



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/01/2022

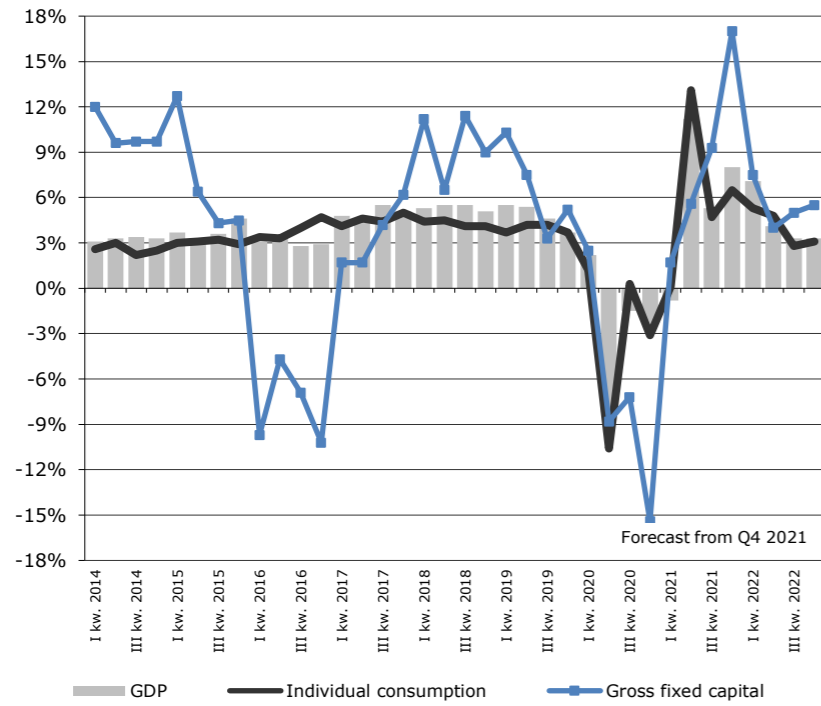
Macroeconomic forecast

Monthly macroeconomic indicators	06.2021	07.2021	08.2021	09.2021	10.2021	11.2021	12.2021	01.2022	02.2022	03.2022	04.2022	05.2022	06.2022
Industrial sales, % real change, y/y	18,4%	9,8%	13,2%	8,8%	7,8%	14,8%	14,2%	10,0%	11,0%	4,0%	3,2%	5,4%	2,2%
Construction, % real change, y/y	4,4%	3,3%	10,2%	4,3%	4,2%	12,7%	3,1%	7,0%	10,0%	8,0%	4,2%	4,3%	1,2%
Retail sales, % nominal change, y/y	13,0%	8,9%	10,7%	11,1%	14,4%	21,2%	16,9%	20,2%	16,0%	11,5%	21,9%	11,3%	11,5%
Consumer prices, % change, y/y	4,4%	5,0%	5,5%	5,9%	6,8%	7,8%	8,6%	9,2%	9,8%	9,5%	9,4%	9,4%	9,5%
Producer prices, % change, y/y	7,2%	8,4%	9,6%	10,3%	12,0%	13,6%	14,2%	15,6%	15,8%	14,6%	13,9%	13,0%	12,2%
Wages - enterprise sector, % nominal change, y/y	9,8%	8,7%	9,5%	8,7%	8,4%	9,8%	11,2%	11,5%	11,7%	9,5%	9,1%	10,1%	9,9%
Wages - enterprise sector, PLN	5 802	5 852	5 844	5 841	5 917	6 022	6 644	6 173	6 222	6 490	6 334	6 207	6 375
Registered unemployment rate	6,0%	5,9%	5,8%	5,6%	5,5%	5,4%	5,4%	5,6%	5,7%	5,5%	5,5%	5,3%	5,2%
Number of registered unemployed persons, thousand	993	975	961	935	911	899	895	936	949	919	920	889	868
Current account balance, EUR million	-494	-1 362	-1 530	-651	-856	-1 112	-1 730	1 945	-571	-210	-220	-445	-138
Current account balance, EUR million, rolling annualised basis	9 865	8 456	5 931	3 863	1 457	-953	-3 434	-3 522	-4 746	-5 027	-6 829	-7 237	-6 881

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%	8,0%	7,1%	4,1%	3,3%	3,3%	5,4%
Individual consumption , % real change y/y	1,2%	-10,6%	0,3%	-3,1%	0,1%	13,1%	4,7%	6,5%	5,3%	4,8%	2,8%	3,1%	5,5%
Gross fixed capital , % real change y/y	2,5%	-8,8%	-7,2%	-15,4%	1,7%	5,6%	9,3%	17,0%	7,5%	4,0%	5,0%	5,5%	7,0%

