



# **Monthly Macroeconomic Review**

Prepared by  
Polish Chamber of Commerce

Updated on 29/07/2022

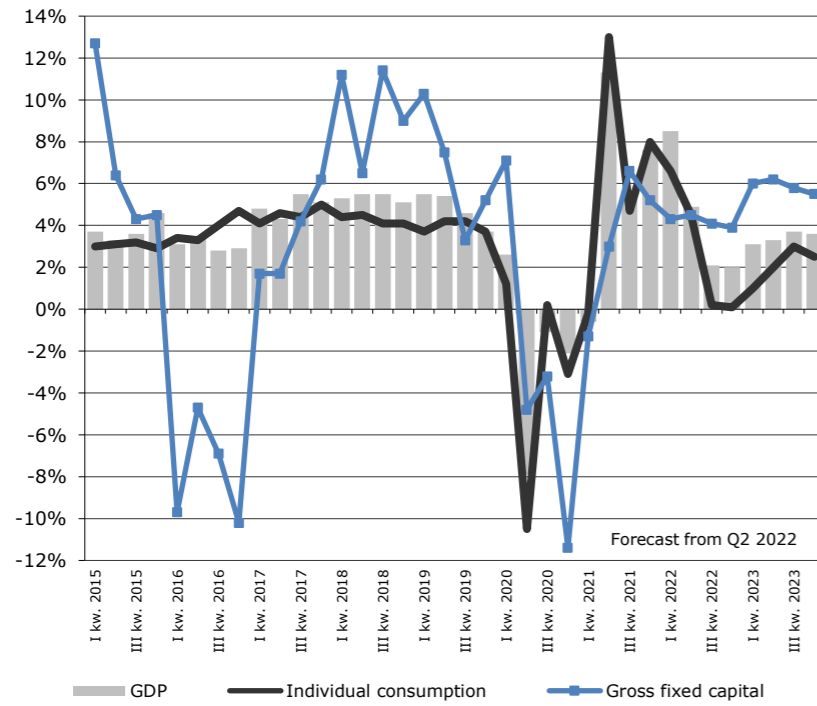
Macroeconomic forecast

Monthly macroeconomic indicators	12.2021	01.2022	02.2022	03.2022	04.2022	05.2022	06.2022	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022
Industrial sales, % real change, y/y	14,2%	19,2%	17,6%	15,4%	12,4%	14,9%	10,4%	8,0%	7,0%	8,0%	6,0%	2,1%	4,3%
Construction, % real change, y/y	3,1%	20,9%	21,2%	27,6%	9,3%	13,0%	5,9%	7,0%	8,0%	10,5%	7,0%	1,1%	9,3%
Retail sales, % nominal change, y/y	16,9%	20,0%	16,5%	22,0%	33,4%	23,6%	19,9%	19,3%	19,4%	19,0%	17,7%	15,4%	14,9%
Consumer prices, % change, y/y	8,6%	9,4%	8,5%	11,0%	12,4%	13,9%	15,5%	15,5%	15,7%	15,4%	14,8%	13,9%	13,0%
Producer prices, % change, y/y	14,4%	16,1%	16,1%	21,9%	24,1%	24,7%	25,6%	24,6%	24,0%	23,6%	21,2%	19,4%	17,9%
Wages - enterprise sector, % nominal change, y/y	11,2%	9,5%	11,7%	12,4%	14,1%	13,5%	13,0%	12,8%	12,6%	12,2%	12,0%	11,4%	9,0%
Wages - enterprise sector, PLN	6 644	6 064	6 220	6 666	6 627	6 400	6 555	6 601	6 581	6 555	6 627	6 706	7 243
Registered unemployment rate	5,4%	5,5%	5,5%	5,4%	5,2%	5,1%	4,9%	4,9%	4,8%	4,8%	4,8%	4,9%	5,0%
Number of registered unemployed persons, thousand	895	927	922	902	878	850	818	816	801	804	801	819	836
Current account balance, EUR million	-2 685	-1 046	-3 787	-4 010	-3 476	-1 909	-2 598	-2 527	-2 235	-3 016	-1 460	-1 133	-272
Current account balance, EUR million, rolling annualised basis	-4 134	-8 020	-12 083	-16 217	-20 975	-23 375	-25 509	-27 019	-28 727	-29 927	-30 019	-29 882	-27 470

Macroeconomic forecast

Quarterly macroeconomic indicators	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Gross domestic product , % real change y/y	-1,1%	-2,1%	-0,6%	11,3%	5,5%	7,6%	8,5%	4,9%	2,1%	2,0%	3,1%	3,3%	3,7%
Individual consumption , % real change y/y	0,2%	-3,1%	-0,2%	13,0%	4,7%	8,0%	6,6%	4,5%	0,2%	0,1%	1,0%	2,0%	3,0%
Gross fixed capital , % real change y/y	-3,2%	-11,4%	-1,3%	3,0%	6,6%	5,2%	4,3%	4,5%	4,1%	3,9%	6,0%	6,2%	5,8%

