



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/05/2023

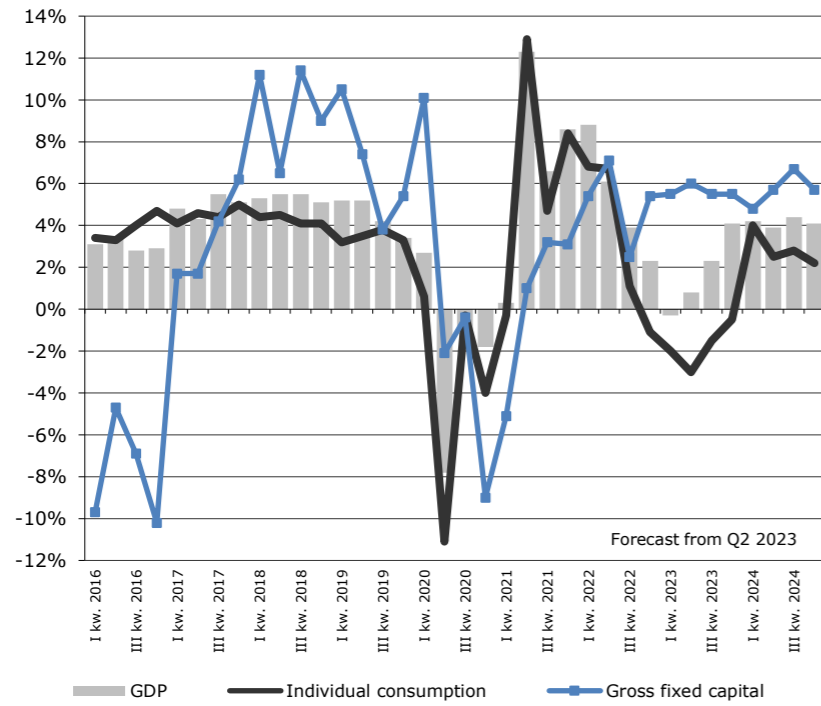
Macroeconomic forecast

Monthly macroeconomic indicators	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023
Industrial sales, % real change, y/y	6,6%	4,5%	1,0%	1,8%	-1,0%	-3,0%	-6,4%	0,5%	3,5%	5,0%	4,0%	6,1%	12,1%
Construction, % real change, y/y	3,9%	4,0%	-0,9%	2,0%	6,6%	-1,5%	1,2%	6,9%	9,0%	8,0%	7,5%	11,0%	13,2%
Retail sales, % nominal change, y/y	18,3%	18,4%	15,5%	15,1%	10,8%	4,8%	3,4%	3,7%	4,9%	5,6%	4,8%	5,0%	6,2%
Consumer prices, % change, y/y	17,9%	17,5%	16,6%	16,6%	18,4%	16,1%	14,7%	13,0%	11,3%	11,2%	10,0%	8,7%	7,2%
Producer prices, % change, y/y	23,1%	21,1%	20,5%	20,1%	18,2%	10,3%	6,8%	5,2%	3,7%	2,5%	2,0%	2,6%	2,0%
Wages - enterprise sector, % nominal change, y/y	13,0%	13,9%	10,3%	13,5%	13,6%	12,6%	12,1%	12,4%	11,7%	10,5%	12,4%	10,3%	10,3%
Wages - enterprise sector, PLN	6 688	6 858	7 330	6 884	7 066	7 505	7 431	7 193	7 322	7 491	7 401	7 379	7 379
Registered unemployment rate	5,1%	5,1%	5,2%	5,5%	5,5%	5,4%	5,2%	5,1%	5,0%	5,0%	5,0%	5,0%	5,0%
Number of registered unemployed persons, thousand	796	800	812	858	865	847	822	808	791	790	789	791	790
Current account balance, EUR million	-416	262	-2 530	2 133	1 410	1 643	132	-193	466	-1 332	-1 860	-1 418	274
Current account balance, EUR million, rolling annualised basis	-22 550	-20 805	-19 452	-16 886	-13 703	-8 232	-5 137	-3 957	-3 218	-3 480	-2 492	-1 702	-1 012

