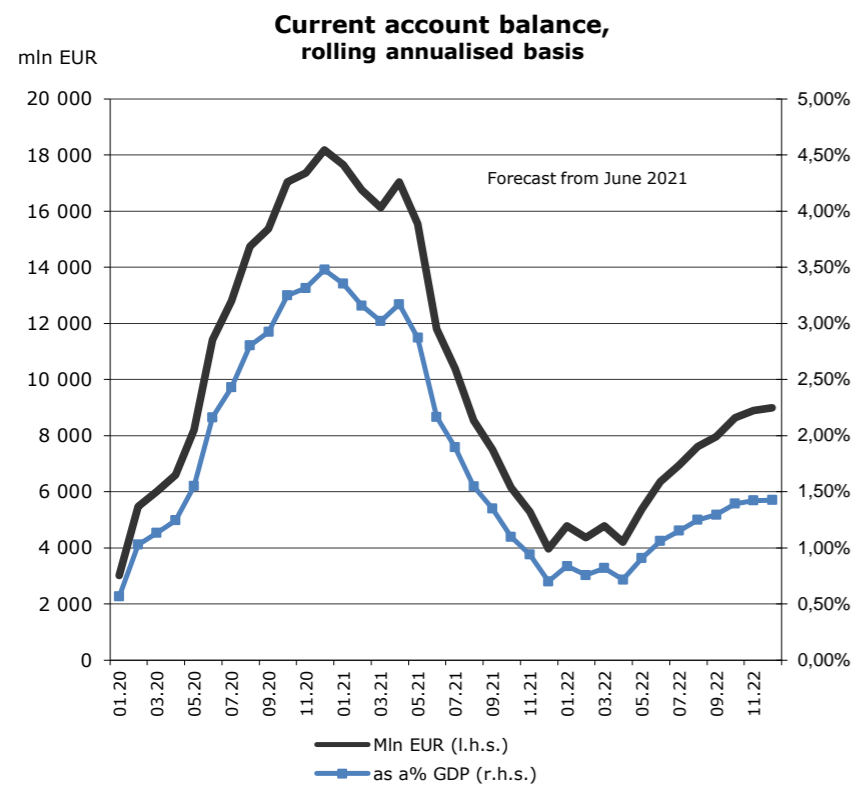
**CPI, PPI, Wages - y / y**



In June, the prices of consumer goods and services turned out to be 0.1% higher than in May. This result was slightly lower than expected. Prices increased significantly in, among others, groups: restaurants and hotels, transport, recreation and culture, health. In June, the prices of goods and services turned out to be 4.4% higher than in the previous year. In July, the annual inflation rate is expected to increase.

Industrial prices rose by 0.7% in June. Industrial prices in June were on average 7.0% 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 rising production costs.

In June, the average salary in the enterprise sector amounted to PLN 5,802.42. It was thus PLN 165.08, ie 2.9% higher than in May. It was also PLN 516.42 and 9.8% higher than in June of the previous year. The wage growth recorded in June is seasonal. The level of wages in June 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.



