



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 28/04/2023

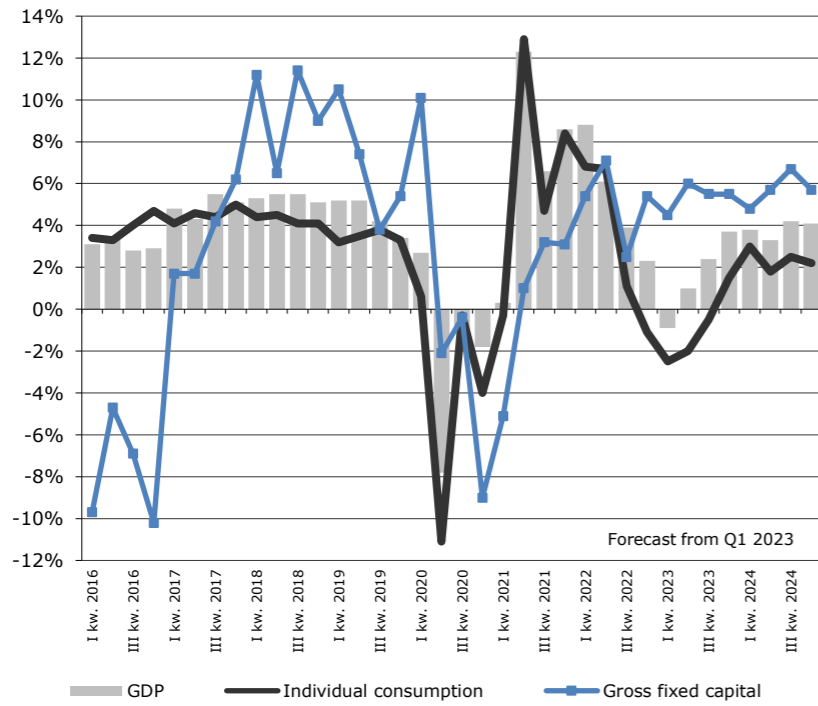
Macroeconomic forecast

Monthly macroeconomic indicators	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023
Industrial sales, % real change, y/y	9,8%	6,6%	4,5%	1,0%	1,8%	-1,0%	-2,9%	-0,1%	6,4%	7,5%	7,0%	5,0%	6,1%
Construction, % real change, y/y	0,2%	3,9%	4,0%	-0,9%	2,0%	6,6%	-1,5%	8,6%	12,4%	15,5%	11,0%	9,0%	6,6%
Retail sales, % nominal change, y/y	21,9%	18,3%	18,4%	15,5%	15,1%	10,8%	4,8%	5,7%	6,9%	7,6%	7,5%	6,5%	6,0%
Consumer prices, % change, y/y	17,2%	17,9%	17,5%	16,6%	16,6%	18,4%	16,1%	14,7%	13,3%	11,6%	11,5%	10,3%	9,0%
Producer prices, % change, y/y	24,6%	23,1%	21,1%	20,5%	20,1%	18,2%	10,1%	6,8%	5,3%	3,7%	2,6%	2,0%	2,6%
Wages - enterprise sector, % nominal change, y/y	14,5%	13,0%	13,9%	10,3%	13,5%	13,6%	12,6%	12,1%	12,4%	11,7%	10,5%	12,4%	10,3%
Wages - enterprise sector, PLN	6 688	6 688	6 858	7 330	6 884	7 066	7 505	7 430	7 193	7 322	7 490	7 401	7 378
Registered unemployment rate	5,1%	5,1%	5,1%	5,2%	5,5%	5,5%	5,4%	5,3%	5,2%	5,1%	5,1%	5,1%	5,1%
Number of registered unemployed persons, thousand	802	796	800	812	858	865	847	833	818	801	800	799	801
Current account balance, EUR million	-2 208	-416	262	-2 530	2 133	2 586	1 801	578	-425	196	-1 550	-2 059	-1 512
Current account balance, EUR million, rolling annualised basis	-21 193	-22 550	-20 805	-19 452	-16 886	-12 527	-6 898	-3 356	-2 409	-1 939	-2 419	-1 631	-935