GDP components in terms of demand - y / y



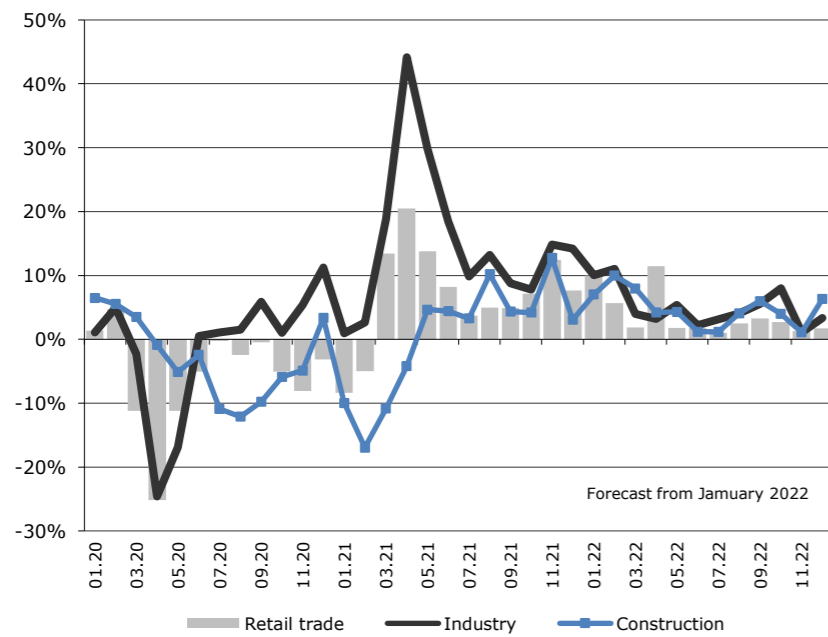
The Central Statistical Office presented preliminary data on GDP growth for the entire year 2021. Growth in real terms amounted to 5.7% after a decline by 2.5% in 2020. The growth turned out to be slightly better than expected by the market.

In the fourth quarter of 2021, the GDP dynamics could reach 8.0% y / y, and in the first quarter of 2022, 7.1%.

Throughout 2021, GDP in nominal terms is estimated at PLN 2,609 billion (EUR 571 billion).

In 2022, the GDP dynamics is forecasted at 4.5%. In nominal terms, GDP will amount to PLN 2,934 billion (EUR 654 billion).

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



In December, industrial production decreased in real terms by 2.9%. The decline was seasonal. The annual production dynamics increased to 16.7% from 14.8% in November. The industry's results in December were better than expected. In the entire year 2021, industrial production was 14.9% higher than in 2020.

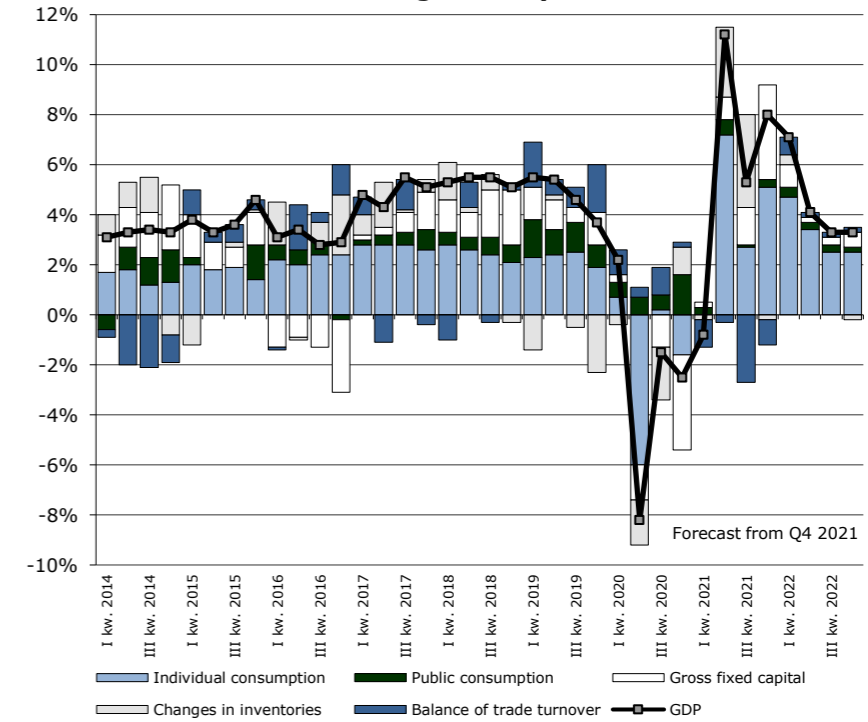
In December, construction and assembly production turned out to be 22.9% higher than in November. The increase in sales in December is a typical phenomenon. The annual dynamics of construction and assembly production decreased from 12.7% in November to 3.1% in December. Construction results in December were lower than expected. In the entire year 2021, construction and assembly production was 3.2% higher than in 2020.

Retail sales in December in nominal terms turned out to be 15.8% higher than in November. Strong sales growth is typical in December. The annual sales dynamics decreased from 21.2% in November to 16.9% in December. December's results were better than expected. Throughout 2021, sales in nominal terms were 12.9% higher than in 2020.

