



# **Monthly Macroeconomic Review**

Prepared by  
Polish Chamber of Commerce

Updated on 30/11/2021

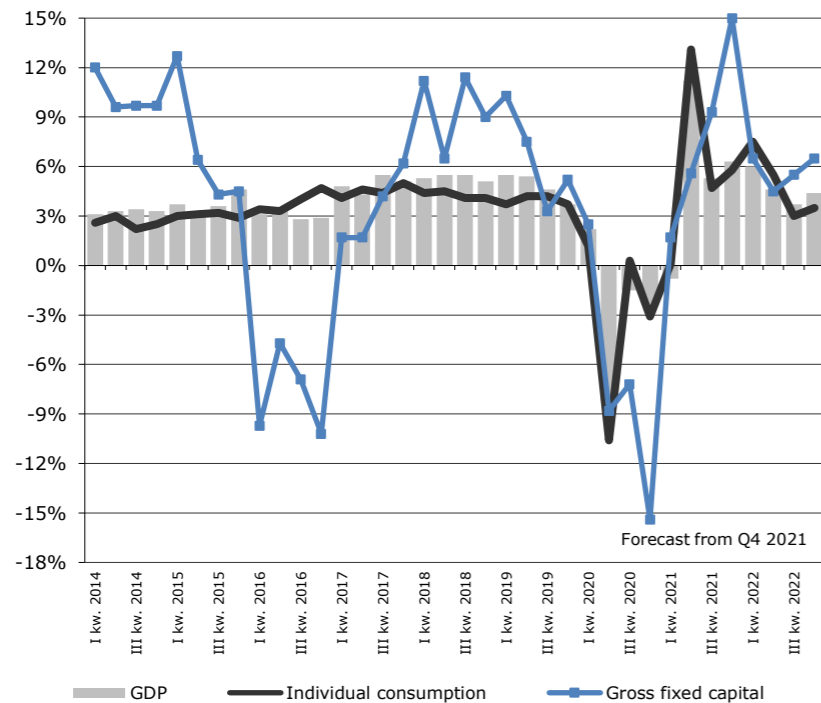
Macroeconomic forecast

Monthly macroeconomic indicators	04.2021	05.2021	06.2021	07.2021	08.2021	09.2021	10.2021	11.2021	12.2021	01.2022	02.2022	03.2022	04.2022
Industrial sales, % real change, y/y	44,2%	29,8%	18,4%	9,8%	13,2%	8,8%	7,8%	9,5%	5,4%	6,0%	6,5%	1,5%	1,7%
Construction, % real change, y/y	-4,2%	4,7%	4,4%	3,3%	10,2%	4,3%	4,2%	7,0%	3,9%	7,0%	10,0%	9,9%	3,2%
Retail sales, % nominal change, y/y	25,7%	19,1%	13,0%	8,9%	10,7%	11,1%	14,4%	15,5%	11,6%	18,4%	15,0%	12,6%	18,2%
Consumer prices, % change, y/y	4,3%	4,7%	4,4%	5,0%	5,5%	5,9%	6,8%	7,7%	7,9%	8,0%	8,1%	7,6%	7,2%
Producer prices, % change, y/y	5,5%	6,6%	7,2%	8,4%	9,6%	10,3%	11,8%	12,9%	12,2%	13,2%	13,3%	12,3%	11,7%
Wages - enterprise sector, % nominal change, y/y	9,9%	10,1%	9,8%	8,7%	9,5%	8,7%	8,4%	8,9%	7,8%	8,3%	8,8%	6,8%	6,5%
Wages - enterprise sector, PLN	5 806	5 637	5 802	5 852	5 844	5 841	5 917	5 970	6 442	5 998	6 058	6 330	6 185
Registered unemployment rate	6,3%	6,1%	6,0%	5,9%	5,8%	5,6%	5,5%	5,5%	5,7%	6,0%	6,1%	5,9%	5,8%
Number of registered unemployed persons, thousand	1 054	1 027	993	975	961	935	911	917	951	1 012	1 026	993	978
Current account balance, EUR million	1 269	-531	-378	-1 551	-1 441	-1 339	-893	-632	-1 174	1 917	-589	-221	-226
Current account balance, EUR million, rolling annualised basis	14 932	13 247	9 175	7 577	5 141	2 385	-58	-1 987	-3 912	-4 029	-5 270	-5 562	-7 057

Macroeconomic forecast

Quarterly macroeconomic indicators	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Gross domestic product , % real change y/y	2,2%	-8,2%	-1,5%	-2,5%	-0,8%	11,2%	5,3%	6,3%	6,0%	4,6%	3,7%	4,4%	5,0%
Individual consumption , % real change y/y	1,2%	-10,6%	0,3%	-3,1%	0,1%	13,1%	4,7%	5,8%	7,5%	5,5%	3,0%	3,5%	3,5%
Gross fixed capital , % real change y/y	2,5%	-8,8%	-7,2%	-15,4%	1,7%	5,6%	9,3%	15,0%	6,5%	4,5%	5,5%	6,5%	7,0%

