



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 30/09/2022

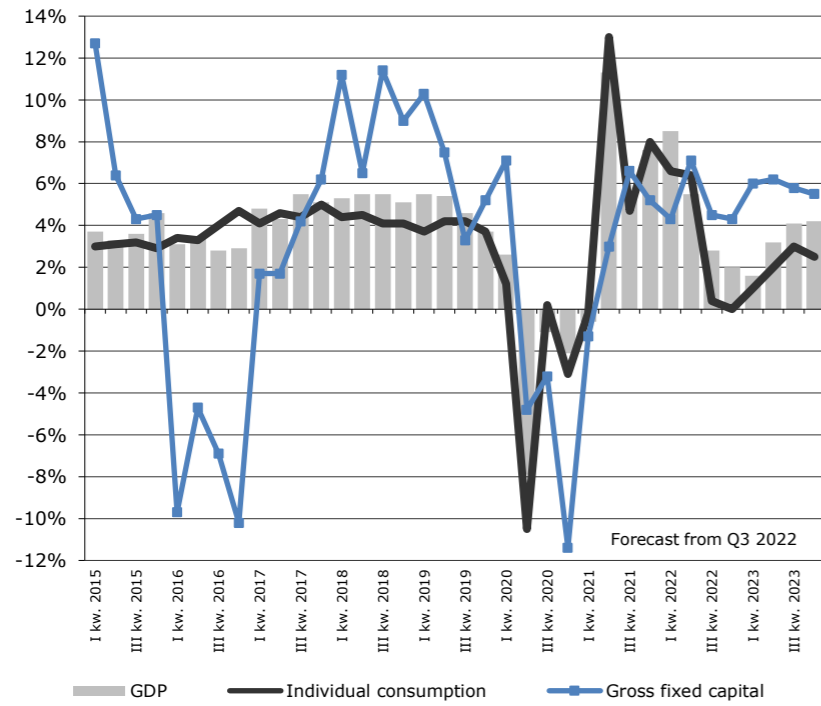
Macroeconomic forecast

Monthly macroeconomic indicators	02.2022	03.2022	04.2022	05.2022	06.2022	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023
Industrial sales, % real change, y/y	17,6%	15,4%	12,4%	14,9%	10,4%	7,1%	10,9%	10,0%	6,0%	2,6%	4,8%	4,4%	2,1%
Construction, % real change, y/y	21,2%	27,6%	9,3%	13,0%	5,9%	4,2%	6,1%	8,2%	5,0%	-0,9%	10,3%	10,7%	6,2%
Retail sales, % nominal change, y/y	16,5%	22,0%	33,4%	23,6%	19,9%	18,4%	21,5%	20,8%	19,5%	17,1%	16,6%	17,5%	17,7%
Consumer prices, % change, y/y	8,5%	11,0%	12,4%	13,9%	15,5%	15,6%	16,1%	17,2%	17,1%	16,9%	16,6%	16,8%	18,3%
Producer prices, % change, y/y	16,1%	21,9%	24,1%	24,7%	25,6%	25,5%	25,5%	25,8%	23,9%	22,5%	21,3%	19,7%	19,2%
Wages - enterprise sector, % nominal change, y/y	11,7%	12,4%	14,1%	13,5%	13,0%	15,8%	12,7%	12,7%	13,0%	12,7%	11,5%	13,6%	12,1%
Wages - enterprise sector, PLN	6 220	6 666	6 627	6 400	6 555	6 779	6 583	6 583	6 688	6 789	7 406	6 888	6 971
Registered unemployment rate	5,5%	5,4%	5,2%	5,1%	4,9%	4,9%	4,8%	4,8%	4,8%	4,9%	5,0%	5,1%	5,2%
Number of registered unemployed persons, thousand	922	902	878	850	818	810	807	802	800	817	835	859	874
Current account balance, EUR million	-3 787	-4 010	-3 476	-1 485	-1 468	-1 735	-1 671	-2 435	-1 609	-1 410	-196	1 403	-1 010
Current account balance, EUR million, rolling annualised basis	-12 083	-16 217	-20 975	-22 951	-23 955	-24 673	-25 817	-26 435	-26 676	-26 817	-24 328	-21 879	-19 102

