



# **Monthly Macroeconomic Review**

Prepared by  
Polish Chamber of Commerce

Updated on 31/05/2022

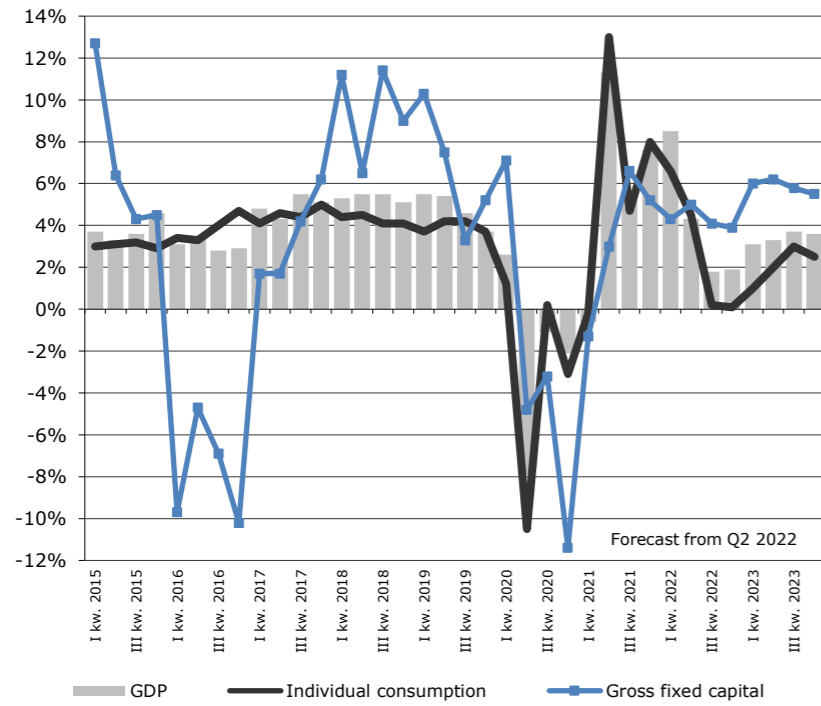
Macroeconomic forecast

Monthly macroeconomic indicators	10.2021	11.2021	12.2021	01.2022	02.2022	03.2022	04.2022	05.2022	06.2022	07.2022	08.2022	09.2022	10.2022
Industrial sales, % real change, y/y	7,8%	14,8%	14,2%	19,2%	17,6%	15,4%	13,0%	14,8%	8,3%	8,0%	5,0%	6,0%	6,0%
Construction, % real change, y/y	4,2%	12,7%	3,1%	20,9%	21,2%	27,6%	9,3%	9,6%	5,2%	3,1%	4,0%	6,0%	3,0%
Retail sales, % nominal change, y/y	14,4%	21,2%	16,9%	20,0%	16,5%	22,0%	33,4%	20,6%	19,0%	17,2%	17,1%	16,6%	15,6%
Consumer prices, % change, y/y	6,8%	7,8%	8,6%	9,4%	8,5%	11,0%	12,4%	13,9%	15,0%	15,0%	15,0%	14,6%	14,0%
Producer prices, % change, y/y	12,0%	13,6%	14,4%	16,1%	16,1%	21,9%	23,3%	23,5%	23,2%	22,0%	21,4%	21,1%	18,9%
Wages - enterprise sector, % nominal change, y/y	8,4%	9,8%	11,2%	9,5%	11,7%	12,4%	14,1%	14,5%	14,4%	14,3%	14,0%	13,5%	13,1%
Wages - enterprise sector, PLN	5 917	6 022	6 644	6 064	6 220	6 666	6 627	6 455	6 635	6 688	6 662	6 628	6 695
Registered unemployment rate	5,5%	5,4%	5,4%	5,5%	5,5%	5,4%	5,2%	5,1%	5,0%	4,9%	4,8%	4,8%	4,8%
Number of registered unemployed persons, thousand	911	899	895	927	922	902	878	865	851	831	815	819	816
Current account balance, EUR million	-1 166	-1 077	-2 491	-638	-2 663	-2 972	-1 555	-1 801	-1 698	-1 862	-1 488	-2 002	-1 611
Current account balance, EUR million, rolling annualised basis	2 071	-304	-3 546	-7 024	-9 963	-13 059	-15 896	-18 188	-19 422	-20 266	-21 227	-21 412	-21 858