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	12,3%	6,6%	8,6%	8,8%	6,1%	3,9%	2,3%	-0,9%	1,0%	2,4%	3,7%	3,8%	3,3%
Individual consumption , % real change y/y	12,9%	4,7%	8,4%	6,8%	6,7%	1,1%	-1,1%	-2,5%	-2,0%	-0,5%	1,5%	3,0%	1,8%
Gross fixed capital , % real change y/y	1,0%	3,2%	3,1%	5,4%	7,1%	2,5%	5,4%	4,5%	6,0%	5,5%	5,5%	4,8%	5,7%

GDP components in terms of demand - y / y



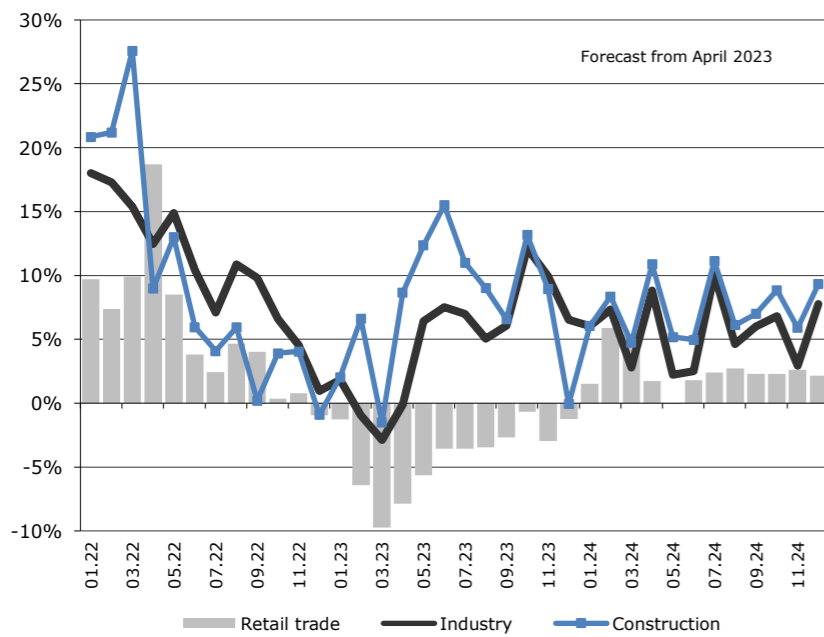
The Central Statistical Office presented a revised estimate of GDP in Q4 2022. Growth in real terms amounted to 2.3% y/y, after an increase of 3.9% y/y in the third quarter and an increase of 6.1% in the second quarter. Growth turned out to be slightly lower than expected by the market and slightly better than our forecasts.

In the first quarter of 2023, a recession is likely at -0.9%. In the following quarters, GDP growth in real terms will return. We forecast growth from Q2 to Q4 at 1.0%, 2.4% 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 5.1%, and in nominal terms it amounted to PLN 3,078 billion (EUR 657 billion).

For 2023, the GDP dynamics is forecast at 1.6%. In nominal terms, the GDP will amount to PLN 3,457 billion (EUR 742 billion).

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



In March, industrial production increased by 14.1% in real terms. The growth was seasonal. The annual production dynamics deteriorated to negative -2.9% from negative -1.0% in February. The industry's results in March were worse than expected by the market and in line with our expectations. In the period from January to March 2023, industrial production was 0.6% lower than in the corresponding period of 2022.

