



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 28/02/2023

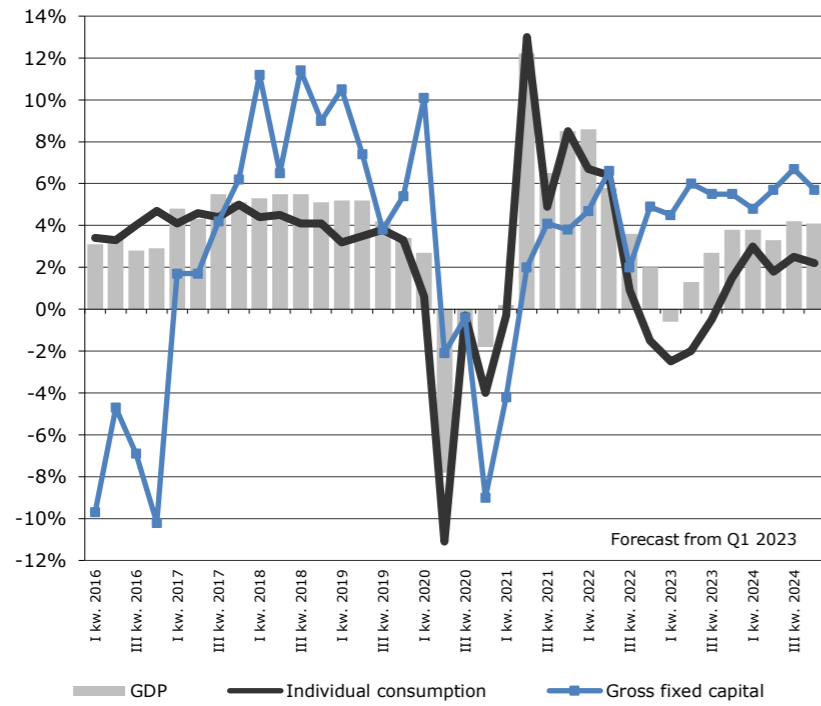
Macroeconomic forecast

Monthly macroeconomic indicators	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023	04.2023	05.2023	06.2023	07.2023
Industrial sales, % real change, y/y	7,1%	10,9%	9,8%	6,6%	4,5%	1,0%	2,6%	1,1%	-0,5%	0,4%	5,9%	7,0%	6,5%
Construction, % real change, y/y	4,1%	5,9%	0,2%	3,9%	4,0%	-0,9%	2,4%	1,1%	-4,0%	7,7%	11,9%	15,0%	11,0%
Retail sales, % nominal change, y/y	18,4%	21,5%	21,9%	18,3%	18,4%	15,5%	15,1%	15,4%	10,5%	7,9%	7,8%	9,2%	9,1%
Consumer prices, % change, y/y	15,6%	16,1%	17,2%	17,9%	17,5%	16,6%	17,2%	18,8%	15,7%	14,2%	12,7%	11,1%	11,1%
Producer prices, % change, y/y	25,5%	25,5%	24,6%	23,1%	21,1%	20,5%	18,5%	18,3%	11,5%	9,0%	7,7%	6,2%	5,1%
Wages - enterprise sector, % nominal change, y/y	15,8%	12,7%	14,5%	13,0%	13,9%	10,3%	13,5%	12,0%	9,2%	9,0%	10,0%	10,0%	8,0%
Wages - enterprise sector, PLN	6 779	6 583	6 688	6 688	6 858	7 330	6 884	6 967	7 280	7 222	7 041	7 210	7 318
Registered unemployment rate	5,2%	5,2%	5,1%	5,1%	5,1%	5,2%	5,5%	5,7%	5,7%	5,6%	5,5%	5,3%	5,3%
Number of registered unemployed persons, thousand	810	807	802	796	800	812	858	887	888	873	858	825	824
Current account balance, EUR million	-1 206	-2 743	-1 839	-597	313	-2 526	-798	-1 275	-840	-1 100	-624	-455	-1 688
Current account balance, EUR million, rolling annualised basis	-20 868	-21 767	-21 953	-23 491	-21 695	-20 338	-20 045	-19 288	-15 921	-14 187	-13 733	-13 689	-14 171

