



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/08/2021

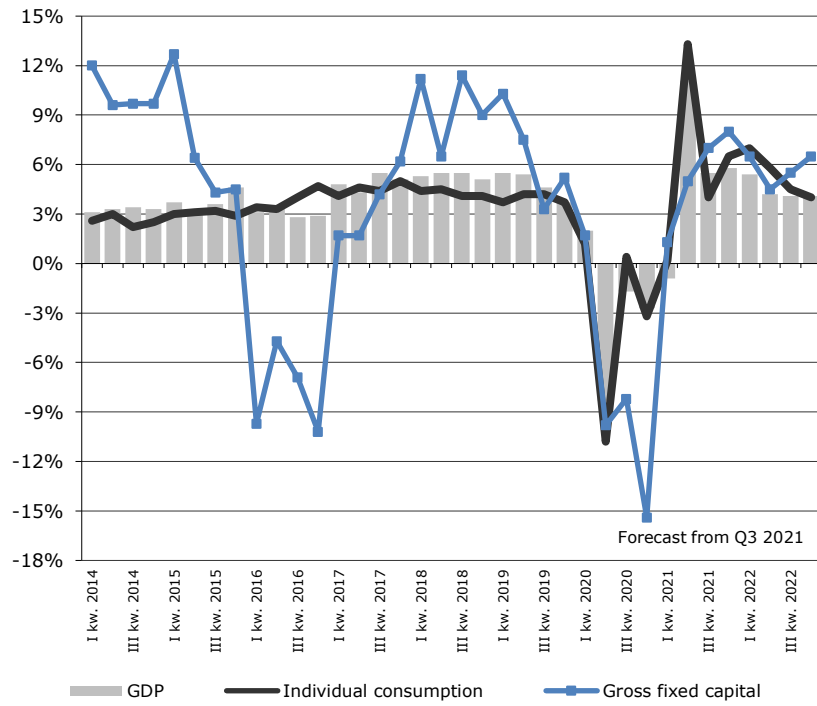
Macroeconomic forecast

Monthly macroeconomic indicators	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021	10.2021	11.2021	12.2021	01.2022
Industrial sales, % real change, y/y	0,9%	2,7%	18,9%	44,2%	29,8%	18,4%	9,8%	16,7%	10,2%	7,0%	7,0%	2,9%	4,0%
Construction, % real change, y/y	-10,0%	-16,9%	-10,8%	-4,2%	4,7%	4,4%	3,3%	8,3%	5,1%	0,2%	5,0%	1,8%	7,0%
Retail sales, % nominal change, y/y	-6,0%	-2,7%	17,1%	25,7%	19,1%	13,0%	8,9%	9,8%	10,2%	12,4%	15,6%	11,8%	18,6%
Consumer prices, % change, y/y	2,6%	2,4%	3,2%	4,3%	4,7%	4,4%	5,0%	5,4%	5,4%	5,6%	5,6%	5,6%	5,3%
Producer prices, % change, y/y	1,0%	2,2%	4,2%	5,5%	6,6%	7,2%	8,2%	9,0%	9,3%	9,0%	9,1%	8,7%	9,0%
Wages - enterprise sector, % nominal change, y/y	4,8%	4,5%	8,0%	9,9%	10,1%	9,8%	8,7%	8,1%	6,3%	6,0%	7,0%	6,0%	6,5%
Wages - enterprise sector, PLN	5 537	5 569	5 929	5 806	5 637	5 802	5 852	5 770	5 712	5 787	5 868	6 331	5 894
Registered unemployment rate	6,5%	6,5%	6,4%	6,3%	6,1%	5,9%	5,8%	5,8%	5,7%	5,7%	5,7%	5,8%	6,1%
Number of registered unemployed persons, thousand	1 090	1 100	1 078	1 054	1 027	993	975	974	960	962	966	986	1 048
Current account balance, EUR million	2 006	834	116	1 631	129	281	-659	-592	191	505	577	-527	2 821
Current account balance, EUR million, rolling annualised basis	17 649	16 745	16 125	17 039	15 612	12 560	11 251	9 386	8 247	6 835	5 907	4 491	5 306

Macroeconomic forecast

Quarterly macroeconomic indicators	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
Gross domestic product , % real change y/y	3,7%	2,0%	-8,3%	-1,7%	-2,7%	-0,9%	11,1%	5,5%	5,8%	5,4%	4,2%	4,1%	4,1%
Individual consumption , % real change y/y	3,7%	1,2%	-10,8%	0,4%	-3,2%	0,2%	13,3%	4,0%	6,5%	7,0%	5,8%	4,5%	4,0%
Gross fixed capital , % real change y/y	5,2%	1,7%	-9,8%	-8,2%	-15,4%	1,3%	5,0%	7,0%	8,0%	6,5%	4,5%	5,5%	6,5%