Macroeconomic forecast

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

GDP components in terms of demand - y / y



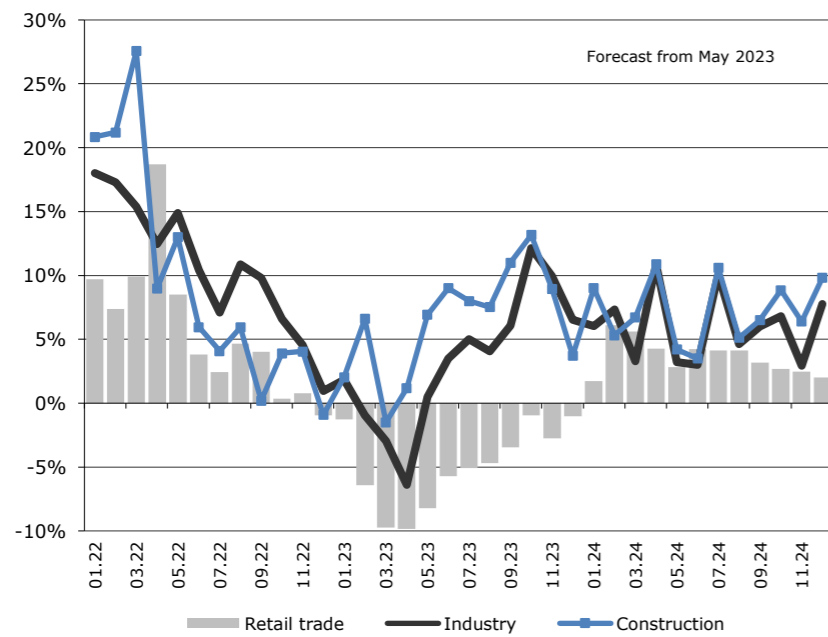
The Central Statistical Office (GUS) presented the adjusted GDP results for the first quarter of 2023. The gross domestic product decreased by 0.3% y/y, after an increase in the fourth quarter by 2.3% y/y. The result was better than expected by the market. The recession was caused by declines in consumption and inventories.

In the second quarter of 2023, economic growth is likely at the level of 0.8% y/y. We forecast increases recorded for Q3 and Q4 at 2.3% and 4.1%, respectively. 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 1.7%. In nominal terms, the GDP will amount to PLN 3,468 billion (EUR 752 billion).

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



In April, industrial production fell by 14.8% in real terms. The decline was seasonal. The annual production dynamics deteriorated to negative -6.4% from negative -3.0% in March. The results of the industry in April were clearly worse than expected by the market and by us. In the period from January to April 2023, industrial production was 1.9% lower than in the corresponding period of 2022.

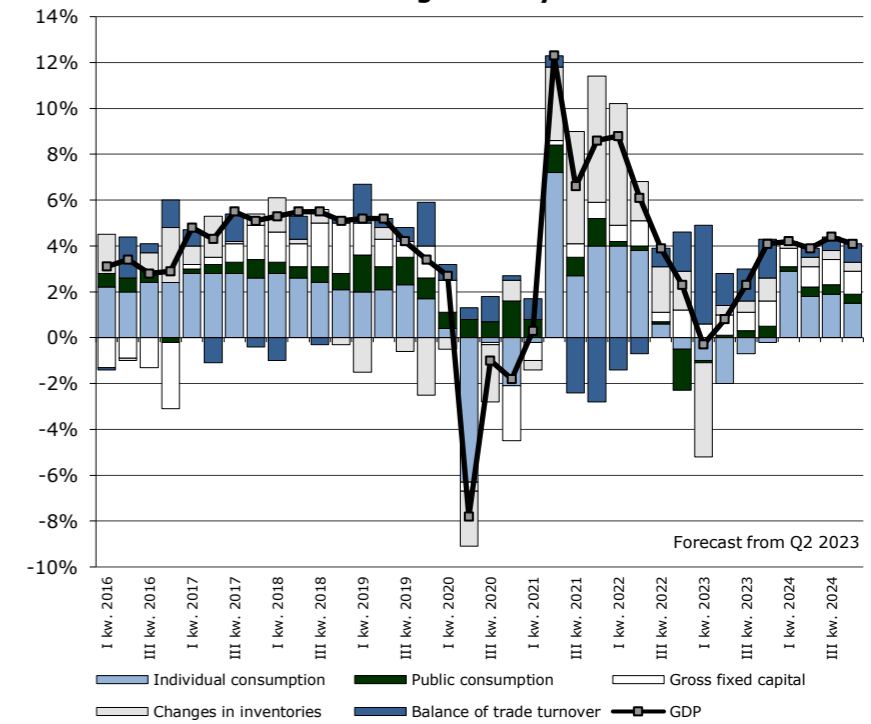
In April, construction and assembly production turned out to be 3.5% lower than in March. The decline in sales in April is a typical phenomenon. The annual dynamics of construction and assembly production improved from negative -1.5% in March to positive +1.2% in April. Construction results in April were close to market expectations and weaker than our forecast. In the period from January to April 2023, construction and assembly production was 3.9% higher than in the corresponding period of 2022.

Retail sales in April in nominal terms turned out to be 0.6% higher than in March. The slight increase in sales recorded in April is seasonal. The annual sales dynamics decreased from 4.8% in March to 3.4% in April. April's results were close to market expectations and weaker than expected by us. In the period of January - April 2023, retail sales were nominally 8.5% higher than in the corresponding period of 2022. In real terms, retail sales in the period of January - April 2023 were 4.8% lower than in the corresponding period of 2022.