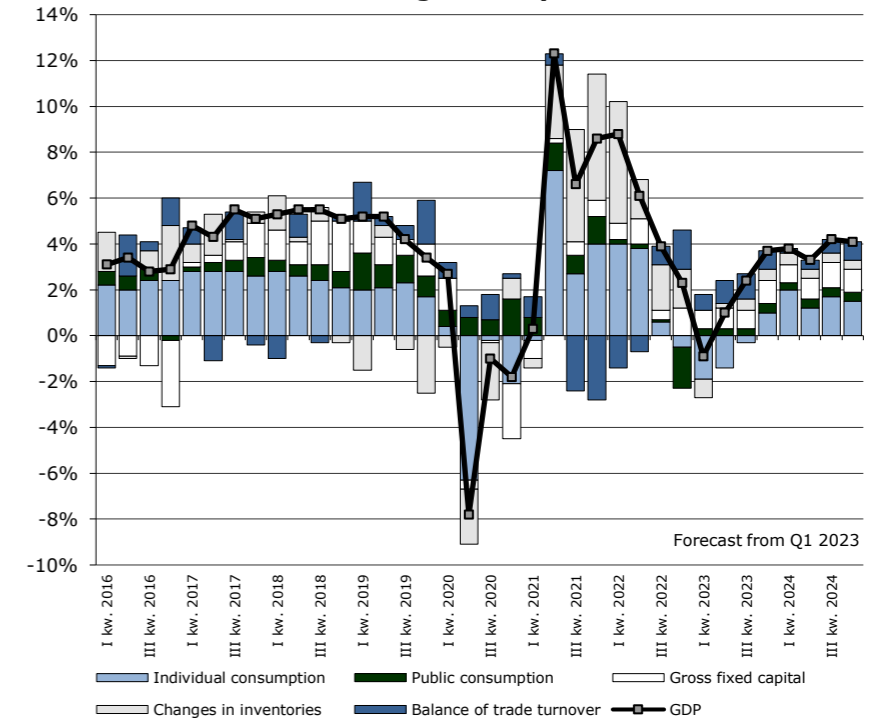
In March, construction and assembly production turned out to be 30.6% higher than in February. Strong sales growth in March is typical. The annual growth rate of construction and assembly production decreased from positive +6.6% in February to negative -1.5% in March. Construction results in February were clearly worse than expected by the market and better than our forecast. In the period from January to March 2023, construction and assembly production was 3.5% higher than in the corresponding period of 2022.

Retail sales in March in nominal terms turned out to be 15.4% higher than in February. The increase in sales recorded in March is seasonal. The annual sales dynamics decreased from 10.8% in February to 4.8% in March. March's results were lower than expected by the market and us. In the period of January - March 2023, retail sales were nominally 10.8% higher than in the corresponding period of 2022. In real terms, retail sales in the period of January - March 2023 were 3.5% lower than in the corresponding period of 2022.

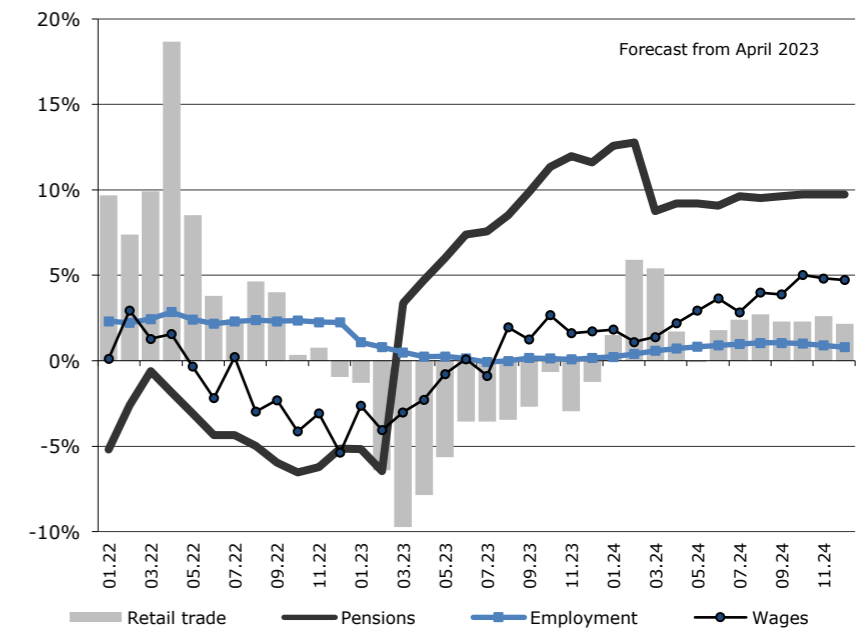
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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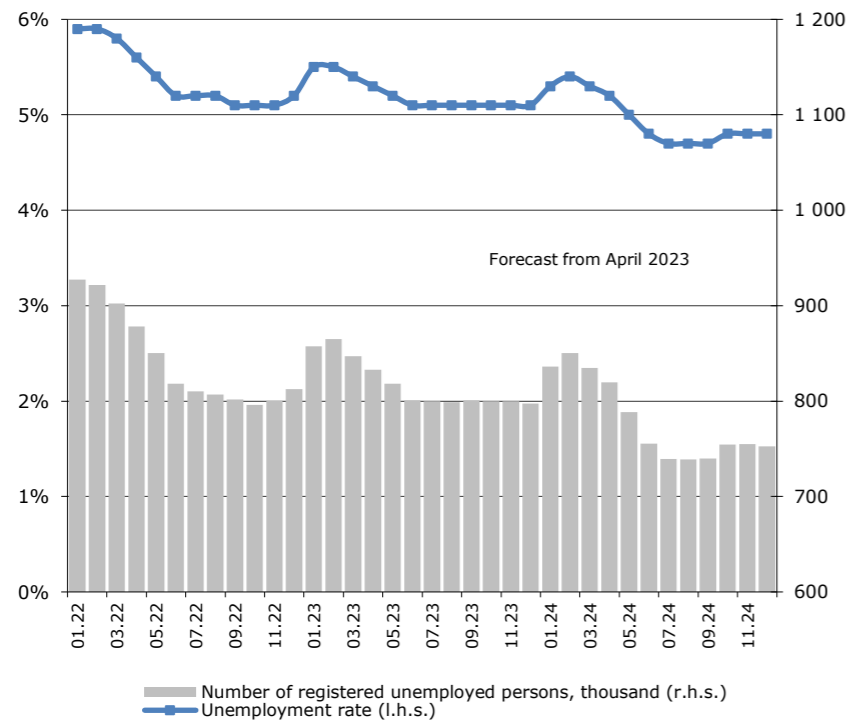
Scale of impact of GDP demand components on economic growth dynamics



