



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/01/2023

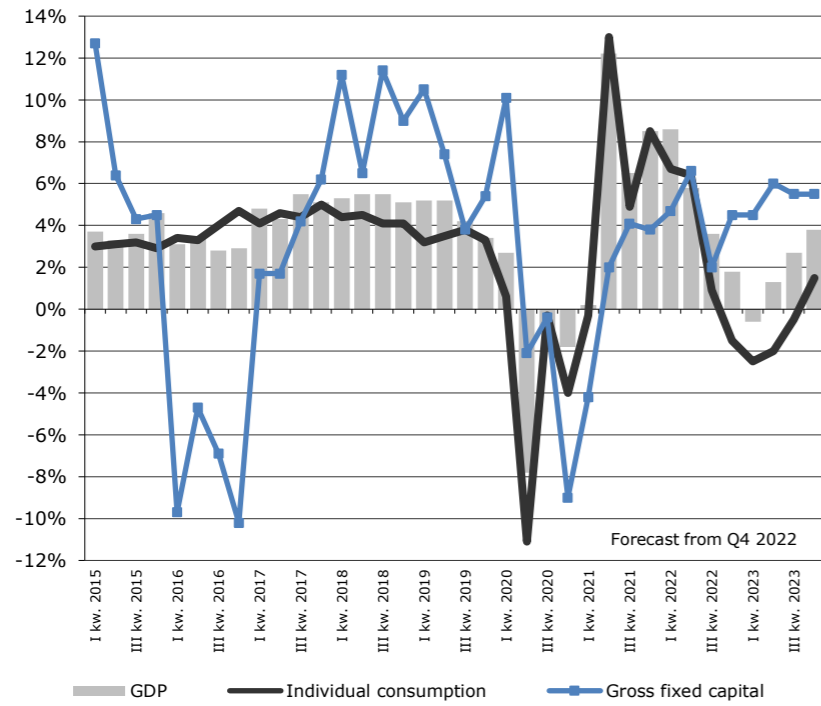
Macroeconomic forecast

Monthly macroeconomic indicators	06.2022	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023	04.2023	05.2023	06.2023
Industrial sales, % real change, y/y	10,4%	7,1%	10,9%	9,8%	6,6%	4,5%	1,0%	4,9%	2,1%	-0,5%	0,4%	5,9%	7,0%
Construction, % real change, y/y	5,9%	4,2%	6,1%	0,3%	3,9%	4,0%	-0,8%	4,4%	1,1%	-4,0%	7,7%	11,9%	15,0%
Retail sales, % nominal change, y/y	19,9%	18,4%	21,5%	21,9%	18,3%	18,4%	15,5%	15,6%	16,0%	11,0%	8,4%	8,3%	9,7%
Consumer prices, % change, y/y	15,5%	15,6%	16,1%	17,2%	17,9%	17,5%	16,6%	16,9%	18,4%	15,3%	13,7%	12,2%	10,7%
Producer prices, % change, y/y	25,6%	25,5%	25,5%	24,6%	23,1%	21,1%	20,4%	18,7%	18,0%	10,9%	8,5%	7,2%	5,7%
Wages - enterprise sector, % nominal change, y/y	13,0%	15,8%	12,7%	14,5%	13,0%	13,9%	10,3%	12,0%	11,2%	8,9%	8,7%	9,9%	9,9%
Wages - enterprise sector, PLN	6 555	6 779	6 583	6 688	6 688	6 858	7 330	6 795	6 917	7 256	7 205	7 032	7 201
Registered unemployment rate	5,2%	5,2%	5,2%	5,1%	5,1%	5,1%	5,2%	5,5%	5,7%	5,7%	5,6%	5,5%	5,3%
Number of registered unemployed persons, thousand	818	810	807	802	796	800	812	868	898	898	884	869	835
Current account balance, EUR million	-499	-1 206	-2 743	-1 839	-597	-422	-2 988	-352	-1 159	-839	-959	-770	-449
Current account balance, EUR million, rolling annualised basis	-21 225	-20 868	-21 767	-21 953	-23 491	-22 430	-21 535	-20 796	-19 922	-16 555	-14 680	-14 371	-14 322