Macroeconomic forecast

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

GDP components in terms of demand - y / y



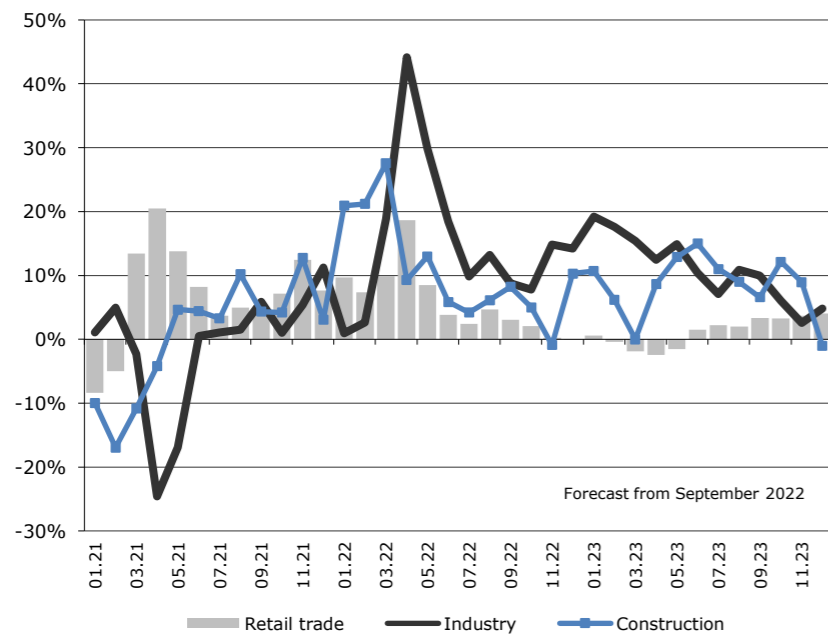
The Central Statistical Office presented data on the GDP dynamics in the second quarter of 2022. The increase in real terms was 5.5% y / y after an increase of 8.5% y / y in the first quarter of 2022. The growth turned out to be weaker than expected by the market, although slightly higher than in our estimates.

In the third quarter of 2022, real GDP growth is forecasted at 2.8% y / y, and in the fourth quarter of 2022 and the first 2023 at 2.0% y / y and 1.6% 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 forecasted at 4.7%. In nominal terms, GDP will amount to PLN 3,020 billion (EUR 648 billion).

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



In August, industrial production increased by 0.7% in real terms. Growth was not seasonal. The annual dynamics of production increased to 10.9% from 7.1% in July. The industrial results in August were better than expected. In the period January - August 2022, industrial production was 12.9% higher than in the corresponding period of 2021.

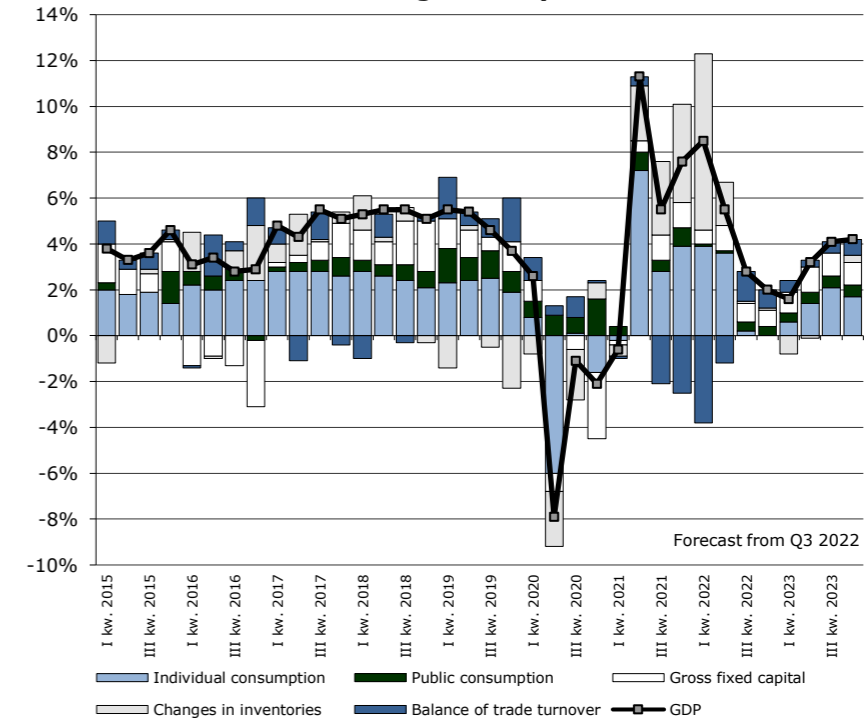
In August, construction and assembly production turned out to be 5.1% higher than in July. The increase in sales in August is a typical phenomenon. The annual dynamics of construction and assembly production increased to 6.1% from 4.2% in July. Construction results in August were better than expected. In the period I - August 2022, construction and assembly production was 10.1% higher than in the corresponding period of 2021.