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%	4,3%	1,8%	1,9%	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%	5,0%	4,1%	3,9%	6,0%	6,2%	5,8%

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



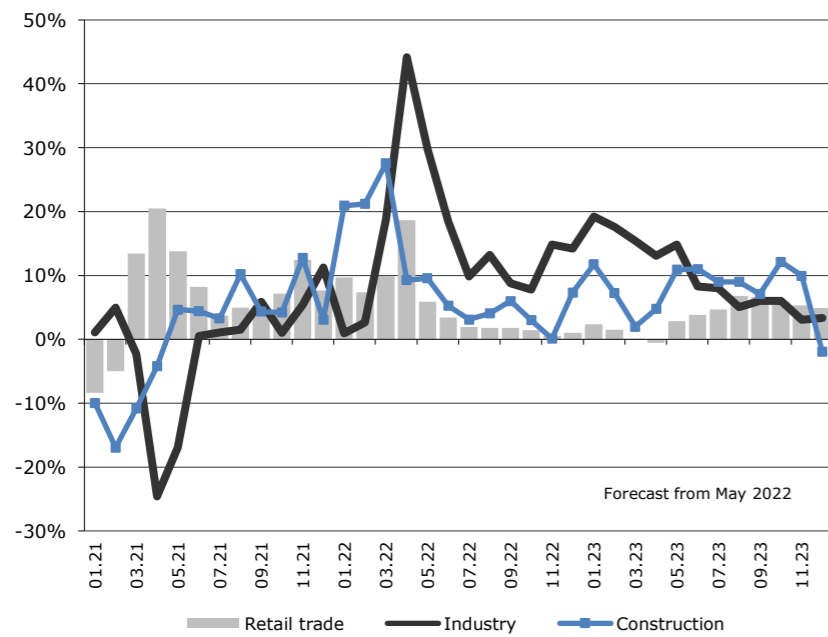
The Central Statistical Office presented data on the GDP dynamics in the first quarter of 2022. The increase in real terms was 8.5% y / y after an increase of 7.6% y / y in the fourth quarter of 2021. The growth turned out to be better than expected by the market.

In the second quarter of 2022, real GDP growth is forecasted at 4.3% y / y, and in the third and fourth quarters of 2022 at 1.8% y / y and 1.9% 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 4.1%. In nominal terms, GDP will amount to PLN 2,986 billion (EUR 655 billion).

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



In April, industrial production decreased in real terms by 11.3%. The decline was seasonal. The annual dynamics of production decreased to 13.0% from 15.4% in March. The industry's results in April were lower than expected. In the period from January to April 2022, industrial production was 15.1% higher than in the corresponding period of 2021.

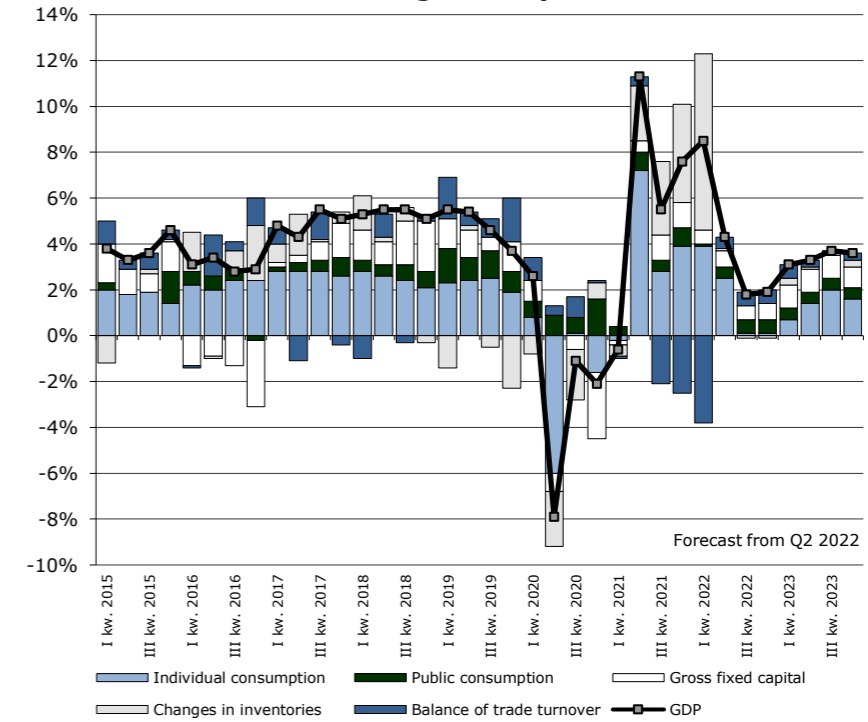
In April, construction and assembly production turned out to be 5.9% lower than in March. The fall in sales in April is a typical phenomenon. The annual dynamics of construction and assembly production decreased significantly to 9.3% from 27.6% in March. Construction results in April were lower than expected. In the period from January to April 2022, construction and assembly production was 17.5% higher than in the corresponding period of 2021.