### GDP components in terms of demand - y / y



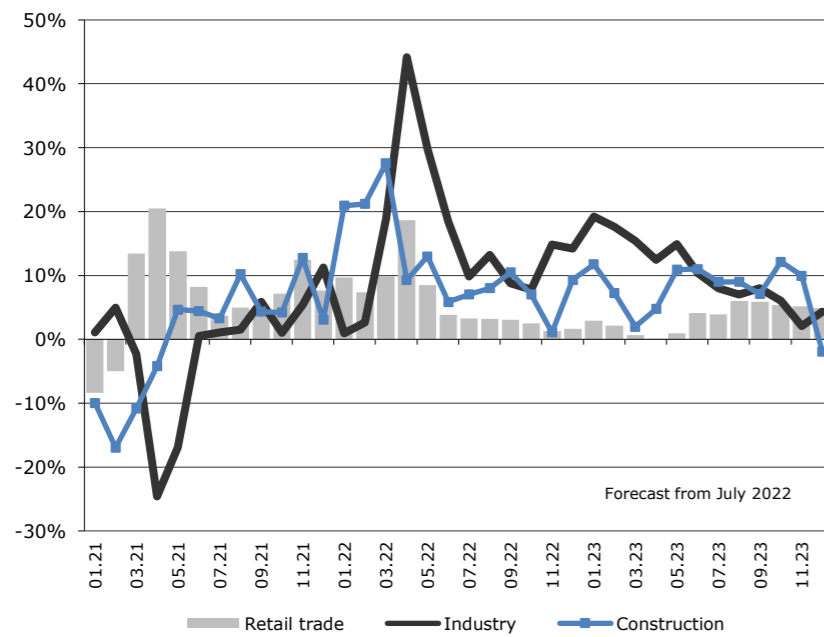
The Central Statistical Office presented data on the GDP dynamics in the first quarter of 2022. The increase in real terms was 8.5% y / y after an increase of 7.6% y / y in the fourth quarter of 2021. The growth turned out to be better than expected by the market.

In the second quarter of 2022, real GDP growth is forecasted at 4.9% y / y, and in the third and fourth quarters of 2022 at 2.1% y / y and 2.0% y / y. The slower growth dynamics will be a consequence of inflation reducing consumption and lower demand for goods needed to manufacture goods.

Throughout 2021, GDP grew in real terms by 5.9%, and in nominal terms it amounted to PLN 2,622 billion (EUR 574 billion).

For 2022, the GDP dynamics is forecast at 4.4%. In nominal terms, GDP will amount to PLN 2,995 billion (EUR 643 billion).

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



In June, industrial production decreased in real terms by 0.3%. The decline was not seasonal. The annual dynamics of production decreased to 10.4% from 14.9% in May. The industrial results in June were worse than expected. In the period from January to June 2022, industrial production was 13.6% higher than in the corresponding period of 2021.

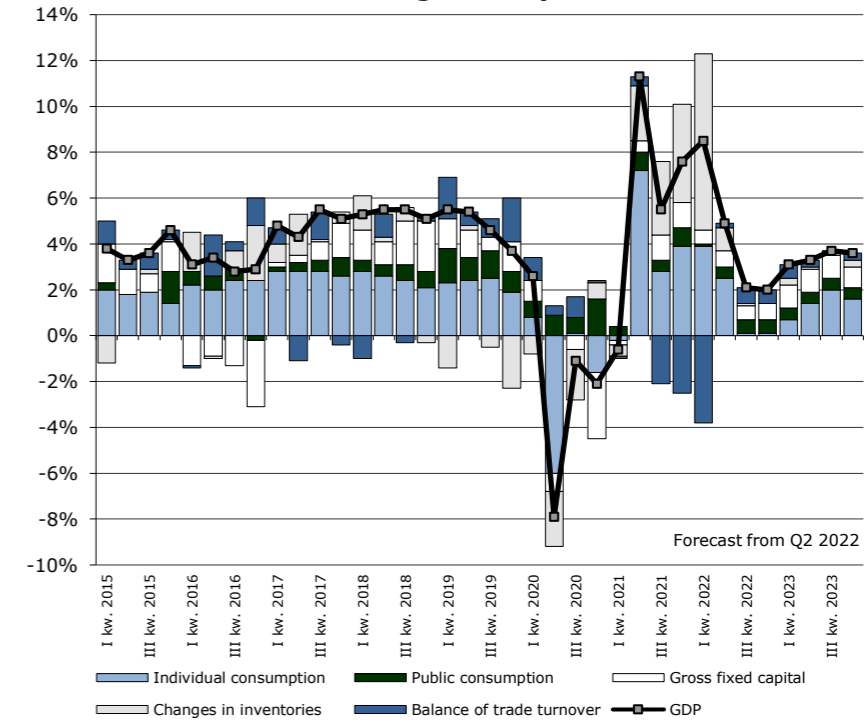
In June, construction and assembly production turned out to be 5.3% higher than in May. The increase in sales in June is a typical phenomenon. The annual dynamics of construction and assembly production decreased to 5.9% from 13.0% in May. Construction results in June were worse than expected. In the period from January to June 2022, construction and assembly production was 12.0% higher than in the corresponding period of 2021.

Retail sales in June in nominal terms turned out to be 0.3% higher than in May. The increase in sales recorded in June is seasonal. The annual sales dynamics decreased from 23.6% in May to 19.9% in June. June's results were worse than expected. In the period from January to June 2022, retail sales in nominal terms were 22.0% higher than in the corresponding period of 2021. A significant part of the observed increase is the result of inflation.