Retail sales in August in nominal terms turned out to be 1.7% higher than in July. The increase in sales recorded in August is not seasonal. The annual sales dynamics increased from 18.4% in July to 21.5% in August. August results were better than expected. In the period January - August 2022, retail sales in nominal terms were 21.2% higher than in the corresponding period of 2021. A significant part of the observed increase is the result of inflation.

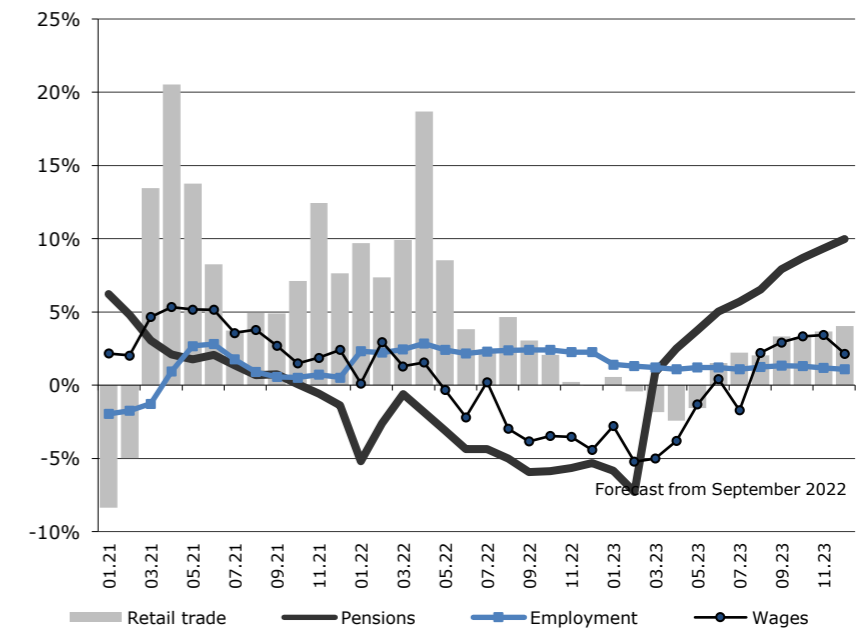
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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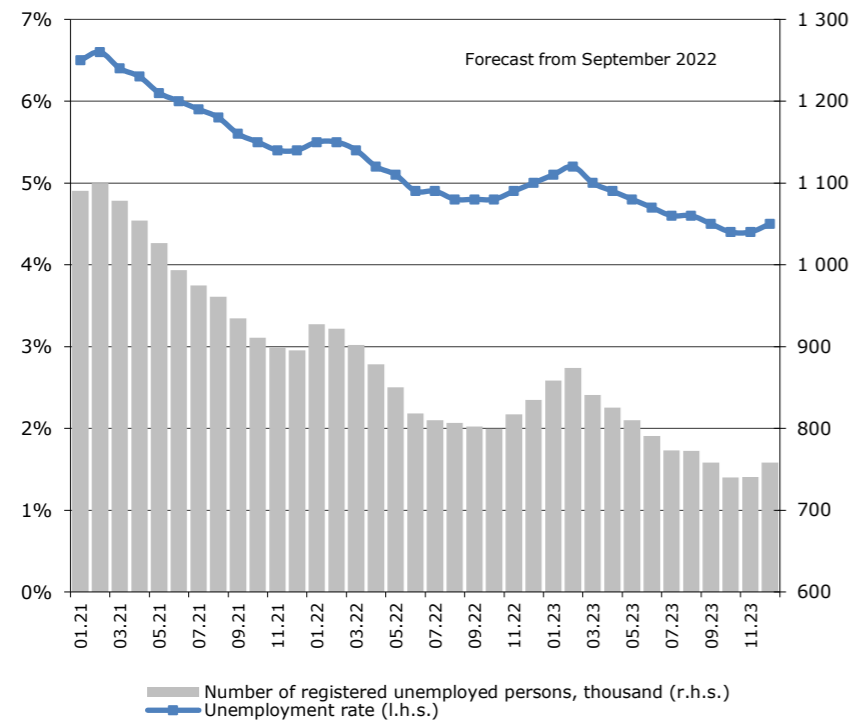
Scale of impact of GDP demand components on economic growth dynamics