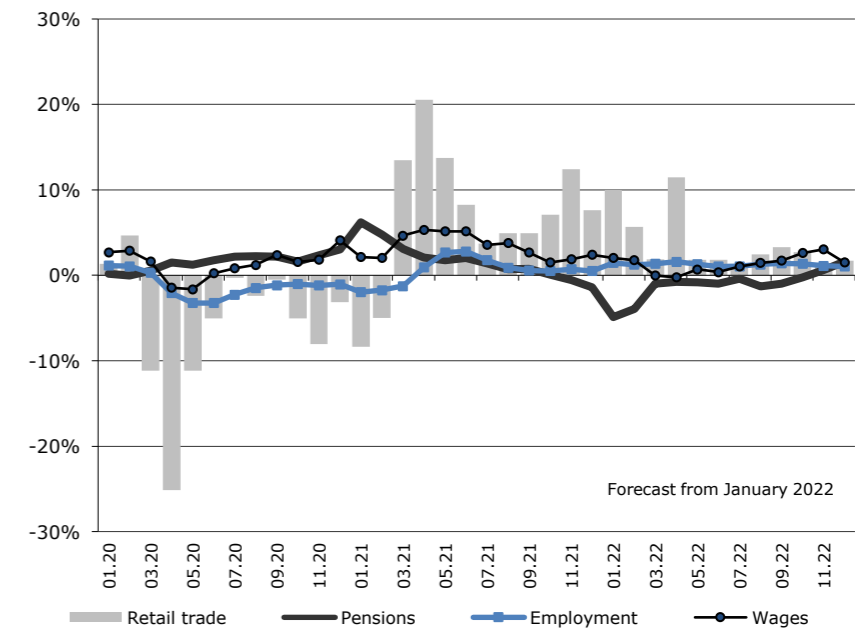
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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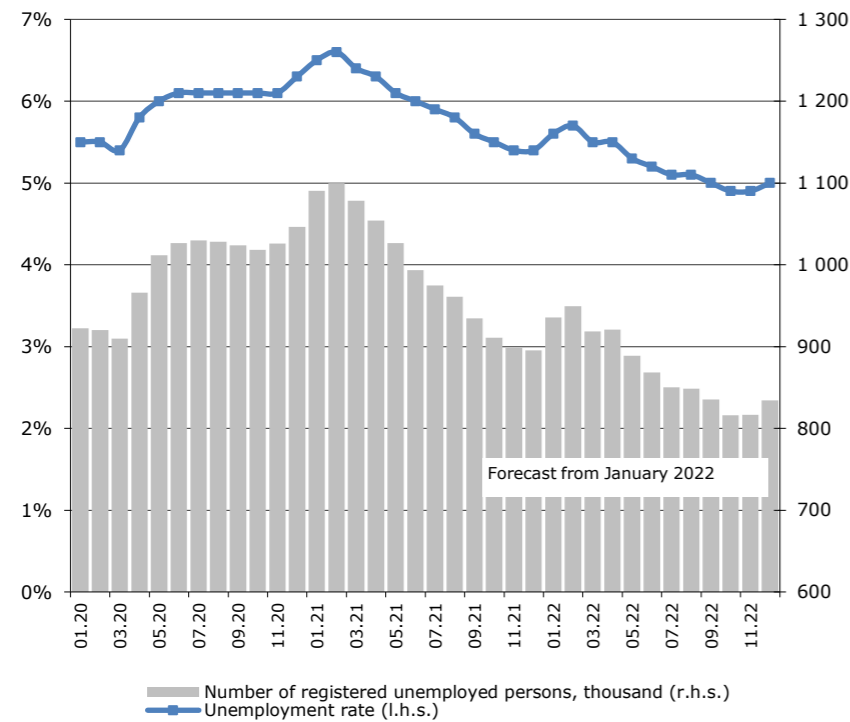
Scale of impact of GDP demand components on economic growth dynamics



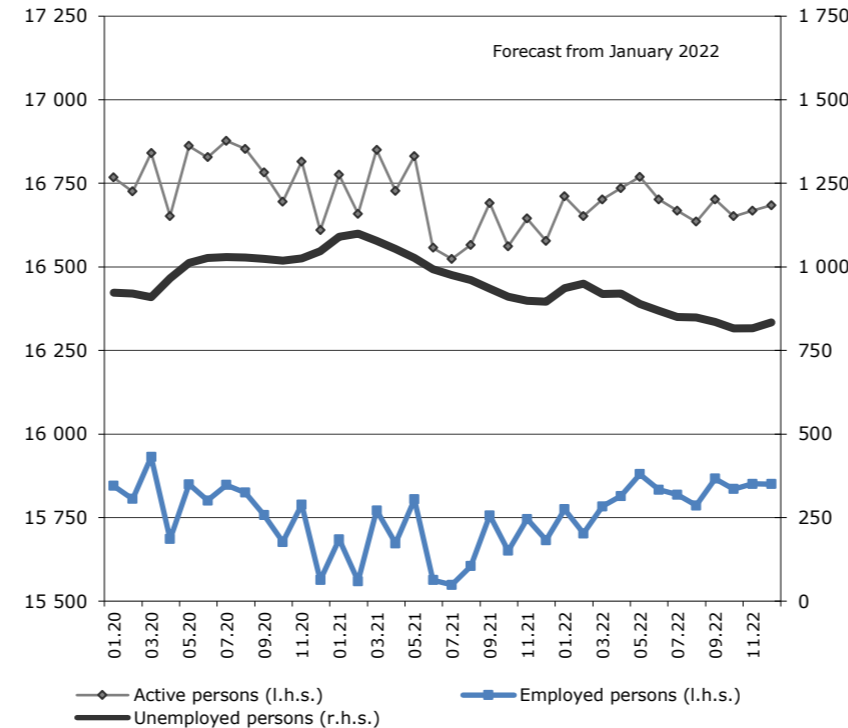
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

