



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/10/2022

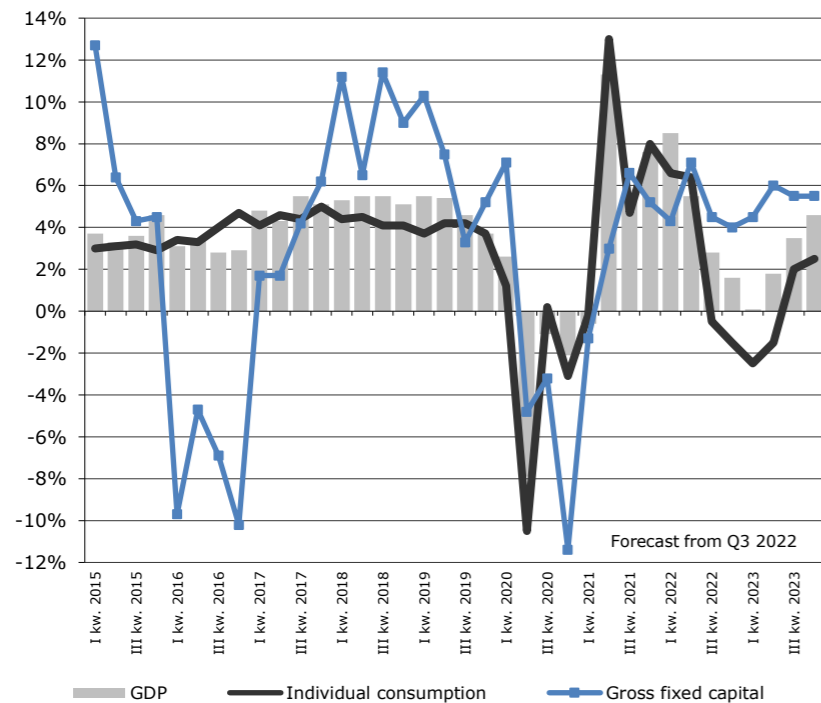
Macroeconomic forecast

Monthly macroeconomic indicators	03.2022	04.2022	05.2022	06.2022	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023
Industrial sales, % real change, y/y	15,4%	12,4%	14,9%	10,4%	7,1%	10,9%	9,8%	6,0%	2,6%	4,8%	3,3%	1,1%	-1,0%
Construction, % real change, y/y	27,6%	9,3%	13,0%	5,9%	4,2%	6,1%	0,3%	6,0%	-1,9%	9,3%	4,4%	1,1%	-4,0%
Retail sales, % nominal change, y/y	22,0%	33,4%	23,6%	19,9%	18,4%	21,5%	21,9%	21,4%	19,4%	18,8%	18,9%	19,3%	13,9%
Consumer prices, % change, y/y	11,0%	12,4%	13,9%	15,5%	15,6%	16,1%	17,2%	17,9%	18,0%	18,0%	18,8%	20,3%	17,6%
Producer prices, % change, y/y	21,9%	24,1%	24,7%	25,6%	25,5%	25,5%	24,6%	23,6%	22,2%	21,1%	18,9%	18,4%	11,4%
Wages - enterprise sector, % nominal change, y/y	12,4%	14,1%	13,5%	13,0%	15,8%	12,7%	14,5%	14,2%	14,1%	13,0%	15,1%	13,6%	10,8%
Wages - enterprise sector, PLN	6 666	6 627	6 400	6 555	6 779	6 583	6 688	6 755	6 870	7 508	6 983	7 067	7 385
Registered unemployment rate	5,8%	5,6%	5,4%	5,2%	5,2%	5,2%	5,1%	5,1%	5,2%	5,3%	5,5%	5,6%	5,5%
Number of registered unemployed persons, thousand	902	878	850	818	810	807	802	795	813	831	869	883	868
Current account balance, EUR million	-4 206	-2 844	-1 340	-541	-1 887	-3 967	-2 307	-433	-385	-1 656	-600	-1 583	-1 553
Current account balance, EUR million, rolling annualised basis	-15 867	-19 664	-20 725	-21 538	-21 862	-23 985	-24 639	-26 013	-24 916	-22 689	-22 198	-21 749	-19 095