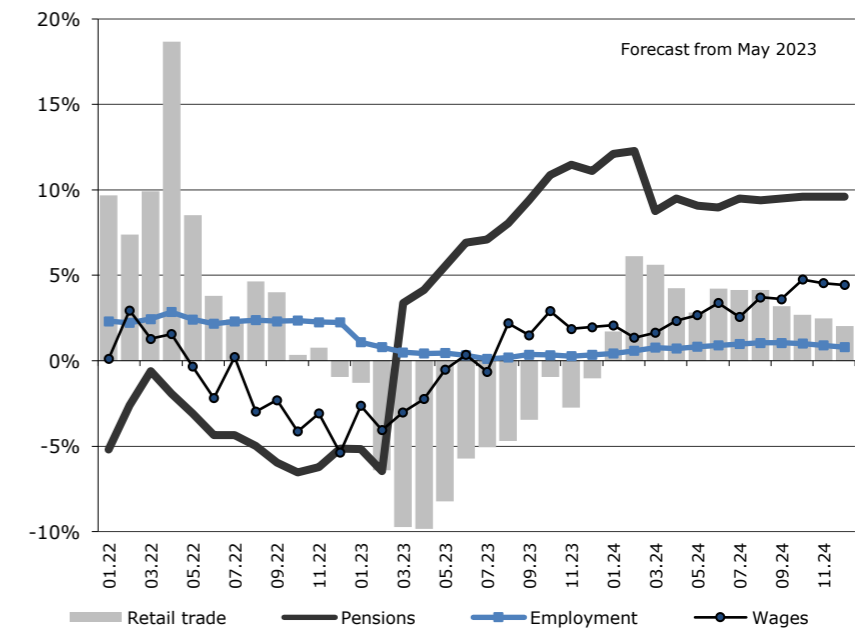
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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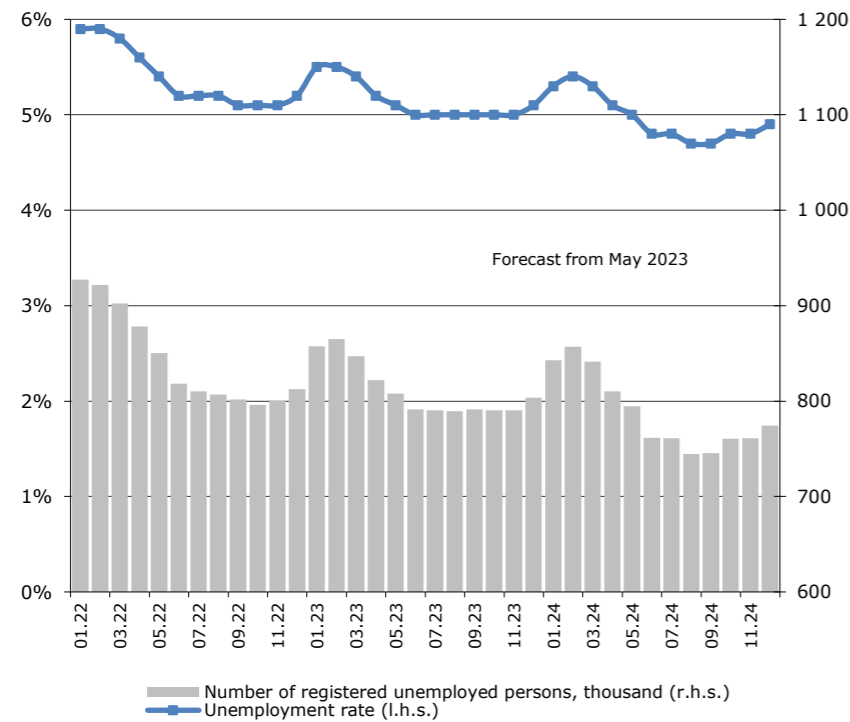
Scale of impact of GDP demand components on economic growth dynamics



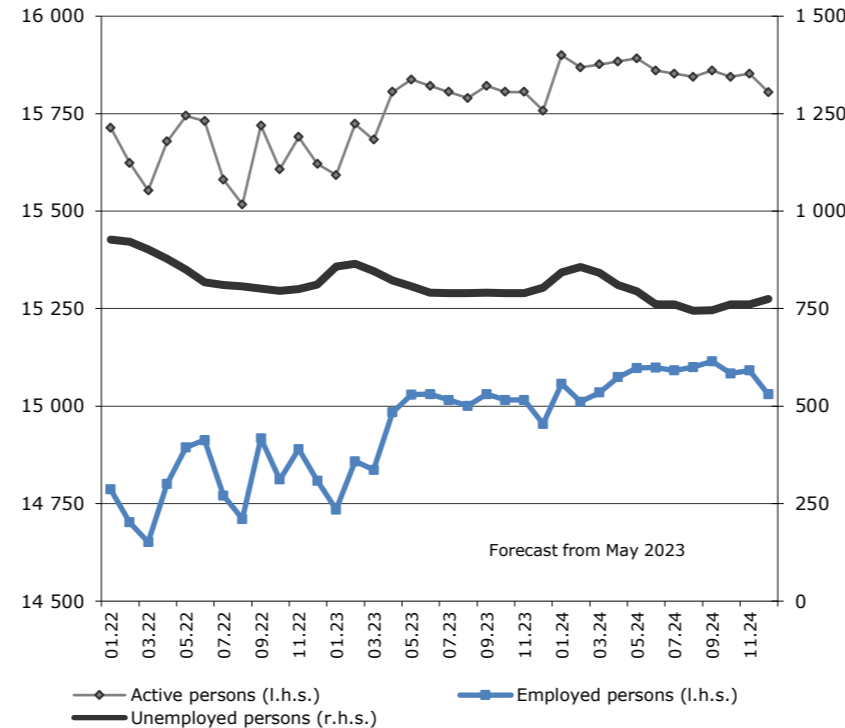
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