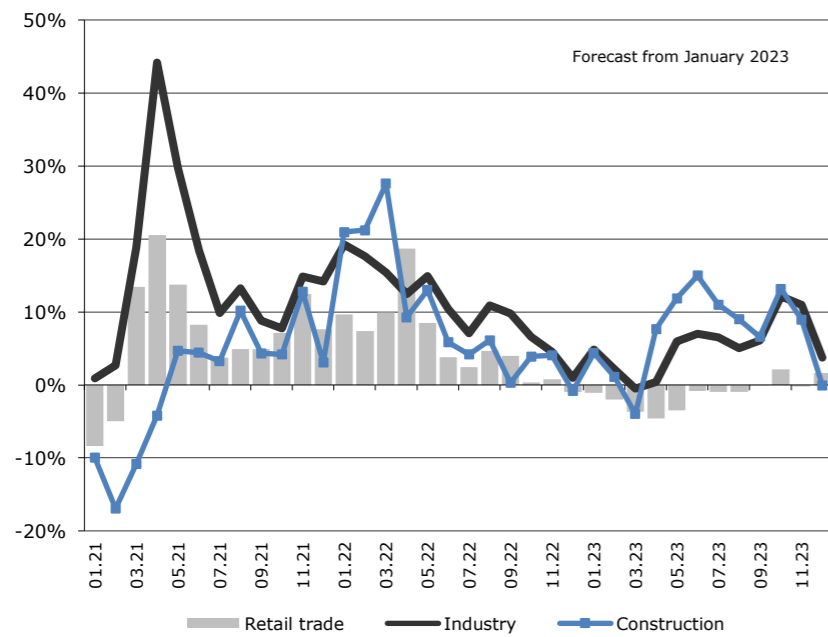
Macroeconomic forecast

Quarterly macroeconomic indicators	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
Gross domestic product , % real change y/y	0,2%	12,2%	6,5%	8,5%	8,6%	5,8%	3,6%	1,8%	-0,6%	1,3%	2,7%	3,8%	3,8%
Individual consumption , % real change y/y	-0,3%	13,0%	4,9%	8,5%	6,7%	6,4%	0,9%	-1,5%	-2,5%	-2,0%	-0,5%	1,5%	3,0%
Gross fixed capital , % real change y/y	-4,2%	2,0%	4,1%	3,8%	4,7%	6,6%	2,0%	4,5%	4,5%	6,0%	5,5%	5,5%	4,8%

GDP components in terms of demand - y / y



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



The Central Statistical Office presented a preliminary estimate of GDP for the entire year 2022. Growth in real terms amounted to 4.9% y/y after an increase of 6.8% y/y in 2021. Growth turned out to be close to market expectations and our forecasts.

In the fourth quarter of 2022, real GDP growth is estimated at 1.8% y/y. In the first quarter of 2023, a recession is likely - at -0.6%. In the following quarters, GDP growth in real terms will return. In the next three quarters, consumption will decline due to the very high level of inflation.

Throughout 2022, GDP increased in real terms by 4.9%, and in nominal terms it amounted to PLN 3,063 billion (EUR 654 billion).

For 2023, the GDP dynamics is forecast at 1.8%. In nominal terms, the GDP will amount to PLN 3,446 billion (EUR 741 billion).

In December, industrial production fell by 6.4% in real terms. The decline was seasonal. The annual output growth slowed down to 1.0% from 4.5% in November. The industry's results in December were worse than expected by the market and clearly worse than expected by us. In the period from January to December 2022, industrial production was 10.2% higher than in the corresponding period of 2021.