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%	1,6%	0,1%	1,8%	3,5%	4,6%
Individual consumption , % real change y/y	-3,1%	-0,2%	13,0%	4,7%	8,0%	6,6%	6,4%	-0,5%	-1,5%	-2,5%	-1,5%	2,0%	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%	4,0%	4,5%	6,0%	5,5%	5,5%

GDP components in terms of demand - y / y



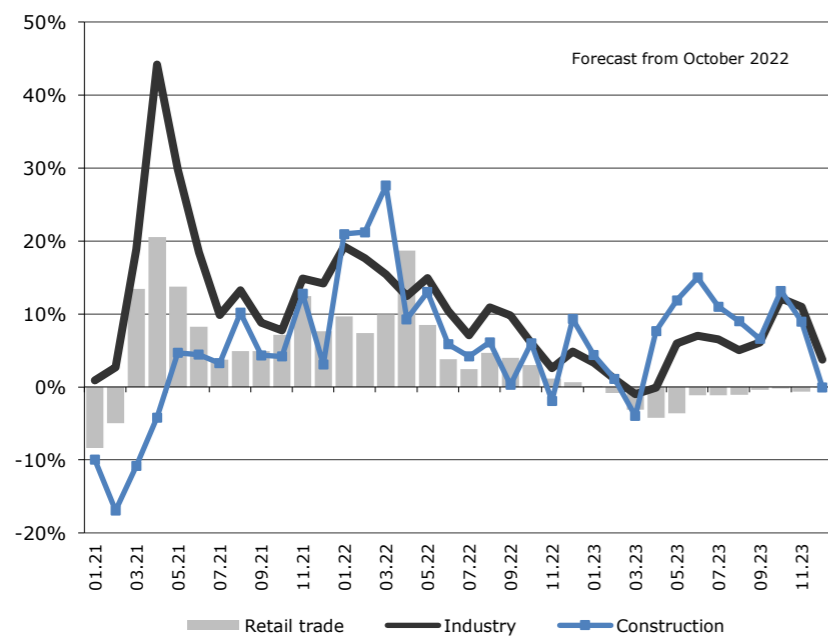
The Central Statistical Office presented data on the GDP dynamics in the second quarter of 2022. The increase in real terms was 5.5% y / y after an increase of 8.5% y / y in the first quarter of 2022. The growth turned out to be weaker than expected by the market, although slightly higher than in our 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 1,6% y / y and 0,1% 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 6,8%, and in nominal terms it amounted to PLN 2,624 billion (EUR 575 billion).

For 2022, the GDP dynamics is forecast at 4.7%. In nominal terms, GDP will amount to PLN 3,049 billion (EUR 651 billion).

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



In September, industrial production increased in real terms by 9.8%. The increase was seasonal. The annual dynamics of production decreased to 9.8% from 10.9% in August. The industry's results in September were better than expected. In the period January - September 2022, industrial production was 12.3% higher than in the corresponding period of 2021.

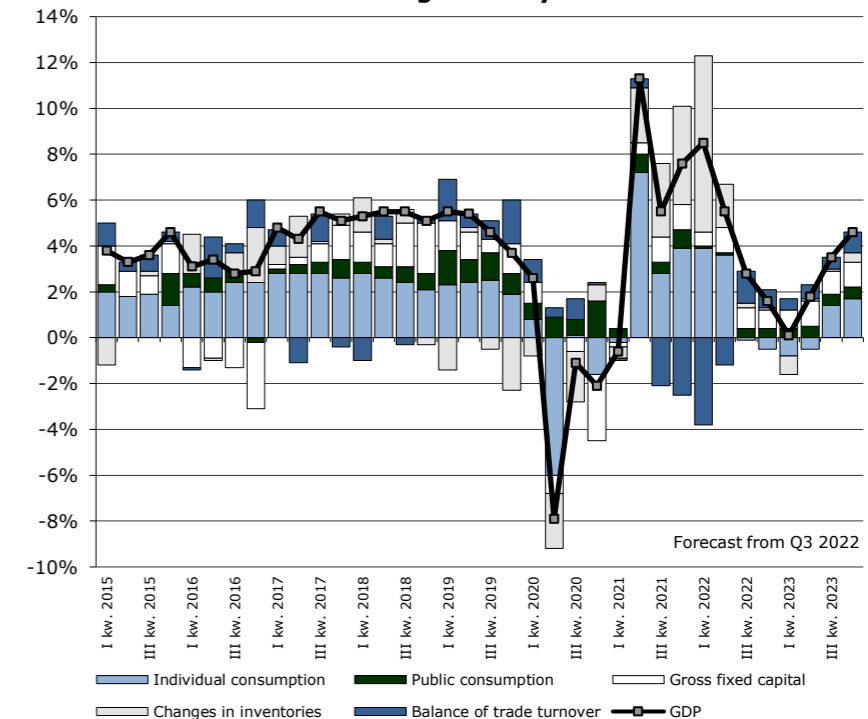
In September, construction and assembly production turned out to be 3.5% higher than in August. The increase in sales in September is typical. The annual dynamics of construction and assembly production decreased to 0.3% from 6.1% in August. Construction results in September were worse than expected. In the period from January to September 2022, construction and assembly production was higher by 8.9% than in the corresponding period of 2021.