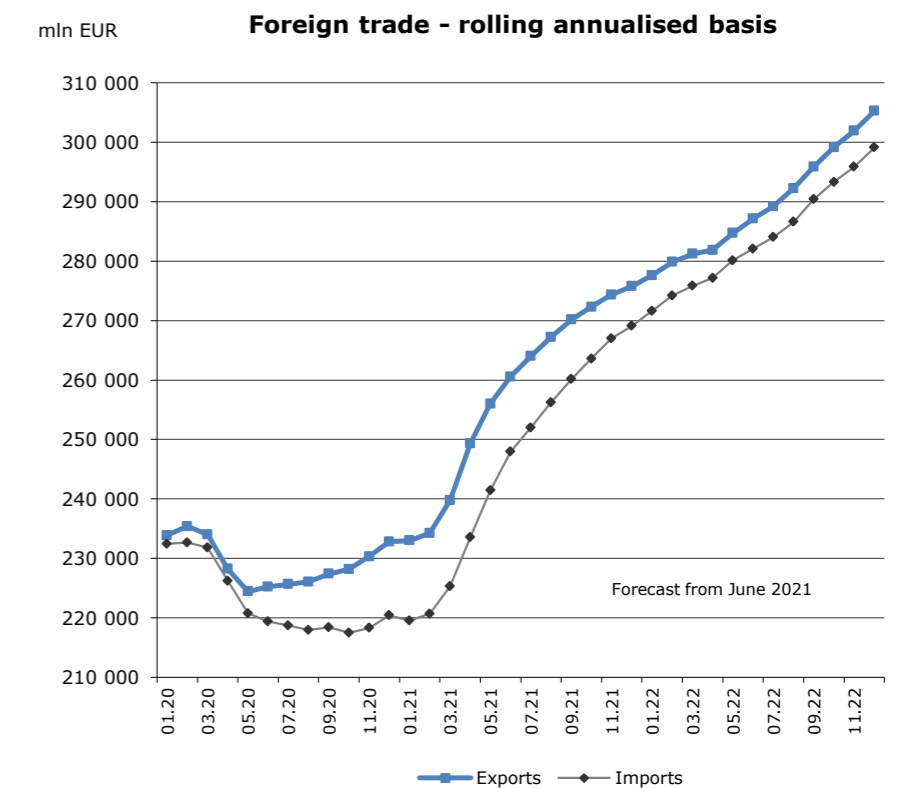
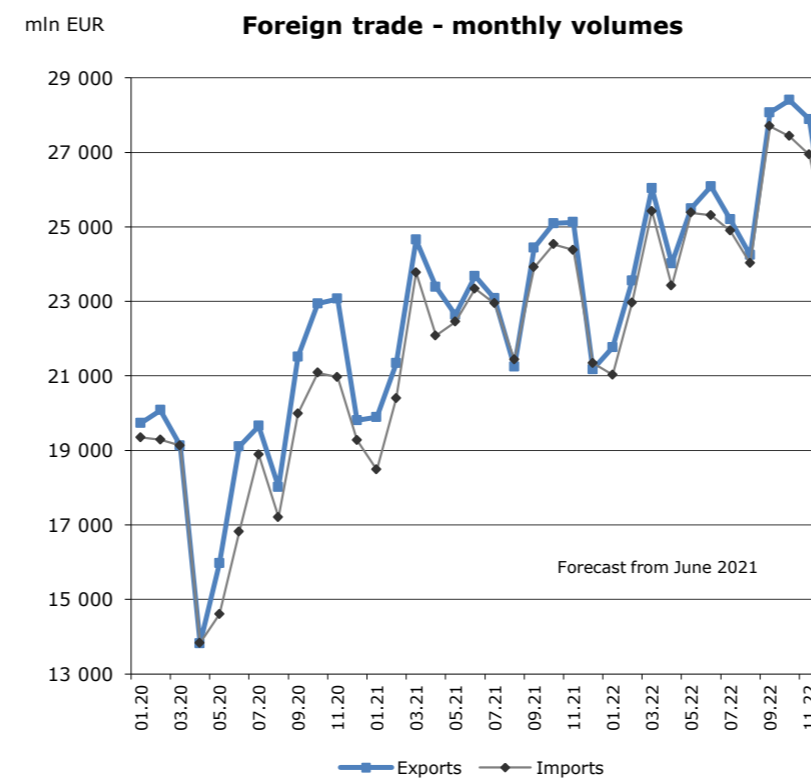
(mIn EUR)	V 2020	IV 2021*	V 2021
<b>Current account balance</b>	1 556	1 631	60
Exports	15 970	23 384	22 636
Imports	14 604	22 084	22 451
Trade balance	1 366	1 300	185
Balance on Services	1 513	2 029	1 829
Balance on Primary Income	-905	-1 650	-1 726
Balance on Secondary Income	-418	-48	-228

\*Corrected data

At the beginning of July, the National Bank of Poland presented its estimated balance of payments data for May. The current account balance in May 2021 was positive and amounted to EUR 60 million. In the previous month, there was a surplus of EUR 1,631 million. A year ago, a surplus of EUR 1,556 million was recorded.

After May, the current account balance on a rolling year basis was positive and amounted to EUR 15,543 million. Its level in relation to GDP was 2.87%. In the last 12 months, the export of goods amounted to EUR 256 billion, and the export of services to EUR 58 billion

The export of goods is now comparable to 47% 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

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly</b>	<b>12.2020</b>	<b>01.2021</b>	<b>02.2021</b>	<b>03.2021</b>	<b>04.2021</b>	<b>05.2021</b>	<b>06.2021</b>	<b>07.2021</b>	<b>08.2021</b>	<b>09.2021</b>	<b>10.2021</b>	<b>11.2021</b>	<b>12.2021</b>
International reserves, EUR million	125 622	129 832	134 764	134 814	128 703	133 383	134 114	134 784	135 458	136 135	136 816	137 637	141 766
International reserves in the months of import of goods and services	5,90	6,12	6,34	6,23	5,76	5,80	5,69	5,64	5,58	5,53	5,50	5,47	5,59
International reserves as a% of money supply	31,8%	32,4%	33,1%	33,7%	31,6%	31,9%	32,3%	32,6%	32,4%	32,3%	32,2%	32,1%	32,3%
Current account balance, EUR million, rolling annualised basis	18 175	17 649	16 745	16 125	17 039	15 543	11 801	10 387	8 546	7 494	6 144	5 285	3 967
Current account balance, as a% of GDP, rolling annualised basis	3,48%	3,35%	3,16%	3,02%	3,17%	2,87%	2,17%	1,89%	1,55%	1,35%	1,10%	0,94%	0,70%
Inflow of foreign direct investment - rolling annualised basis, EUR million	12 449	12 969	13 202	14 899	17 052	16 499	16 531	15 712	14 476	14 406	12 296	12 131	13 742
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-9 604	-8 445	-11 308	-10 951	-5 663	-8 084	-7 663	-9 098	-9 092	-8 744	-126	-6 822	-6 518

Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly</b>	<b>Q4 19</b>	<b>Q1 20</b>	<b>Q2 20</b>	<b>Q3 20</b>	<b>Q4 20</b>	<b>Q1 21</b>	<b>Q2 21</b>	<b>Q3 21</b>	<b>Q4 21</b>	<b>Q1 22</b>	<b>Q2 22</b>	<b>Q3 22</b>	<b>Q4 22</b>
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%

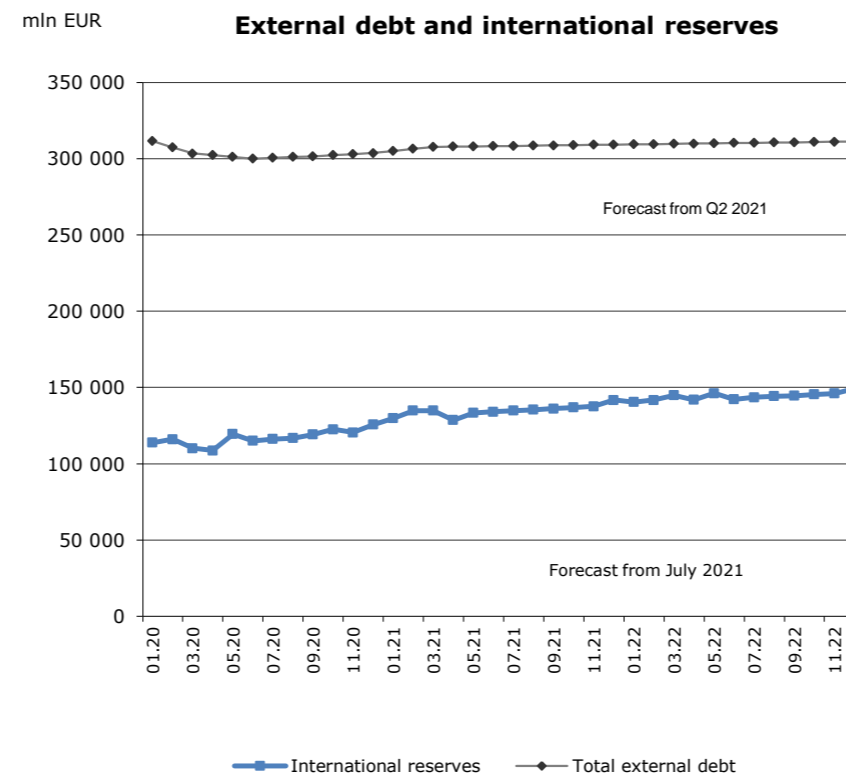
The current account has been positive in recent months. In the last 12 months, it was comparable to 2,87% of GDP.

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.

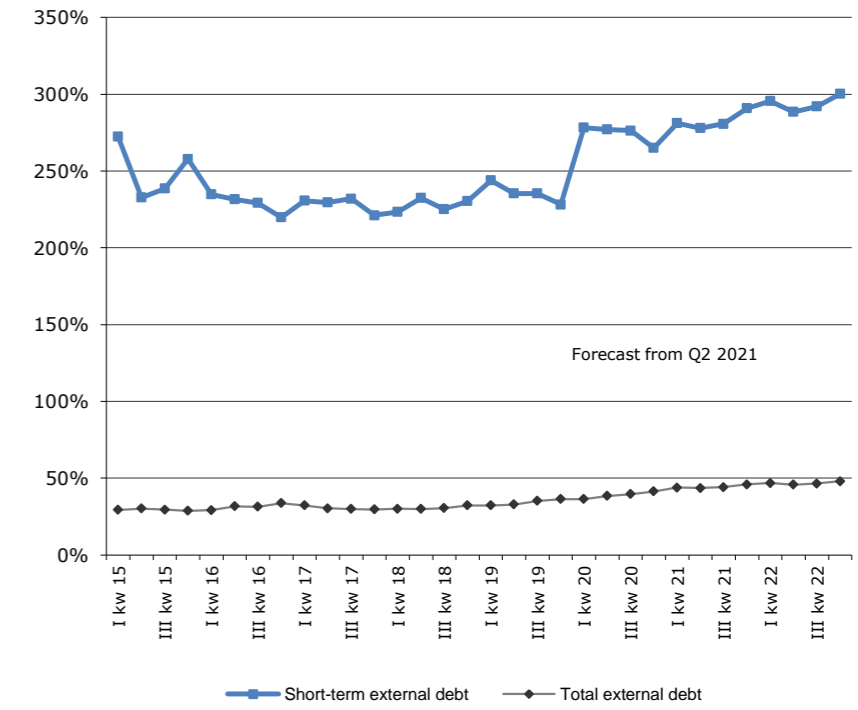
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.69 months of imports of goods and services), money supply (32,3%) and external debt (44,0%).