GDP components in terms of demand - y / y



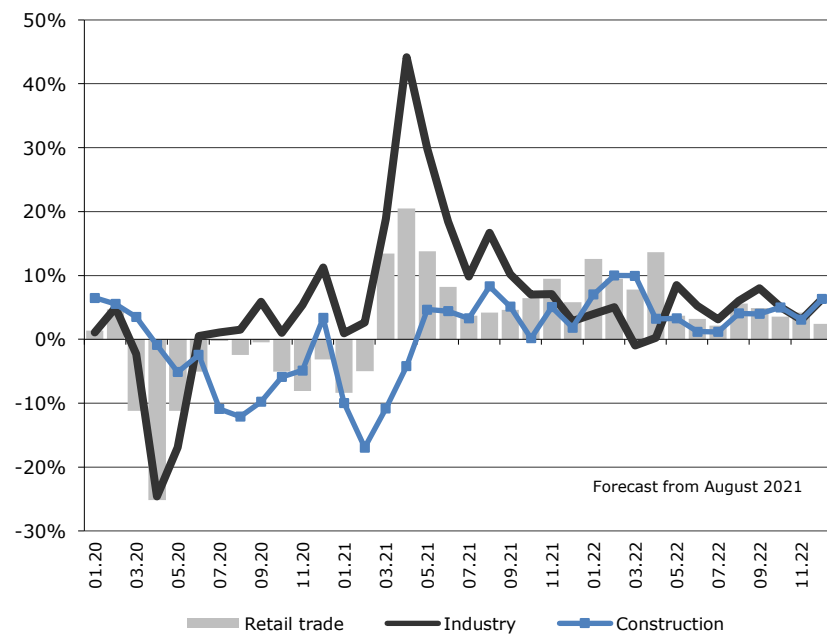
The Central Statistical Office informed that in the second quarter of 2021, GDP increased by 11.1% y / y as compared to a decline of 0.9% y / y in the first quarter of 2021. The growth turned out to be close to the market expected.

In the third quarter of 2021, GDP dynamics of 5.5% y / y is expected, and 5.8% in the fourth quarter. High volatility of GDP dynamics in the current year is the effect of a rebound of a very volatile base from the previous 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 5.4%, and the nominal GDP will reach PLN 2,566 billion (EUR 566 billion).

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



In July, industrial production decreased in real terms by 3.9%. The decline was seasonal. The annual production dynamics decreased to 9.8% from 18.4% in June. The industrial results in July were weaker than expected. In the first seven months of the year, industrial production was 17.0% higher than in the corresponding period of the previous year.

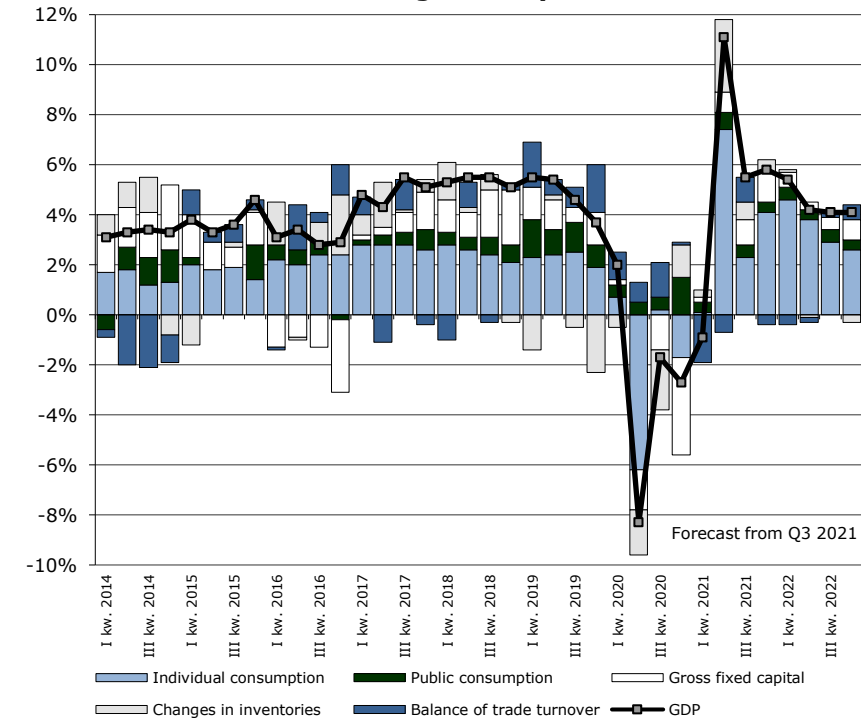
In July, construction and assembly production turned out to be 4.7% lower than in June. The fall in sales in July is a typical phenomenon. The annual dynamics of construction and assembly production decreased from 4.4% in June to 3.3% in July. Construction results in July were clearly weaker than expected. In the first seven months of the year, construction and assembly production was 0.7% lower than in the corresponding period of the previous year.

Retail sales in July in nominal terms turned out to be 2.5% higher than in June. The increase was seasonal. The annual sales dynamics decreased from 13.0% in June to 8.9% in July. July's results were better than expected. In the first seven months of the year, sales in nominal terms were 10.2% higher than in the corresponding period of the previous year.