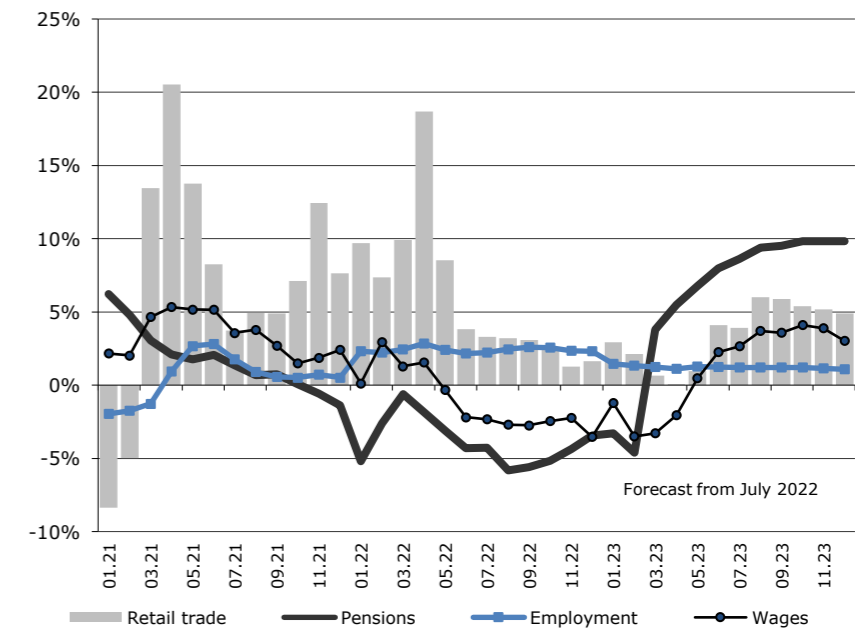
## GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 29/07/2022

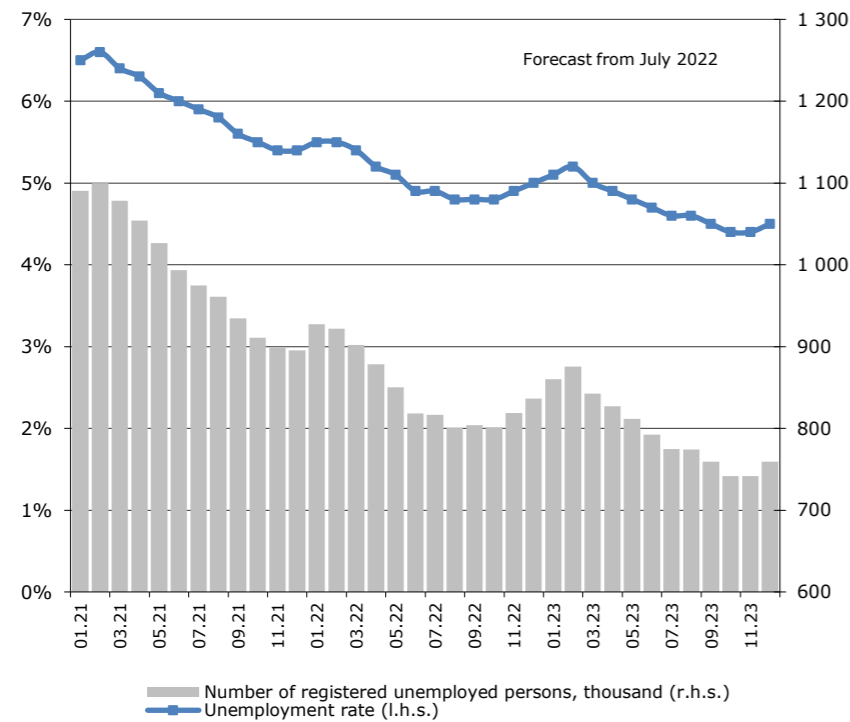
### Scale of impact of GDP demand components on economic growth dynamics



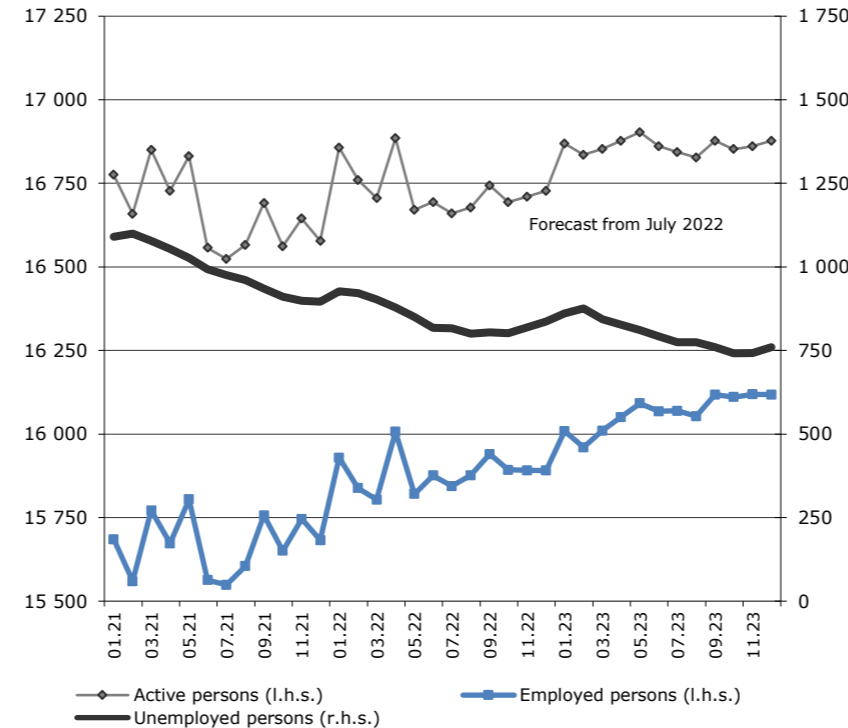
### Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



