Monthly

Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 28/02/2021

POLISH CHAMBER OF COMMERCE

MAIN MACROECONOMIC INDICATORS

Updated on 28/02/2021

Monthly macroeconomic indicators	07.2020	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	02.2021	03.2021	04.2021	05.2021	06.2021	07.2021
								Macroeconomic forecast					
Industrial sales, % real change, y/y	1,1%	1,5%	5,9%	1,0%	5,4%	11,2%	0,9%	4,9%	18,1%	24,9%	11,6%	2,1%	0,4%
Construction, % real change, y/y	-10,9%	-12,1%	-9,8%	-5,9%	-4,9%	3,4%	-10,0%	-3,0%	6,8%	6,9%	6,7%	10,9%	14,3%
Retail sales, % nominal change, y/y	2,7%	0,4%	2,7%	-2,1%	-5,3%	-0,8%	-6,0%	-4,6%	13,5%	29,3%	10,1%	3,5%	-0,8%
Consumer prices, % change, y/y	3,0%	2,9%	3,2%	3,1%	3,0%	2,4%	2,7%	2,5%	2,5%	2,9%	3,1%	2,7%	2,7%
Producer prices, % change, y/y	-0,6%	-1,3%	-1,4%	-0,4%	-0,2%	0,0%	0,7%	1,2%	1,9%	2,6%	2,8%	2,4%	2,2%
Wages - enterprise sector, % nominal change, y/y	3,8%	4,1%	5,6%	4,7%	4,9%	6,6%	4,8%	4,6%	4,3%	7,3%	8,2%	7,4%	5,7%
Wages - enterprise sector, PLN	5 382	5 338	5 372	5 459	5 484	5 974	5 537	5 576	5 726	5 669	5 538	5 677	5 688
Registered unemployment rate	6,1%	6,1%	6,1%	6,1%	6,1%	6,2%	6,5%	6,5%	6,4%	6,2%	6,3%	6,3%	6,2%
Number of registered unemployed persons, thousand	1 030	1 028	1 024	1 018	1 026	1 046	1 090	1 091	1 080	1 043	1 062	1 060	1 045
Current account balance, EUR million	625	1 093	1 517	2 356	2 116	430	3 217	320	770	1 558	1 525	165	-67
Current account balance, EUR million, rolling annualised basis	12 383	14 147	14 952	17 065	17 999	18 356	18 817	18 037	18 002	18 736	18 702	15 691	14 999

Quarterly macroeconomic indicators	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
								Macroeconomic forecast					
Gross domestic product , % real change y/y	5,1%	4,4%	3,6%	1,9%	-8,4%	-1,5%	-2,8%	0,3%	8,1%	2,8%	3,4%	3,5%	3,6%
Individual consumption , % real change y/y	4,4%	4,1%	3,6%	1,2%	-10,8%	0,4%	-3,2%	-2,0%	10,0%	1,3%	4,2%	6,0%	4,5%
Gross fixed capital , % real change y/y	8,7%	4,3%	6,2%	0,9%	-10,7%	-9,0%	-10,9%	-1,0%	7,5%	6,5%	5,0%	2,0%	5,0%