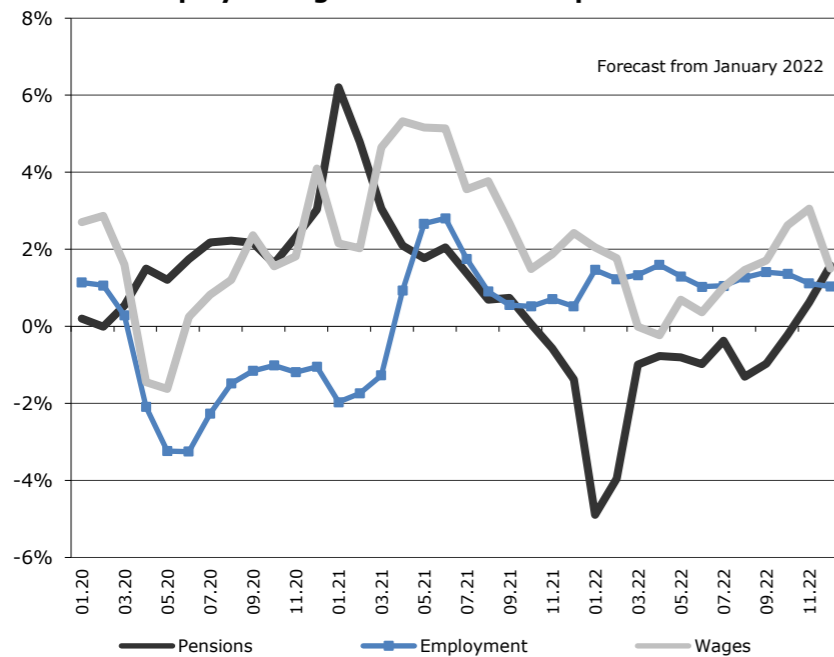


In December, the number of registered unemployed fell by 3.6 thousand, up to 895.2 thousand people. The unemployment rate was 5.4%. The unemployment rate was the same as in November. A year ago, in December, the unemployment rate was 6.3%. December usually brings a deterioration in the unemployment statistics. The demand for seasonal works in construction, agriculture and tourist services is falling. The data was better than expected.

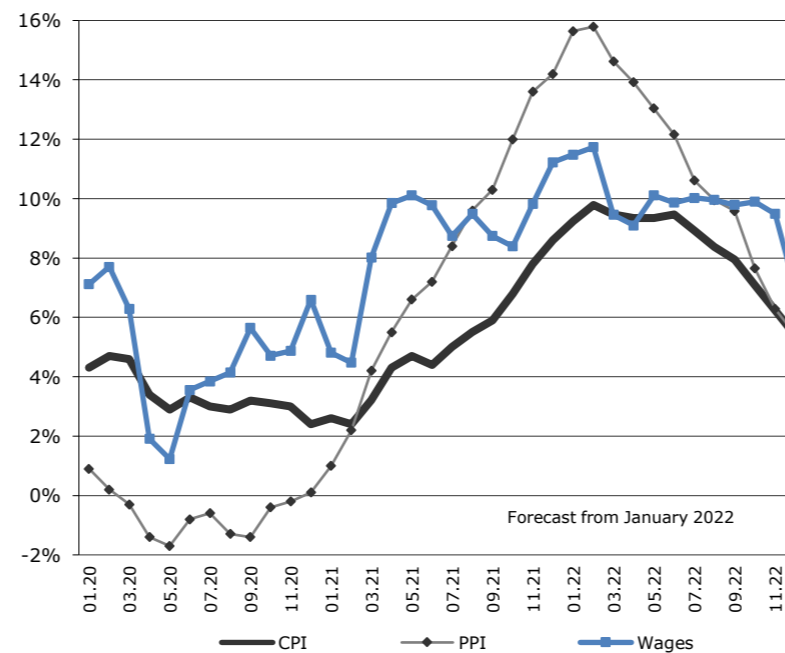
The number of employed in December amounted to approximately 15,683,000 people. It was about 120 thousand, i.e. 0.77% higher than last year.

The beginning of the year will bring an increase in unemployment. The local peak is expected in February when 950,000 will be unemployed people and the unemployment rate will be 5.7%. 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