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



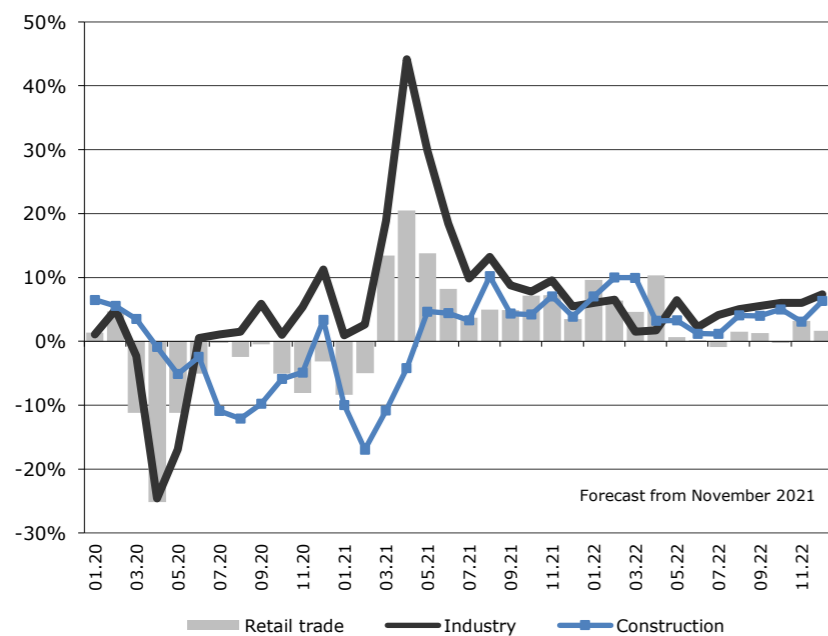
The Central Statistical Office informed that in the third quarter of 2021, GDP increased by 5.3% y / y as compared to an increase of 11.2% y / y in the second quarter of 2021. The growth turned out to be close to the market expected.

In the fourth quarter of 2021, GDP dynamics of 6.3% y / y is expected, and 6.0% in the first quarter of 2022. The high volatility of GDP dynamics in the current year is the effect of a rebound in a very volatile base from the previous year.

Throughout 2020, GDP in real terms shrank by 2.5%. In nominal terms, GDP amounted to PLN 2,327 billion (EUR 524 billion).

Throughout 2021, economic growth may turn out to be high, amounting to approximately 5.5%, and GDP will reach PLN 2,591 billion (EUR 567 billion) in nominal terms.

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



In October, industrial production increased by 2.3% in real terms. The increase was seasonal. The annual dynamics of production decreased to 7.8% from 8.8% in September. The industrial results in October were better than expected. In the first ten months of the year, industrial production was 14.9% higher than in the corresponding period of the previous year.

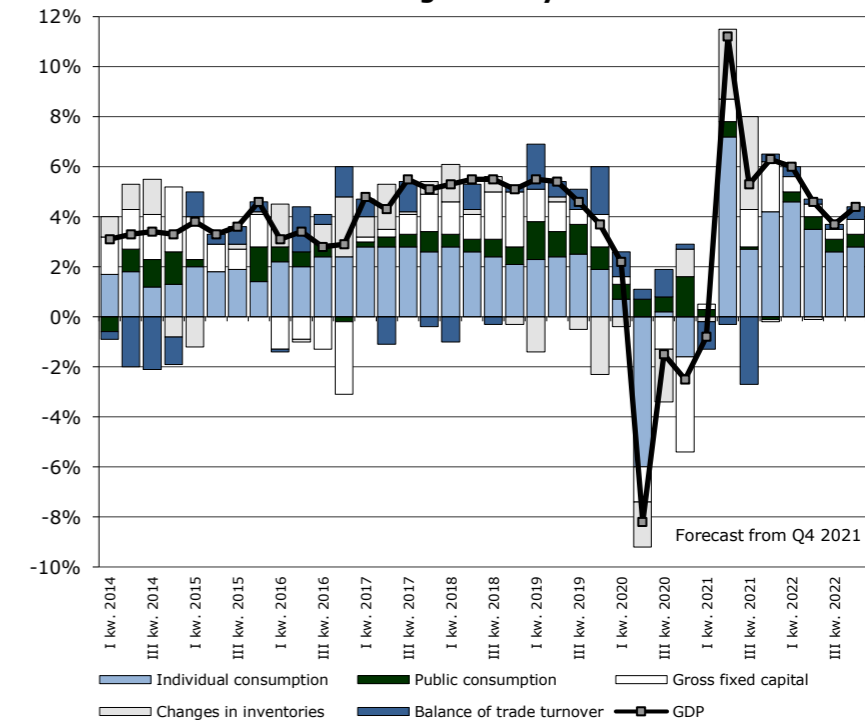
In October, construction and assembly production turned out to be 0.4% higher than in September. The stabilization of sales in October is a typical phenomenon. The annual dynamics of construction and assembly production decreased from 4.3% in September to 4.2% in October. The construction results in October were higher than expected. In the first ten months of the year, construction and assembly production was 1.9% higher than in the corresponding period of the previous year.

Retail sales in October in nominal terms turned out to be 5.4% higher than in September. The increase was seasonal. The annual sales dynamics increased from 11.1% in September to 14.4% in October. October's results were better than expected. In the first ten months of the year, sales in nominal terms were 11.3% higher than in the corresponding period of the previous year.