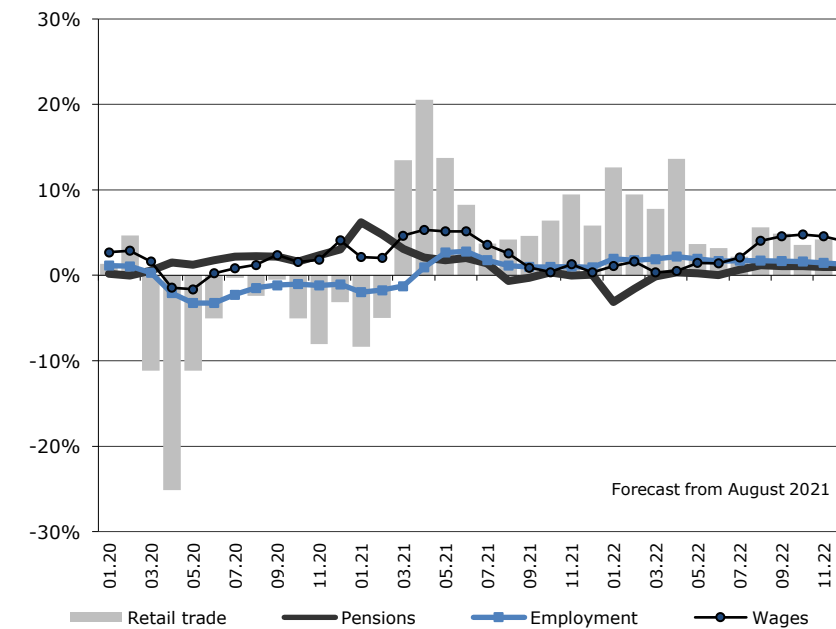
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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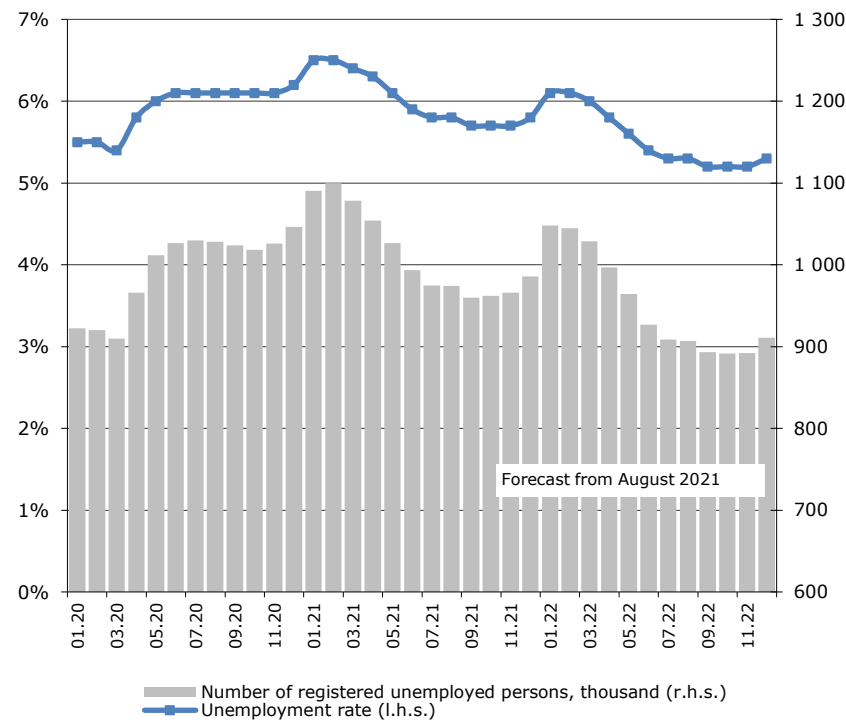
Scale of impact of GDP demand components on economic growth dynamics



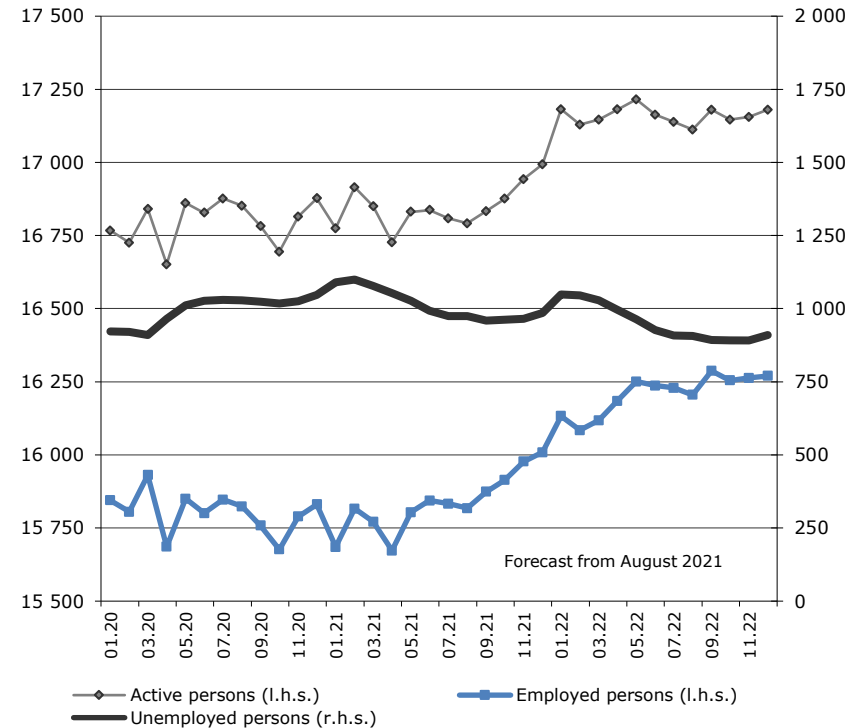
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