**Registered unemployment**



**Labor activity**

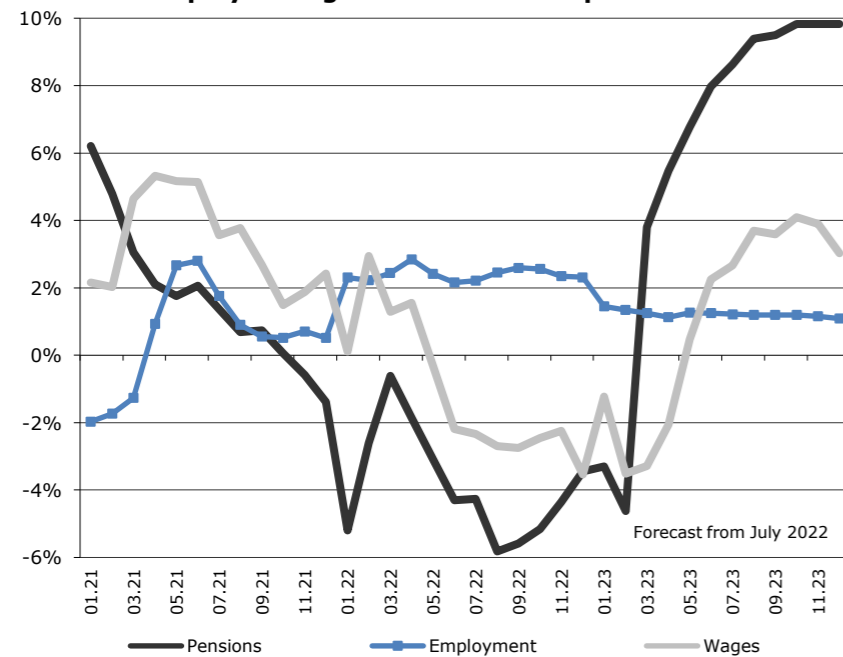


In June, the number of registered unemployed fell by 32.2 thousand, up to 818.0 thous. people. The unemployment rate was 4.9%. The unemployment rate was lower than in May by 0.2 percentage point. A year ago, in June, the unemployment rate was 6.0%. June usually brings an improvement in unemployment statistics. This is because the demand for seasonal works in construction, agriculture and tourist services is increasing. June data was better than expected.

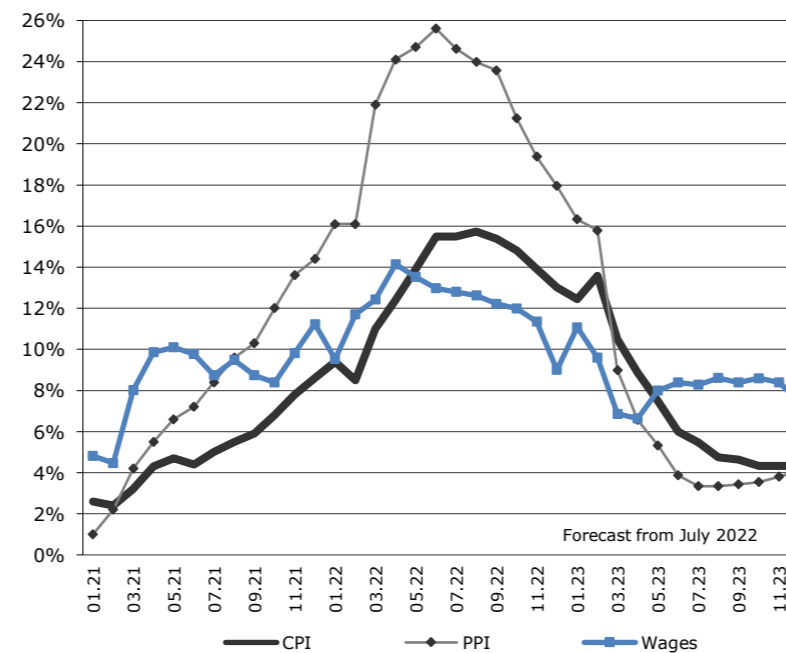
The number of employed in June amounted to approximately 15,876 thousand. people. It was about 313 thousand, ie 2.0% higher than last year.

Summer will bring a drop in unemployment. The local minimum is expected in the period from August to October, when there will be 805,000 unemployed. people and the unemployment rate will be 4.8%. At the end of 2022, the unemployment rate will amount to 5.0%, and the number of unemployed will amount to 840,000.