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.

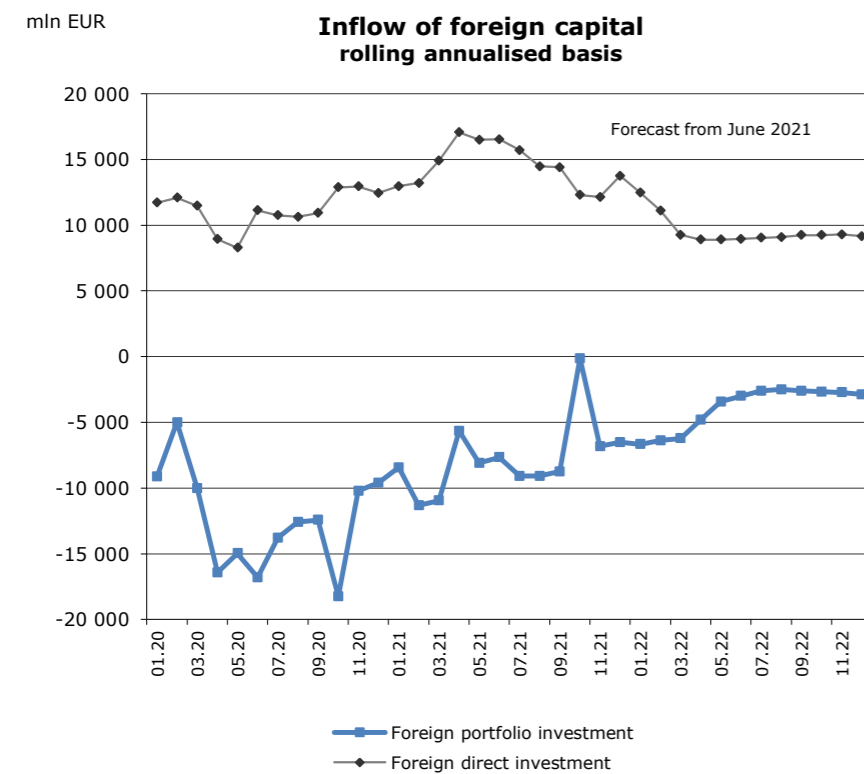
External debt and international reserves



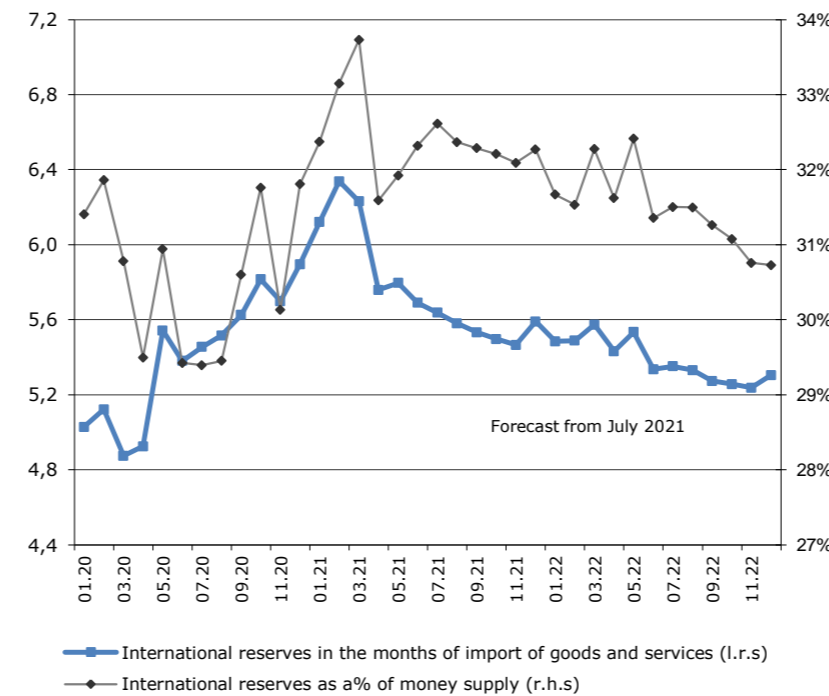
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