Source: Statistics Poland; NBP
Forecast: Polish Chamber of Commerce

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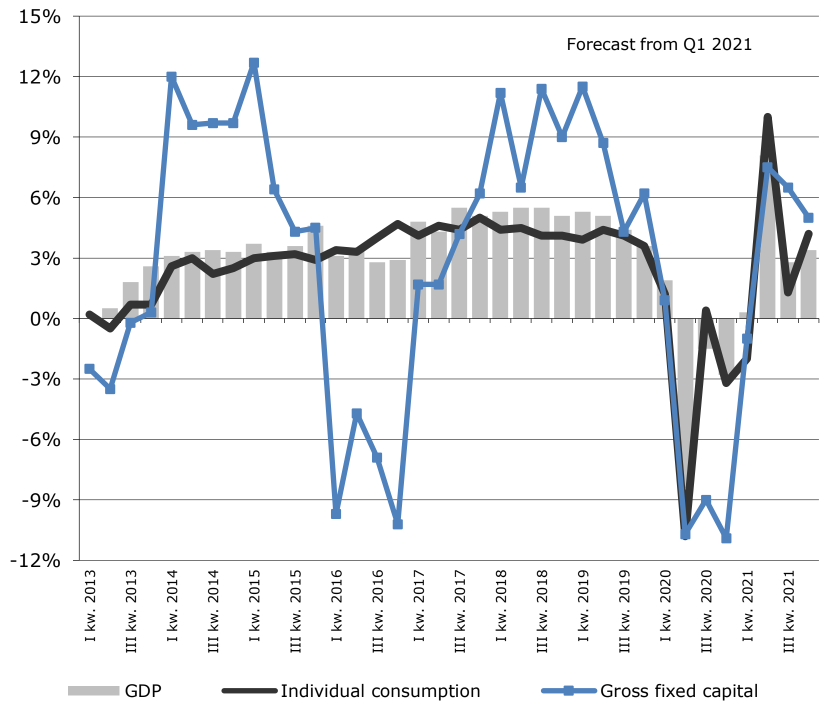
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 28/02/2021

GDP components in terms of demand - y / y

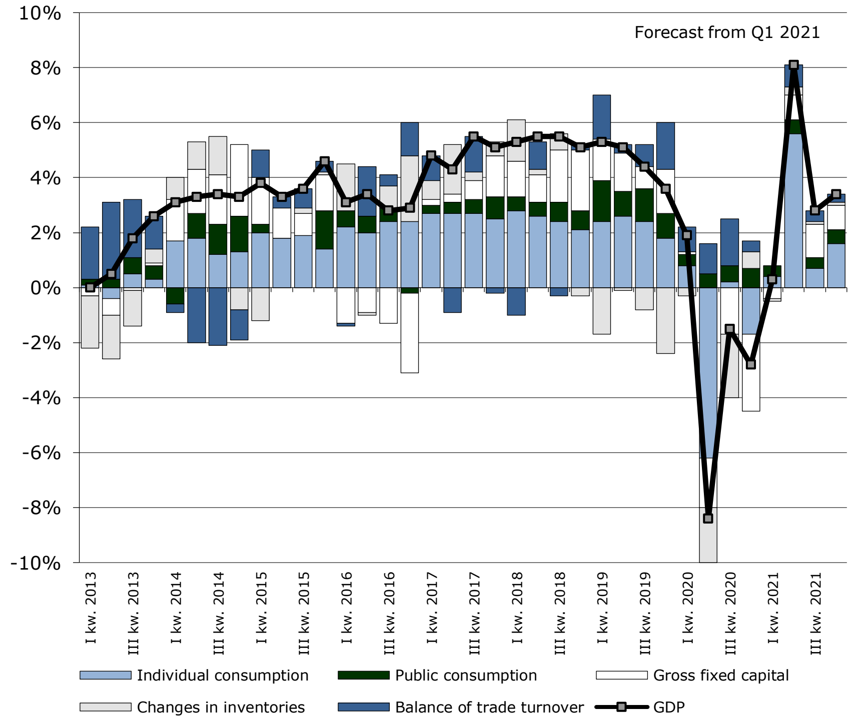


The Central Statistical Office published data on GDP dynamics in the fourth quarter of 2020. GDP decreased by -2.8% y / y against a decrease of 1.5% y / y in the third quarter. The decline turned out to be close to the one currently expected by the market.