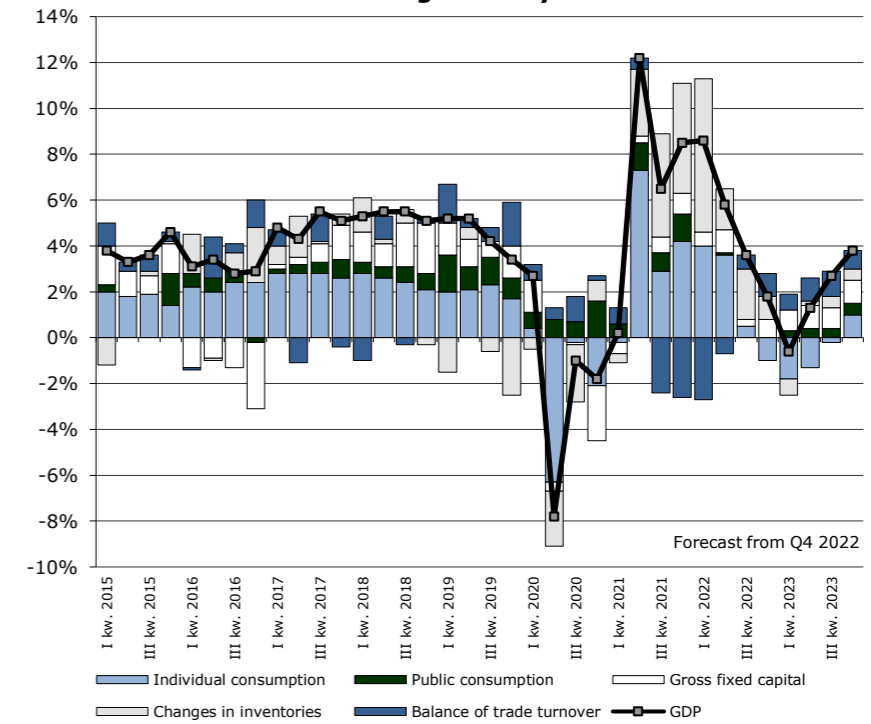
In December, construction and assembly production turned out to be 17.3% higher than in November. The increase in sales in December is a typical phenomenon. The annual growth rate of construction and assembly output decreased to negative -0.8% from positive 4.0% in November. Construction results in December were worse than expected by the market and significantly worse than our forecasts. In the period from January to December 2022, construction and assembly production was 6.2% higher than in the corresponding period of 2021.

Retail sales in December in nominal terms turned out to be 12.9% higher than in November. The increase in sales recorded in December is seasonal. The annual sales dynamics decreased from 18.4% in November to 15.5% in December. December's results were lower than expected by the market and us. In the period from January to December 2022, retail sales were nominally 19.9% higher than in the corresponding period of 2021. The increase in real terms was 5.0% in 2022.

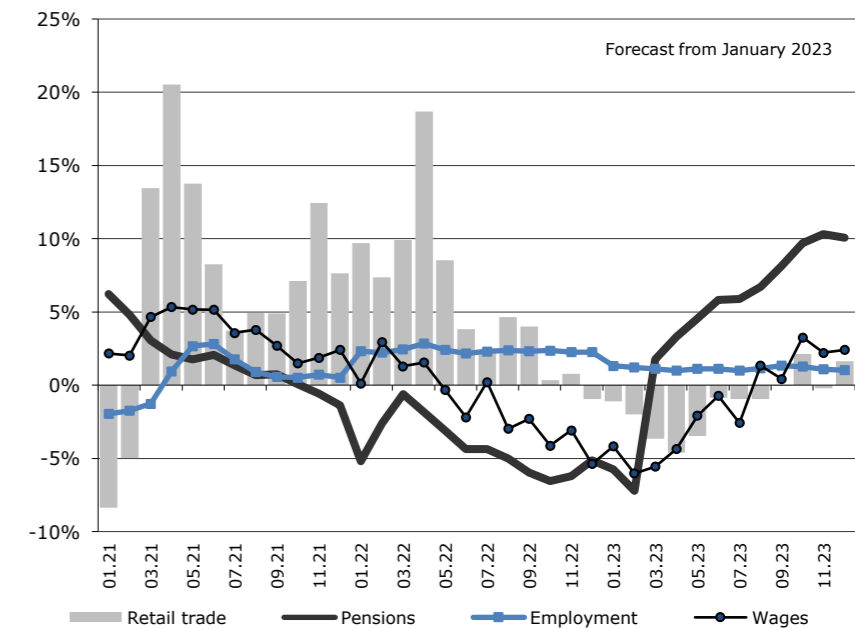
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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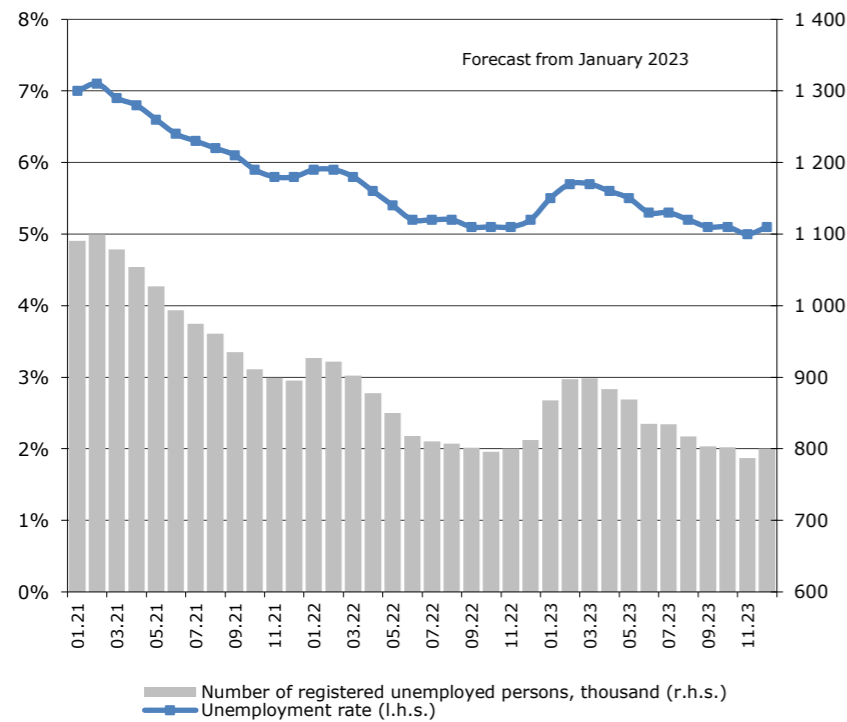
Scale of impact of GDP demand components on economic growth dynamics