Retail sales in September in nominal terms turned out to be 1.1% lower than in August. The decline in sales recorded in September is seasonal. The annual sales dynamics increased from 21.5% in August to 21.9% in September. September results were close to expected. In the period from January to September 2022, retail sales in nominal terms were 21.1% higher than in the corresponding period of 2021. A significant part of the observed increase is the result of inflation.

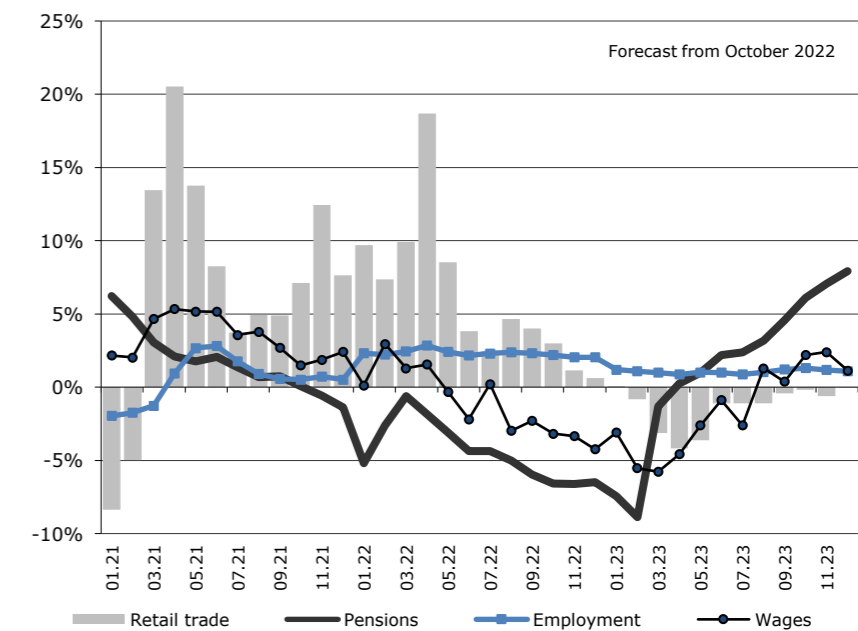
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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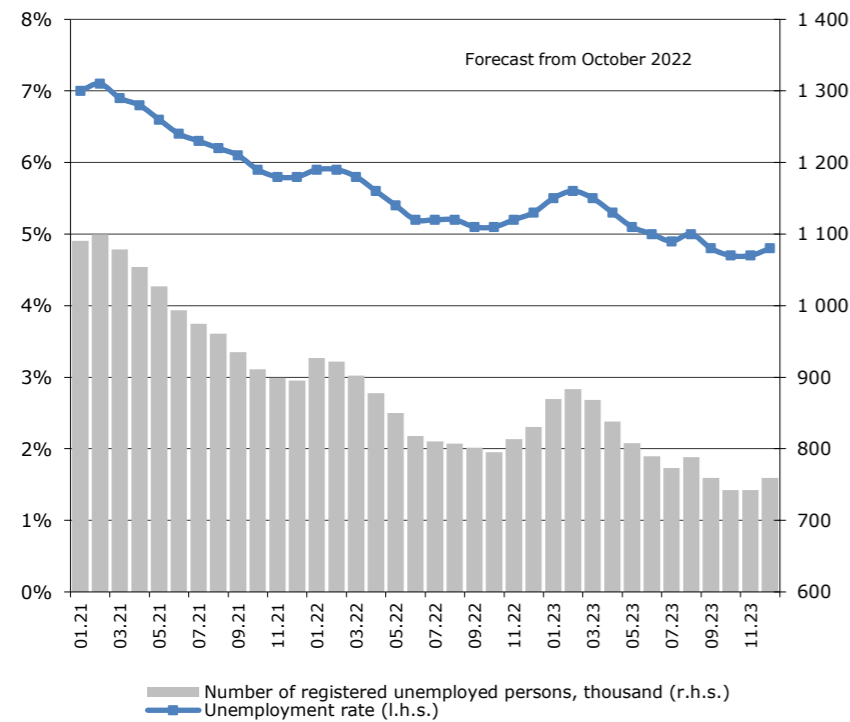
Scale of impact of GDP demand components on economic growth dynamics