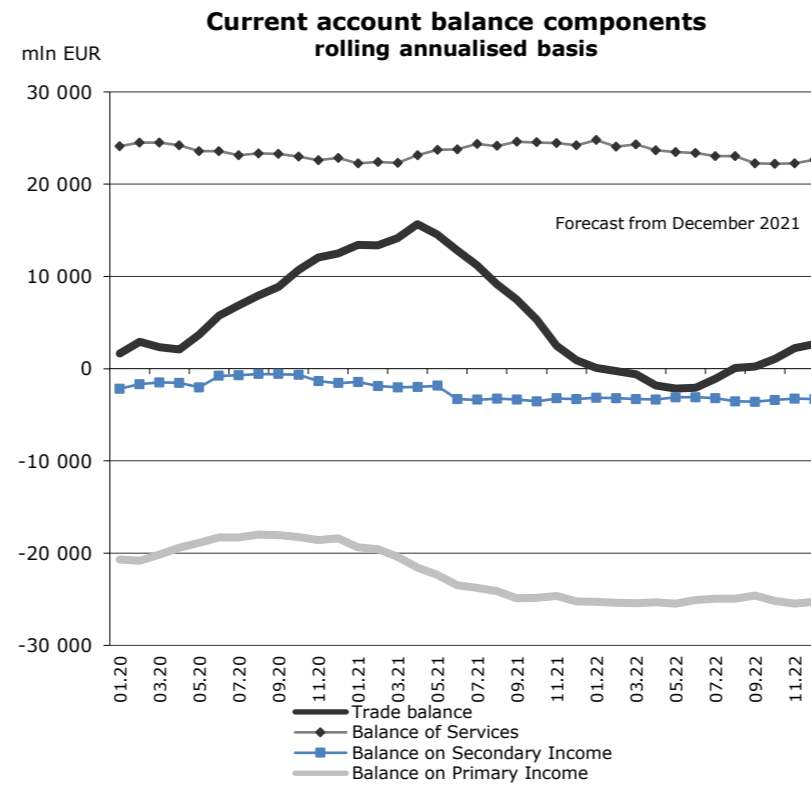
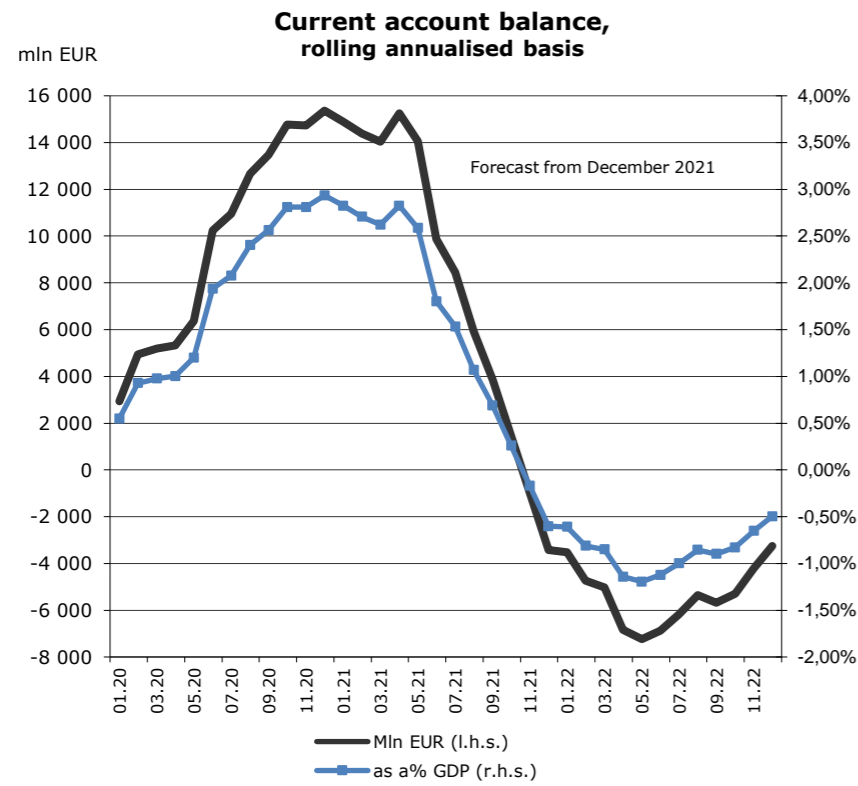
CPI, PPI, Wages - y / y



In December, the prices of consumer goods and services turned out to be 0.9% higher than in November. This result was much higher than expected. Prices have increased significantly in, among others, groups: food, restaurants and hotels, recreation and culture, housing and energy. In December, the prices of goods and services turned out to be 8.6% higher than in the previous year. Throughout 2021, prices were on average 5.1% higher than in 2020. In January, the annual inflation rate is expected to increase.

Industrial prices rose by 0.8% in December. Industrial prices in December were on average 14.2% higher than in the previous year. In the period of January-December 2021, industrial prices were on average 7.9% higher than in the corresponding period of the previous year. In the coming months, industrial prices will increase rapidly due to rising manufacturing costs.

In December, the average salary in the enterprise sector amounted to PLN 6644.39. It was thus PLN 621.90, i.e. 10.3% higher than in November. It was also PLN 670.64 and 11.2% higher than in December of the previous year. The strong wage growth recorded in December is seasonal. The wage level in December 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.