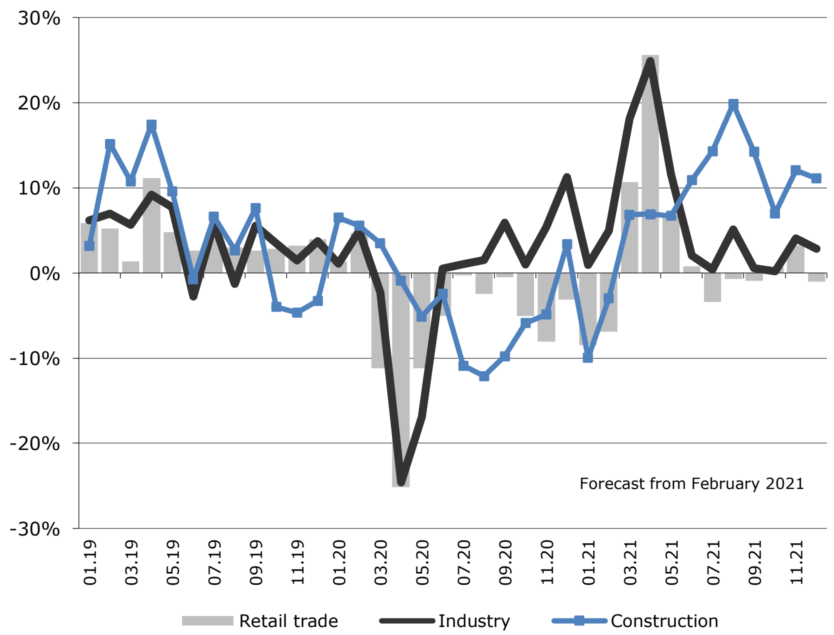
After a particularly difficult spring in the summer months, there was a marked improvement in economic activity. It was stronger than expected. It was related to faster unfreezing of the economy. Unfortunately, at the end of the year, part of the economy was closed again.

The first quarter of 2020 was slightly better than could be expected. The second quarters brought a deep decline in GDP. In the third quarter, the decline in GDP was slight. Unfortunately, the rapid improvement in economic activity did not continue in the fourth quarter. In the entire year 2020, GDP in real terms will contract by 2.7%. In nominal terms, GDP amounted to PLN 2,317 billion (EUR 521 billion). Growth in 2021 may turn out to be high (due to base effects) and amount to approximately 4.1%. In nominal terms, GDP will reach PLN 2,485 billion (EUR 554 billion).

Scale of impact of GDP demand components on economic growth dynamics



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

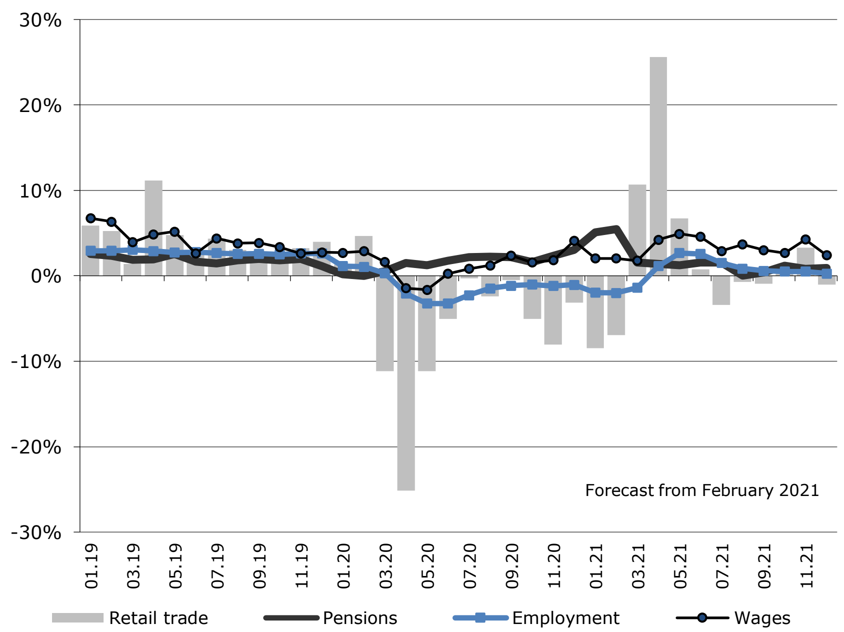


In January, industrial production decreased by 5.1% in real terms. The decline was seasonal. The decline was greater than in the previous year. The annual production dynamics deteriorated to 0.9% from 11.2% in December. The industry's results in January were worse than expected.