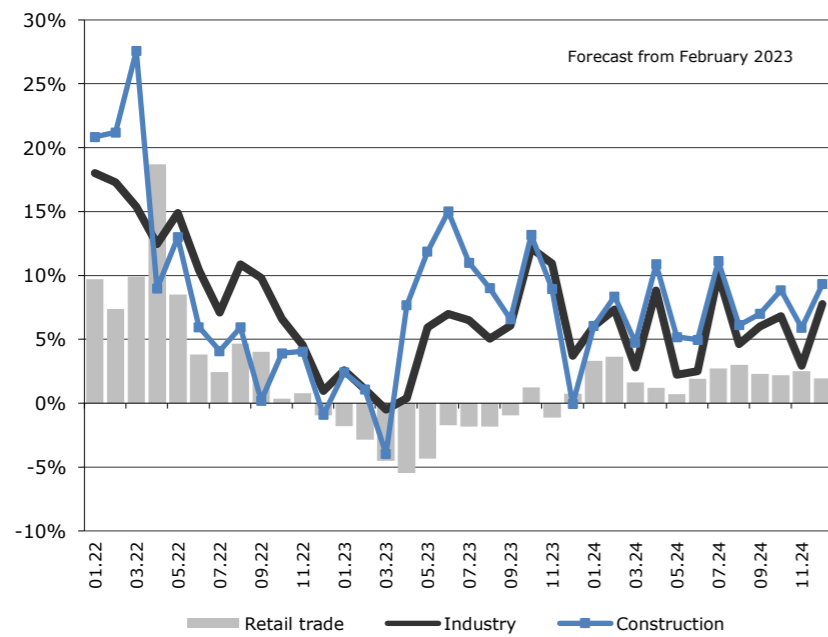
Macroeconomic forecast

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

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 in Q4 2022. Growth in real terms amounted to 2.0% y/y, after an increase of 3.6% y/y in the third quarter and an increase of 5.8% in the second quarter. Growth turned out to be slightly lower than expected by the market and slightly better than our forecasts.

In the first quarter of 2023, a recession is likely - at -0.6%. In the following quarters, GDP growth in real terms will return. We forecast growth from Q2 to Q4 at 1.3%, 2.7% and 3.8%. In the first three quarters of 2023, 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 3,068 billion (EUR 655 billion).

For 2023, the GDP dynamics is forecast at 1.8%. In nominal terms, the GDP will amount to PLN 3,454 billion (EUR 741 billion).

In January, industrial production fell by 2.5% in real terms. The decline was seasonal. The annual production dynamics improved to 2.6% from 1.0% in December. The industry's results in January 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.

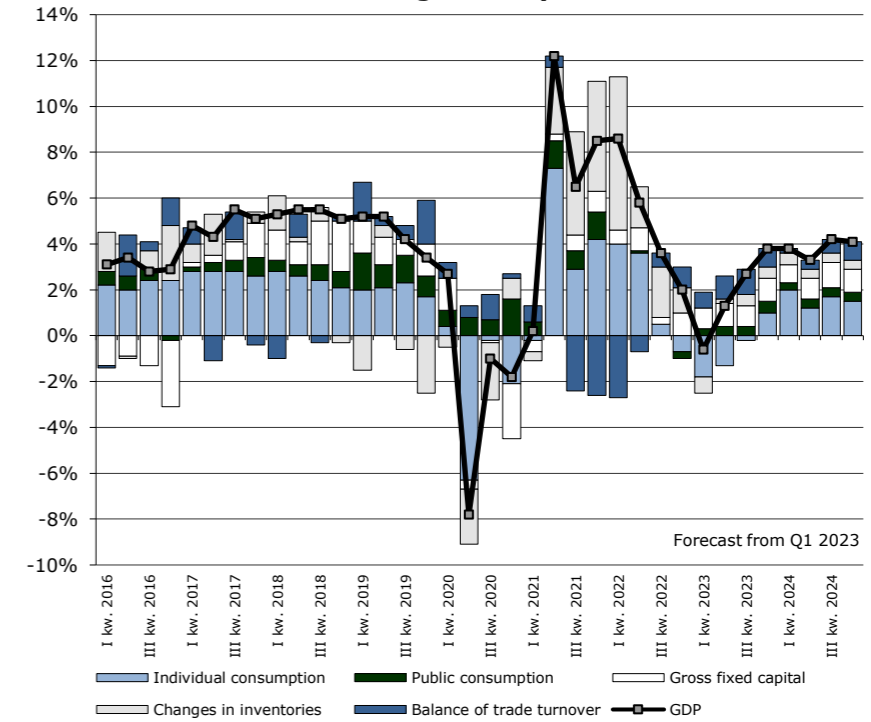
In January, construction and assembly production turned out to be 55.1% lower than in December. The decrease in sales in January is a typical phenomenon. The annual growth rate of construction and assembly output increased from negative -0.8% in December to positive 2.4% in January. Construction results in January were clearly better than expected by the market and slightly 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 January in nominal terms turned out to be 22.8% lower than in December. The drop in sales recorded in January is seasonal. The annual sales dynamics decreased from 15.5% in December to 15.1% in January. January's results were lower than expected by the market and in line with our forecast. 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.