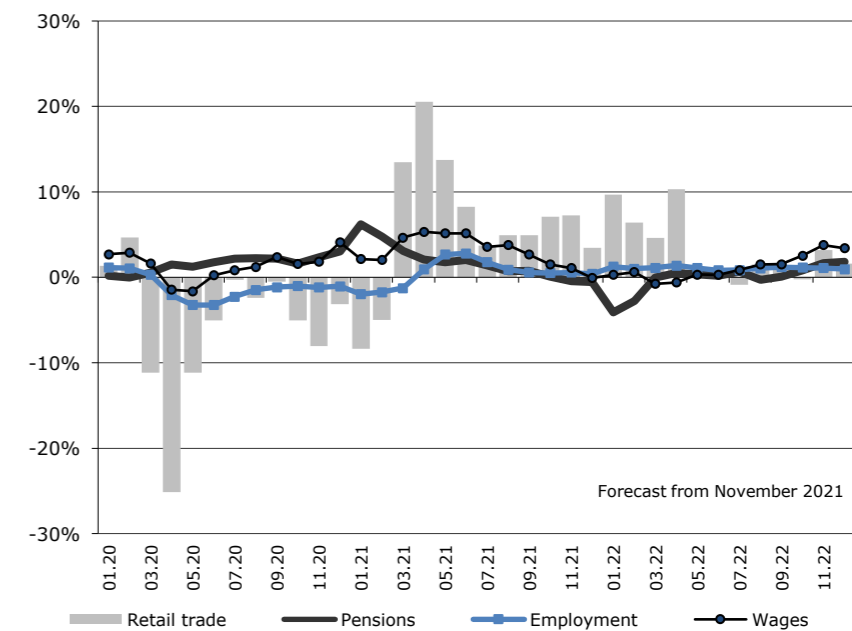
## GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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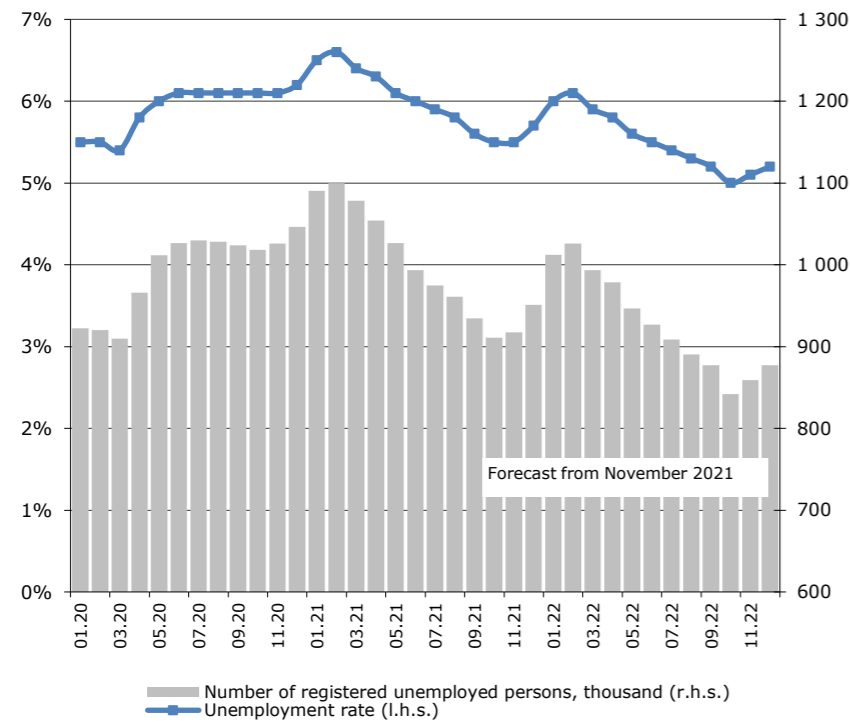
### Scale of impact of GDP demand components on economic growth dynamics



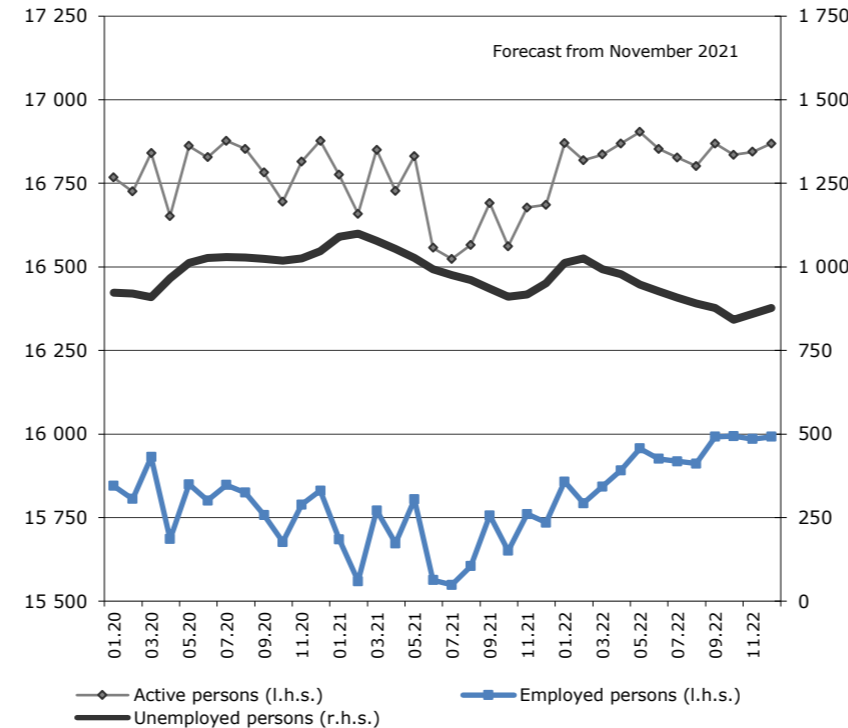
### Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