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



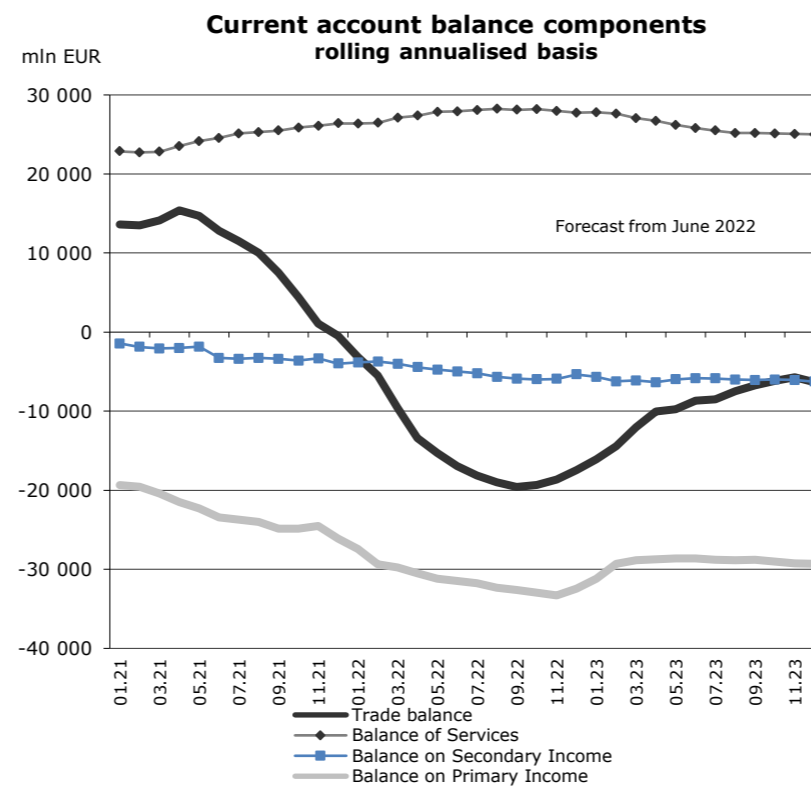
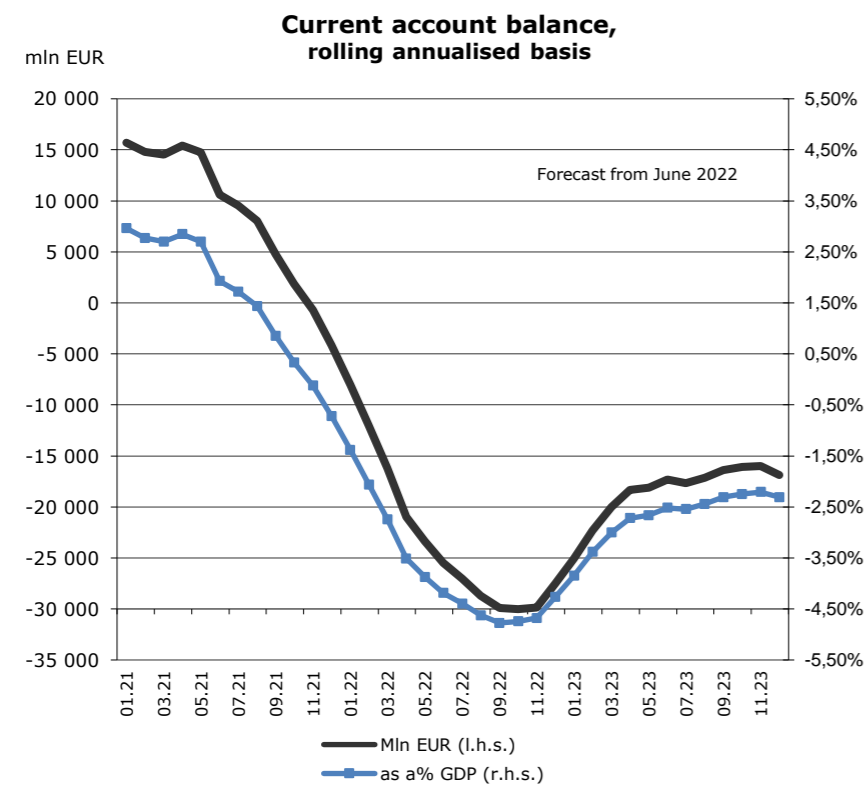
**CPI, PPI, Wages - y / y**



In June, the prices of consumer goods and services turned out to be 1.5% higher than in May. Prices tend to rise in June, but not that much. June's result was close to the expected one. Prices increased significantly in, among others, groups: transport, home use and energy, recreation and culture, restaurants and hotels, household equipment, food. In June, the prices of goods and services turned out to be 15.5% higher than in the previous year. In May, prices were higher by 13.9% than in the previous year. In the period from January to June 2022, prices were on average 11.8% higher than in the corresponding period of 2021. In July, the annual inflation rate is expected to stabilize.

Industrial prices rose by 1.6% in June. Industrial prices in June were on average 25.6% higher than a year before (in May by 24.7%). In the period of January-June 2022, industrial prices were on average 21.5% higher than in the corresponding period of the previous year. In the coming months, the annual growth in industrial prices may gradually decline due to slower increases in commodity prices.

In June, the average salary in the enterprise sector amounted to PLN 6,554.87. It was thus PLN 155.28, ie 2.4% higher than in May. It was also PLN 752.45 and 13.0% higher than in June of the previous year. The wage growth recorded in June is seasonal. The wage level in June was lower 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.