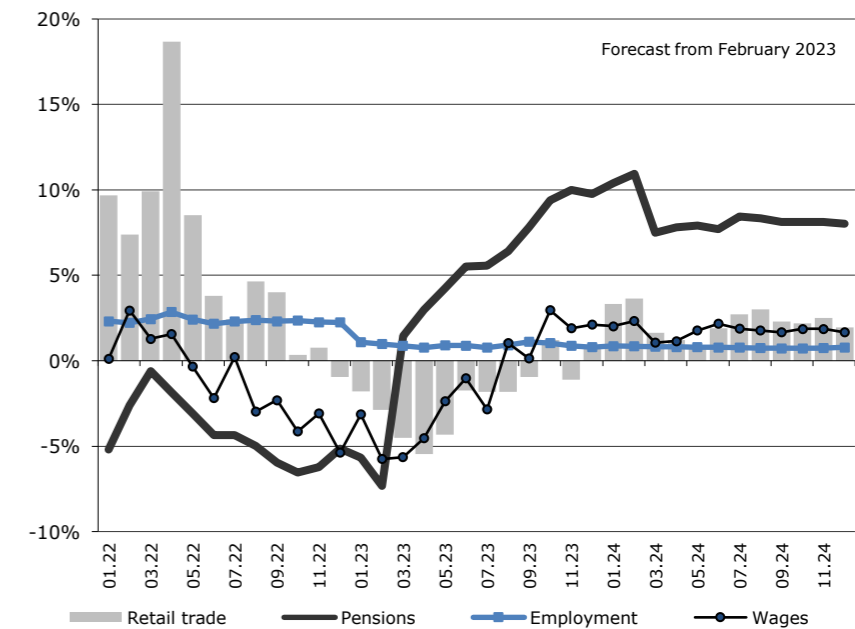
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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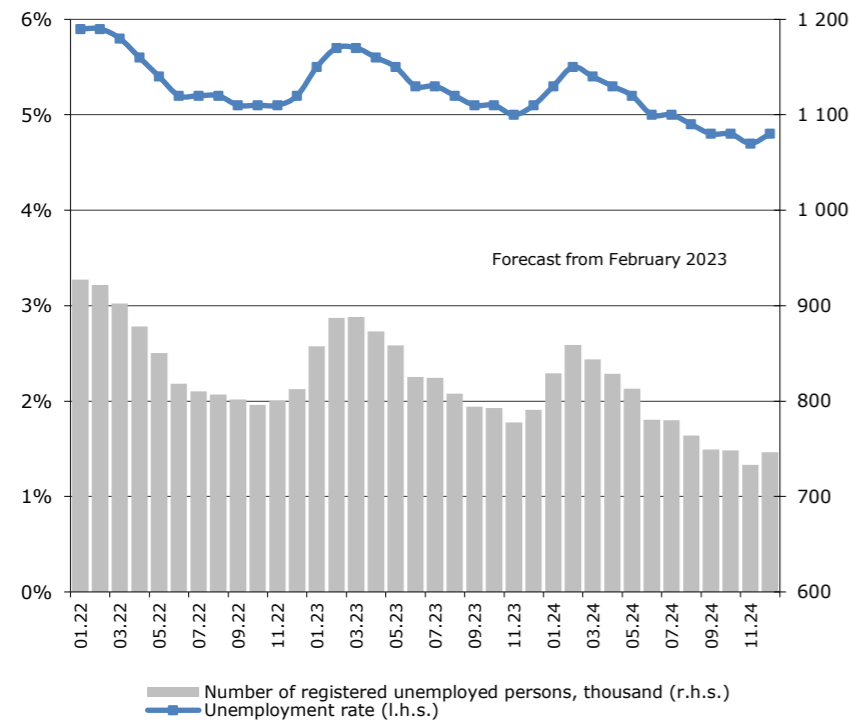
Scale of impact of GDP demand components on economic growth dynamics



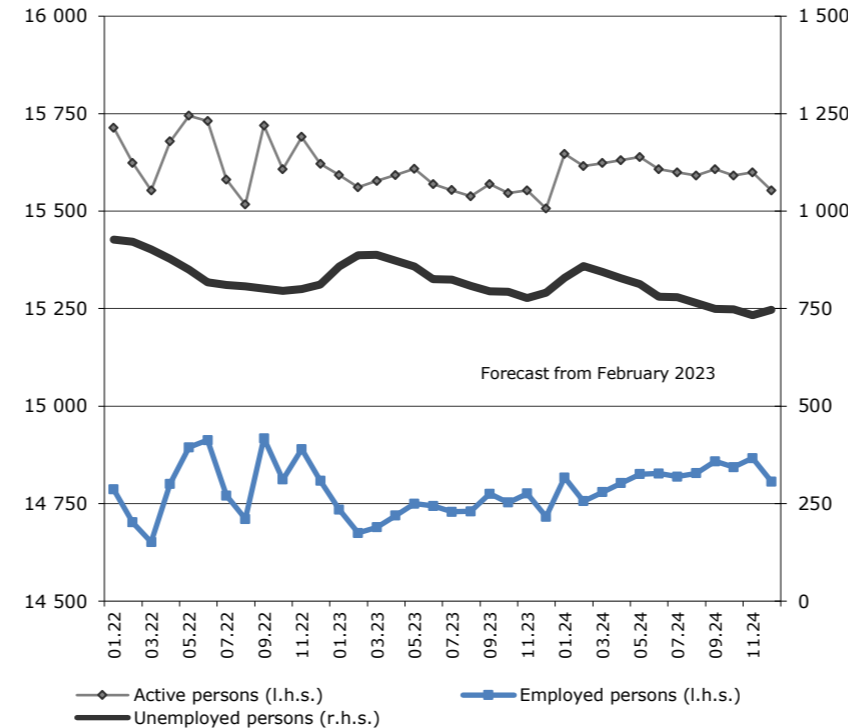
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