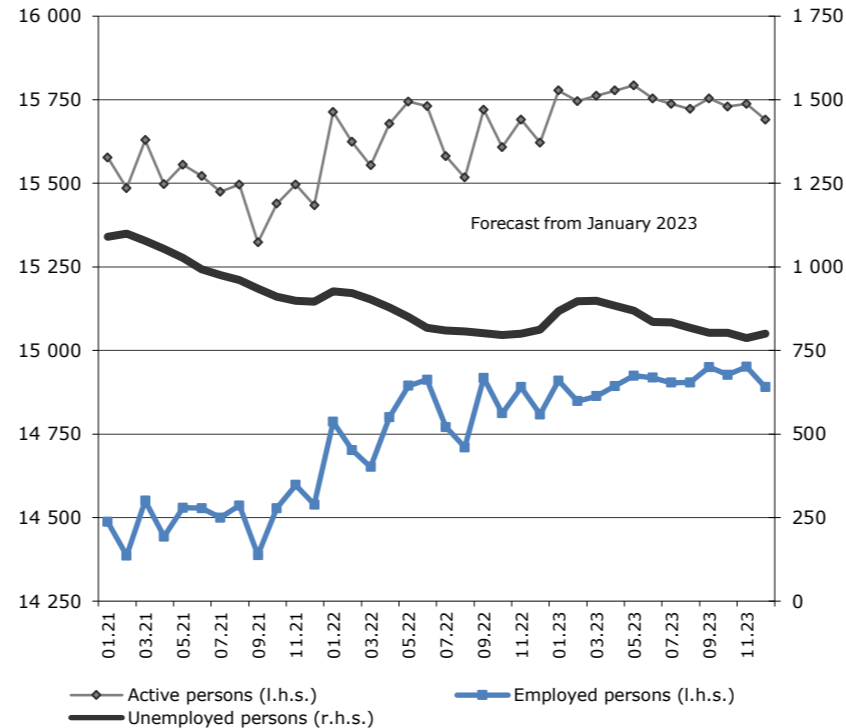
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