Retail sales in April in nominal terms turned out to be 2.1% higher than in March. The increase in sales recorded in April is seasonal. The annual sales dynamics increased from 22.0% in March to 33.4% in April. April's results were better than expected. In the period from January to April 2022, retail sales in nominal terms were 21.9% higher than in the corresponding period of 2021. A significant part of the observed increase is the result of inflation.

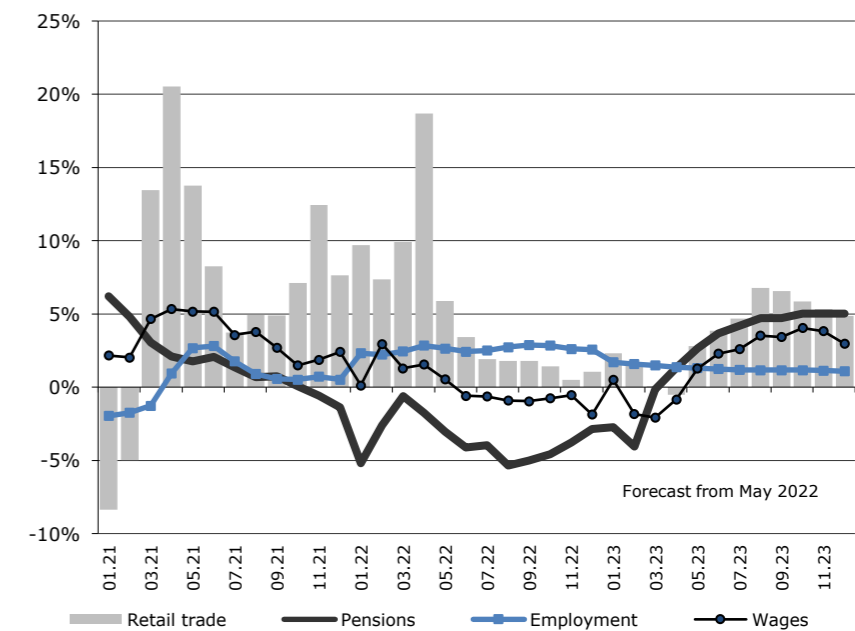
## GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 31/05/2022

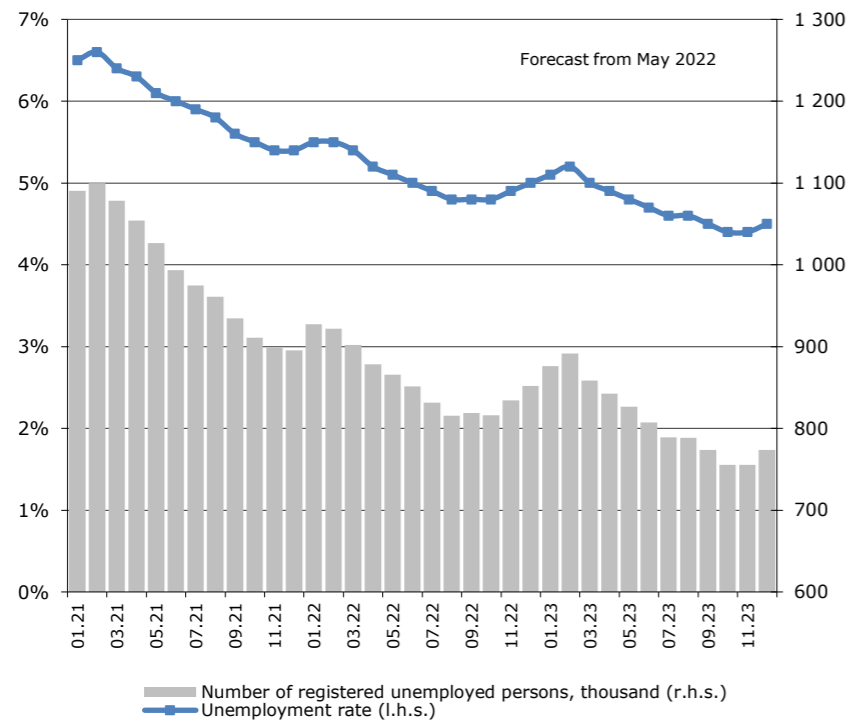
### Scale of impact of GDP demand components on economic growth dynamics