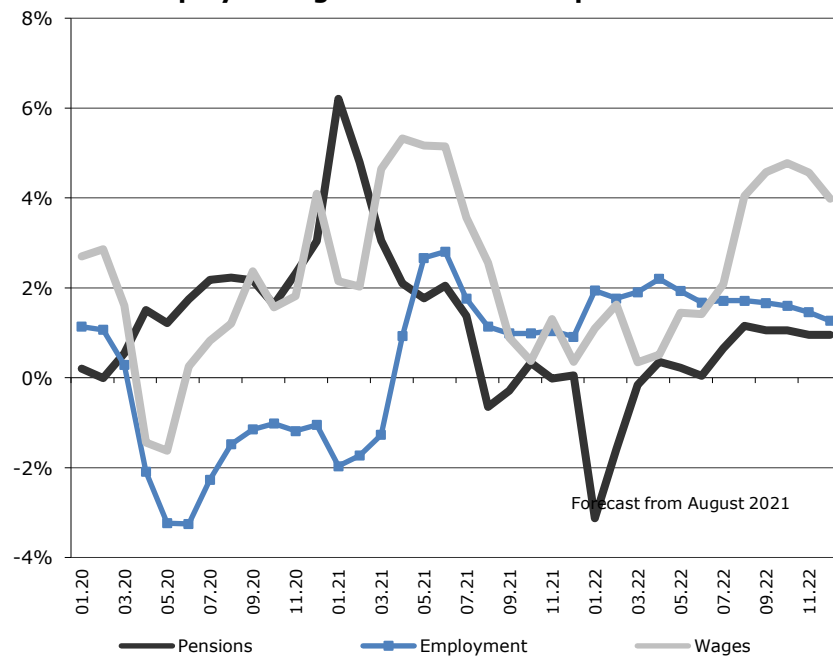


In July, the number of registered unemployed fell by 18.5 thousand, up to 974.9 thousand people. The unemployment rate was 5.8%. The unemployment rate fell by 0.1 percentage point. A year ago, in July, the unemployment rate was 6.1%. July usually brings an improvement in unemployment statistics. Summer brings a drop in unemployment related to the increased demand for seasonal work in construction, agriculture and tourist services.

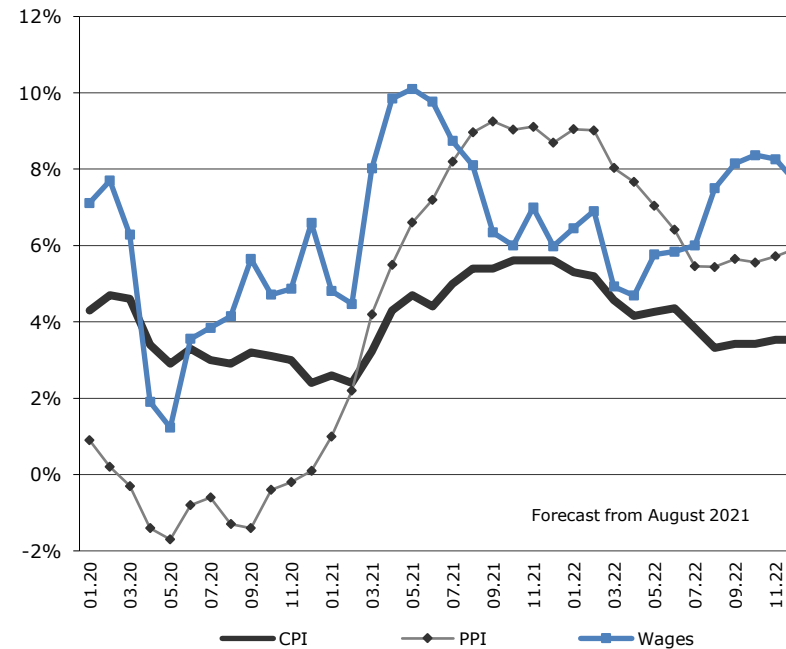
The number of employed in July amounted to approximately 15,834,000 people. It was about 14 thousand, i.e. 0.09% lower than last year.

In autumn, the unemployment rate will be 5.7%, and the number of unemployed will amount to 960,000. At the end of the year, the unemployment rate will increase to 5.8%, and the number of the unemployed will increase to 985,000.