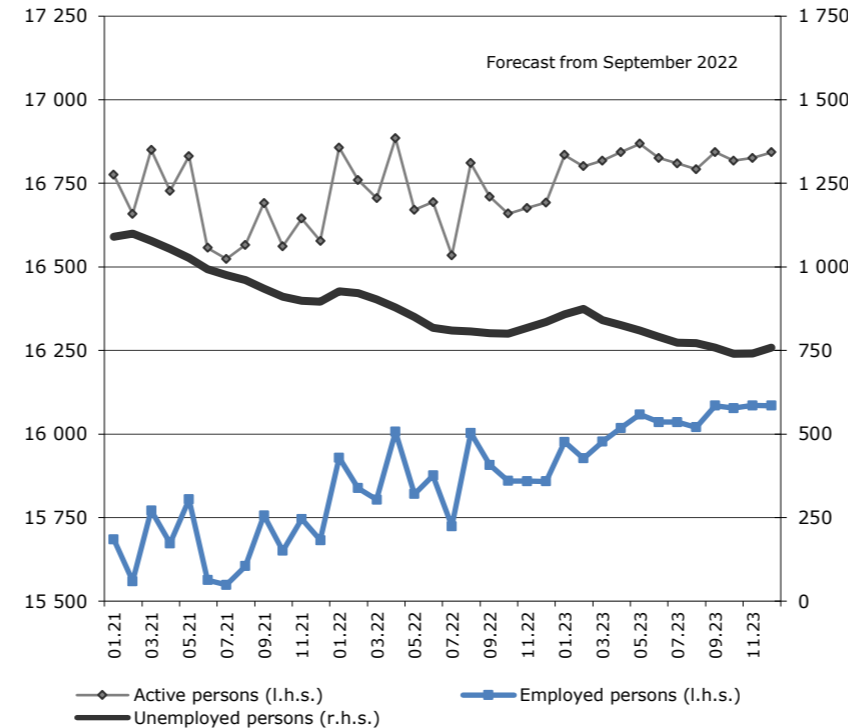
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