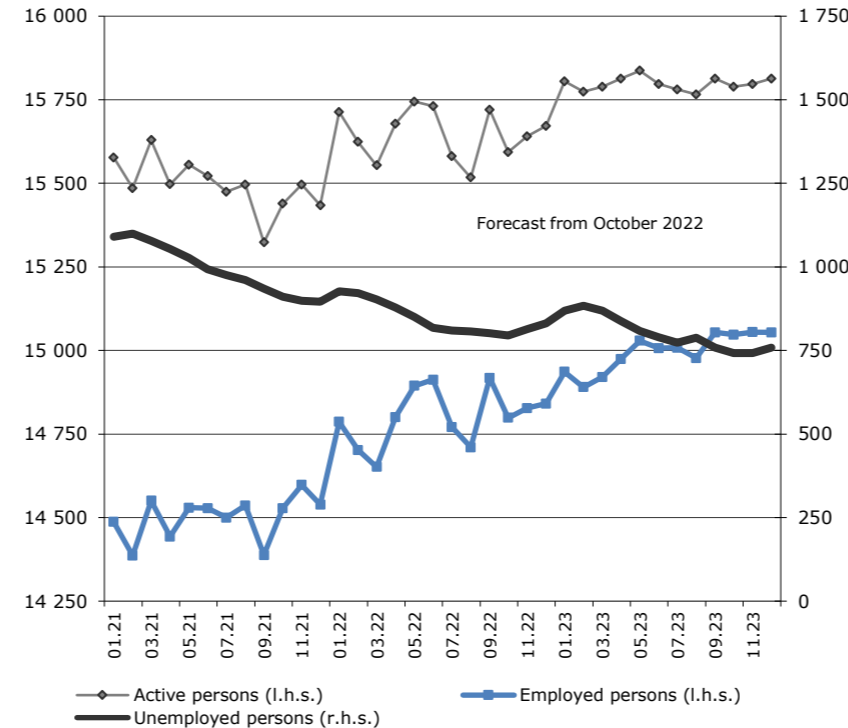
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