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



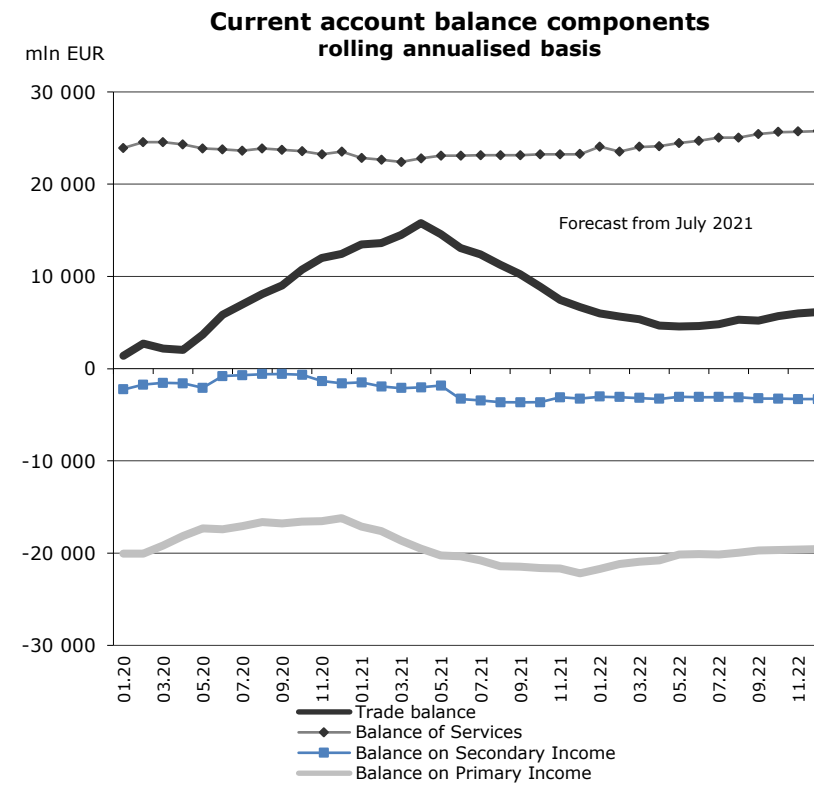
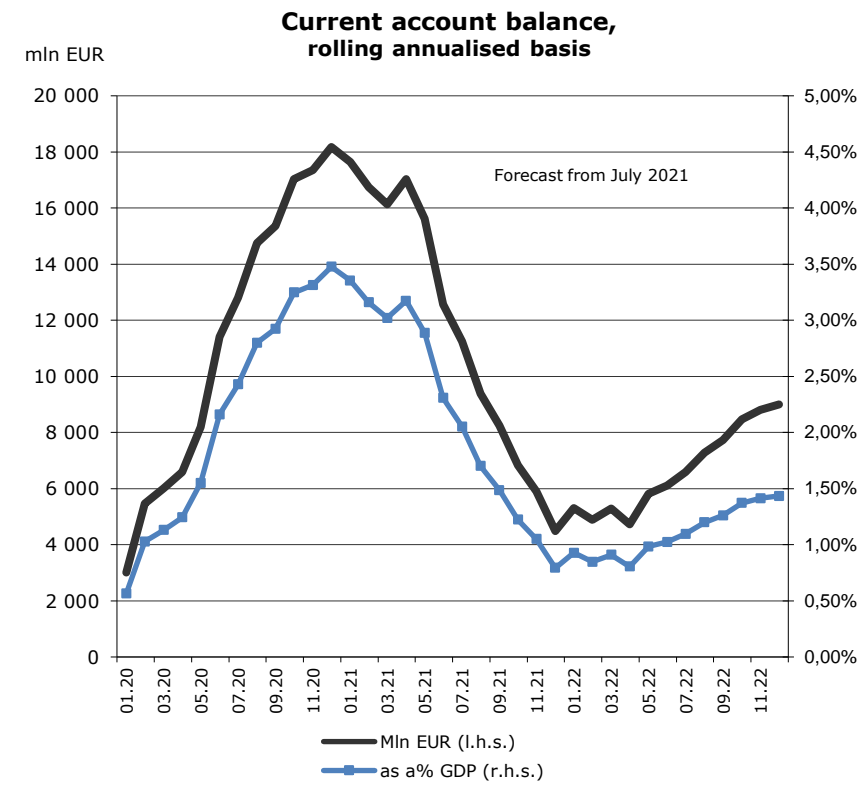
CPI, PPI, Wages - y / y



In July, the prices of consumer goods and services turned out to be 0.4% higher than in June. This result was much higher than expected. Prices have increased significantly in, among others, groups: transport, restaurants and hotels, household management, recreation and culture. In July, the prices of goods and services turned out to be 5.0% higher than in the previous year. In August, the annual inflation rate is expected to increase.

Industrial prices rose by 1.2% in July. Industrial prices in July were on average 8.2% higher than a year ago. In the period of January-July 2021, industrial prices were on average 5.0% higher than in the corresponding period of the previous year. In the coming months, industrial prices will increase due to rising production costs.

In July, the average salary in the enterprise sector amounted to PLN 5,851.87. It was thus PLN 49.45, i.e. 0.9% higher than in June. It was also PLN 470.22 and 8.7% higher than in July of the previous year. The wage growth recorded in July is seasonal. The wage level in July 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.