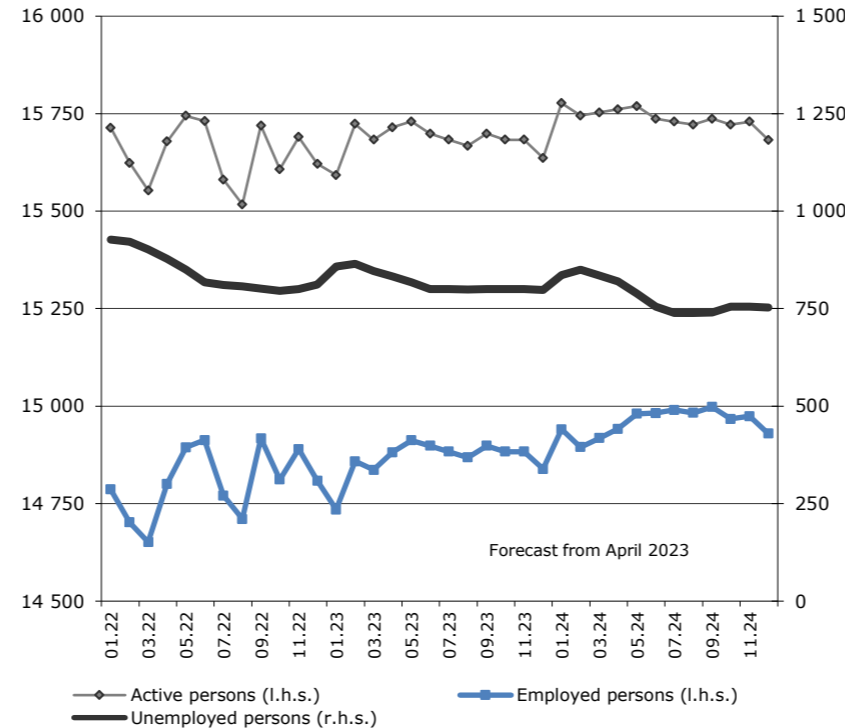
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