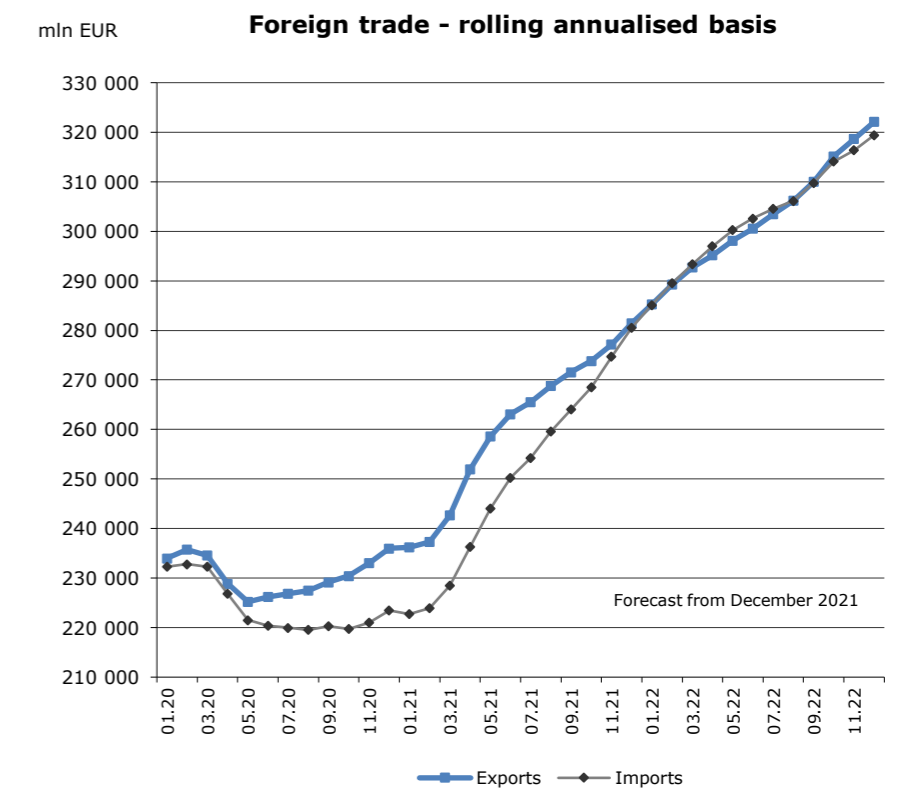
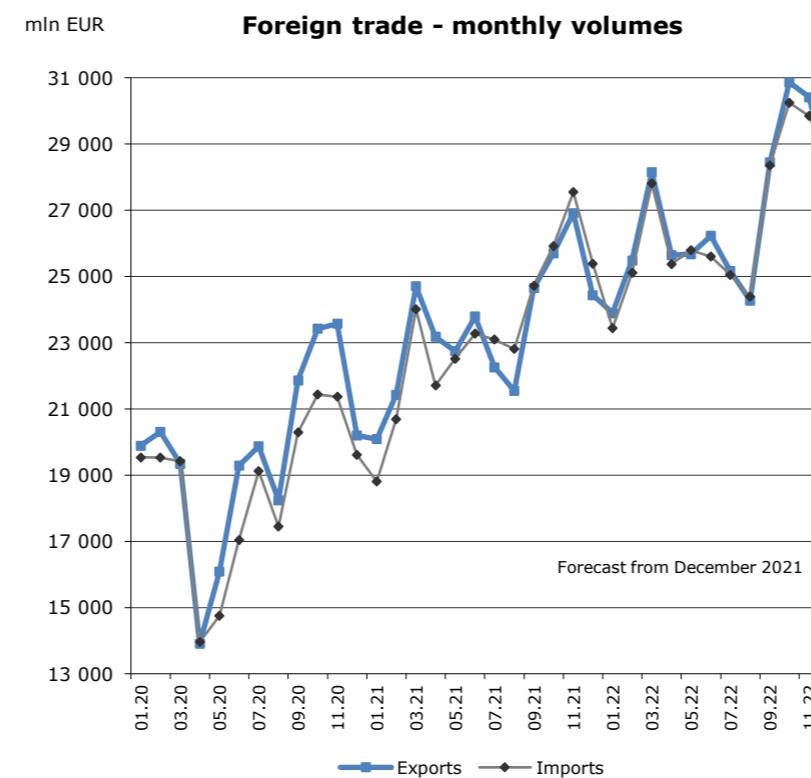
(mIn EUR)	XI 2020	X 2021*	XI 2021
Current account balance	1 298	-856	-1 112
Exports	23 574	25 700	26 915
Imports	21 362	25 918	27 547
Trade balance	2 212	-218	-632
Balance on Services	2 043	1 843	1 964
Balance on Primary Income	-2 336	-2 153	-2 135
Balance on Secondary Income	-621	-328	-309

*Corrected data

At the beginning of January, the National Bank of Poland presented estimated data on the balance of payments in November. The current account balance in November 2021 was negative and amounted to EUR -1 112 million. In the previous month, there was a deficit of EUR -856 million. A year ago, a surplus of EUR 1,298 million was recorded.

After November, the current account balance on a rolling year basis was negative and amounted to EUR -953 million. Its level in relation to GDP was -0.17%. In the last 12 months, exports of goods amounted to EUR 277 billion, and exports of services amounted to EUR 64 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 11.3% 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

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	06.2021	07.2021	08.2021	09.2021	10.2021	11.2021	12.2021	01.2022	02.2022	03.2022	04.2022	05.2022	06.2022
International reserves, EUR million	134 114	136 927	143 355	143 940	144 069	146 719	146 576	145 843	148 031	150 991	148 425	151 690	148 656
International reserves in the months of import of goods and services	5,61	5,64	5,78	5,71	5,62	5,60	5,48	5,37	5,38	5,42	5,27	5,33	5,19
International reserves as a% of money supply	32,3%	33,1%	34,2%	34,8%	34,4%	34,8%	34,0%	33,6%	33,6%	34,0%	33,1%	33,7%	32,8%
Current account balance, EUR million, rolling annualised basis	9 865	8 456	5 931	3 863	1 457	-953	-3 434	-3 522	-4 746	-5 027	-6 829	-7 237	-6 881
Current account balance, as a% of GDP, rolling annualised basis	1,80%	1,53%	1,07%	0,69%	0,26%	-0,17%	-0,60%	-0,61%	-0,81%	-0,85%	-1,14%	-1,19%	-1,12%
Inflow of foreign direct investment - rolling annualised basis, EUR million	20 858	21 948	22 247	23 377	21 893	22 687	24 309	23 403	23 024	21 420	20 484	20 248	20 214
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-6 013	-5 579	-4 795	-4 999	2 633	-5 014	-5 331	-4 386	-3 188	-2 738	-2 303	-1 045	-2 534