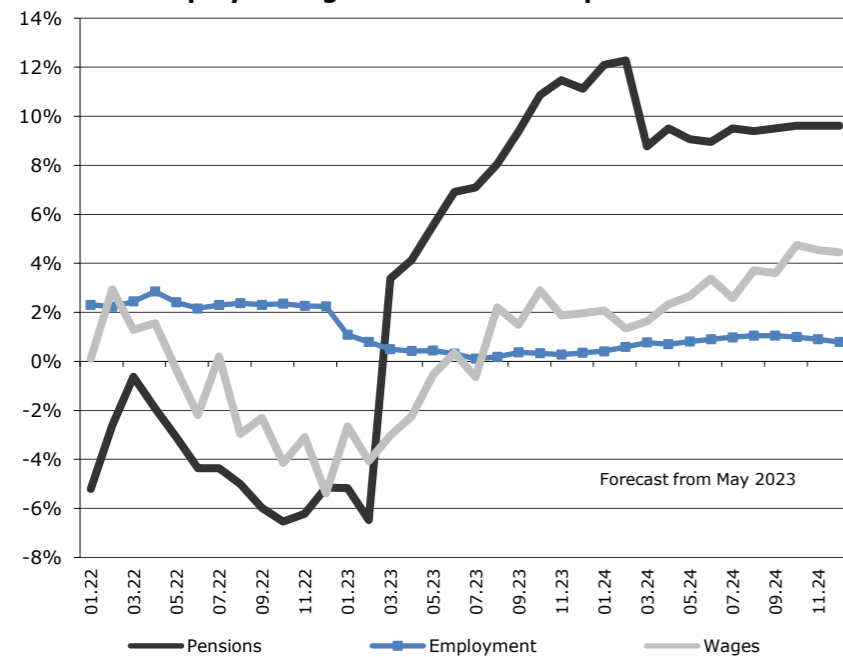


In April, the number of registered unemployed decreased by 25.0 thousand, up to 821.9 thousand people. The unemployment rate was 5.2%. In March the unemployment rate was 5.4%. A year ago in April the unemployment rate was 5.6%. April usually brings an improvement in unemployment statistics. Demand for seasonal work in construction, agriculture and tourist services begins in spring. Data from April were better than expected.

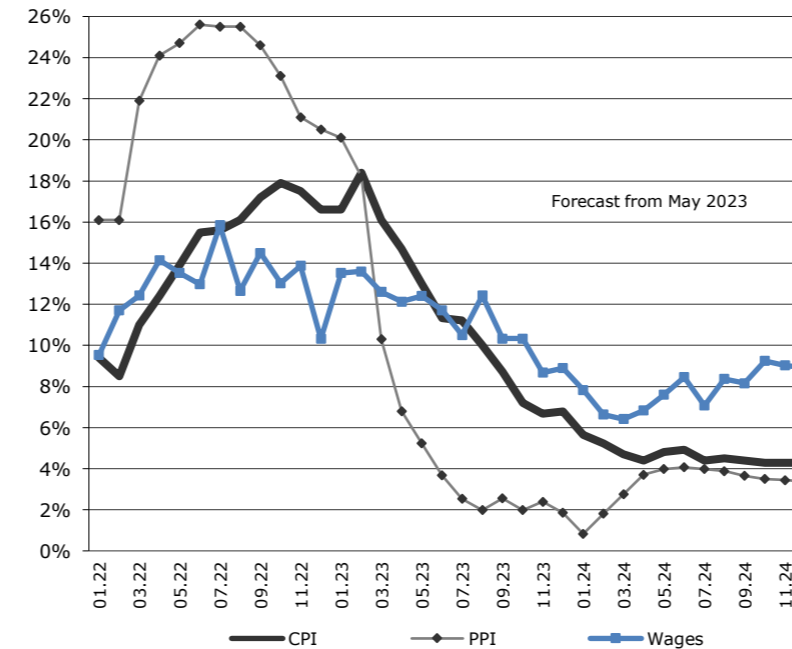
The number of working people in April amounted to approximately 14,983,000 people. It was 183,000, i.e. 1.24% higher than a year ago.

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 5.0% and the number of unemployed will reach 790,000 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