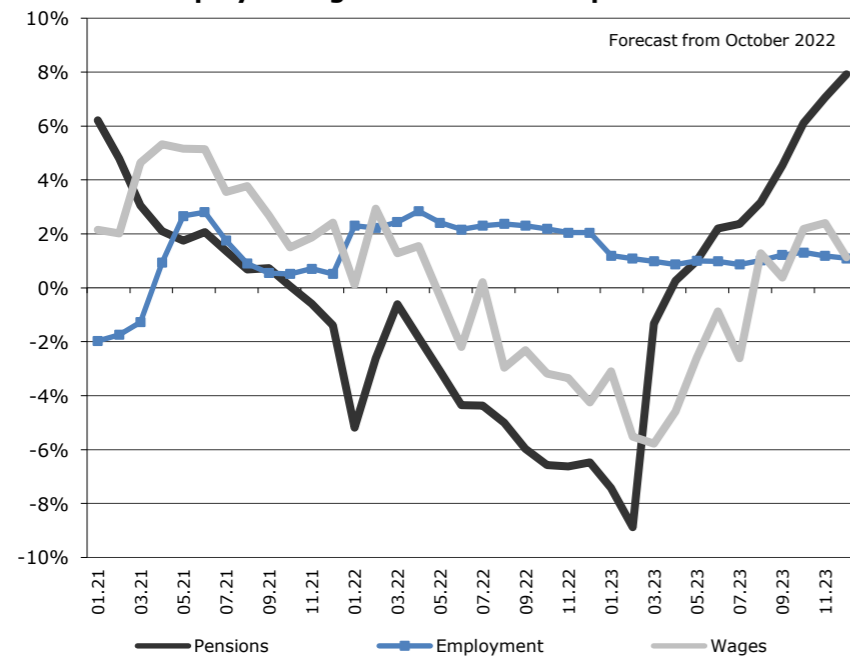


In September, the number of registered unemployed fell by 5.2 thousand. up to 801.7 thous. people. The unemployment rate was 5.1%. The unemployment rate decreased by 0.1 percentage point. compared to August. A year ago, in September, the unemployment rate was 6.1%. September usually brings stabilization in unemployment statistics. Demand for seasonal works in construction, agriculture and tourist services is slowly stopping. September data were close to expected.

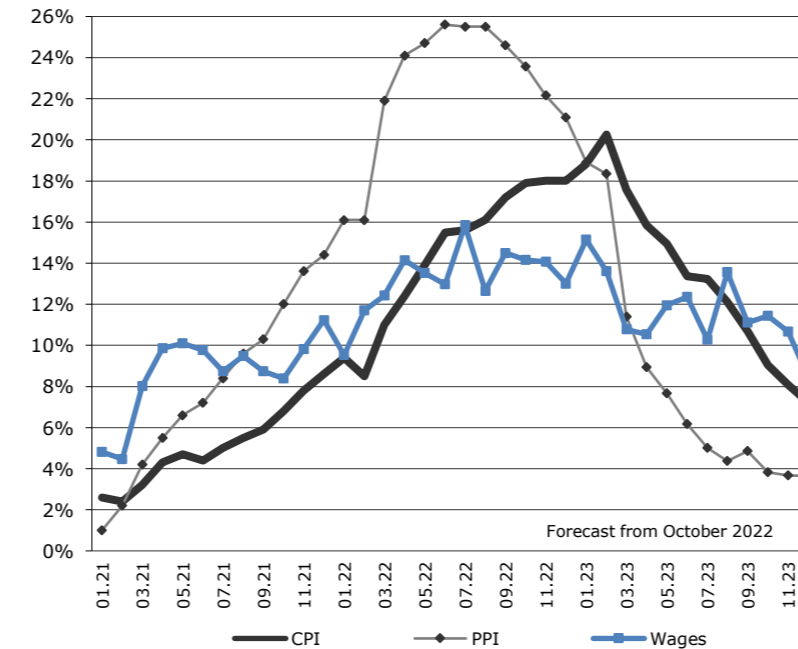
The number of employed in September amounted to approximately 14,918 thousand. people. It was about 530 thousand. ie 3.7% higher than last year.

Summer brings a drop in unemployment. In September there is still the local minimum unemployment. It will last until October. During this time, there will be 800,000 unemployed. people and the unemployment rate will be 5.1%. At the end of 2022, the unemployment rate will amount to 5.3%, and the number of unemployed will amount to 835,000.