In January, construction and assembly production turned out to be in real terms 62.8% lower than in December. A very large drop in sales is typical in January. The annual dynamics of construction and assembly production deteriorated from positive + 3.4% in December to negative -10.0% in January. Construction results in January were worse than expected.

Retail sales in January in nominal terms turned out to be 24.6% lower than in December. The decline was seasonal. The annual sales dynamics deteriorated from negative -0.8% in December to negative -6.0% in January. The results show a re-freezing of the economy. January's results were worse than expected.

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



Source: Statistics Poland
Forecast: Polish Chamber of Commerce

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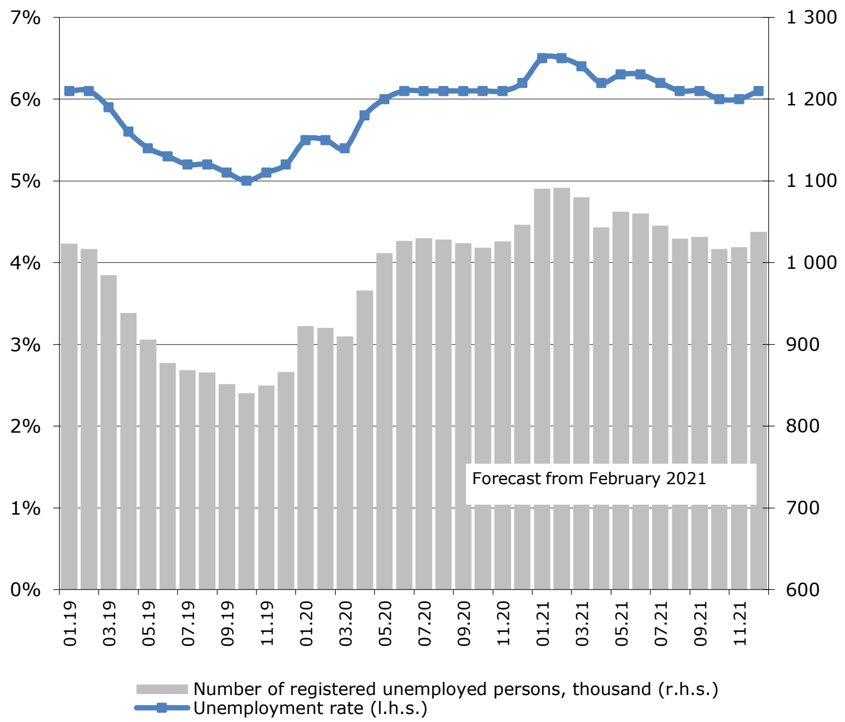
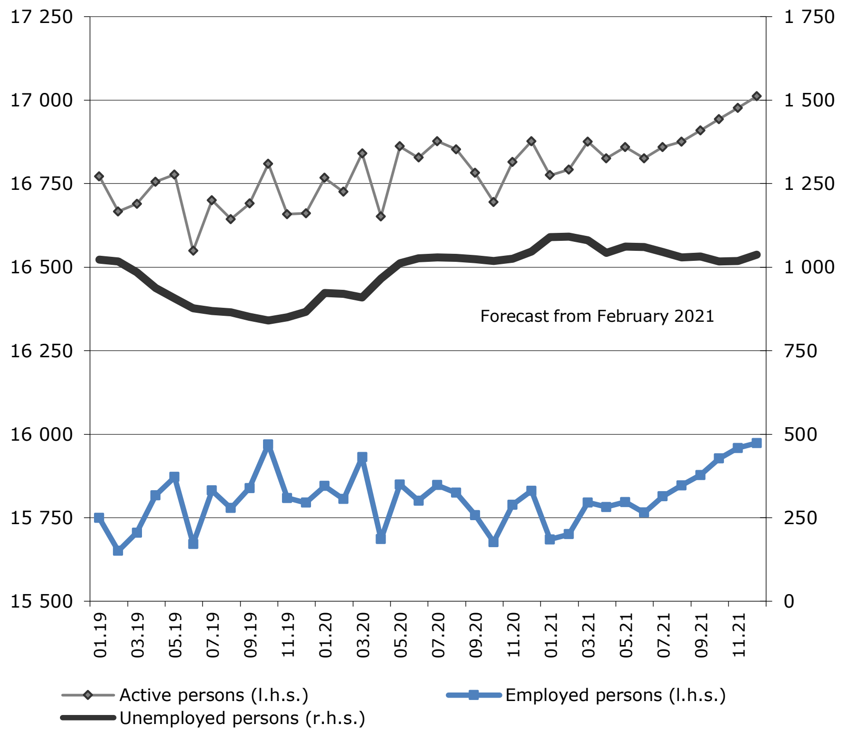
POPULATION, LABOR MARKET, WAGES AND PENSIONS