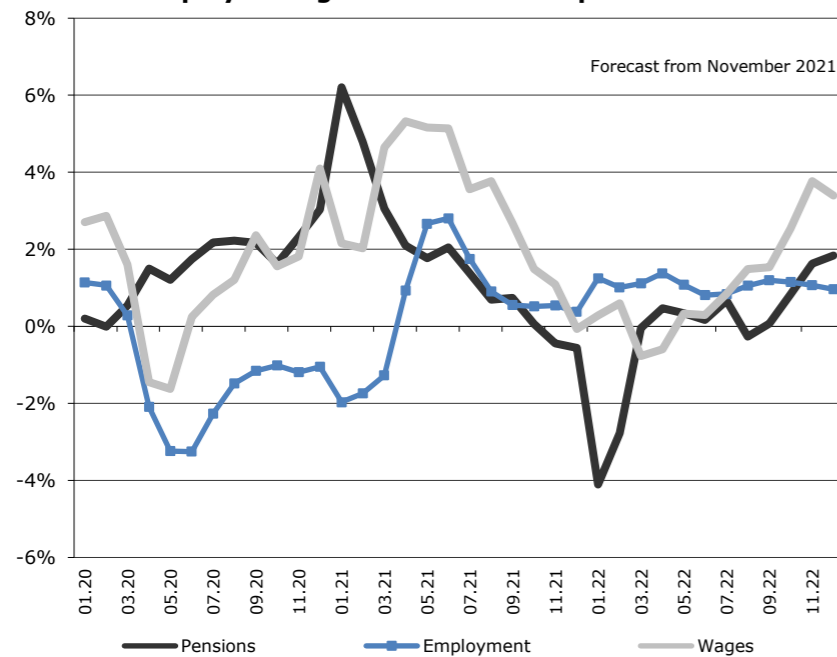
**Registered unemployment**



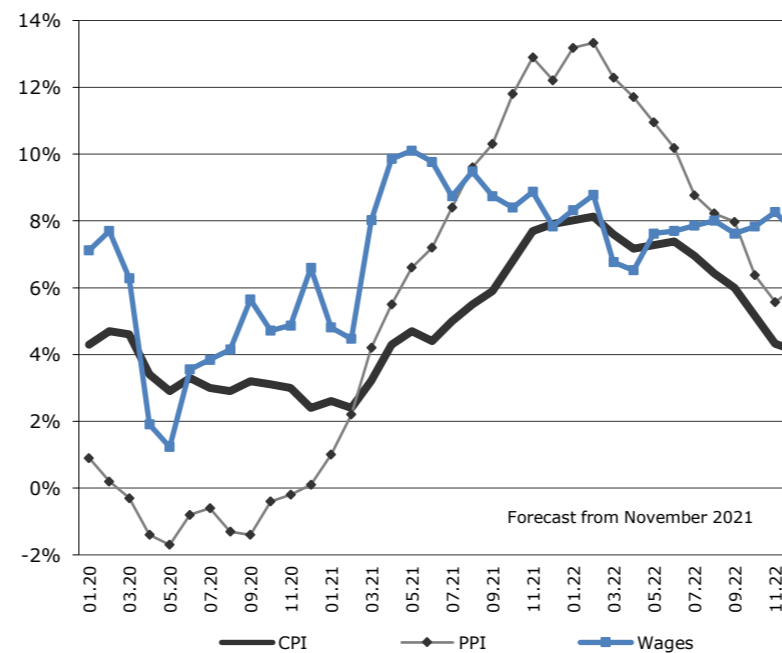
**Labor activity**



**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 October, the number of registered unemployed fell by 23.8 thousand, up to 910.9 thousand people. The unemployment rate was 5.5%. The unemployment rate was lower than in September by 0.1 percentage point. A year ago, in October, the unemployment rate was 6.1%. October usually brings stabilization in unemployment statistics. Demand for seasonal work in construction, agriculture and tourist services is no longer growing.