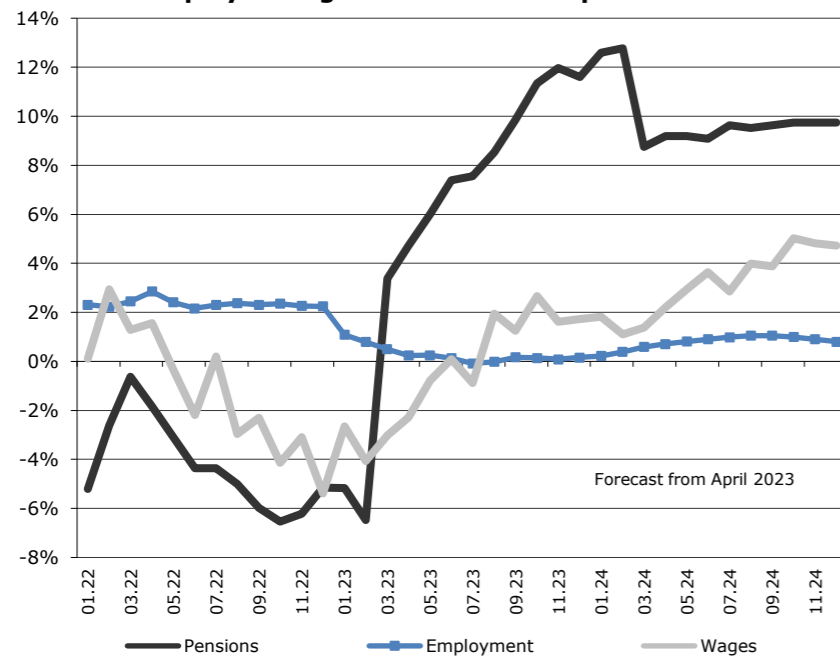


In March, the number of registered unemployed decreased by 17.9 thousand, up to 846.9 thousand people. The unemployment rate was 5.4%. The unemployment rate was 0.1 lower than in February. A year ago in March the unemployment rate was 5.8%. March usually brings an improvement in unemployment statistics. Demand for seasonal work in construction, agriculture and tourist services begins in spring. March data were close to expectations.

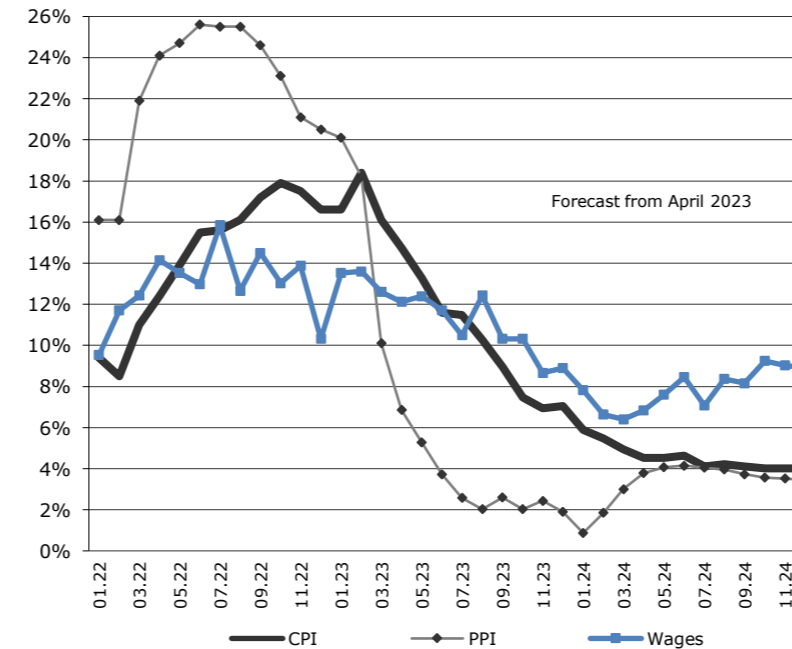
The number of employed in March amounted to about 14,836 thousand people. It was 185,000 ie 1.26% higher than a year ago.

The period of spring and summer will bring a decrease in unemployment. The local (seasonal) unemployment minimum will start in June, when the unemployment rate will reach 5.1% and the number of unemployed will reach 800,000 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