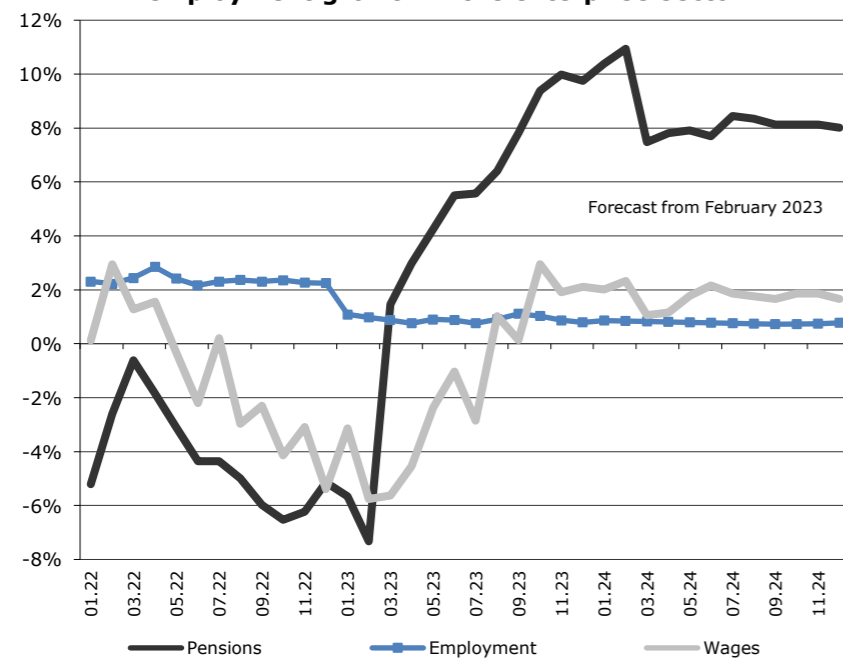


In January, the number of registered unemployed increased by 45.3 thousand, up to 857.6 thousand people. The unemployment rate was 5.5%. The unemployment rate was 0.3pp higher than in December. A year ago in January the unemployment rate was 5.9%. January usually brings a deterioration in unemployment statistics. In winter, there is no demand for seasonal work in construction, agriculture and tourist services. Data from January were close to expectations.

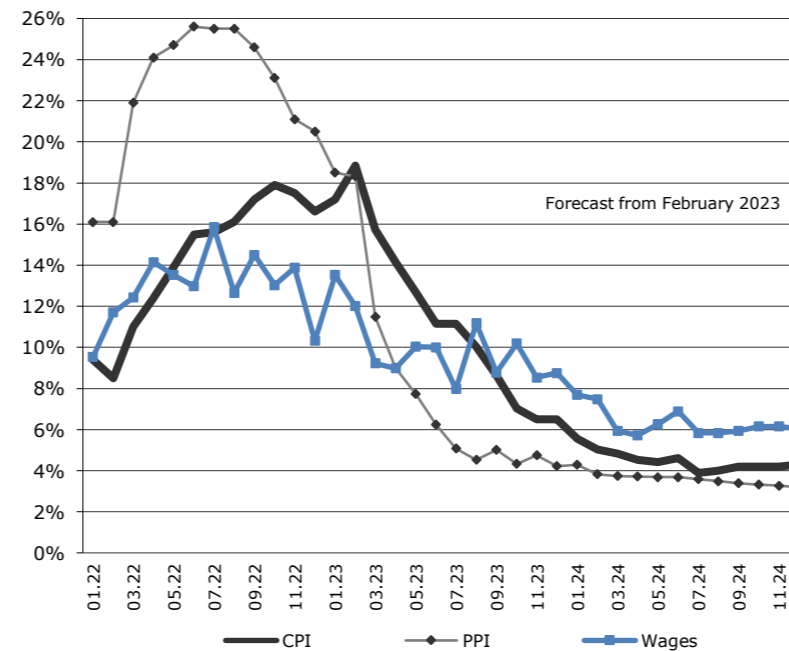
The number of employed in January amounted to approximately 14,735,000 people. It was 51 thousand, i.e. 0.35% lower than a year ago.

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 890,000 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