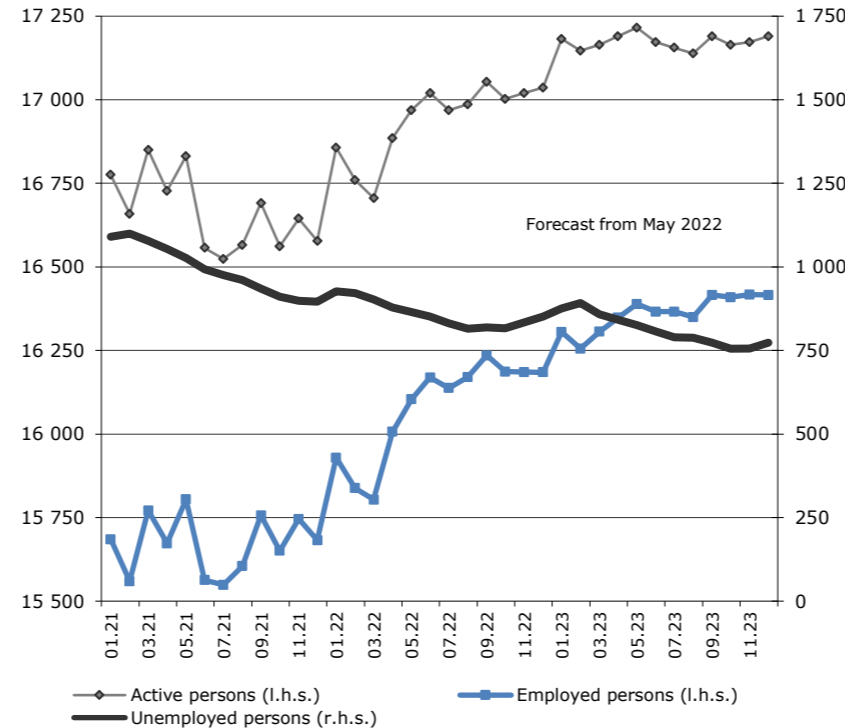
### Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