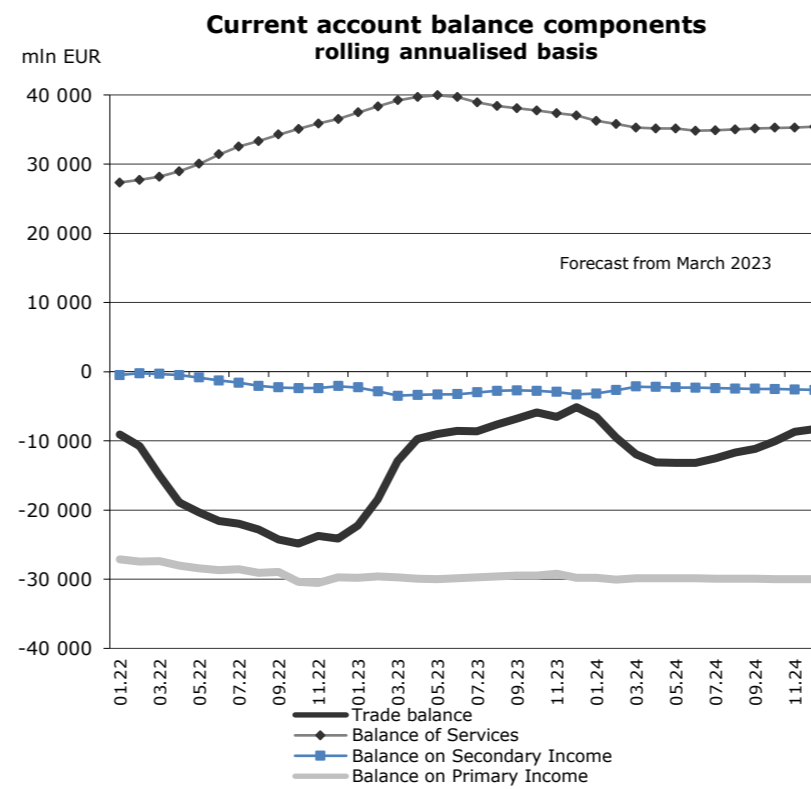
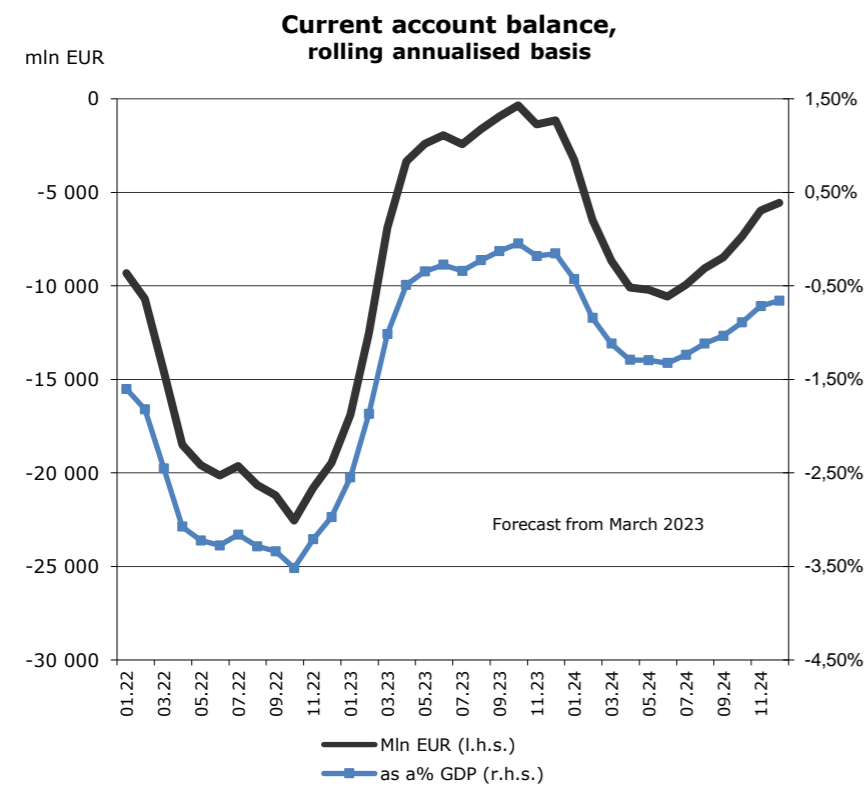


In March, the prices of consumer goods and services turned out to be 1.1% higher than in February. In March, prices usually increase for seasonal reasons. March's result was higher than expected by the market and us. Prices increased significantly in the following groups: clothing and footwear, food, alcohol and tobacco, and communications. Prices fell in the following groups: recreation and culture, housing use and energy prices

In March, the prices of goods and services turned out to be 16.1% higher than a year ago. In February, prices were higher than a year ago by 18.4%. In the period of January - March 2023, prices were on average 17.0% higher than in the corresponding period of 2022. In April, a significant decrease in the annual inflation rate is expected.

Industrial prices fell by 0.8% in March. Industrial prices in March were on average 10.1% higher than a year ago (18.2% in February). In the period of January-March 2023, industrial prices were on average 16.0% higher than in the corresponding period of the previous year. In the coming months, the annual growth of industrial prices may be further reduced due to the base effect.

In March, the average salary in the enterprise sector amounted to PLN 7,505.34. So it was PLN 439.78 higher than in February. It was also PLN 839.70 and 12.6% higher than in March 2022. Strong wage growth recorded in March is seasonal. The level of wages in March was in line with market expectations and higher than expected by us. In April, wages will fall due to seasonal reasons. The level of wages in the coming months will be affected by changes in the level of economic activity.