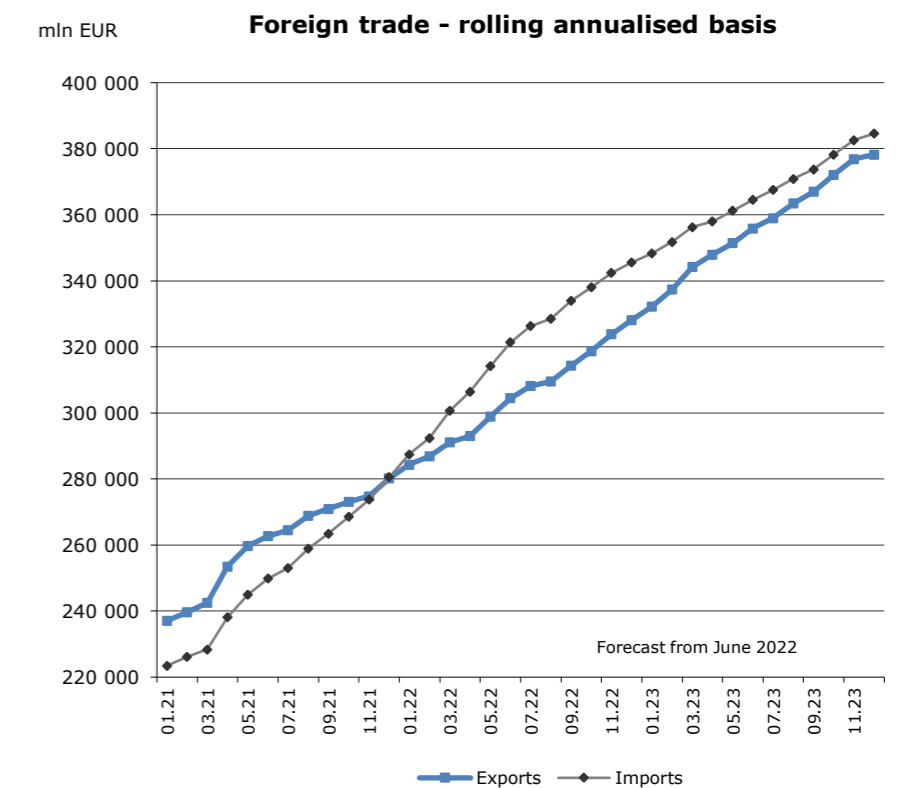
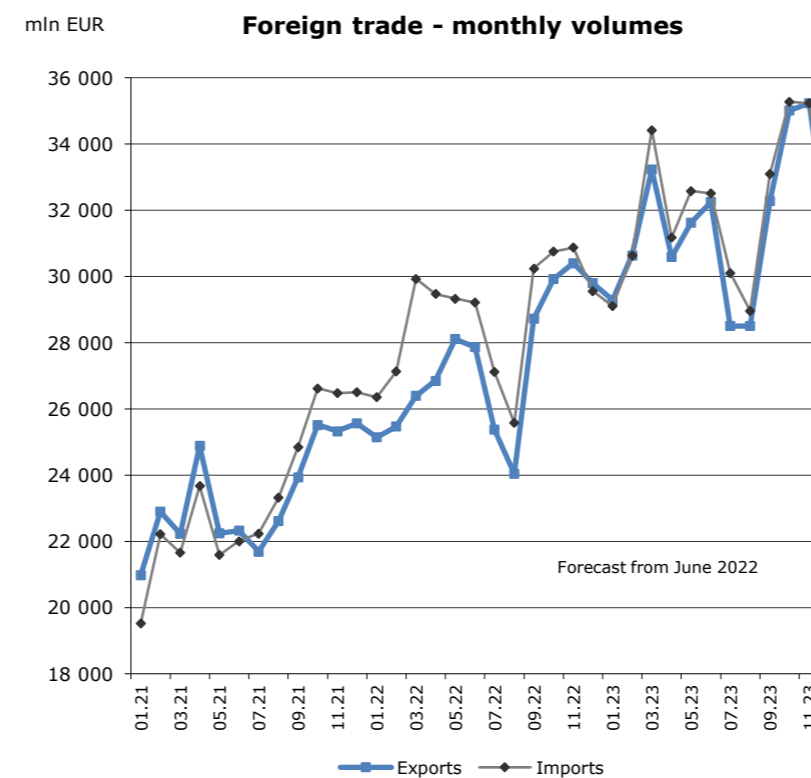
(mln EUR)	V 2021	IV 2022*	V 2022
<b>Current account balance</b>	491	-3 476	-1 909
Exports	22 241	26 848	28 104
Imports	21 588	29 468	29 326
Trade balance	653	-2 620	-1 222
Balance on Services	2 006	2 553	2 494
Balance on Primary Income	-1 888	-2 899	-2 562
Balance on Secondary Income	-280	-510	-619

\*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 2022 was negative and amounted to EUR -1,909 million. In the previous month, there was a deficit of EUR -3 476 million. A year ago, a surplus of EUR 491 million was recorded.

After May, the current account balance on a rolling year basis was negative and amounted to EUR -23,375 million. Its level in relation to GDP was -3.87%. In the last 12 months, exports of goods amounted to EUR 299 billion, and exports of services amounted to EUR 73 billion.

The export of goods is now comparable to 49.5% of GDP. It is a high value for a country with a population and area of Poland. The export of services is comparable to 12.1% of GDP, which should also be considered a very good result. These indicators are much better than those recorded before the beginning of the crisis.



Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly</b>	<b>12.2021</b>	<b>01.2022</b>	<b>02.2022</b>	<b>03.2022</b>	<b>04.2022</b>	<b>05.2022</b>	<b>06.2022</b>	<b>07.2022</b>	<b>08.2022</b>	<b>09.2022</b>	<b>10.2022</b>	<b>11.2022</b>	<b>12.2022</b>
International reserves, EUR million	146 576	144 152	143 730	142 056	143 952	145 619	147 712	149 928	153 076	153 842	155 380	156 623	161 322
International reserves in the months of import of goods and services	5,46	5,24	5,14	4,95	4,92	4,86	4,83	4,84	4,91	4,86	4,86	4,84	4,95
International reserves as a% of money supply	34,0%	33,8%	34,0%	32,9%	33,3%	33,1%	34,6%	35,5%	35,4%	35,1%	35,0%	34,8%	35,2%
Current account balance, EUR million, rolling annualised basis	-4 134	-8 020	-12 083	-16 217	-20 975	-23 375	-25 509	-27 019	-28 727	-29 927	-30 019	-29 882	-27 470
Current account balance, as a% of GDP, rolling annualised basis	-0,72%	-1,38%	-2,06%	-2,74%	-3,51%	-3,87%	-4,19%	-4,39%	-4,63%	-4,77%	-4,74%	-4,68%	-4,26%
Inflow of foreign direct investment - rolling annualised basis, EUR million	28 397	30 975	32 459	34 732	35 951	36 782	36 923	34 502	33 542	31 302	30 553	29 600	28 465
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-5 475	-6 530	-6 445	-5 568	-2 948	-390	-580	-1 299	-1 272	-764	162	1 106	1 822

Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly</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>	<b>Q1 23</b>	<b>Q2 23</b>	<b>Q3 23</b>	<b>Q4 23</b>
Total external debt, EUR million	305 694	308 829	309 937	317 105	322 218	325 539	325 750	325 900	326 050	326 200	326 350	326 500	326 650
Long-term external debt, EUR million	170 023	171 673	169 594	174 063	170 224	165 548	165 250	165 000	164 750	164 500	164 250	164 000	163 750
Short-term external debt, EUR million	49 378	48 077	48 935	48 909	54 470	58 754	59 000	59 200	59 400	59 600	59 800	60 000	60 200
External debt - Direct investment debt instruments, EUR million	86 293	89 079	91 408	94 133	97 524	101 237	101 500	101 700	101 900	102 100	102 300	102 500	102 700
External debt as a% of GDP	58%	57%	56%	56%	56%	55%	53%	52%	51%	49%	47%	46%	45%
External debt as a% of export	130%	127%	118%	117%	115%	112%	107%	104%	99%	95%	92%	89%	86%
International reserves as a% of total external debt	41%	44%	43%	45%	45%	44%	45%	47%	49%	51%	50%	51%	53%
International reserves as a% of short-term external debt	254%	280%	274%	294%	269%	242%	250%	260%	272%	277%	272%	277%	286%



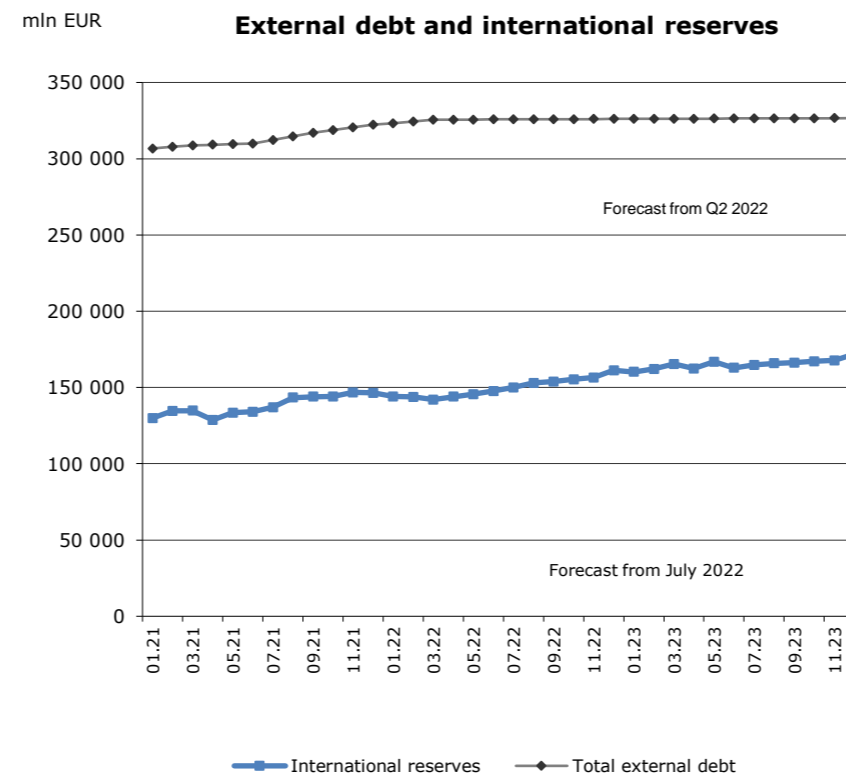
The current account has been negative in recent months. In the last 12 months, it was comparable to -3,87% of GDP.

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.