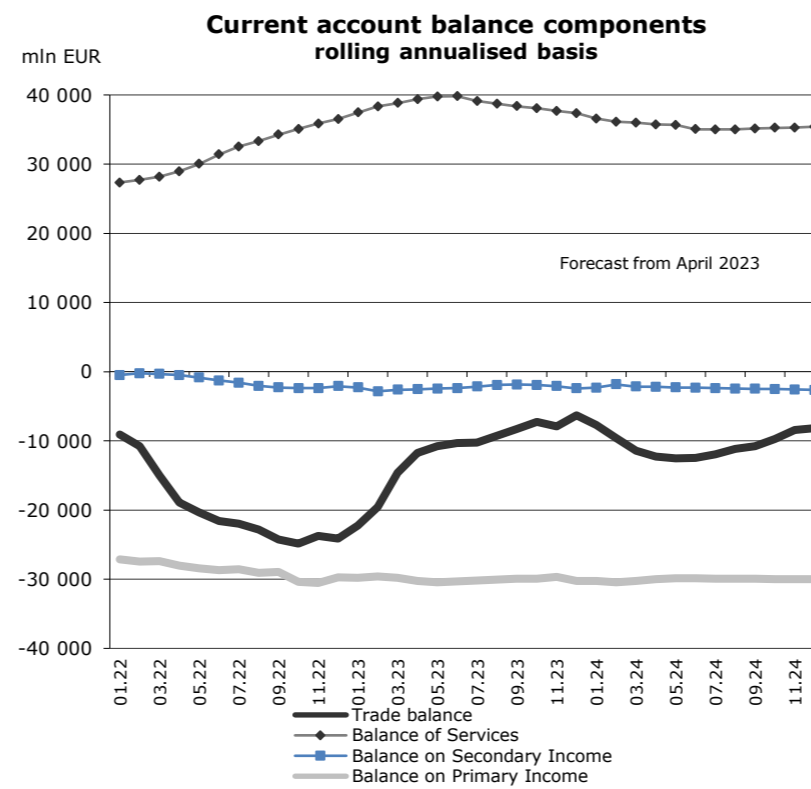
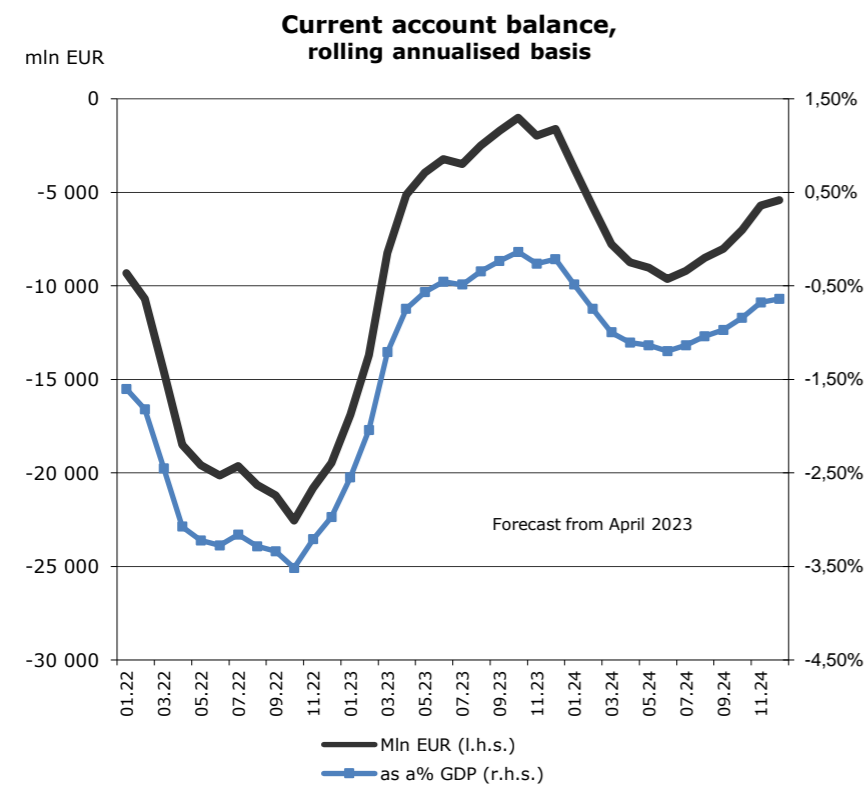


In April, the prices of consumer goods and services turned out to be 0.7% higher than in March. In April, prices usually increase for seasonal reasons. April's result was higher than expected by the market and in line with our expectations. Prices increased significantly in the following groups: clothing and footwear, alcohol and tobacco, restaurants and hotels, recreation and culture, transport and other.

In April, the prices of goods and services turned out to be 14.7% higher than a year ago. In March, prices were higher than a year ago by 16.1%. In the period of January - April 2023, prices were on average 16.4% higher than in the corresponding period of 2022. In May, another significant decline in the annual inflation rate is expected.

Industrial prices fell by 0.7% in April. Industrial prices in April were on average 6.8% higher than a year ago (10.3% in March). In the period of January-April 2023, industrial prices were on average 13.6% 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 April, the average salary in the enterprise sector amounted to PLN 7,430.65. So it was PLN 74.69 lower than in March. It was also PLN 803.70 and 12.1% higher than in April 2022. The slight correction of wages recorded in April is seasonal. The level of wages in April was higher than expected by the market and in line with our expectations. In May, 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.