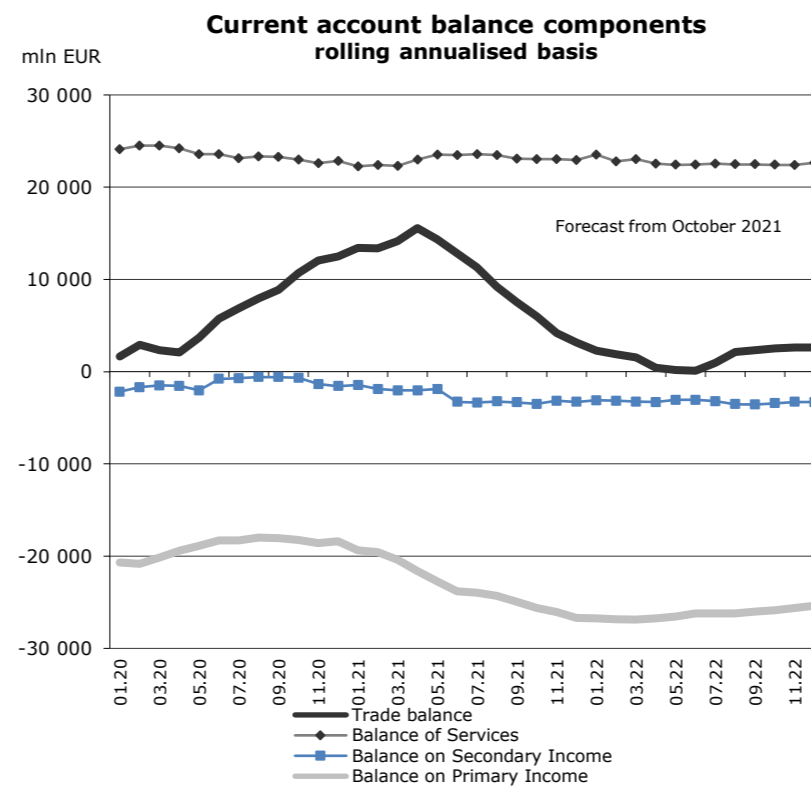
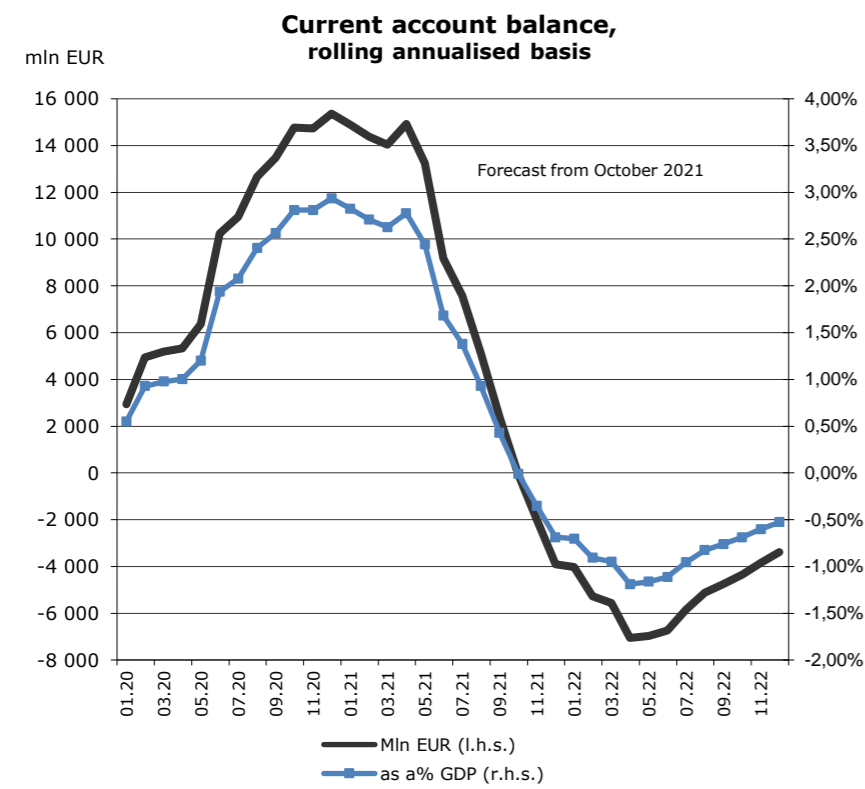
The number of employed in October amounted to approximately 15 651 thousand people. It was about 26 thousand, ie 0.16% lower than last year.

At the end of the year, the unemployment rate will increase to 5.7%, and the number of the unemployed will increase to 950,000.

In October, the prices of consumer goods and services turned out to be 1.1% higher than in September. This result was much higher than expected. Prices have increased significantly in, among others, groups: clothing and footwear, transport, communication, use of a flat and energy carriers, home furnishings and household management, education, restaurants and hotels. In October, the prices of goods and services turned out to be 6.8% higher than in the previous year. In November, the annual inflation rate is expected to increase.

Industrial prices rose by as much as 1.8% in October. Industrial prices in October were on average 11.8% higher than a year ago. In the period from January to October 2021, industrial prices were on average 6.7% higher than in the corresponding period of the previous year. In the coming months, industrial prices will increase due to rising production costs.

In October, the average salary in the enterprise sector amounted to PLN 5,917.15. So it was PLN 75.99, ie 1.3% higher than in September. It was also PLN 458.27 and 8.4% higher than in October of the previous year. The wage growth recorded in October is seasonal. The wage level in October 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.