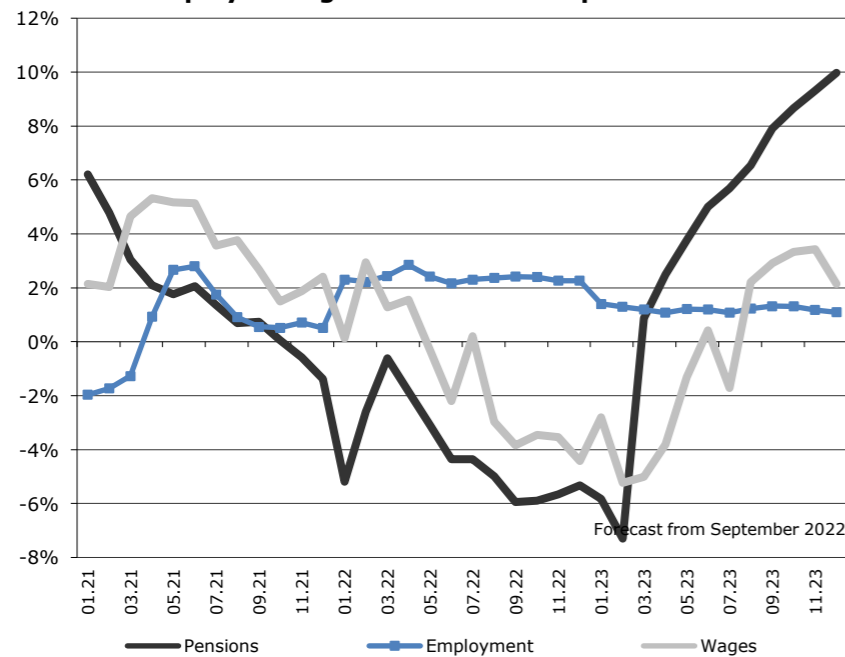
Registered unemployment



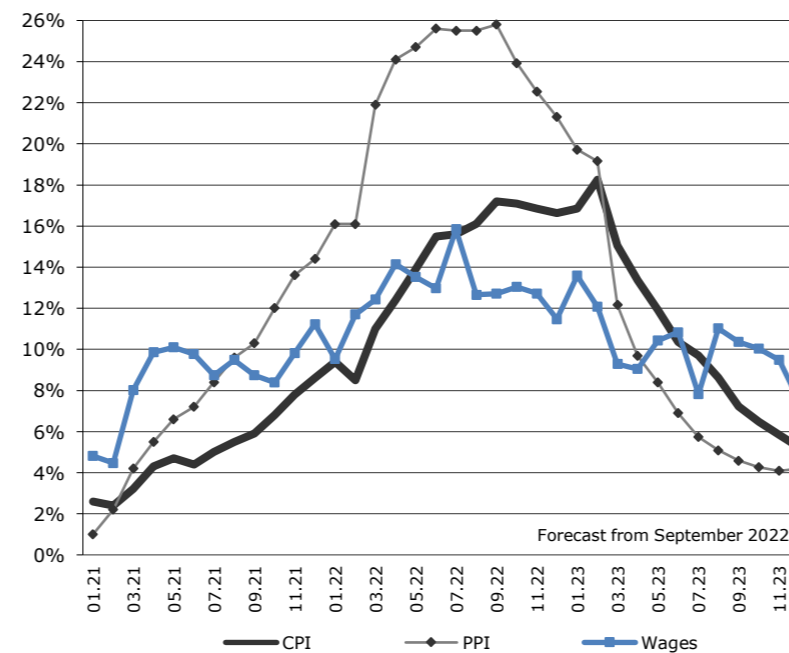
Labor activity



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 August, the number of registered unemployed fell by 3.3 thousand, up to 806.9 thousand people. The unemployment rate was 4.8%. The unemployment rate decreased by 0.1 percentage point compared to July. A year ago, in August, the unemployment rate was 5.8%. August usually brings an improvement in unemployment statistics. This is because the demand for seasonal works in construction, agriculture and tourist services is increasing. August data was close to expected.