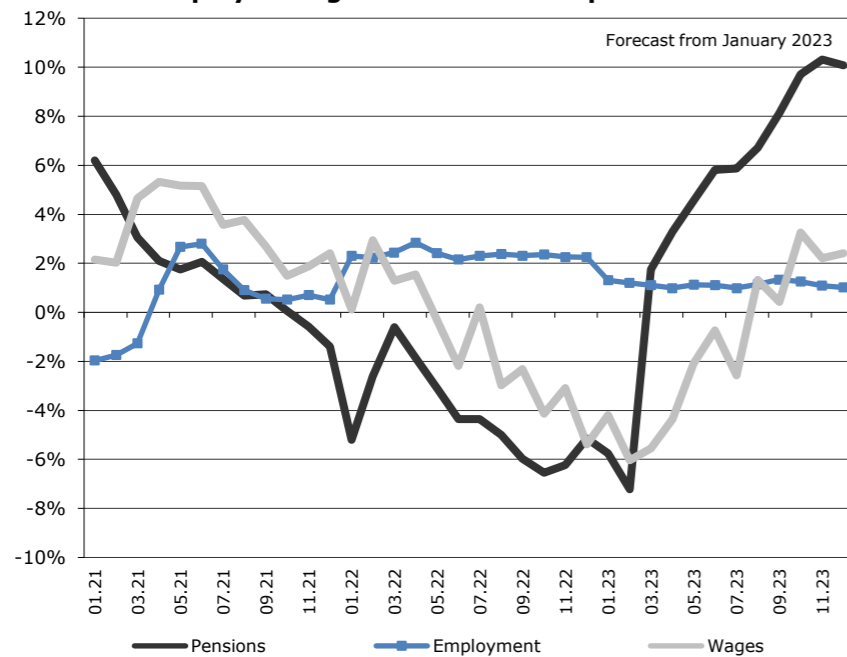


In December, the number of registered unemployed increased by 12.1 thousand, up to 812.3 thousand people. The unemployment rate was 5.2%. The unemployment rate was 0.1pp higher than in November. A year ago, in December, the unemployment rate was 5.8%. December usually brings a deterioration in unemployment statistics. Demand for seasonal work in construction, agriculture and tourist services is falling. Data from December were close to expectations.

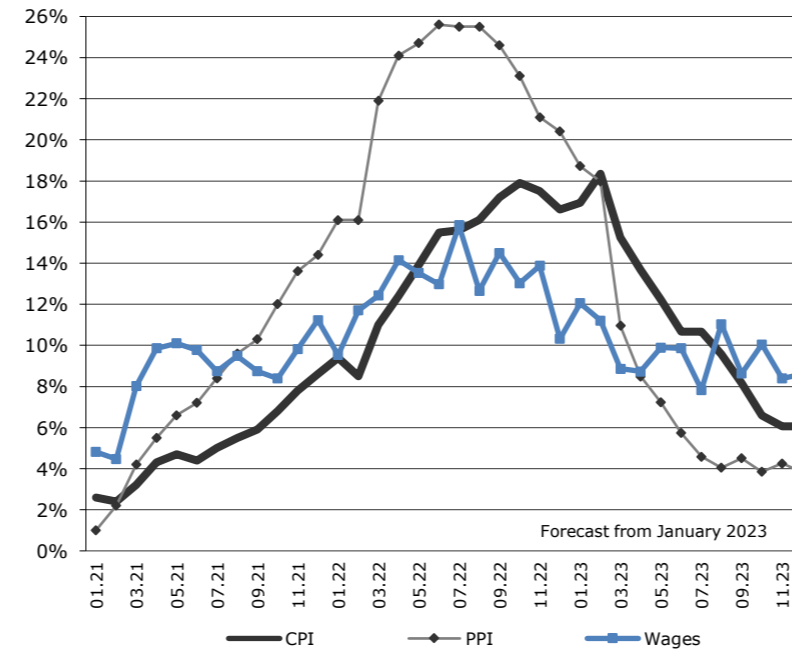
The number of working people in November amounted to approximately 14,810,000 people. It was 270,000 ie 1.9% higher than last year.

Winter brings an increase in unemployment. The local (seasonal) unemployment peak is expected in February, when the unemployment rate will reach 5.7% and the number of unemployed will reach 900,000 people.