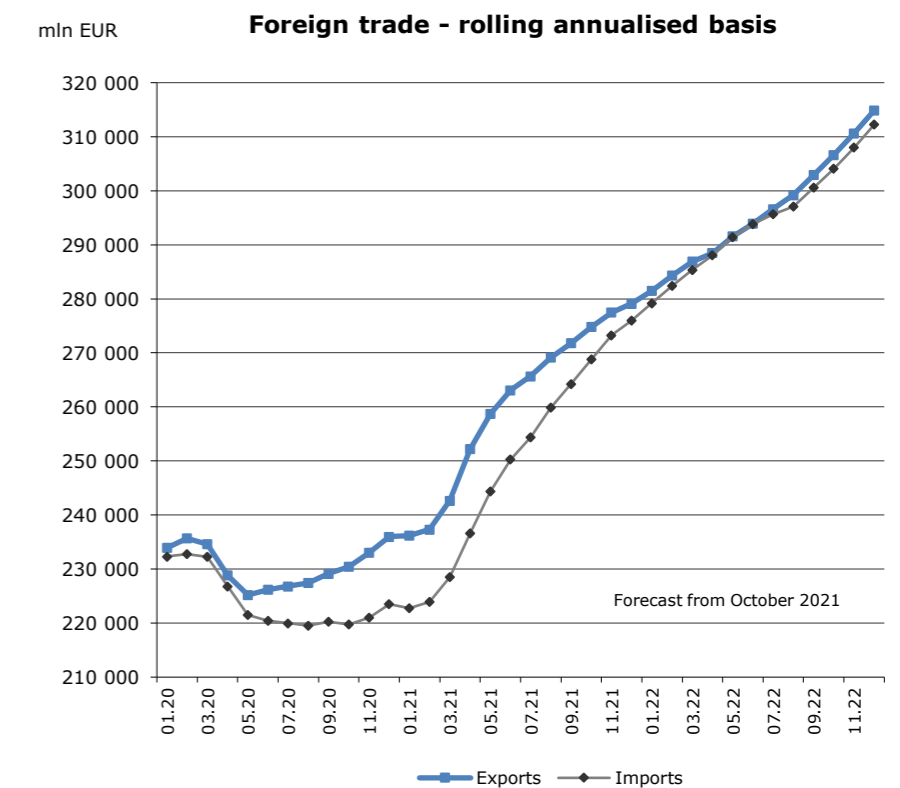
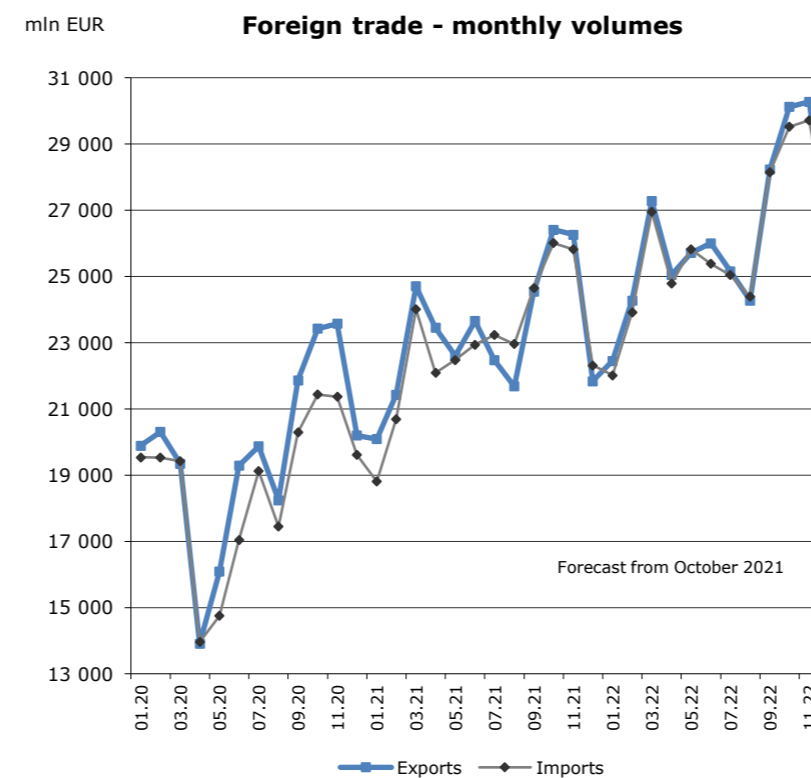
(mln EUR)	IX 2020	VIII 2021*	IX 2021
<b>Current account balance</b>	1 417	-1 441	-1 339
Exports	21 865	21 680	24 537
Imports	20 293	22 959	24 648
Trade balance	1 572	-1 279	-111
Balance on Services	2 105	1 830	1 749
Balance on Primary Income	-2 087	-2 092	-2 700
Balance on Secondary Income	-173	100	-277

\*Corrected data

At the beginning of November, the National Bank of Poland presented its estimated data on the balance of payments in September. The current account balance in September 2021 was negative and amounted to EUR -1,339 million. In the previous month, there was a deficit of EUR -1,441 million. A year ago, a surplus of EUR 1,417 million was recorded.

After September, the current account balance was positive on an annual rolling basis and amounted to EUR 2,385 million. Its level in relation to GDP was 0.43%. In the last 12 months, exports of goods amounted to EUR 272 billion, and exports of services amounted to EUR 61 billion.