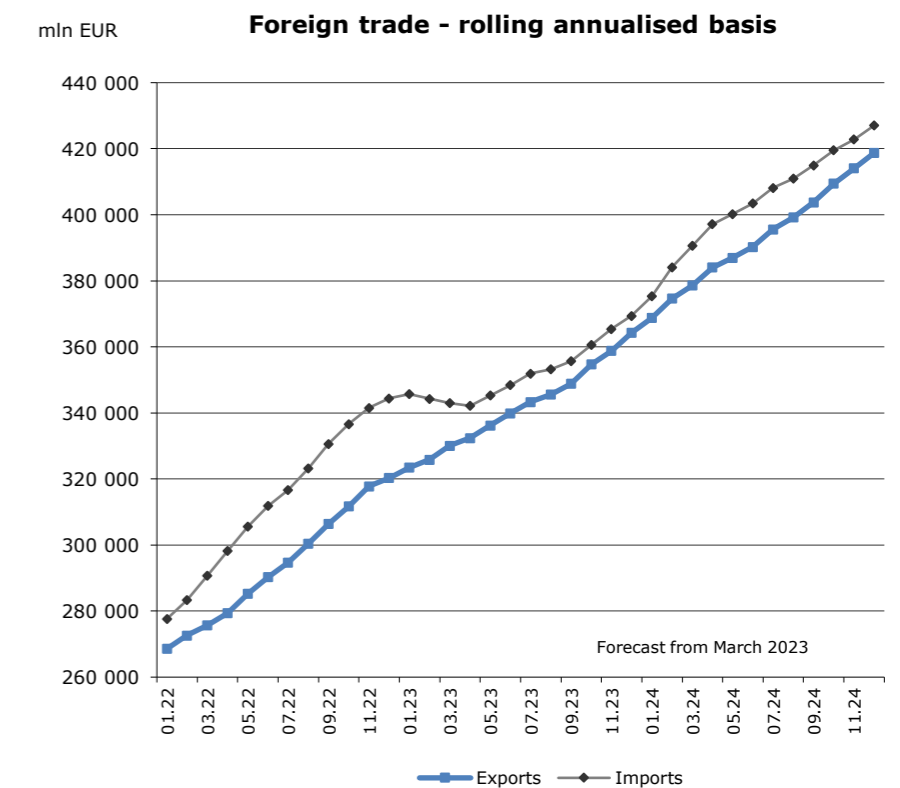
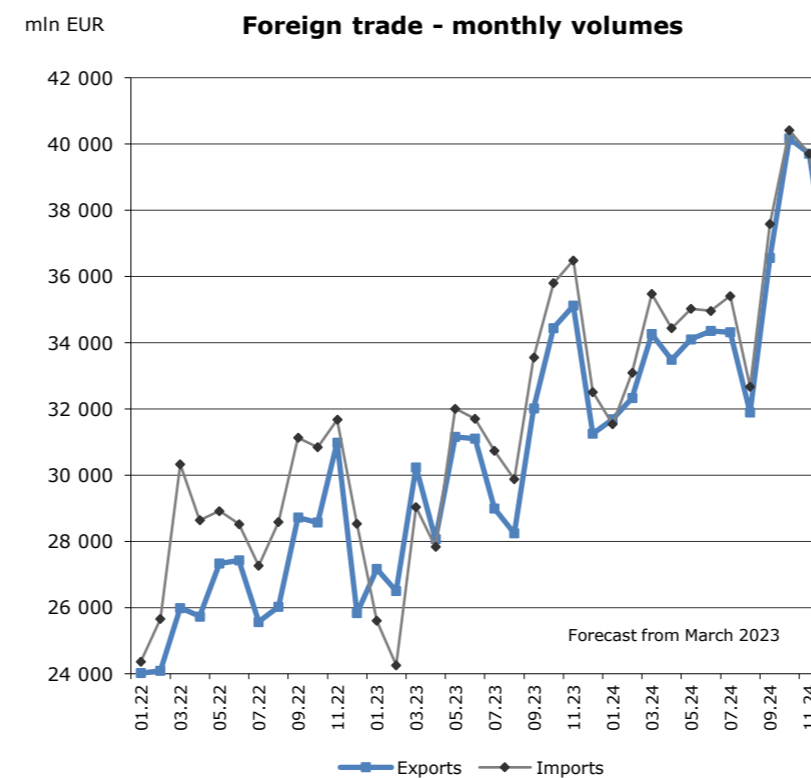
(mIn EUR)	II 2022	I 2023*	II 2023
Current account balance	-1 773	2 133	2 586
Exports	24 089	27 165	26 502
Imports	25 654	25 606	24 259
Trade balance	-1 565	1 559	2 243
Balance on Services	2 494	3 634	3 371
Balance on Primary Income	-2 449	-2 500	-2 216
Balance on Secondary Income	-253	-560	-812