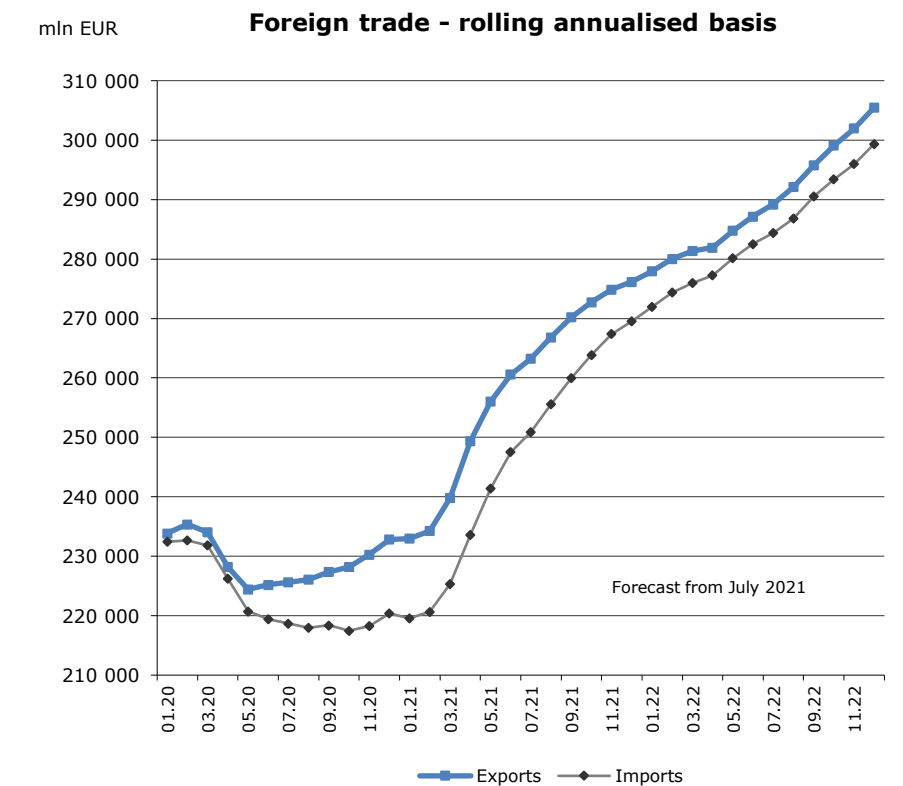
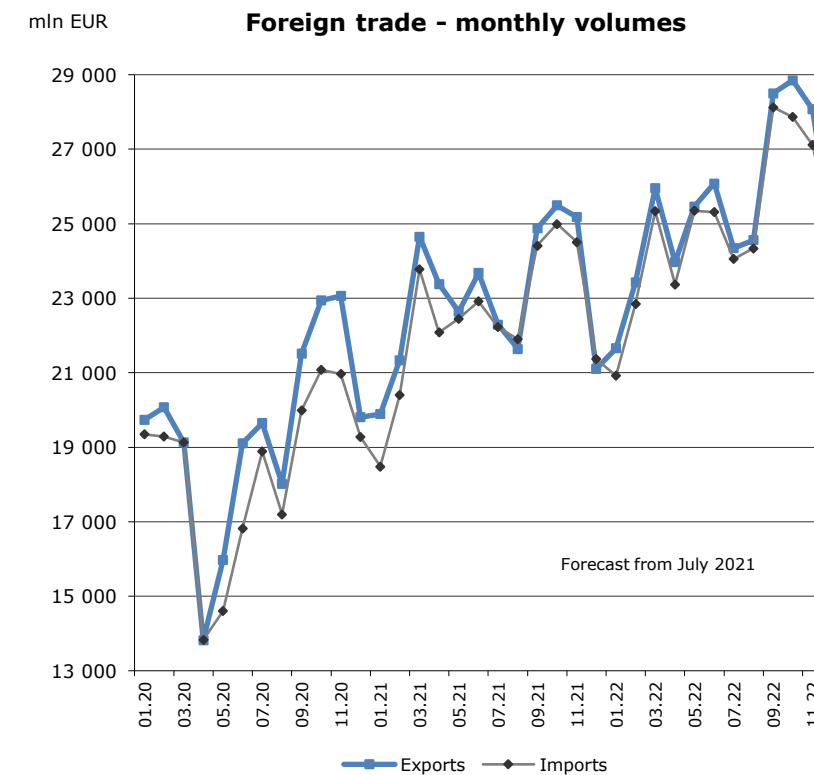
(mIn EUR)	VI 2020	V 2021*	VI 2021
Current account balance	3 333	129	281
Exports	19 106	22 636	23 680
Imports	16 815	22 451	22 919
Trade balance	2 291	185	761
Balance on Services	2 039	1 829	2 036
Balance on Primary Income	-2 072	-1 657	-2 158
Balance on Secondary Income	1 075	-228	-358

*Corrected data

At the beginning of August, the National Bank of Poland presented estimated data on the balance of payments in June. The current account balance in June 2021 was positive and amounted to EUR 281 million. In the previous month, there was a surplus of EUR 129 million. A year ago, a surplus of EUR 3 333 million was recorded.

After June, the current account balance on a rolling year basis was positive and amounted to EUR 12,560 million. Its level in relation to GDP was 2.31%. In the last 12 months, the export of goods amounted to EUR 261 billion, and the export of services to EUR 58 billion.