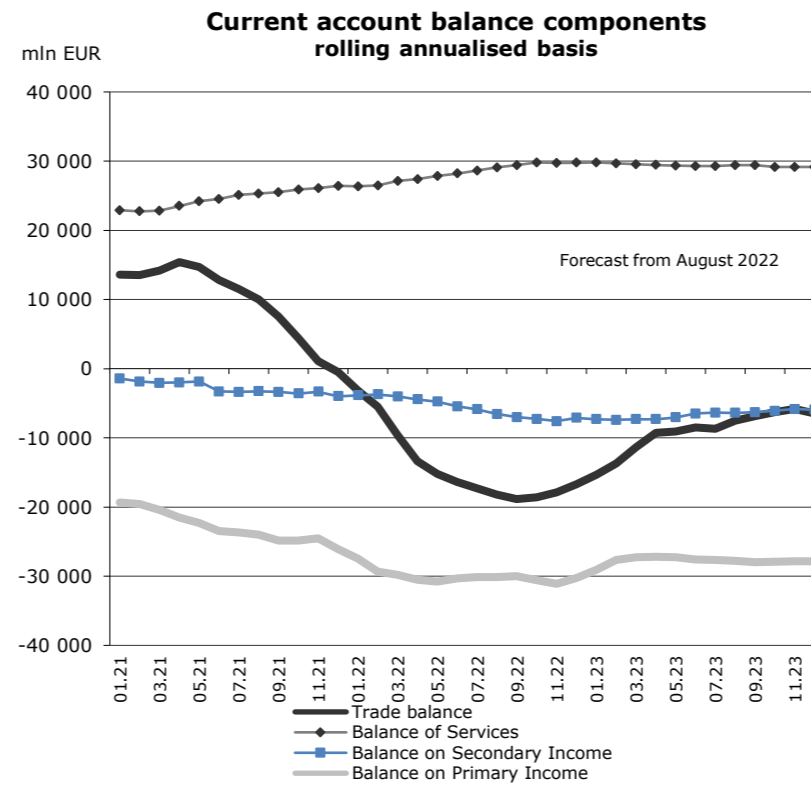
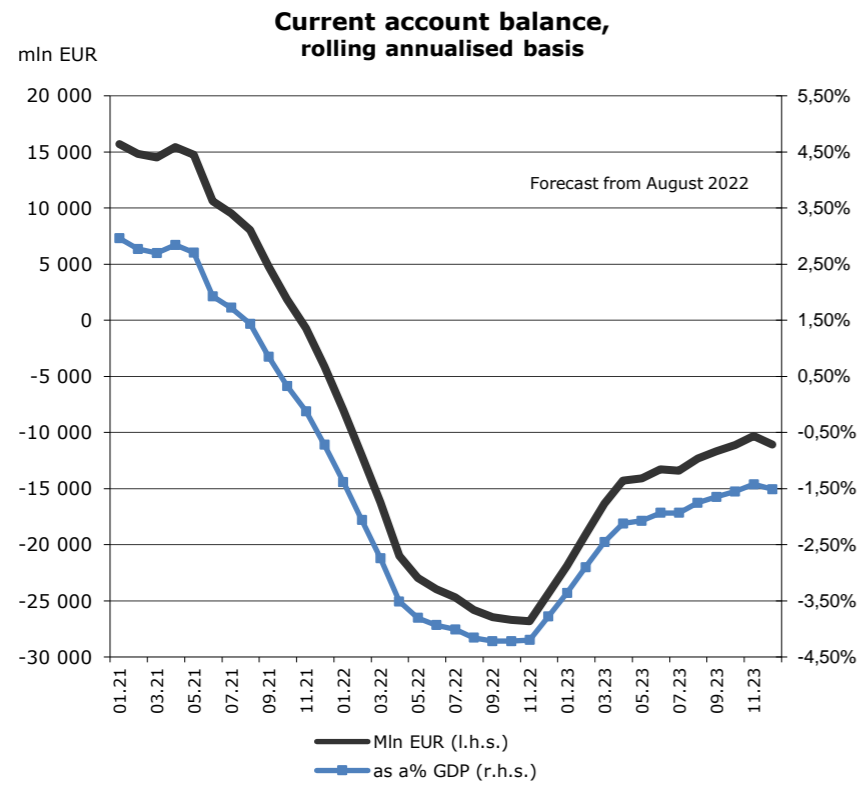
The number of employed persons in August amounted to approximately 16,004 thousand people. It was about 399 thousand, i.e. 2.6% higher than last year.

Summer brings a drop in unemployment. The local minimum unemployment began in August. It will last until October. During this time, there will be 800,000 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

In August, the prices of consumer goods and services turned out to be 0.8% higher than in July. In August, prices usually drop due to seasonal reasons. August result was higher than expected. Prices have clearly increased, among others in groups: home use and energy, food, recreation and culture, restaurants and hotels, alcohol and tobacco. Prices dropped in groups: transport, clothing and footwear. In August, the prices of goods and services turned out to be 16.1% higher than in the previous year. In July, prices were by 15.6% higher than in the previous year. In the period January - August 2022, prices were on average 12.8% higher than in the corresponding period of 2021. A strong increase in the annual inflation rate is expected in September.

Industrial prices rose by 0.8% in August. Industrial prices in August were on average 25.5% higher than a year ago (in July by 25.5%). In the period of January-August 2022, industrial prices were on average 22.5% 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 August, the average wage in the enterprise sector amounted to PLN 6,583.03. It was thus PLN 195.60, i.e. 2.9% lower than in July. It was also PLN 739.28 and 12.7% higher than in August of the previous year. The fall in wages in August is seasonal. The wage level in August 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.