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



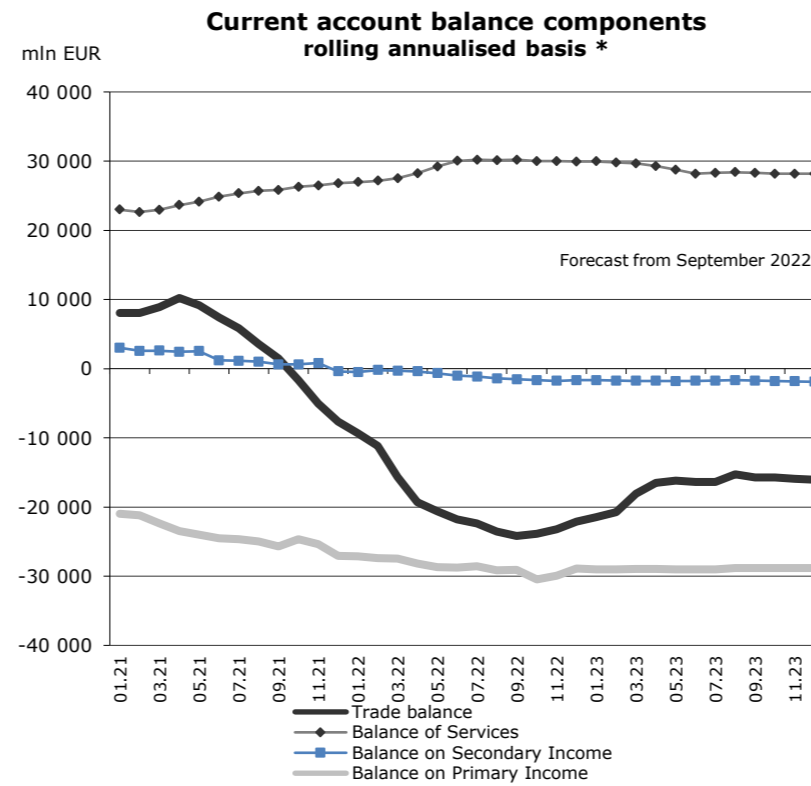
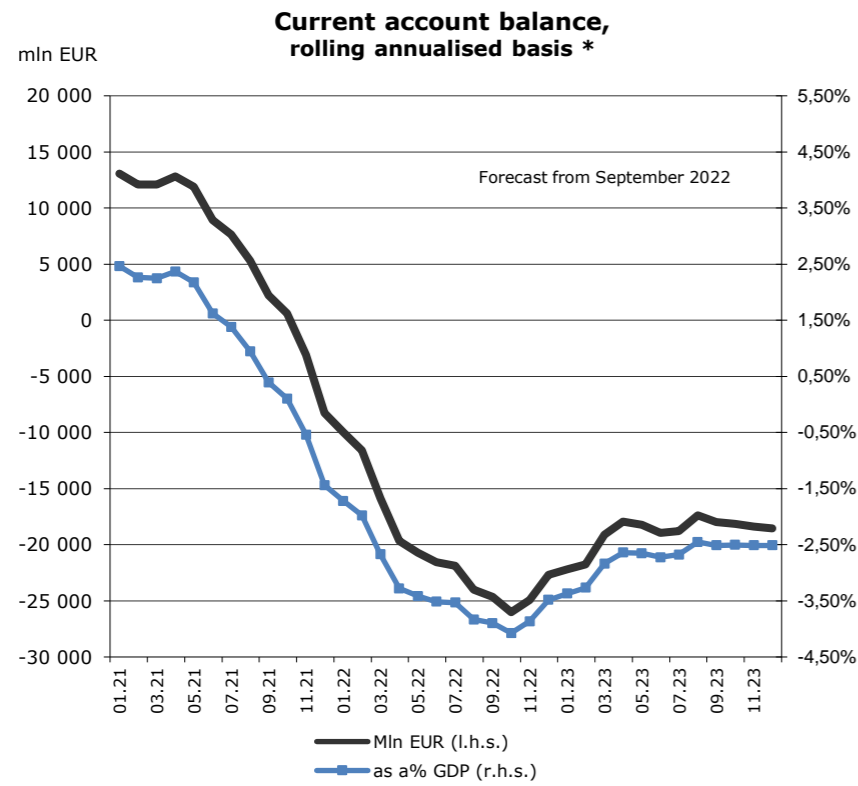
CPI, PPI, Wages - y / y



In September, the prices of consumer goods and services turned out to be 1.6% higher than in August. In September, prices usually rise due to seasonal reasons. September's result was higher than expected. Prices have clearly increased, among others in groups: home use and energy, food, home furnishings and household management, communication, recreation and culture, alcohol and tobacco. In September, the prices of goods and services turned out to be 17.2% higher than in the previous year. In August, the prices were 16.1% higher than in the previous year. In the period from January to September 2022, prices were on average 13.3% higher than in the corresponding period of 2021. In October, a strong increase in the annual inflation rate is expected.