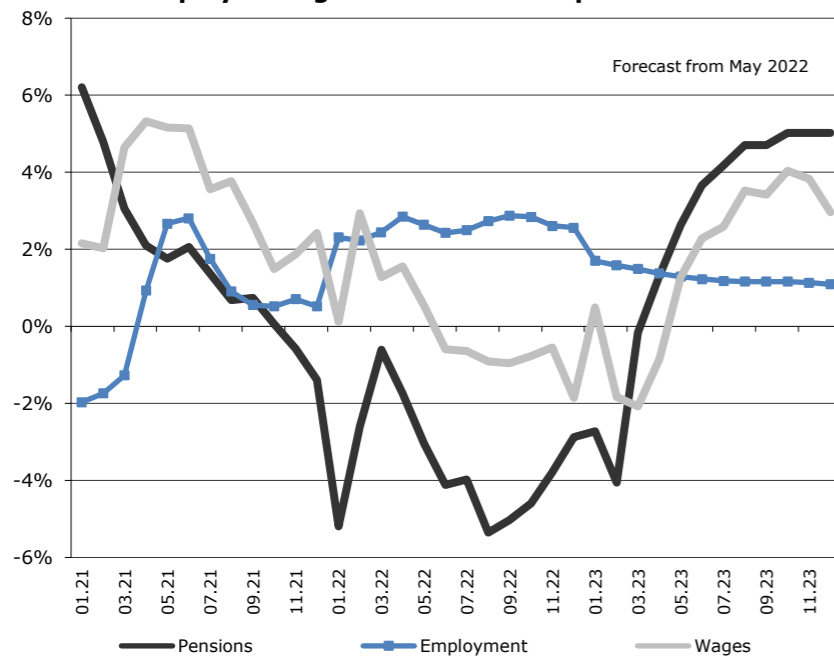
**Registered unemployment**



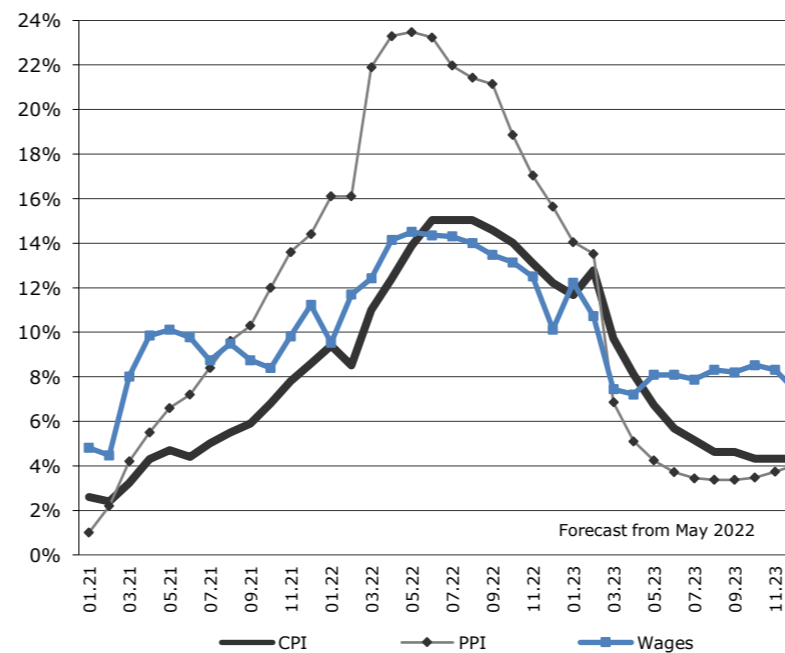
**Labor activity**



**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 April, the number of registered unemployed fell by 24.1 thousand, up to 878.0 thous. people. The unemployment rate was 5.2%. The unemployment rate was lower than in March by 0.2 percentage point. A year ago, in April, the unemployment rate was 6.3%. April usually brings an improvement in unemployment statistics. There is a demand for seasonal work in construction, agriculture and tourist services. April data was close to expected.