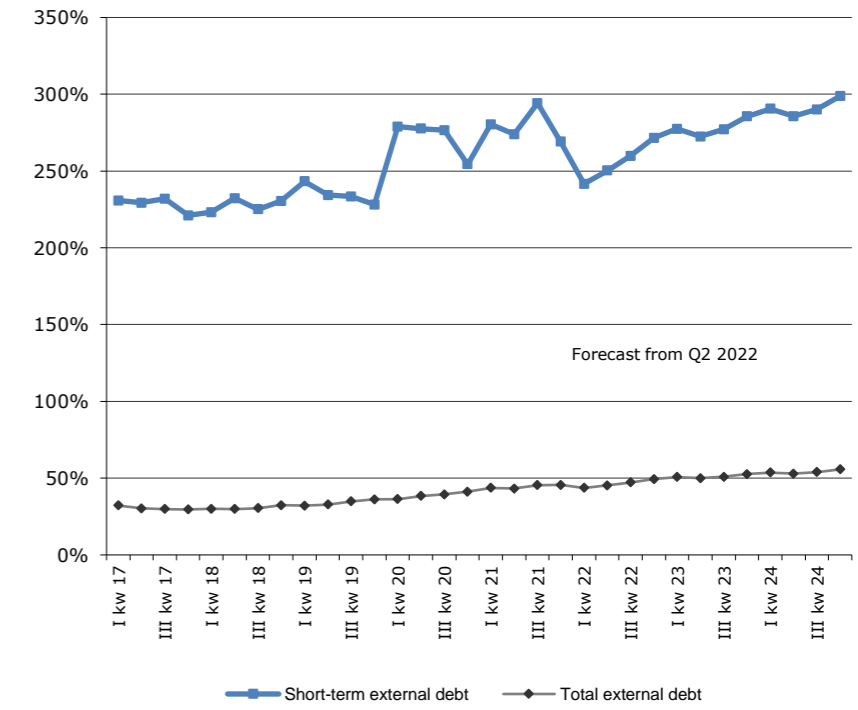
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (4,83 months of imports of goods and services), money supply (34,6%) and external debt (44,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 55%) and goods exports (currently 112%) is declining. The ratio of external debt to GDP and exports is low.

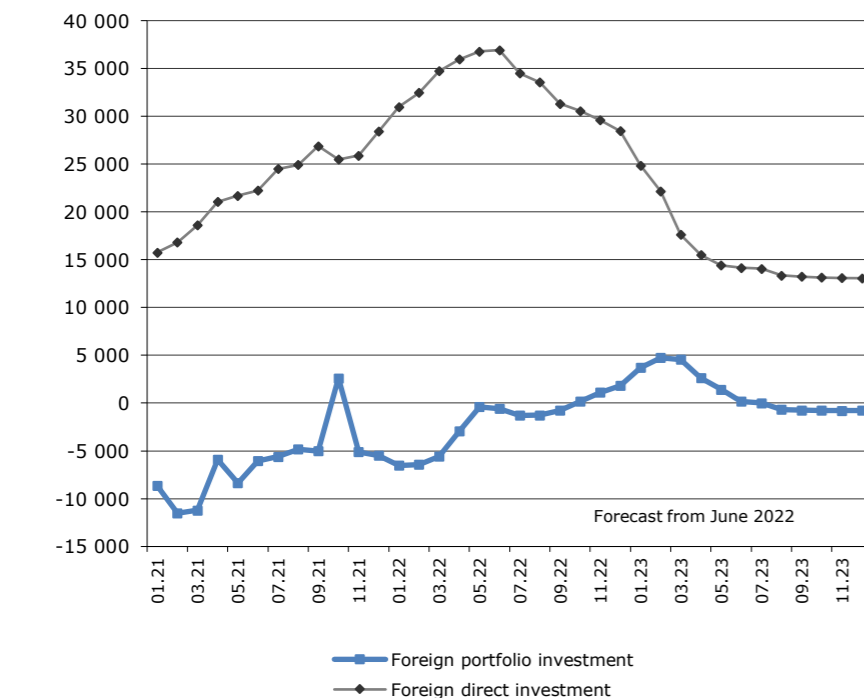
External debt and international reserves



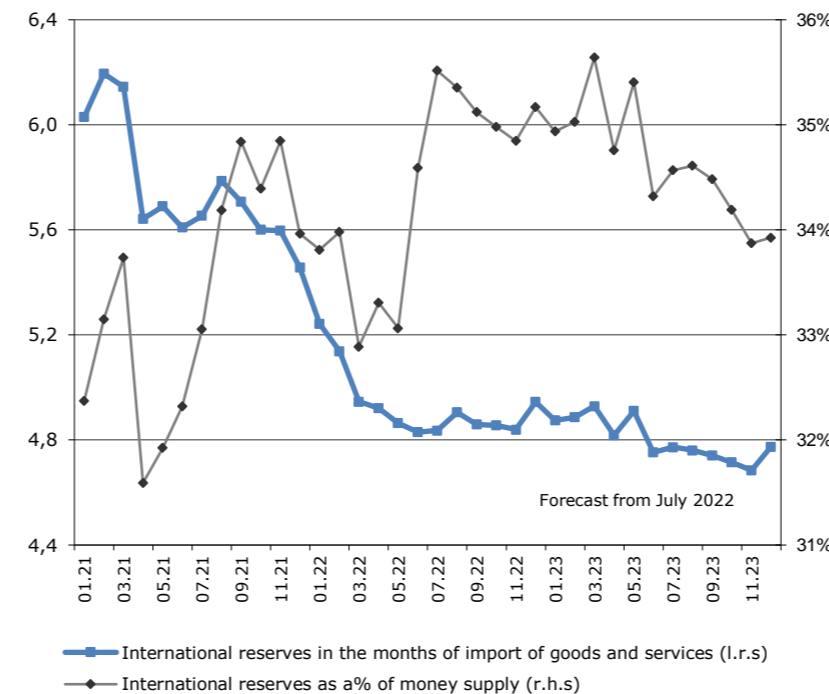
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