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

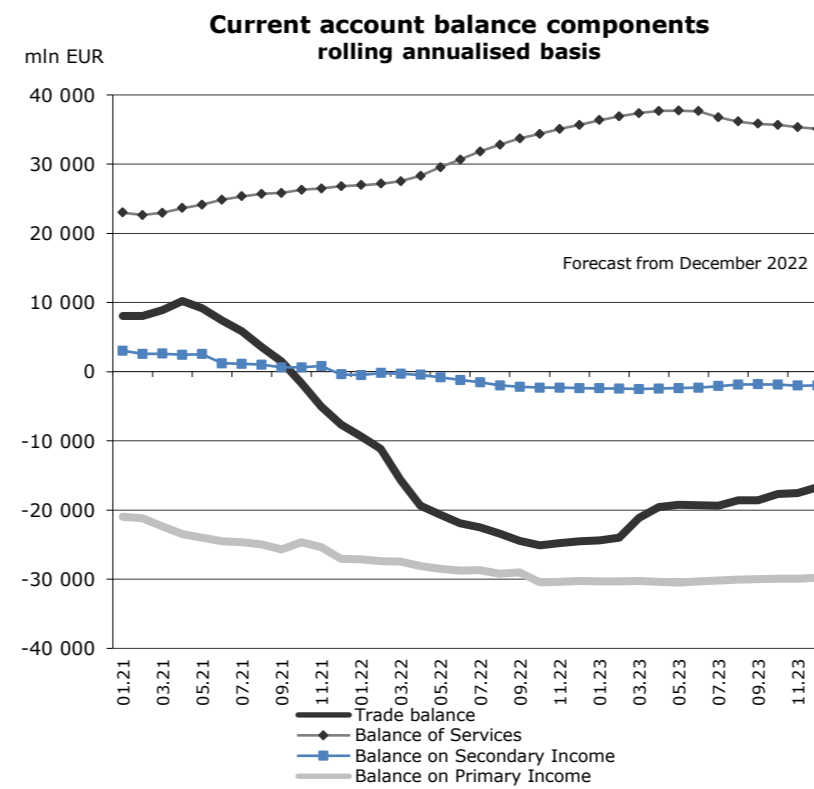
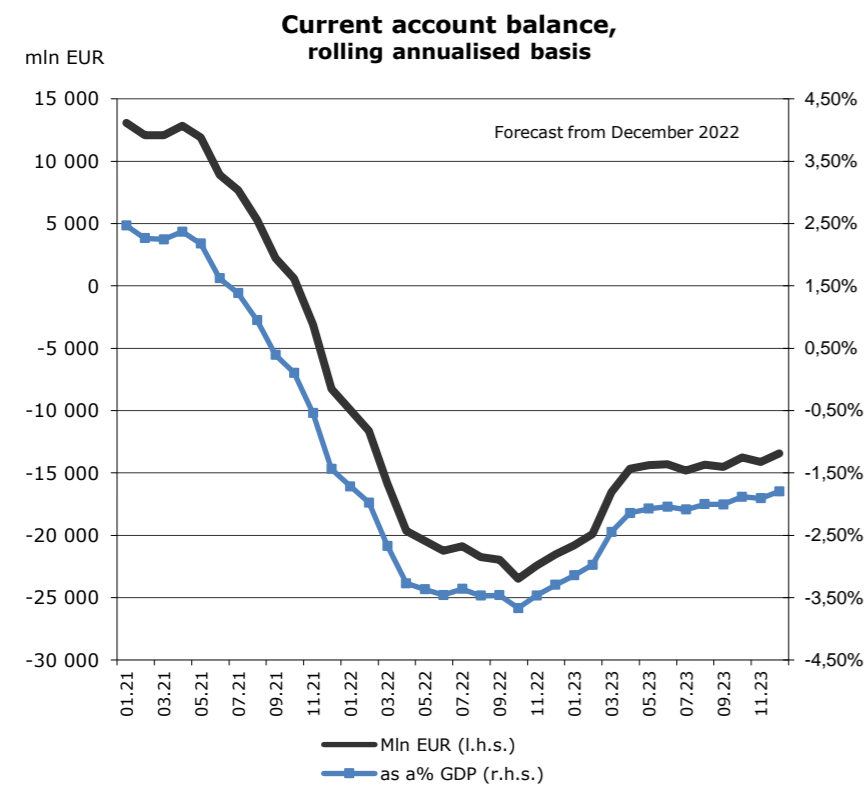


In December, the prices of consumer goods and services turned out to be 0.1% higher than in November. In December, prices tend to increase for seasonal reasons. The December result was significantly lower than expected by the market and significantly lower than our forecast. Prices increased significantly in the following groups: food, recreation and culture, restaurants and hotels, and health. Unexpectedly, prices fell in the group of home use and energy carriers.

In December, the prices of goods and services turned out to be 16.6% higher than a year ago. In November, prices were higher than a year ago by 17.5%. In the period from January to December 2022, prices were on average 14.4% higher than in the corresponding period of 2021. In January, an increase in the annual inflation rate is expected.

Industrial prices rose by 0.5% in December. Industrial prices in December were on average 20.4% higher than a year ago (21.1% in November). In the period from January to December 2022, industrial prices were on average 22.4% higher than in the corresponding period of the previous year. In the coming months, the annual growth of industrial prices may gradually decrease due to the stabilization of commodity prices.

In December, the average salary in the enterprise sector amounted to PLN 7,329.96. So it was PLN 472.00 higher than in November. It was also PLN 685.57 and 10.3% higher than in December 2021. Wage growth recorded in December is seasonal. The level of wages in December was lower than expected by the market and lower than expected by us. Wages will undergo a significant correction in January. The level of wages in the coming months will be affected by changes in the level of economic activity.