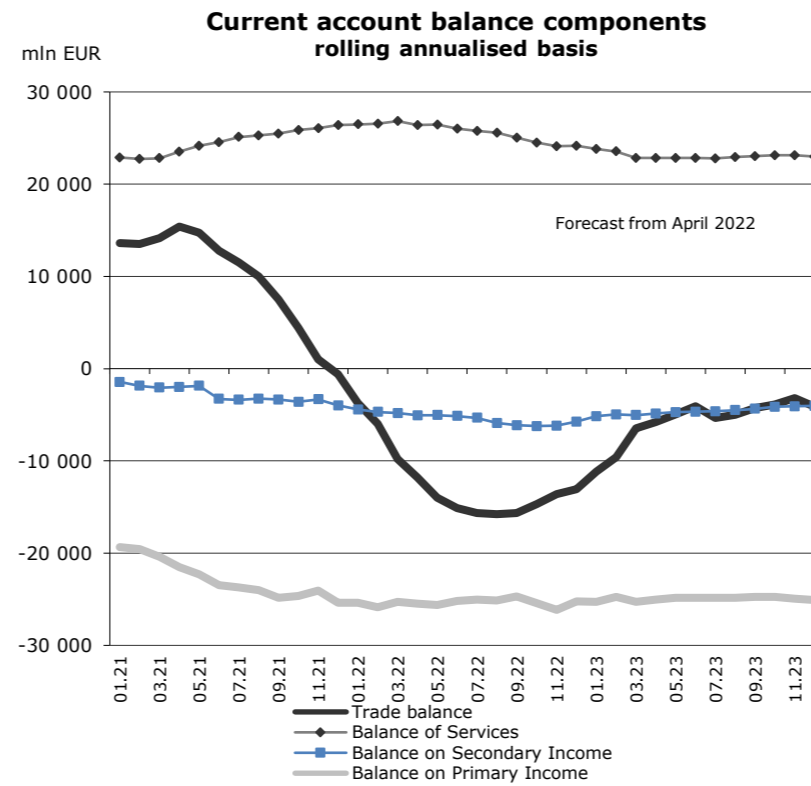
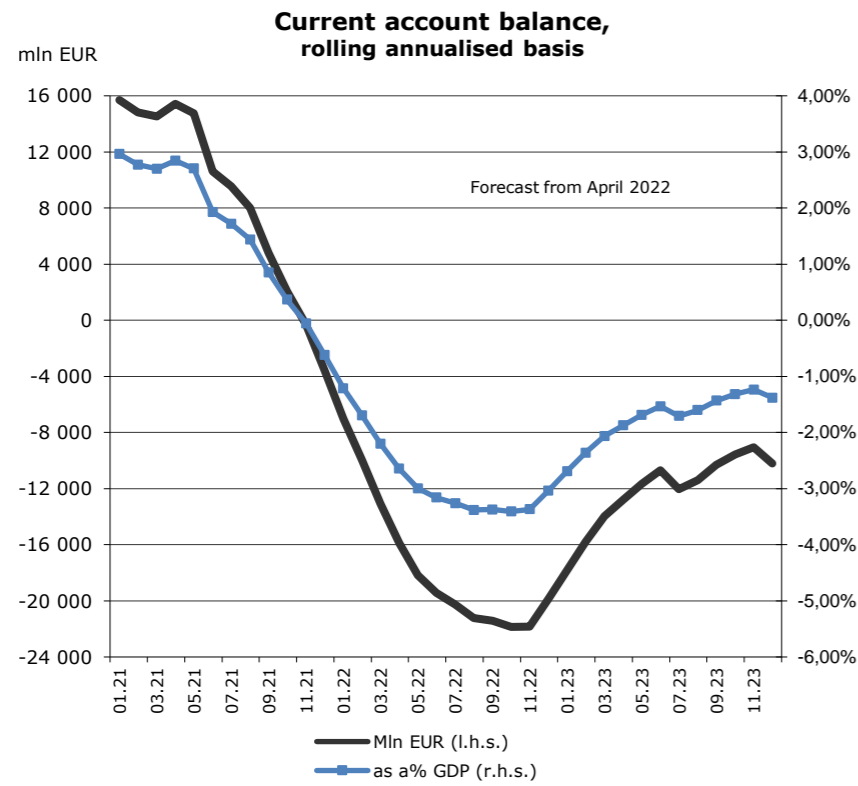
The number of employed in April amounted to approximately 16 007 thousand. people. It was about 333 thousand, ie 2.1% higher than last year.

Spring and summer will bring a drop in unemployment. The local minimum is expected in the period from August to October, when 820,000 will be unemployed, people and the unemployment rate will be 4.8%. At the end of 2022, the unemployment rate will be 5.0%, and the number of unemployed will be 850,000.

In April, the prices of consumer goods and services turned out to be 2.0% higher than in March. Prices tend to rise in April, but not that much. April's result was worse than expected. Prices have increased significantly in, among others, groups: food, clothing and footwear, recreation and culture, home use and energy, household equipment, restaurants and hotels, alcohol and tobacco, health. In April, the prices of goods and services turned out to be 12.4% higher than in the previous year. In March, the prices were higher by 11.0% than in the previous year. In the period from January to April 2022, prices were on average 10.3% higher than in the corresponding period of 2021. In May, the annual inflation rate is expected to rise again strongly.

Industrial prices rose by 1.9% in April. Industrial prices in April were on average 23.3% higher than in the previous year (in March by 21.9%). In the period of January-April 2022, industrial prices were on average 19.4% 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 April, the average salary in the enterprise sector amounted to PLN 6,626.95. So it was PLN 38.69, ie 0.6% lower than in March. It was also PLN 821.23 and 14.1% higher than in April of the previous year. The fall in wages in April is seasonal. The level of wages in April 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.