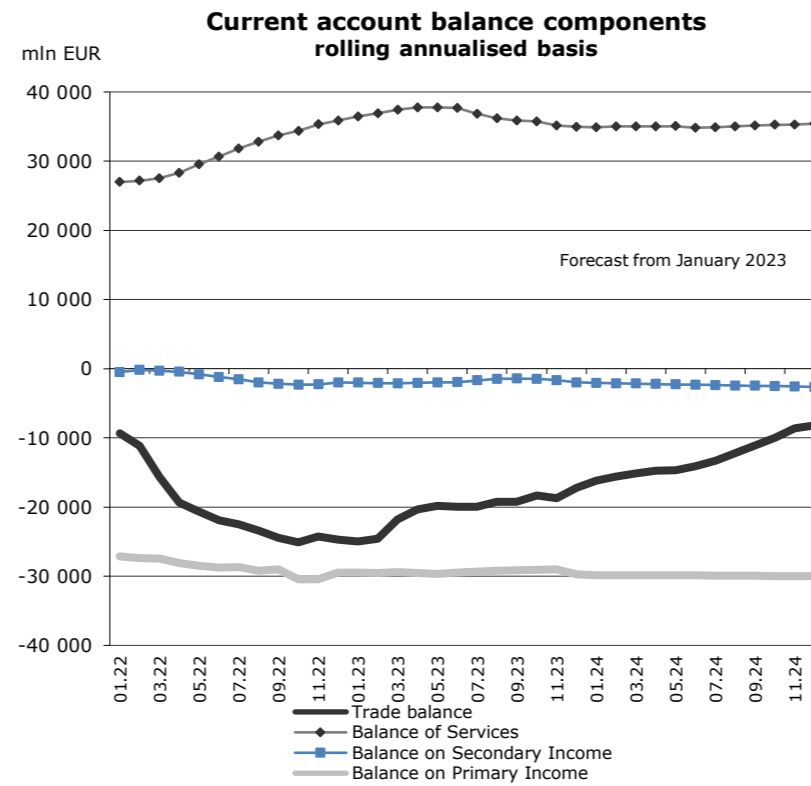
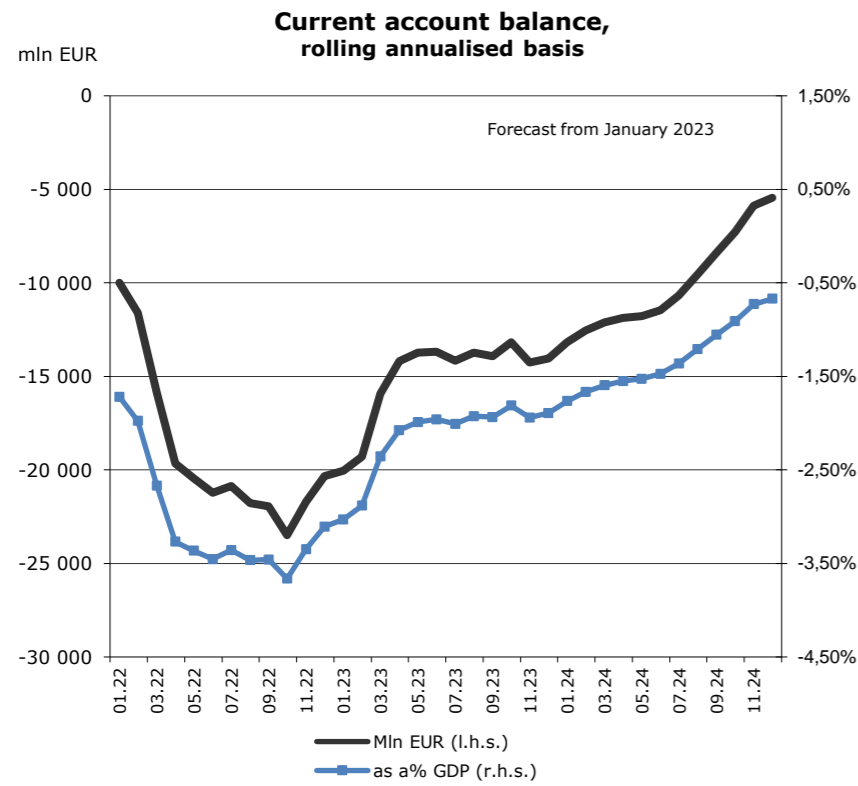


In January, the prices of consumer goods and services turned out to be 2.4% higher than in December. In January, prices usually increase strongly for seasonal reasons. January's result was lower than expected by the market and higher than our forecast. Prices increased significantly in the following groups: food, home use and energy carriers, alcohol and tobacco. Prices fell for the transport group.

In January, the prices of goods and services turned out to be 17.2% higher than a year ago. In December, prices were higher than a year ago by 16.6%. In the period from January to December 2022, prices were on average 14.4% higher than in the corresponding period of 2021. In February, an increase in the annual inflation rate is expected.

Industrial prices rose by 0.8% in January. Industrial prices in January were on average 18.5% higher than a year before (20.5% in December). 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 January, the average salary in the enterprise sector amounted to PLN 6,883.96. So it was PLN 446.00 lower than in December. It was also PLN 819.72 and 13.5% higher than in January 2022. The decline in wages recorded in January is seasonal. The level of wages in January was higher than expected by the market and higher than expected by us. Wages will increase slightly in February. The level of wages in the coming months will be affected by changes in the level of economic activity.