The export of goods is now comparable to 48.9% of GDP. It is a high value for a country with a population and area of Poland. The export of services is comparable to 10.9% 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>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>	<b>01.2022</b>	<b>02.2022</b>	<b>03.2022</b>	<b>04.2022</b>
International reserves, EUR million	128 703	133 383	134 114	136 927	143 355	143 940	144 069	143 637	147 515	146 040	147 500	150 745	147 731
International reserves in the months of import of goods and services	5,68	5,72	5,62	5,65	5,79	5,72	5,64	5,54	5,63	5,52	5,51	5,58	5,42
International reserves as a% of money supply	31,6%	31,9%	32,3%	33,1%	34,2%	34,8%	34,4%	34,3%	34,4%	33,6%	33,4%	33,9%	33,0%
Current account balance, EUR million, rolling annualised basis	14 932	13 247	9 175	7 577	5 141	2 385	-58	-1 987	-3 912	-4 029	-5 270	-5 562	-7 057
Current account balance, as a% of GDP, rolling annualised basis	2,77%	2,45%	1,68%	1,38%	0,93%	0,43%	-0,01%	-0,35%	-0,69%	-0,70%	-0,91%	-0,95%	-1,19%
Inflow of foreign direct investment - rolling annualised basis, EUR million	19 888	20 523	20 511	20 603	21 015	22 259	20 321	19 563	21 185	20 279	19 900	18 296	17 376
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-5 914	-8 348	-6 013	-5 624	-4 840	-5 002	3 416	-3 480	-2 747	-1 802	-604	-154	281

Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly</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>	<b>Q1 23</b>
Total external debt, EUR million	303 457	300 108	301 734	305 694	307 602	308 360	309 500	310 000	310 500	311 000	311 500	312 000	312 500
Long-term external debt, EUR million	175 847	170 636	171 166	170 023	171 351	169 406	170 250	170 000	169 750	169 500	169 250	169 000	168 750
Short-term external debt, EUR million	39 491	41 445	43 066	49 378	48 032	48 887	49 750	50 000	50 250	50 500	50 750	51 000	51 250
External debt - Direct investment debt instruments, EUR million	88 119	88 027	87 502	86 293	88 219	90 067	89 500	90 000	90 500	91 000	91 500	92 000	92 500
External debt as a% of GDP	57%	57%	57%	58%	58%	57%	56%	55%	53%	51%	50%	48%	47%
External debt as a% of export	129%	133%	132%	130%	127%	117%	114%	111%	108%	106%	103%	99%	95%
International reserves as a% of total external debt	36%	38%	39%	41%	44%	43%	47%	48%	49%	48%	48%	50%	51%
International reserves as a% of short-term external debt	279%	278%	277%	254%	281%	274%	289%	295%	300%	293%	296%	305%	309%



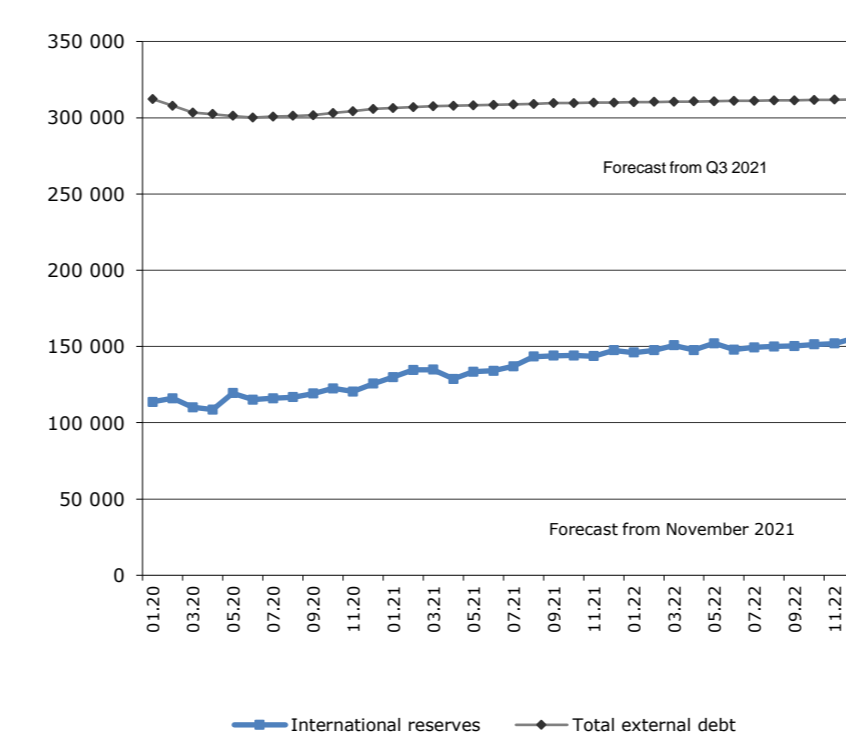
The current account has been positive in recent months. In the last 12 months, it was comparable to 0,43% of GDP.

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.