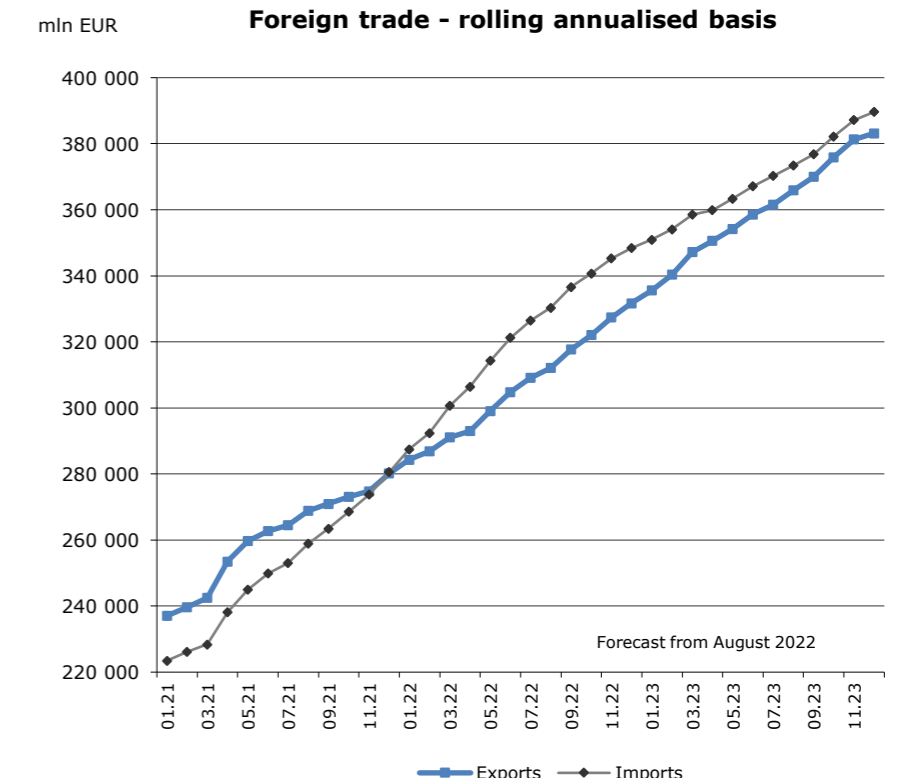
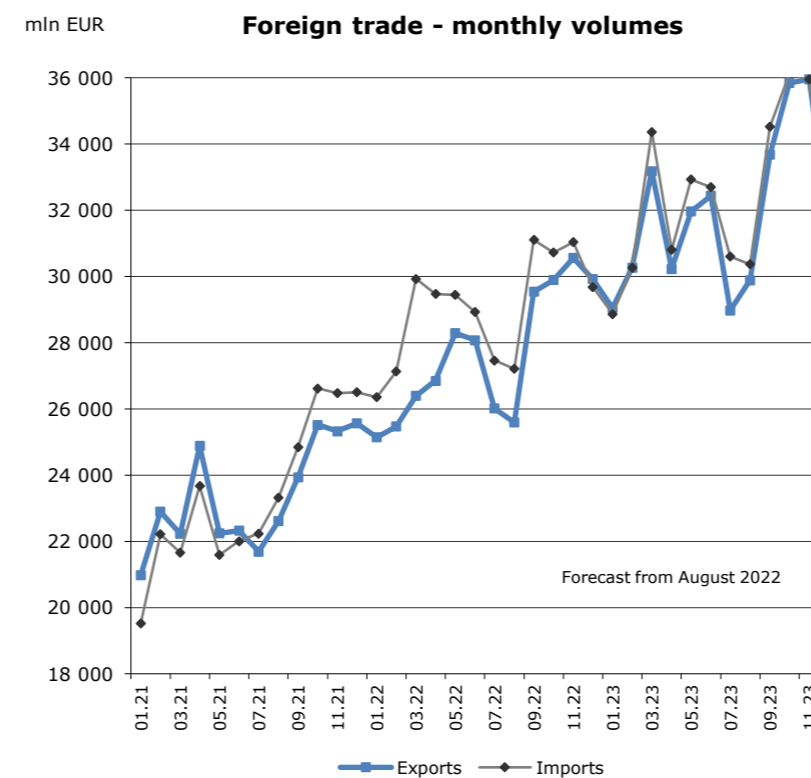
(mIn EUR)	VII 2021	VI 2022*	VII 2022
Current account balance	-1 017	-1 468	-1 735
Exports	21 690	28 076	26 010
Imports	22 235	28 925	27 462
Trade balance	-545	-849	-1 452
Balance on Services	2 164	2 880	2 604
Balance on Primary Income	-2 527	-2 460	-2 356
Balance on Secondary Income	-109	-1 039	-531