The export of goods is now comparable to 48% 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	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021	10.2021	11.2021	12.2021	01.2022
International reserves, EUR million	129 832	134 764	134 814	128 703	133 383	134 114	136 927	137 611	138 299	138 991	138 296	141 615	140 199
International reserves in the months of import of goods and services	6,12	6,34	6,23	5,76	5,80	5,70	5,75	5,68	5,62	5,58	5,48	5,57	5,47
International reserves as a% of money supply	32,4%	33,1%	33,7%	31,6%	31,9%	32,3%	33,1%	32,8%	32,7%	32,6%	32,2%	32,5%	31,9%
Current account balance, EUR million, rolling annualised basis	17 649	16 745	16 125	17 039	15 612	12 560	11 251	9 386	8 247	6 835	5 907	4 491	5 306
Current account balance, as a% of GDP, rolling annualised basis	3,35%	3,16%	3,02%	3,17%	2,89%	2,31%	2,05%	1,70%	1,49%	1,22%	1,05%	0,79%	0,93%
Inflow of foreign direct investment - rolling annualised basis, EUR million	12 969	13 202	14 899	17 052	17 106	16 363	15 544	14 308	14 238	12 128	11 963	13 574	12 299
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-8 445	-11 308	-10 951	-5 663	-8 098	-5 774	-7 209	-7 203	-6 855	1 763	-4 933	-4 629	-4 784

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%	58%	57%	56%	55%	53%	52%	51%	50%
External debt as a% of export	136%	130%	133%	133%	130%	128%	118%	114%	112%	110%	108%	105%	102%
International reserves as a% of total external debt	36%	36%	38%	40%	41%	44%	44%	45%	46%	47%	46%	46%	48%
International reserves as a% of short-term external debt	228%	278%	277%	276%	265%	281%	278%	285%	290%	295%	288%	292%	300%

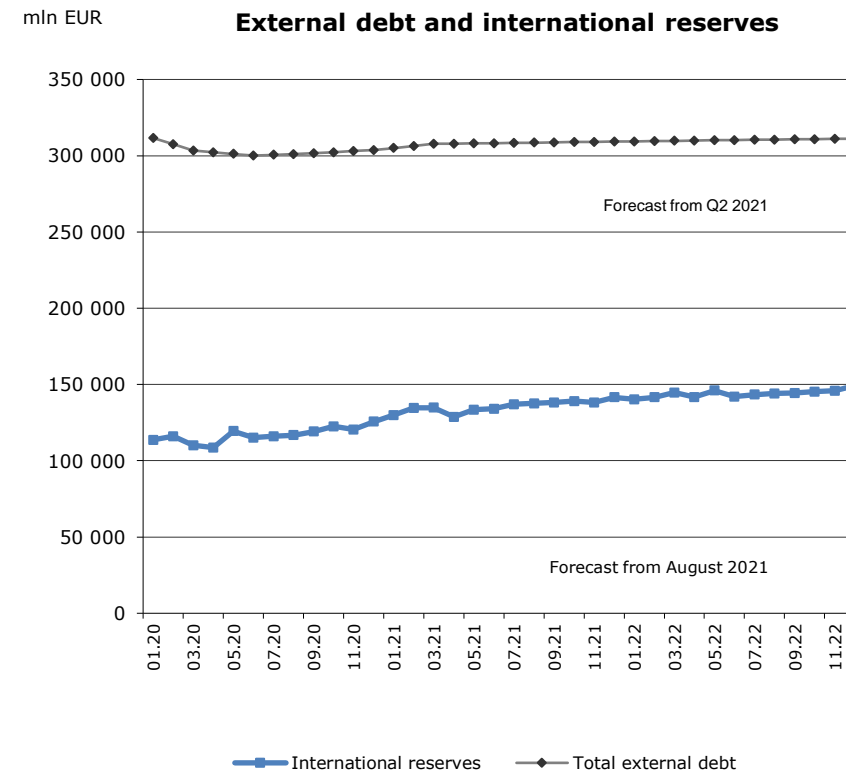
The current account has been positive in recent months. In the last 12 months, it was comparable to 2,31% of GDP.

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.

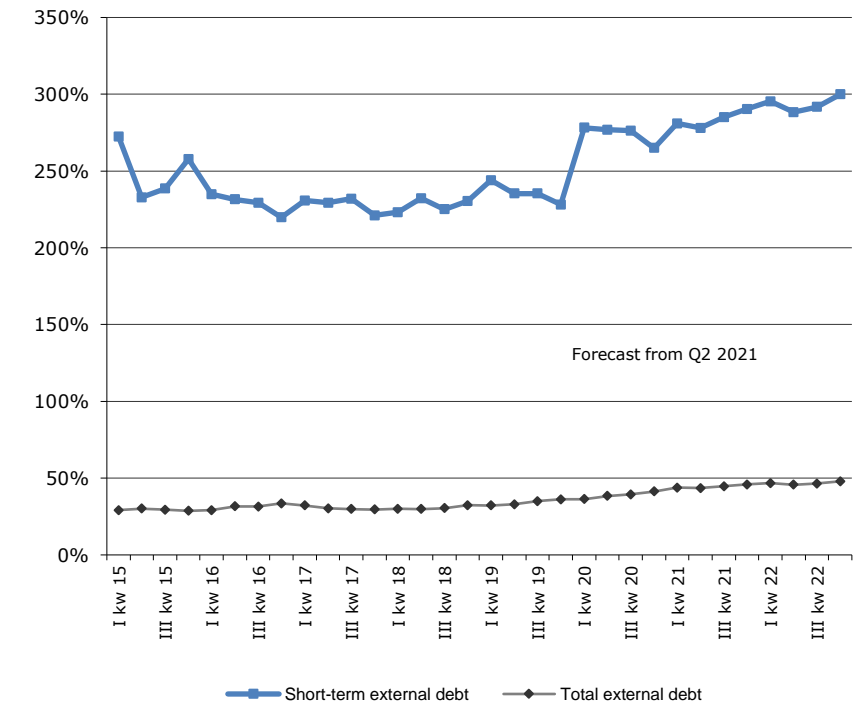
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.75 months of imports of goods and services), money supply (33,1%) and external debt (44,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 58%) and goods exports (currently 128%) is declining. The ratio of external debt to GDP and exports is low.