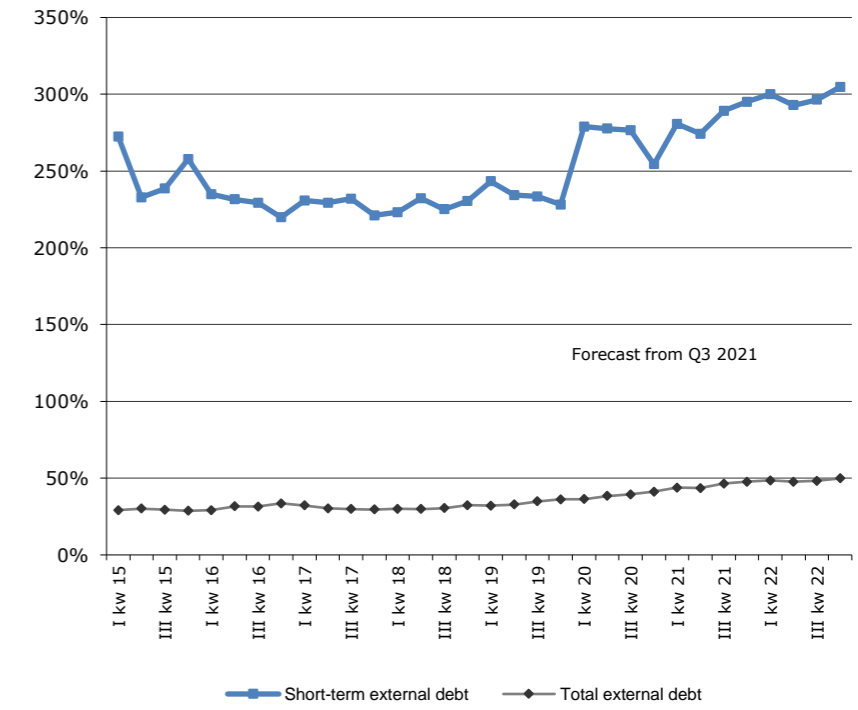
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.64 months of imports of goods and services), money supply (34,4%) and external debt (43,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 57%) and goods exports (currently 117%) is declining. The ratio of external debt to GDP and exports is low.

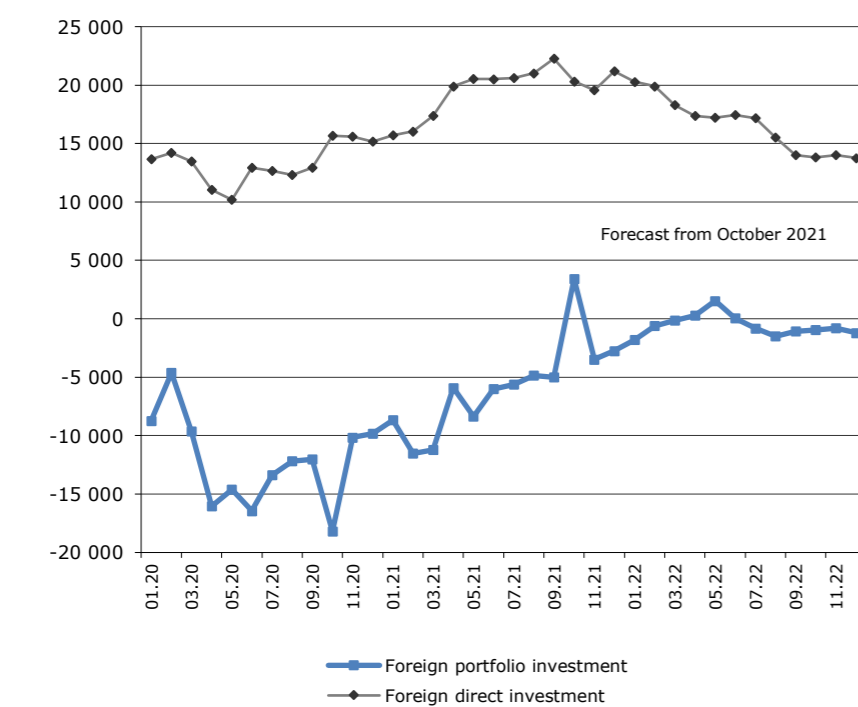
External debt and international reserves



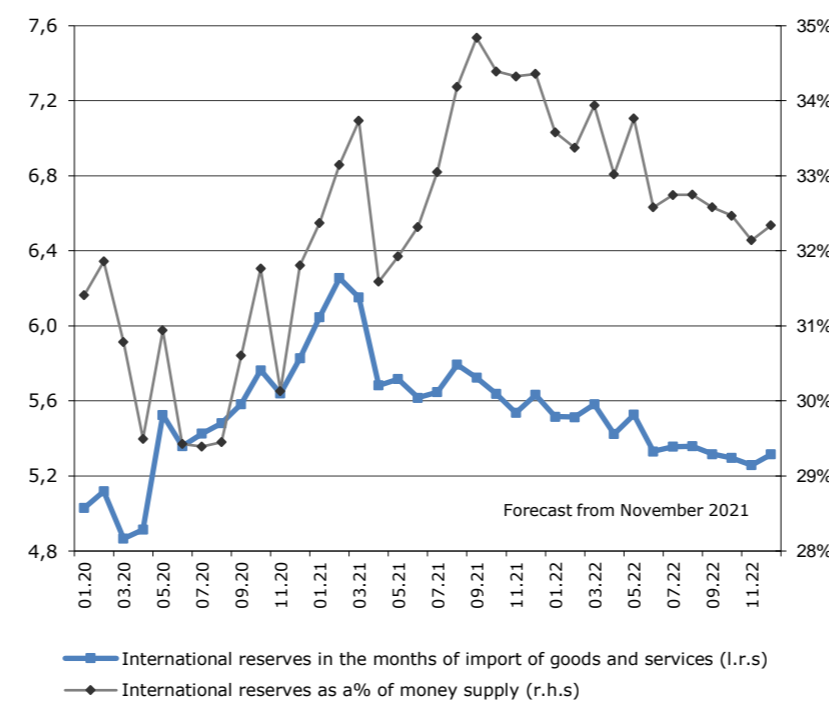
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