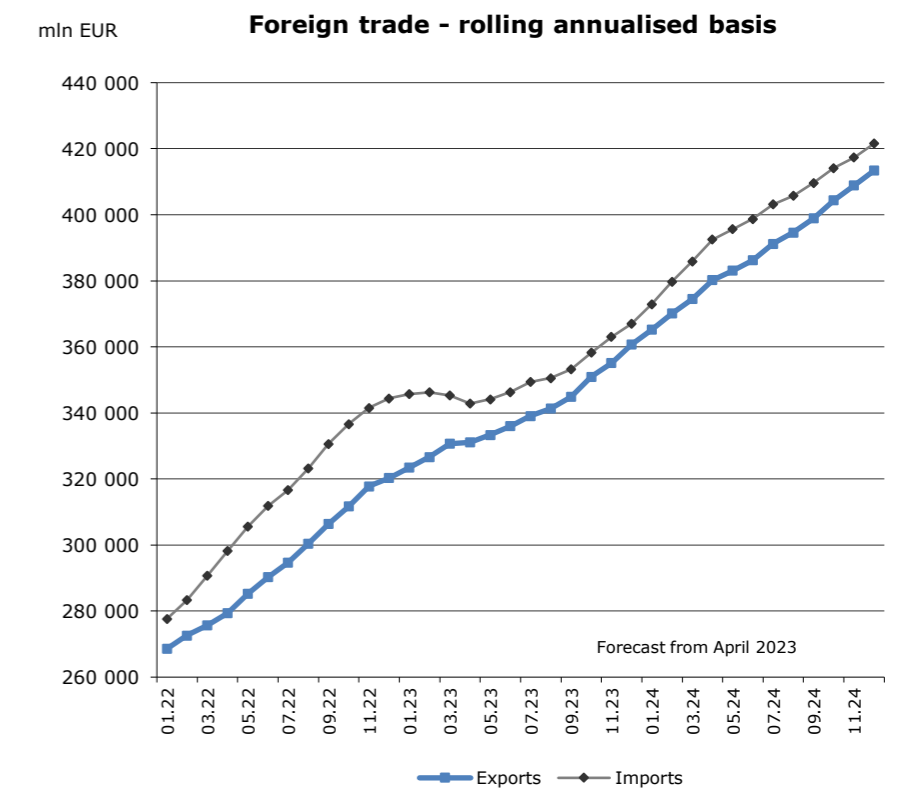
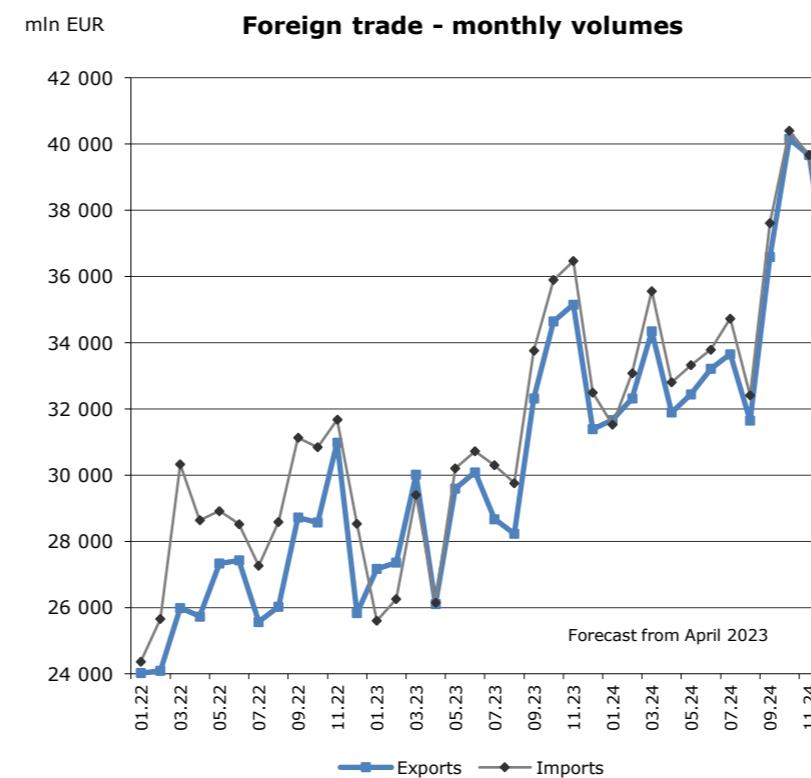
(mIn EUR)	III 2022	II 2023*	III 2023
Current account balance	-3 828	1 410	1 643
Exports	25 990	27 352	30 012
Imports	30 325	26 250	29 404
Trade balance	-4 335	1 102	608
Balance on Services	2 622	3 354	3 129
Balance on Primary Income	-2 249	-2 234	-2 450
Balance on Secondary Income	134	-812	356

*Corrected data

At the beginning of May, the National Bank of Poland presented estimated data on the balance of payments in March. The current account balance in March 2023 was positive and amounted to EUR 1,643 million. In the previous month there was a surplus of EUR 1,410 million. A year ago, a deficit of EUR -3,828 million was recorded.

After March, the current account balance on an annualized rolling basis was negative and amounted to EUR -8,232 million. Its level in relation to GDP was -1.21%. In the last 12 months, exports of goods amounted to EUR 331 billion, and exports of services to EUR 95 billion.