Updated on 28/02/2021

Registered unemployment



Labor activity

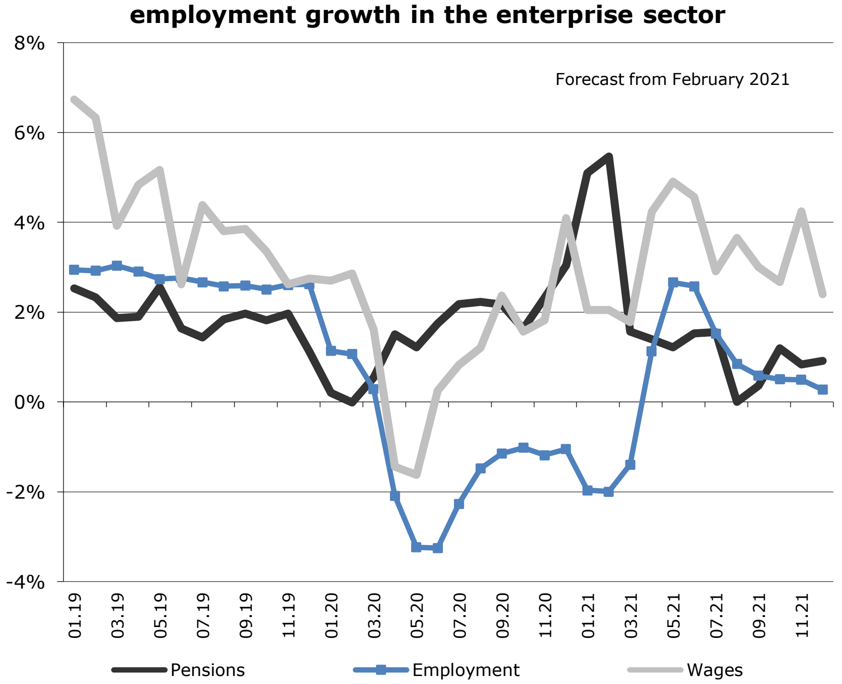


In January, the number of registered unemployed increased by 44.0 thousand. people up to 1090.4 thous. people. The unemployment rate increased by 0.3 percentage points. and was 6.5%. A year ago, in January, the unemployment rate was 5.5%. The rise in unemployment in January is typical. The beginning of the year brings an increase in unemployment related to a decrease in demand for seasonal works in construction, agriculture and tourist services.

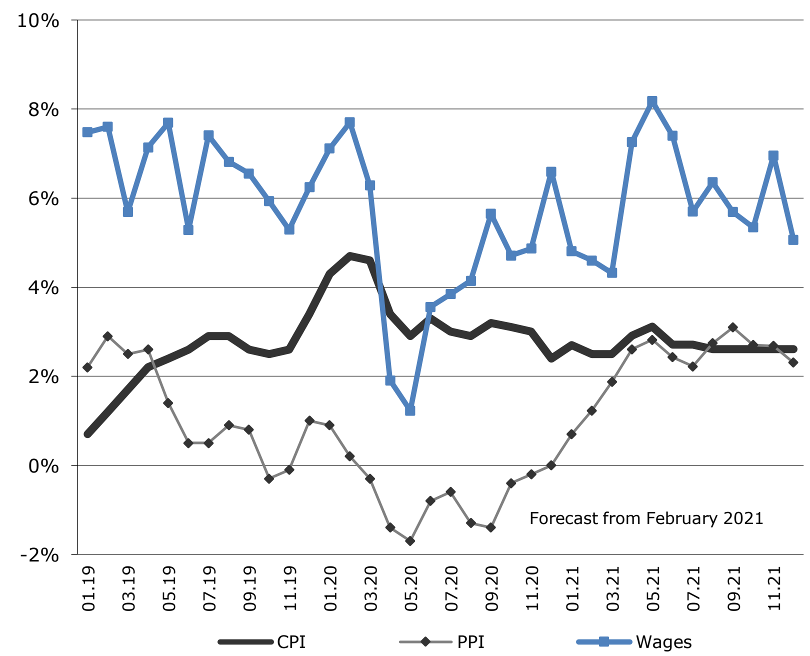
The number of employed in January amounted to 15,685,000. It was about 160 thousand. people, ie 1.0% lower than last year.