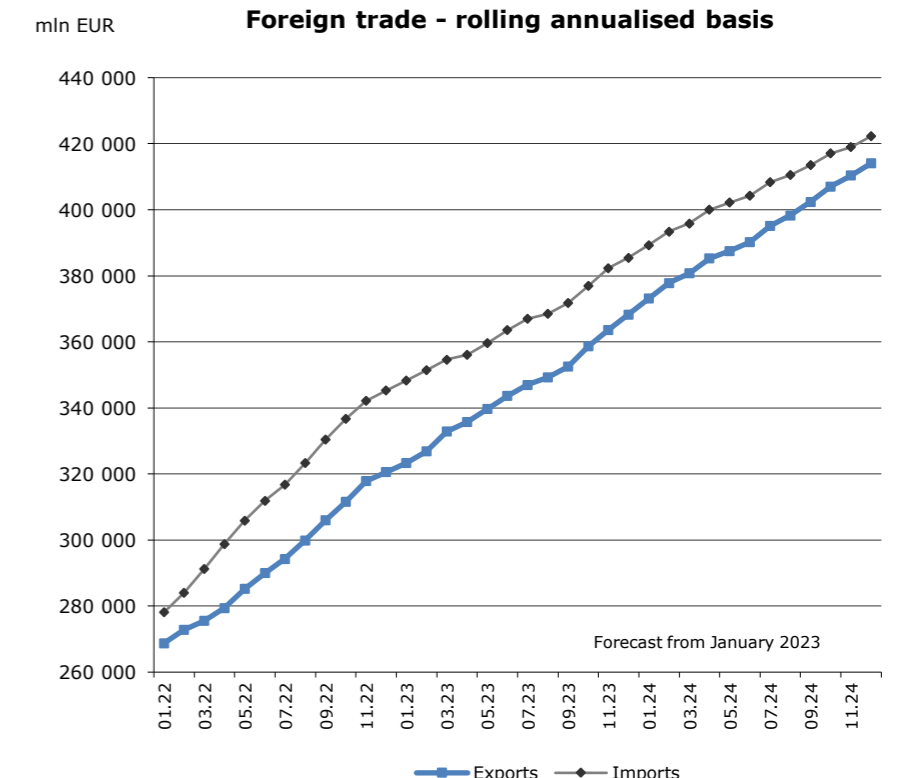
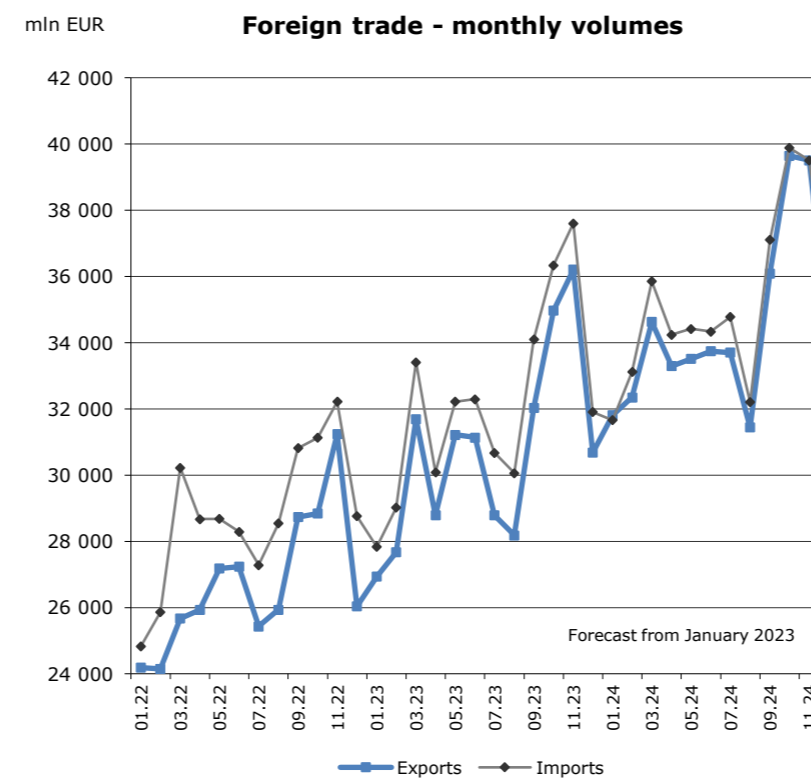
(mln EUR)	XII 2021	XI 2022*	XII 2022
Current account balance	-3 883	313	-2 526
Exports	23 364	31 234	26 040
Imports	25 641	32 212	28 756
Trade balance	-2 277	-978	-2 716
Balance on Services	2 178	3 165	2 721
Balance on Primary Income	-3 404	-1 825	-2 438
Balance on Secondary Income	-380	-49	-93

*Corrected data

At the beginning of February, the National Bank of Poland presented estimated data on the balance of payments in December. The current account balance in December 2022 was negative and amounted to EUR -2,526 million. In the previous month there was a surplus of EUR 313 million. A year ago, a deficit of EUR -3,883 million was recorded.

After December, the current account balance on an annualized rolling basis was negative and amounted to EUR -20,338 million. Its level in relation to GDP was -3.11%. In the last 12 months, exports of goods amounted to EUR 321 billion, and exports of services to EUR 90 billion.

The export of goods is currently comparable to 49.0% of GDP. This is a high value for a country with the population and area of Poland. The export of services is comparable to 13.7% 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.



WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	07.2022	08.2022	09.2022	10.2022	11.2022	12.2022	01.2023	Macroeconomic forecast					
								02.2023	03.2023	04.2023	05.2023	06.2023	07.2023
International reserves, EUR million	154 138	155 103	154 195	152 480	156 782	156 455	154 375	153 603	155 139	156 691	159 041	158 246	160 303
International reserves in the months of import of goods and services	5,06	4,99	4,86	4,71	4,76	4,70	4,60	4,53	4,53	4,55	4,58	4,51	4,52
International reserves as a% of money supply	36,3%	35,9%	36,4%	34,7%	35,2%	35,1%	34,7%	34,4%	34,4%	34,4%	34,6%	34,1%	34,3%
Current account balance, EUR million, rolling annualised basis	-20 868	-21 767	-21 953	-23 491	-21 695	-20 338	-20 045	-19 288	-15 921	-14 187	-13 733	-13 689	-14 171
Current account balance, as a% of GDP, rolling annualised basis	-3,36%	-3,47%	-3,46%	-3,66%	-3,35%	-3,11%	-3,03%	-2,88%	-2,35%	-2,08%	-1,99%	-1,96%	-2,01%
Inflow of foreign direct investment - rolling annualised basis, EUR million	34 046	35 149	33 853	33 876	33 819	31 562	28 989	27 345	23 156	21 479	22 031	20 480	19 545
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	400	740	1 221	1 532	4 757	5 649	7 547	8 561	8 385	6 433	2 655	1 718	2 189

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Macroeconomic forecast						
							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%	102%	99%	97%	93%	90%	88%
International reserves as a% of total external debt	43%	45%	45%	43%	44%	45%	46%	46%	46%	48%	49%	50%	49%
International reserves as a% of short-term external debt	274%	293%	269%	241%	235%	237%	237%	233%	237%	242%	247%	251%	247%

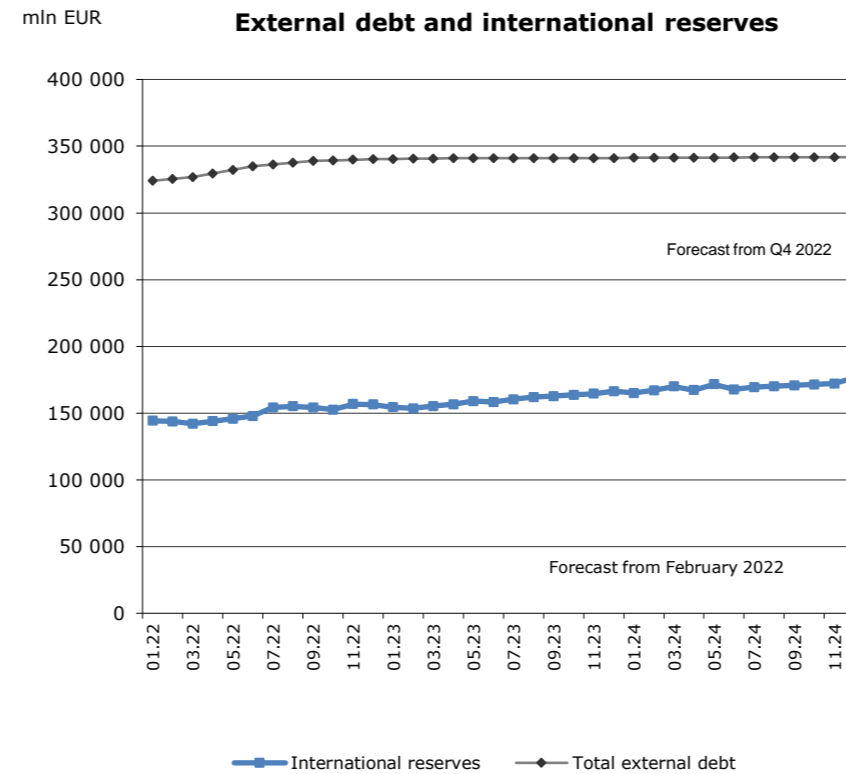
The current account has been negative in recent months. In the last 12 months, it was comparable to -3,11% of GDP.

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.