Industrial prices rose by 0.2% in September. Industrial prices in September were on average 24.6% higher than a year ago (in August by 25.5%). In the period of January-September 2022, industrial prices were on average 22.7% 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 September, the average salary in the enterprise sector amounted to PLN 6,687.81. It was thus PLN 104.78, ie 1.6% higher than in August. It was also PLN 846.65 and 14.5% higher than in September of the previous year. The wage growth recorded in September is not seasonal. The wage level in September 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.



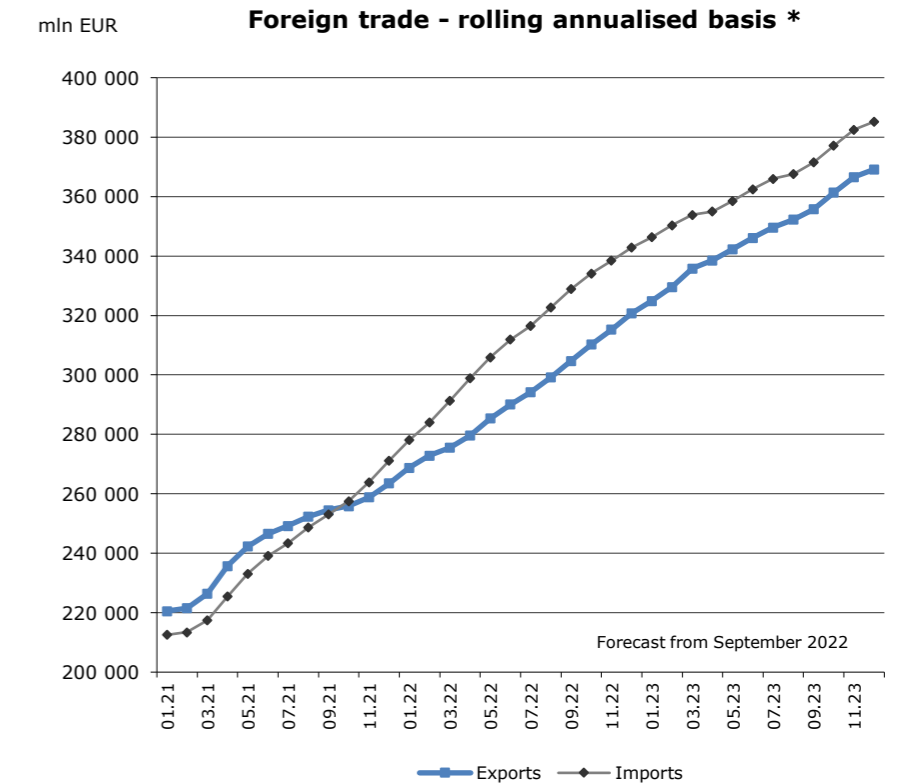
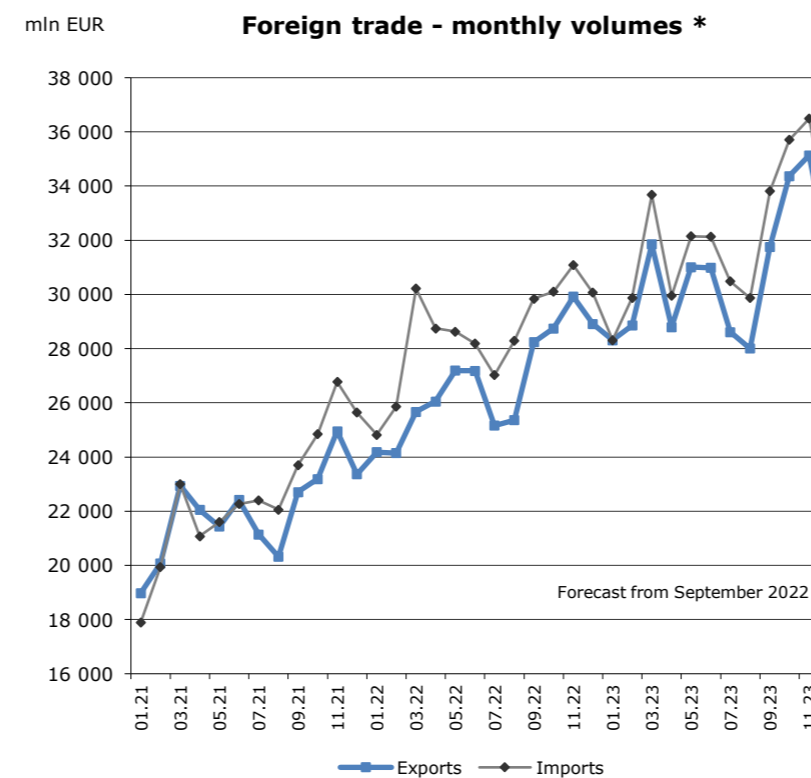
(mIn EUR)	VIII 2021*	VII 2022*	VIII 2022
Current account balance	-1 844	-1 887	-3 967
Exports	20 324	25 159	25 358
Imports	22 060	27 024	28 285
Trade balance	-1 736	-1 865	-2 927
Balance on Services	2 206	2 332	2 161
Balance on Primary Income	-2 463	-2 311	-3 073
Balance on Secondary Income	149	-43	-128