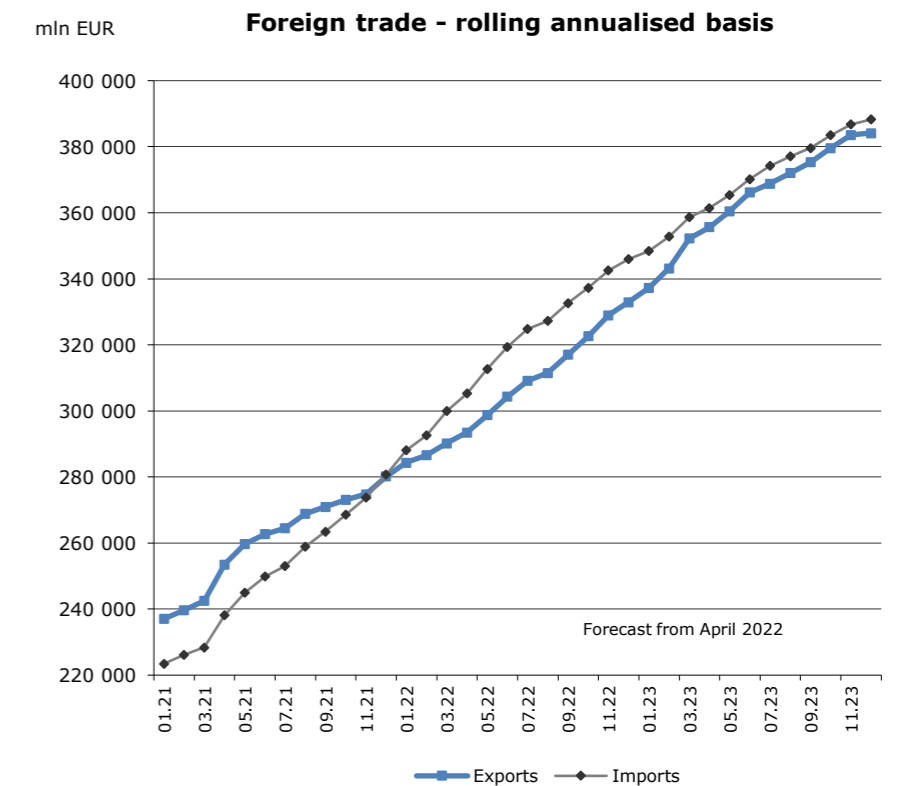
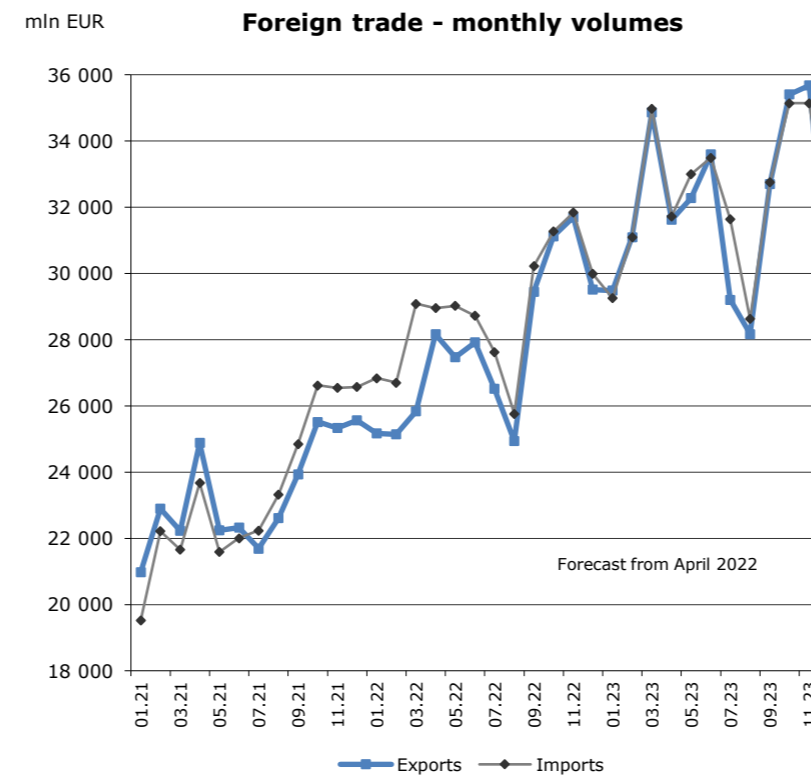
(mIn EUR)	III 2021	II 2022*	III 2022
<b>Current account balance</b>	124	-2 663	-2 972
Exports	22 227	25 141	25 831
Imports	21 657	26 700	29 084
Trade balance	570	-1 559	-3 253
Balance on Services	1 838	2 310	2 102
Balance on Primary Income	-2 097	-2 541	-1 527
Balance on Secondary Income	-187	-873	-294