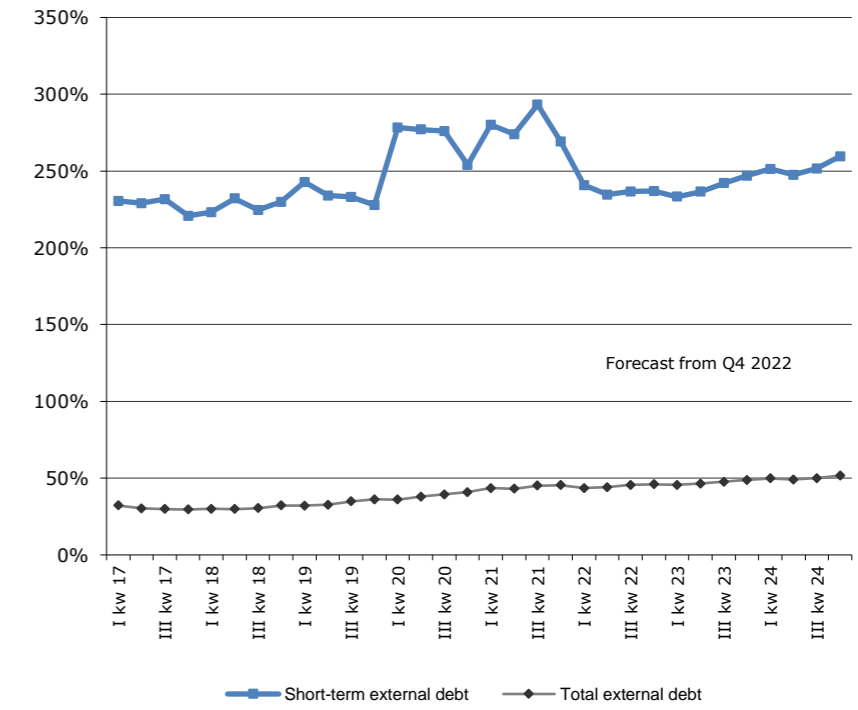
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (4,60 months of imports of goods and services), money supply (34,7%) and external debt (45,5%).

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.

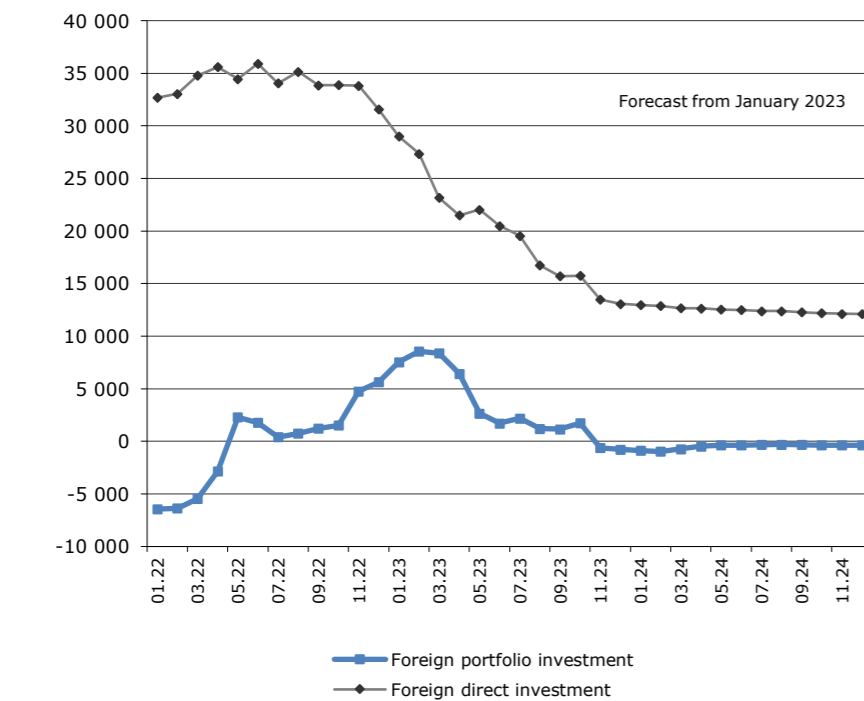
External debt and international reserves



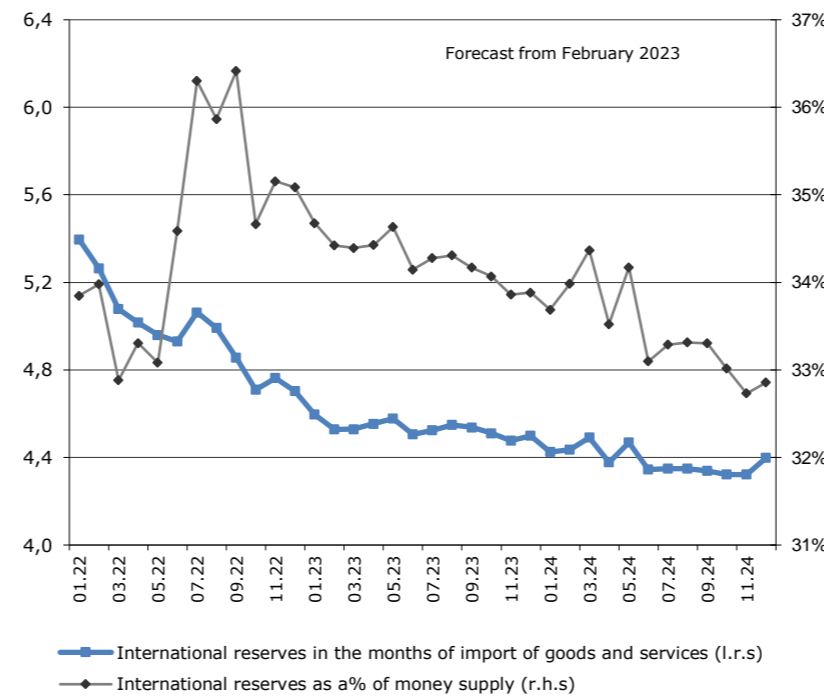
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