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Total external debt, EUR million	300 108	301 734	305 694	307 602	309 441	315 747	317 000	317 250	317 500	317 750	318 000	318 250	318 500
Long-term external debt, EUR million	170 636	171 166	170 023	171 351	169 631	173 987	173 750	173 500	173 250	173 000	172 750	172 500	172 250
Short-term external debt, EUR million	41 445	43 066	49 378	48 032	48 874	48 995	50 250	50 500	50 750	51 000	51 250	51 500	51 750
External debt - Direct investment debt instruments, EUR million	88 027	87 502	86 293	88 219	90 936	92 765	93 000	93 250	93 500	93 750	94 000	94 250	94 500
External debt as a% of GDP	57%	57%	58%	57%	57%	56%	55%	54%	52%	50%	49%	47%	46%
External debt as a% of export	133%	132%	130%	127%	118%	116%	113%	108%	106%	103%	99%	95%	93%
International reserves as a% of total external debt	38%	39%	41%	44%	43%	46%	46%	48%	47%	48%	50%	51%	51%
International reserves as a% of short-term external debt	278%	277%	254%	281%	274%	294%	292%	299%	293%	301%	311%	317%	311%

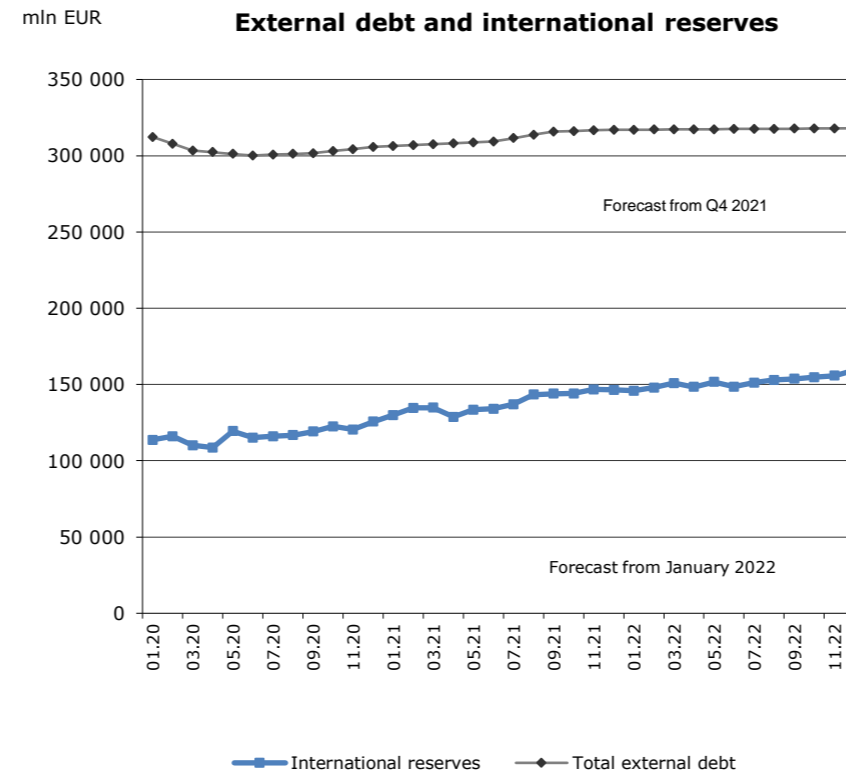
The current account has been negative in recent months. In the last 12 months, it was comparable to -0,17% of GDP.

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.

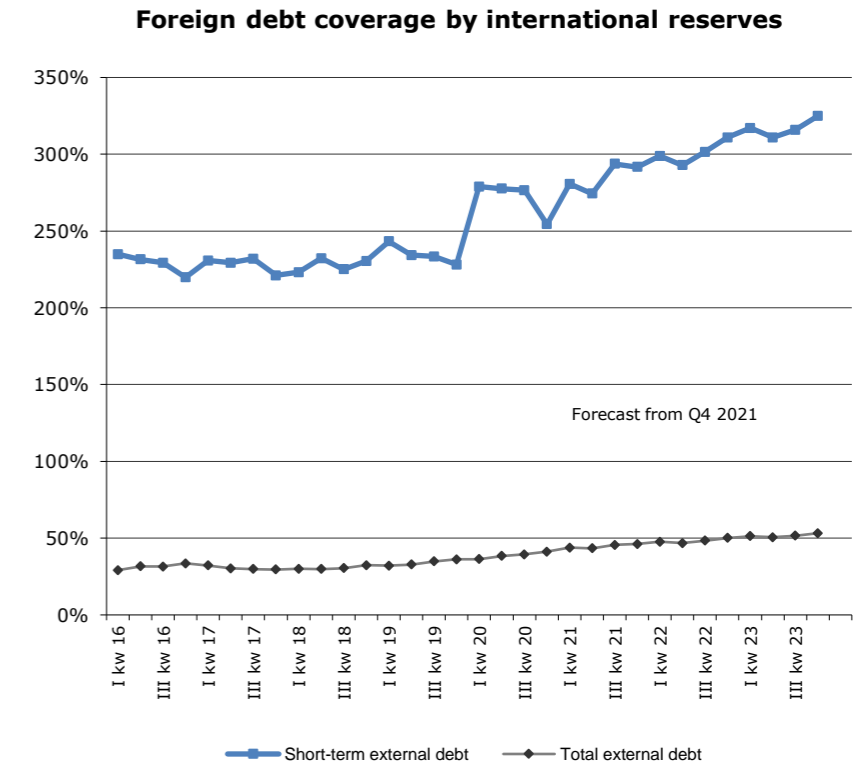
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.48 months of imports of goods and services), money supply (34,0%) and external debt (46,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 56%) and goods exports (currently 116%) is declining. The ratio of external debt to GDP and exports is low.