The export of goods is currently comparable to 48.7% of GDP. This is a high value for a country with the population and area of Poland. The export of services is comparable to 13.9% 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	10.2022	11.2022	12.2022	01.2023	02.2023	03.2023	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023
International reserves, EUR million	152 480	156 782	156 455	154 405	158 233	156 438	162 001	163 135	162 319	163 942	165 418	166 245	167 242
International reserves in the months of import of goods and services	4,70	4,76	4,71	4,62	4,73	4,68	4,87	4,89	4,83	4,84	4,87	4,86	4,83
International reserves as a% of money supply	34,7%	35,2%	35,1%	34,7%	35,0%	34,2%	34,6%	34,2%	33,8%	34,1%	34,3%	34,2%	34,3%
Current account balance, EUR million, rolling annualised basis	-22 550	-20 805	-19 452	-16 886	-13 703	-8 232	-5 137	-3 957	-3 218	-3 480	-2 492	-1 702	-1 012
Current account balance, as a% of GDP, rolling annualised basis	-3,52%	-3,21%	-2,97%	-2,55%	-2,04%	-1,21%	-0,75%	-0,57%	-0,46%	-0,49%	-0,34%	-0,23%	-0,14%
Inflow of foreign direct investment - rolling annualised basis, EUR million	34 438	34 702	32 745	31 054	30 643	27 225	25 420	25 851	24 130	23 275	20 334	19 107	19 218
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	1 675	4 900	5 793	4 649	9 066	8 356	6 406	2 630	1 695	2 198	1 178	1 130	1 579

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%	50%	49%	47%	47%	45%	44%
External debt as a% of export	125%	122%	119%	116%	111%	108%	106%	106%	103%	100%	97%	94%	91%
International reserves as a% of total external debt	45%	45%	43%	44%	45%	45%	45%	46%	47%	47%	48%	48%	49%
International reserves as a% of short-term external debt	293%	269%	243%	234%	238%	251%	237%	245%	250%	256%	260%	258%	262%

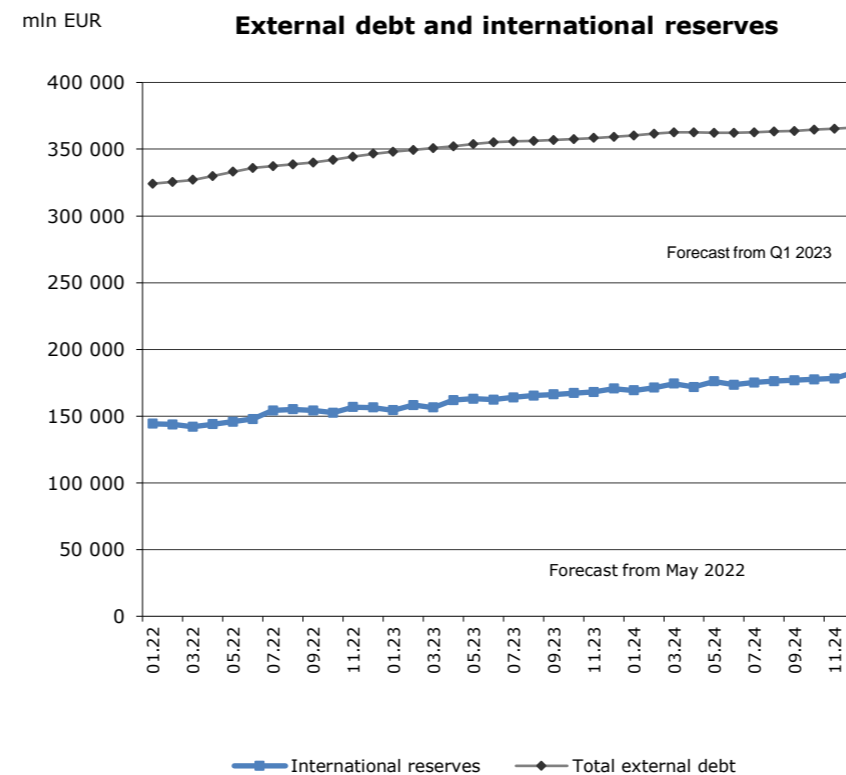
The current account has been positive in recent months. Its rolling total over the last 12 months remains negative but is improving rapidly. After March it was comparable to -1.21% of GDP.

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.

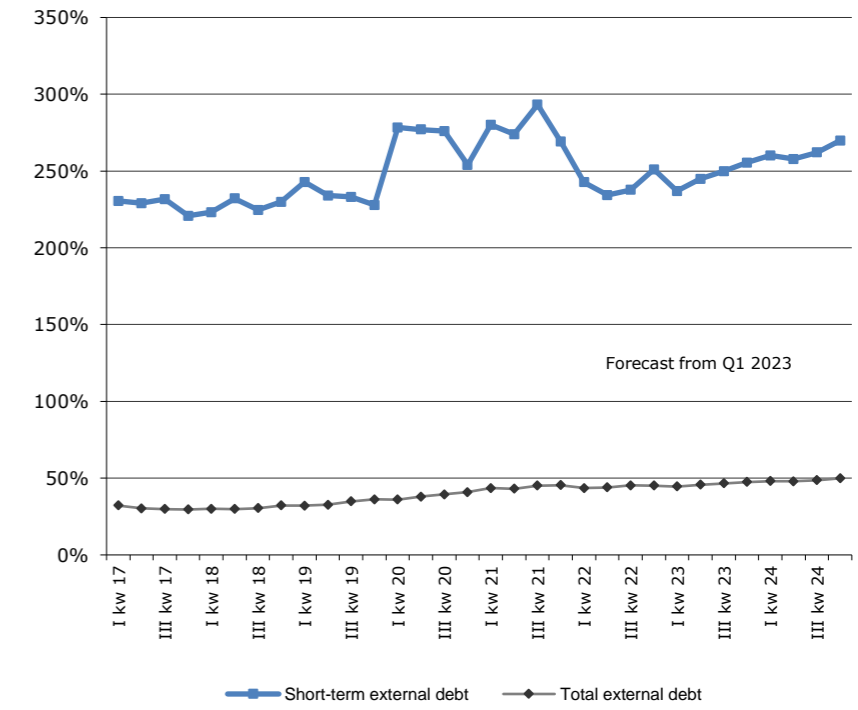
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (4.87 months of imports of goods and services), money supply (34.6%) and foreign debt (45.1%).