*Corrected data

At the beginning of April, the National Bank of Poland presented estimated data on the balance of payments in February. The current account balance in February 2023 was positive and amounted to EUR 2,586 million. In the previous month, there was a surplus of EUR 2,133 million. A year ago, a deficit of EUR -1,773 million was recorded.

After February, the current account balance on an annualized rolling basis was negative and amounted to EUR -12,527 million. Its level in relation to GDP was -1.87%. In the last 12 months, exports of goods amounted to EUR 326 billion, and exports of services amounted to EUR 94 billion.

The export of goods is currently comparable to 48.6% of GDP. This is a high value for a country with the population and area of Poland. The export of services is comparable to 14.0% of GDP, which should also be considered a very good result. These indicators are much better than those recorded before the beginning of the pandemic crisis.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	09.2022	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023
International reserves, EUR million	154 195	152 480	156 782	156 455	154 405	158 245	156 438	160 308	162 072	161 261	163 035	164 503	165 325
International reserves in the months of import of goods and services	4,84	4,70	4,76	4,71	4,62	4,71	4,62	4,71	4,72	4,65	4,66	4,68	4,67
International reserves as a% of money supply	36,4%	34,7%	35,2%	35,1%	34,7%	35,0%	34,2%	34,2%	34,2%	33,8%	34,0%	34,3%	34,2%
Current account balance, EUR million, rolling annualised basis	-21 193	-22 550	-20 805	-19 452	-16 886	-12 527	-6 898	-3 356	-2 409	-1 939	-2 419	-1 631	-935
Current account balance, as a% of GDP, rolling annualised basis	-3,34%	-3,52%	-3,21%	-2,97%	-2,55%	-1,87%	-1,02%	-0,49%	-0,35%	-0,28%	-0,34%	-0,23%	-0,13%
Inflow of foreign direct investment - rolling annualised basis, EUR million	34 482	34 438	34 702	32 745	31 054	29 864	25 825	24 020	24 451	22 730	21 875	18 934	17 707
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	1 223	1 675	4 900	5 793	4 649	9 051	8 870	6 920	3 144	2 209	2 712	1 692	1 644

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Total external debt, EUR million	318 582	322 710	326 976	336 079	339 888	346 596	350 750	355 250	356 750	359 250	362 750	362 250	363 750
Long-term external debt, EUR million	174 660	170 422	166 338	168 904	168 740	177 781	178 000	182 000	183 000	185 000	188 000	187 000	188 000
Short-term external debt, EUR million	49 083	54 447	58 515	63 007	64 872	62 320	66 000	66 250	66 500	66 750	67 000	67 250	67 500
External debt - Direct investment debt instruments, EUR million	94 839	97 841	102 123	104 168	106 276	106 495	106 750	107 000	107 250	107 500	107 750	108 000	108 250
External debt as a% of GDP	57%	56%	55%	55%	54%	53%	52%	51%	49%	48%	47%	45%	44%
External debt as a% of export	125%	122%	119%	116%	111%	108%	106%	105%	102%	99%	96%	93%	90%
International reserves as a% of total external debt	45%	45%	43%	44%	45%	45%	45%	45%	46%	47%	48%	47%	48%
International reserves as a% of short-term external debt	293%	269%	243%	234%	238%	251%	237%	243%	249%	253%	258%	253%	257%

The current account has been positive in recent months. Its rolling total over the last 12 months remains negative but is improving rapidly. After March it was comparable to -1.87% of GDP.

The recent quarters have seen a simultaneous inflow of direct capital to our market and an inflow of portfolio capital. The low inflow of 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 (4.62 months of imports of goods and services), money supply (34.2%) and foreign debt (45.1%).

Foreign debt is growing slowly. The ratio of foreign debt to GDP (currently 53%) and exports of goods (currently 108%) is falling. The current ratio of foreign debt to GDP and exports is low.