\*Corrected data

In early May, the National Bank of Poland presented its estimated March balance of payments data. The current account balance in March 2022 was negative and amounted to EUR -2,972 million. In the previous month, there was a deficit of EUR -2,663 million. A year ago, a surplus of EUR 124 million was recorded.

After March, the current account balance on a rolling year basis was negative and amounted to EUR -13,059 million. Its level in relation to GDP was -2.20%. In the last 12 months, exports of goods amounted to EUR 290 billion, and exports of services amounted to EUR 71 billion.

The export of goods is now comparable to 48.8% of GDP. It is a high value for a country with a population and area of Poland. The export of services is comparable to 12.0% 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>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>	<b>05.2022</b>	<b>06.2022</b>	<b>07.2022</b>	<b>08.2022</b>	<b>09.2022</b>	<b>10.2022</b>
International reserves, EUR million	144 069	146 719	146 576	144 152	143 730	142 056	143 952	145 392	146 845	149 782	153 527	154 295	155 837
International reserves in the months of import of goods and services	5,60	5,60	5,45	5,23	5,13	4,95	4,93	4,88	4,83	4,86	4,94	4,90	4,89
International reserves as a% of money supply	34,4%	34,8%	34,0%	33,8%	34,0%	32,9%	33,3%	32,9%	33,1%	33,3%	33,9%	33,7%	33,7%
Current account balance, EUR million, rolling annualised basis	2 071	-304	-3 546	-7 024	-9 963	-13 059	-15 896	-18 188	-19 422	-20 266	-21 227	-21 412	-21 858
Current account balance, as a% of GDP, rolling annualised basis	0,37%	-0,05%	-0,62%	-1,21%	-1,70%	-2,20%	-2,64%	-2,99%	-3,16%	-3,26%	-3,38%	-3,37%	-3,41%
Inflow of foreign direct investment - rolling annualised basis, EUR million	25 196	25 366	27 903	27 847	27 245	27 957	27 093	26 524	26 205	23 684	22 024	19 784	19 334
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	2 598	-5 031	-5 403	-6 450	-6 365	-5 488	-5 303	-4 545	-6 135	-7 054	-7 727	-7 269	-6 343

Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly</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>	<b>Q2 23</b>	<b>Q3 23</b>
Total external debt, EUR million	301 734	305 694	308 829	309 937	317 105	320 374	322 000	322 650	323 300	323 450	323 600	323 750	323 900
Long-term external debt, EUR million	171 166	170 023	171 673	169 594	174 063	169 829	171 000	171 250	171 500	171 250	171 000	170 750	170 500
Short-term external debt, EUR million	43 066	49 378	48 077	48 935	48 909	53 958	54 200	54 400	54 600	54 800	55 000	55 200	55 400
External debt - Direct investment debt instruments, EUR million	87 502	86 293	89 079	91 408	94 133	96 587	96 800	97 000	97 200	97 400	97 600	97 800	98 000
External debt as a% of GDP	57%	58%	57%	56%	56%	56%	54%	53%	51%	49%	48%	46%	45%
External debt as a% of export	132%	130%	127%	118%	117%	114%	111%	106%	102%	97%	92%	88%	86%
International reserves as a% of total external debt	39%	41%	44%	43%	45%	46%	44%	46%	48%	50%	51%	50%	52%
International reserves as a% of short-term external debt	277%	254%	280%	274%	294%	272%	262%	270%	283%	295%	302%	296%	301%

The current account has been negative in recent months. In the last 12 months, it was comparable to -2,20% 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 (4,93 months of imports of goods and services), money supply (33,3%) and external debt (46,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 56%) and goods exports (currently 114%) is declining. The ratio of external debt to GDP and exports is low.