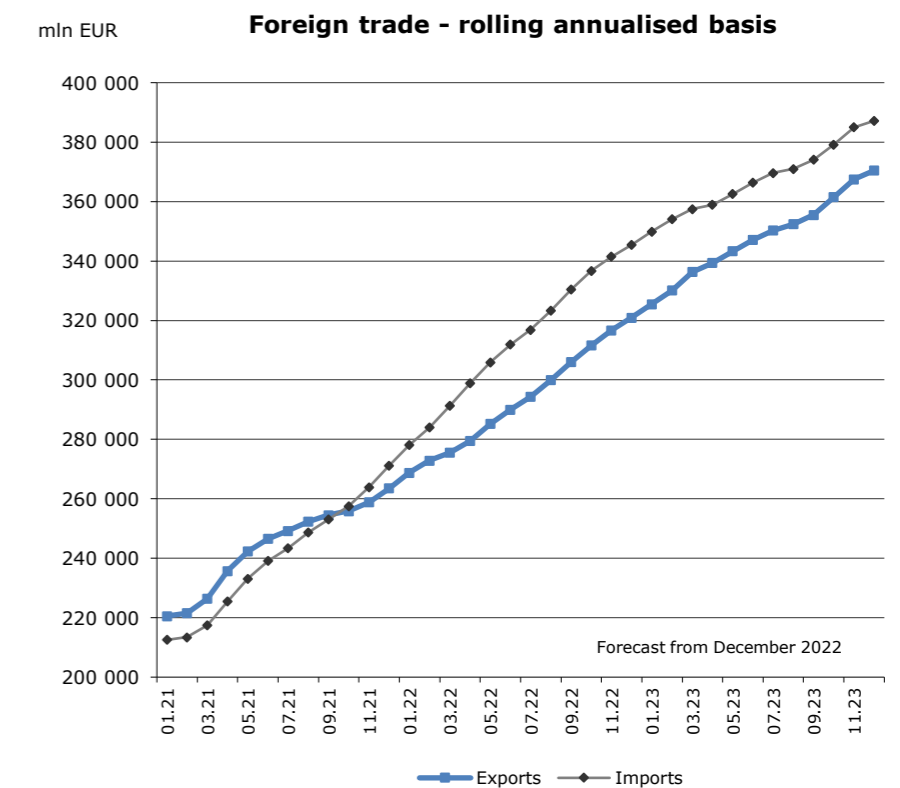
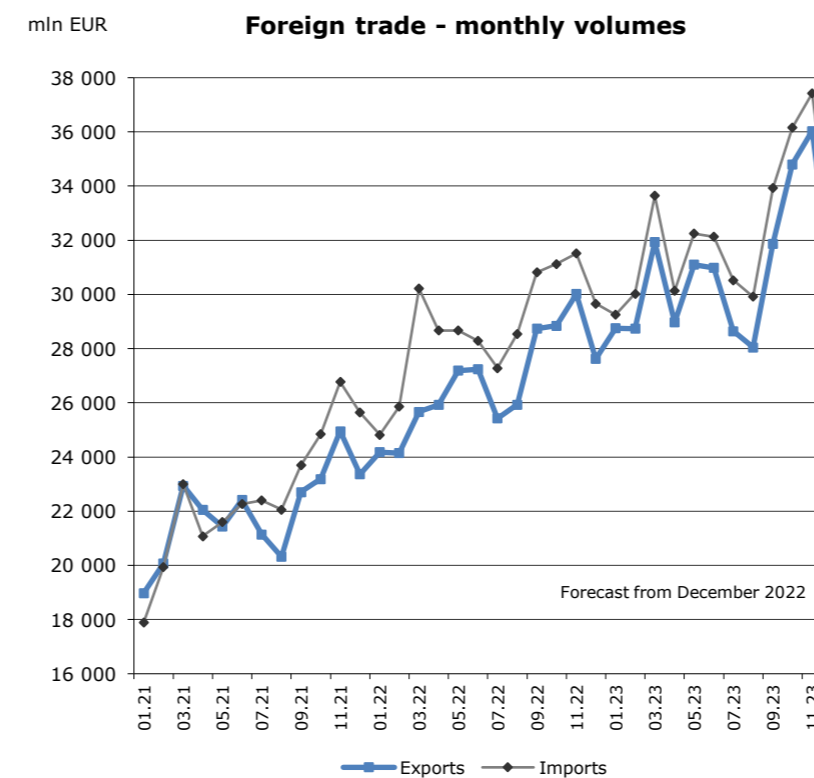
(mIn EUR)	XI 2021	X 2022*	XI 2022
Current account balance	-1 483	-597	-422
Exports	24 954	28 843	30 018
Imports	26 770	31 127	31 514
Trade balance	-1 816	-2 284	-1 496
Balance on Services	2 222	3 041	2 939
Balance on Primary Income	-1 812	-1 276	-1 794
Balance on Secondary Income	-77	-78	-71