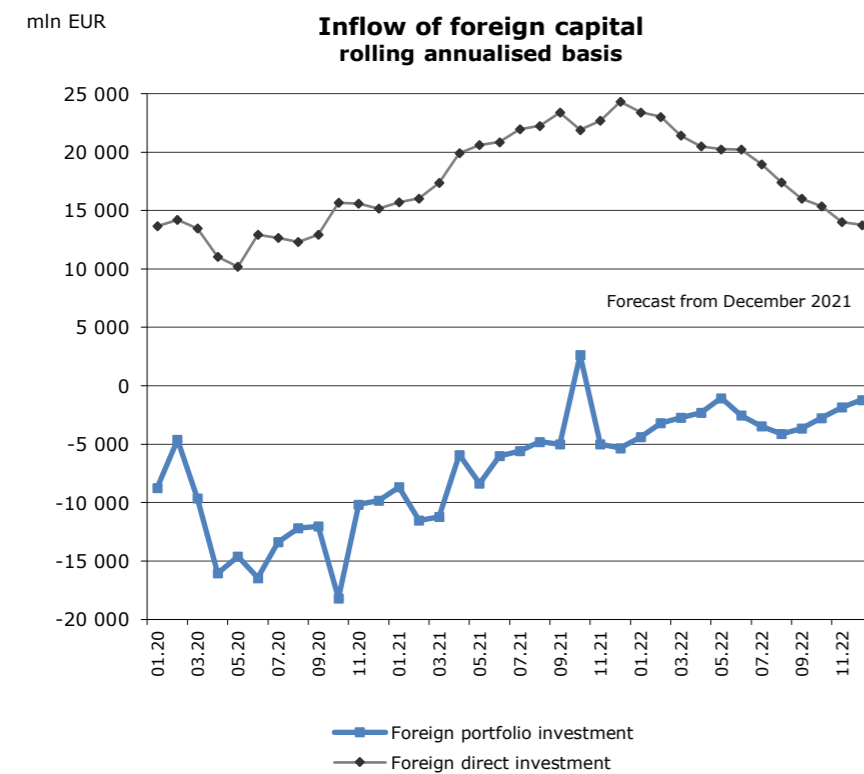
External debt and international reserves



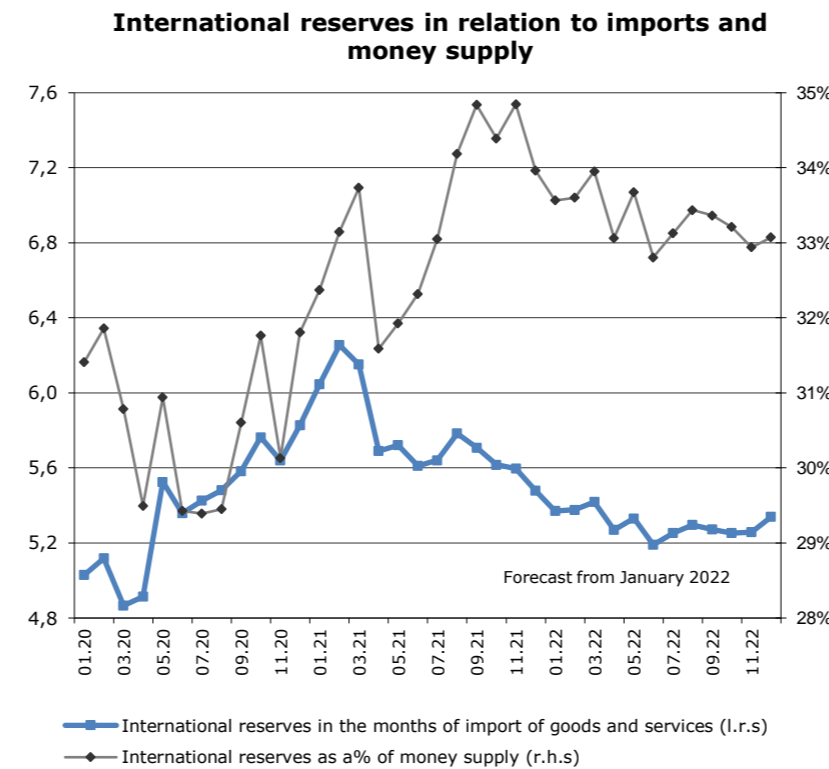
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