*Corrected data

At the beginning of September, the National Bank of Poland presented estimated data on the balance of payments in July. The current account balance in July 2022 was negative and amounted to EUR -1,735 million. In the previous month, there was a deficit of EUR -1 468 million. A year ago, a deficit of EUR -1 017 million was recorded.

After July, the current account balance on a rolling year basis was negative and amounted to EUR -24,673 million. Its level in relation to GDP was -4.01%. In the last 12 months, exports of goods amounted to EUR 309 billion, and exports of services amounted to EUR 75 billion.

The export of goods is now comparable to 50.3% of GDP. It is a high value for a country with a population and area of Poland. The export of services is comparable to 12.2% 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	02.2022	03.2022	04.2022	05.2022	06.2022	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023
International reserves, EUR million	143 730	142 056	143 952	145 619	147 712	154 138	155 136	155 756	157 002	157 945	161 893	160 760	162 689
International reserves in the months of import of goods and services	5,14	4,95	4,92	4,86	4,83	4,96	4,94	4,87	4,86	4,83	4,91	4,84	4,86
International reserves as a% of money supply	34,0%	32,9%	33,3%	33,1%	34,6%	36,3%	35,9%	36,0%	36,0%	35,8%	36,1%	35,6%	35,4%
Current account balance, EUR million, rolling annualised basis	-12 083	-16 217	-20 975	-22 951	-23 955	-24 673	-25 817	-26 435	-26 676	-26 817	-24 328	-21 879	-19 102
Current account balance, as a% of GDP, rolling annualised basis	-2,06%	-2,74%	-3,51%	-3,80%	-3,93%	-4,01%	-4,16%	-4,22%	-4,22%	-4,20%	-3,78%	-3,36%	-2,90%
Inflow of foreign direct investment - rolling annualised basis, EUR million	32 459	34 732	35 951	34 724	35 806	34 221	33 561	31 321	30 572	29 619	28 484	24 871	22 151
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-6 445	-5 568	-2 948	2 176	1 636	214	141	649	1 575	2 519	3 235	5 135	6 149

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Total external debt, EUR million	310 165	311 567	318 582	322 710	326 733	334 636	335 700	336 650	336 350	336 550	336 750	336 950	337 150
Long-term external debt, EUR million	172 005	169 993	174 660	170 422	165 888	167 843	168 500	168 750	168 500	168 250	168 000	167 750	167 500
Short-term external debt, EUR million	48 130	48 951	49 083	54 447	58 973	63 028	63 200	63 400	63 600	63 800	64 000	64 200	64 400
External debt - Direct investment debt instruments, EUR million	90 030	92 623	94 839	97 841	101 872	103 765	104 000	104 500	104 250	104 500	104 750	105 000	105 250
External debt as a% of GDP	58%	57%	57%	56%	55%	55%	54%	52%	51%	49%	47%	46%	45%
External debt as a% of export	128%	119%	118%	115%	112%	110%	106%	101%	97%	94%	91%	88%	85%
International reserves as a% of total external debt	43%	43%	45%	45%	43%	44%	46%	48%	49%	49%	50%	51%	52%
International reserves as a% of short-term external debt	280%	274%	293%	269%	241%	234%	246%	255%	261%	256%	261%	269%	273%

The current account has been negative in recent months. In the last 12 months, it was comparable to -4,01% 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 (4,94 months of imports of goods and services), money supply (35,9%) and external debt (44,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 55%) and goods exports (currently 110%) is declining. The ratio of external debt to GDP and exports is low.