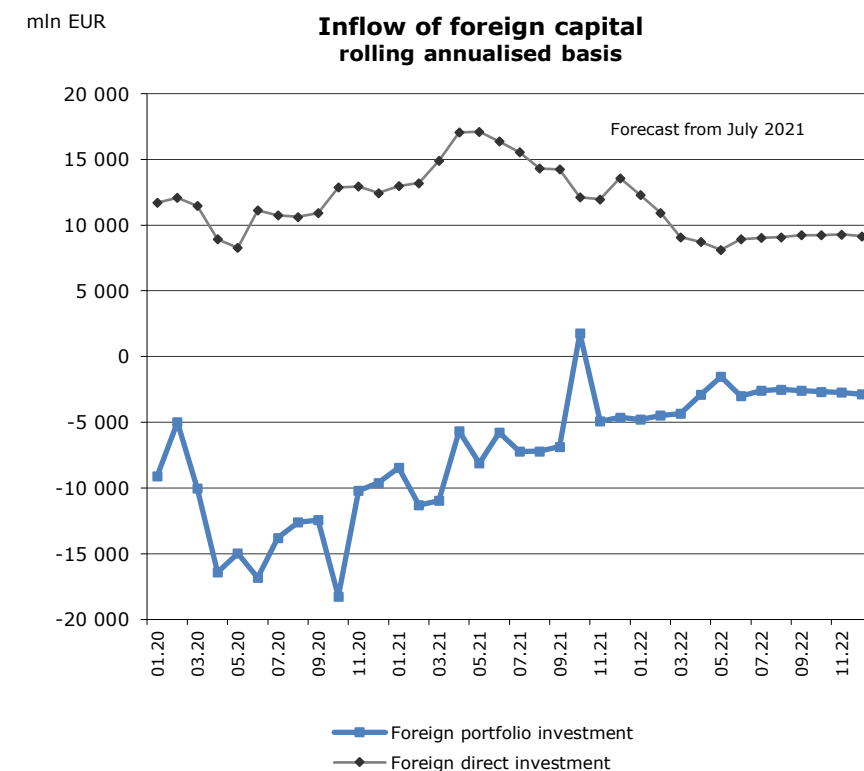
External debt and international reserves



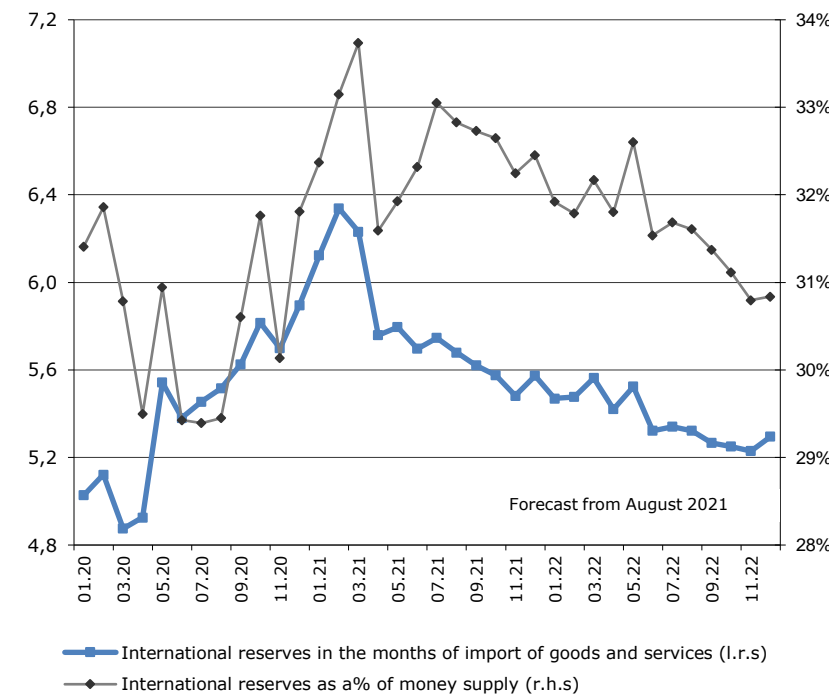
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