*Corrected data

At the beginning of October, the National Bank of Poland presented estimated data on the balance of payments in August. The current account balance in August 2022 was negative and amounted to EUR -3,967 million. In the previous month, there was a deficit of EUR -1 887 million. A year ago, a deficit of EUR -1 844 million was recorded. While publishing the current data, the NBP presented a correction of previously published data. The correction is due to methodological changes.

After August, the current account balance on a rolling year basis was negative and amounted to EUR -23,985 million. Its level in relation to GDP was -3.83%. In the last 12 months, exports of goods amounted to EUR 299 billion, and exports of services amounted to EUR 79 billion.

The export of goods is now comparable to 47.8% of GDP. It is a high value for a country with a population and area of Poland. The export of services is comparable to 12.6% 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	03.2022	04.2022	05.2022	06.2022	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023
International reserves, EUR million	142 056	143 952	145 619	147 712	154 138	155 103	154 203	155 128	156 369	161 060	159 933	161 852	165 089
International reserves in the months of import of goods and services	5,08	5,02	4,96	4,94	5,08	5,01	4,89	4,85	4,83	4,92	4,84	4,85	4,90
International reserves as a% of money supply	32,9%	33,3%	33,1%	34,6%	36,3%	35,9%	36,4%	35,2%	35,0%	35,4%	35,1%	35,1%	36,0%
Current account balance, EUR million, rolling annualised basis	-15 867	-19 664	-20 725	-21 538	-21 862	-23 985	-24 639	-26 013	-24 916	-22 689	-22 198	-21 749	-19 095
Current account balance, as a% of GDP, rolling annualised basis	-2,67%	-3,28%	-3,42%	-3,51%	-3,53%	-3,83%	-3,90%	-4,07%	-3,86%	-3,48%	-3,37%	-3,27%	-2,84%
Inflow of foreign direct investment - rolling annualised basis, EUR million	34 788	35 938	34 880	36 160	34 295	34 239	32 007	32 174	29 896	27 248	24 675	23 031	18 842
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-5 479	-2 854	2 271	1 731	313	641	1 149	2 075	2 958	3 674	5 572	6 586	6 410

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%	53%	52%	50%	48%	47%	46%	45%
External debt as a% of export	137%	126%	125%	122%	119%	115%	110%	105%	100%	97%	95%	91%	89%
International reserves as a% of total external debt	43%	43%	45%	45%	43%	44%	46%	48%	49%	48%	49%	51%	52%
International reserves as a% of short-term external debt	280%	274%	293%	269%	241%	234%	244%	254%	260%	255%	260%	267%	272%

The current account has been negative in recent months. In the last 12 months, it was comparable to -3,83% 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 (4,89 months of imports of goods and services), money supply (36,4%) and external debt (44,0%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 55%) and goods exports (currently 115%) is declining. The ratio of external debt to GDP and exports is low.