*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 2022 was negative and amounted to EUR -422 million. In the previous month, a deficit of EUR -597 million was recorded. A year ago, a deficit of EUR -1,483 million was recorded.

After November, the current account balance on an annualized rolling basis was negative and amounted to EUR -22,430 million. Its level in relation to GDP was -3.47%. In the last 12 months, exports of goods amounted to EUR 317 billion, and exports of services to EUR 88 billion.

The export of goods is currently comparable to 48.9% of GDP. This is a high value for a country with the population and area of Poland. The export of services is comparable to 13.6% of GDP, which should also be considered a very good result. These indicators are much better than those recorded before the onset of the crisis.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	06.2022	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023	04.2023	05.2023	06.2023
International reserves, EUR million	147 712	154 138	155 103	154 195	152 480	156 782	156 455	158 332	159 916	162 314	159 880	163 877	160 599
International reserves in the months of import of goods and services	4,93	5,06	4,99	4,86	4,71	4,77	4,70	4,70	4,69	4,71	4,62	4,69	4,55
International reserves as a% of money supply	34,6%	36,3%	35,9%	36,4%	34,7%	35,2%	35,1%	35,8%	35,8%	36,0%	35,1%	35,7%	34,7%
Current account balance, EUR million, rolling annualised basis	-21 225	-20 868	-21 767	-21 953	-23 491	-22 430	-21 535	-20 796	-19 922	-16 555	-14 680	-14 371	-14 322
Current account balance, as a% of GDP, rolling annualised basis	-3,46%	-3,36%	-3,47%	-3,46%	-3,67%	-3,47%	-3,29%	-3,14%	-2,98%	-2,44%	-2,14%	-2,07%	-2,04%
Inflow of foreign direct investment - rolling annualised basis, EUR million	35 912	34 046	35 149	33 853	33 876	33 639	32 241	29 668	28 024	23 835	22 158	22 710	21 159
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	1 765	400	740	1 221	1 532	4 765	4 881	6 779	7 793	7 617	5 665	1 887	950

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Total external debt, EUR million	311 567	318 582	322 710	326 733	335 000	338 892	340 250	340 750	341 150	340 950	341 150	341 350	341 500
Long-term external debt, EUR million	169 993	174 660	170 422	165 888	168 424	168 112	168 250	168 000	167 750	167 500	167 250	167 000	166 750
Short-term external debt, EUR million	48 951	49 083	54 447	58 973	62 971	65 132	66 000	66 500	66 900	67 200	67 400	67 600	67 750
External debt - Direct investment debt instruments, EUR million	92 623	94 839	97 841	101 872	103 605	105 648	106 000	106 250	106 500	106 250	106 500	106 750	107 000
External debt as a% of GDP	57%	57%	56%	55%	55%	53%	52%	50%	49%	47%	46%	45%	44%
External debt as a% of export	126%	125%	122%	119%	116%	111%	106%	101%	98%	96%	92%	90%	88%
International reserves as a% of total external debt	43%	45%	45%	43%	44%	45%	46%	48%	47%	48%	50%	51%	50%
International reserves as a% of short-term external debt	274%	293%	269%	241%	235%	237%	237%	244%	240%	245%	253%	258%	254%

The current account has been negative in recent months. In the last 12 months, it was comparable to -3,47% of GDP.

The recent quarters have seen a simultaneous inflow of direct capital to our market and stabilization of portfolio capital. The stabilization of the portfolio capital 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 (4,70 months of imports of goods and services), money supply (35,1%) and external debt (45,5%).

Foreign debt is growing slowly. The ratio of external debt to GDP (currently 53%) and goods exports (currently 111%) is declining. The ratio of external debt to GDP and exports is low.