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.

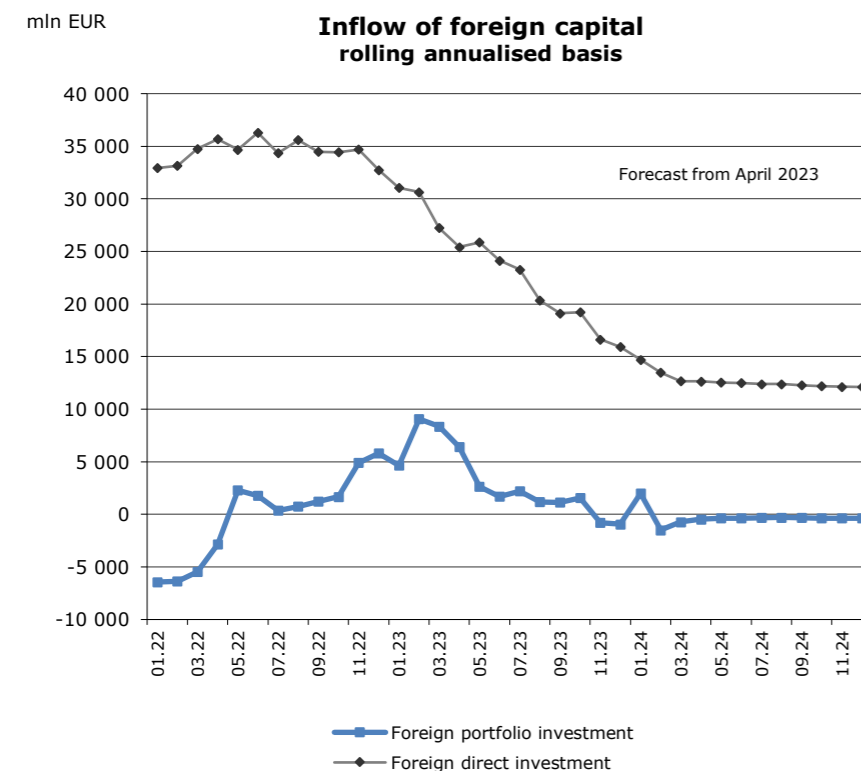
External debt and international reserves



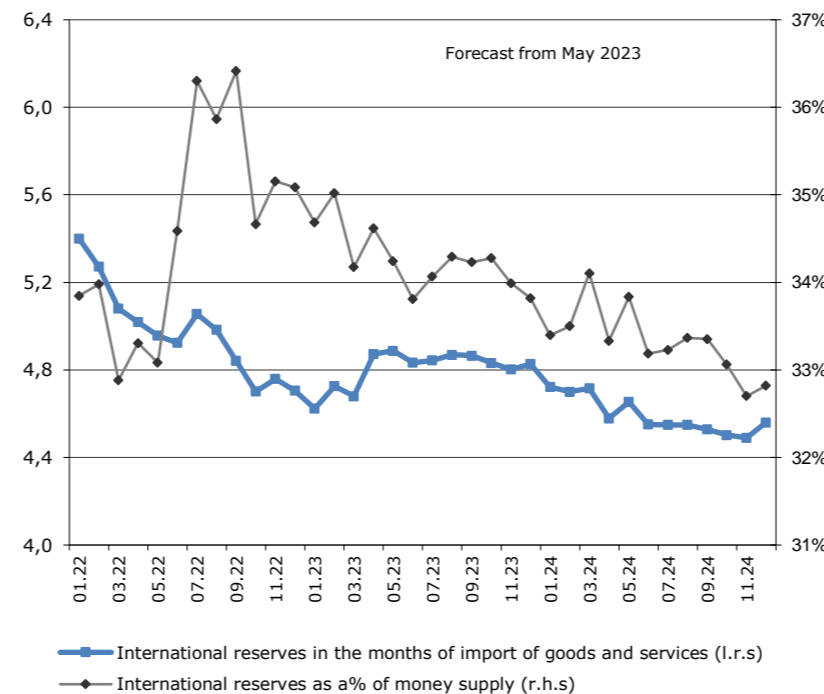
Foreign debt coverage by international reserves



Inflow of foreign capital rolling annualised basis



International reserves in relation to imports and money supply



External debt to GDP and exports