In the first months of 2021, the situation on the labor market will worsen due to seasonal reasons. In spring and summer, unemployment will decline.

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 1.2% higher than in December. This result was higher than expected. Prices of food, beverages and tobacco products, housing use and transport increased significantly. In January, the prices of consumer goods and services turned out to be 2.7% higher than in the previous year. In the following months, the annual inflation rate is expected to decline.

Industrial prices rose by 0.7% in January. Industrial prices in January were on average 0.7% higher than a year ago. In the period of January-December 2020, industrial prices were on average 0.6% lower than in the corresponding period of the previous year. In the coming months, industrial prices will increase due to the increase in production costs.

In January, the average wage in the enterprise sector amounted to PLN 5,536.80. It was thus PLN 436.95 and 7.3% lower than in December. It was also PLN 254.00 and 4.8% higher than in January of the previous year. The fall in wages in January is seasonal. 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.

Source: Statistics Poland
Forecast: Polish Chamber of Commerce

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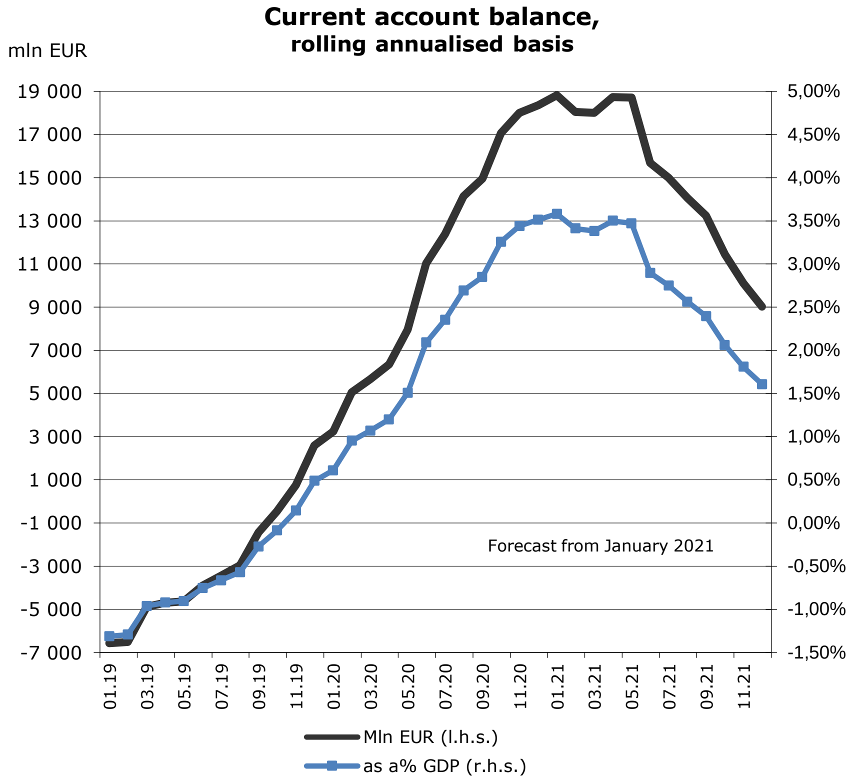
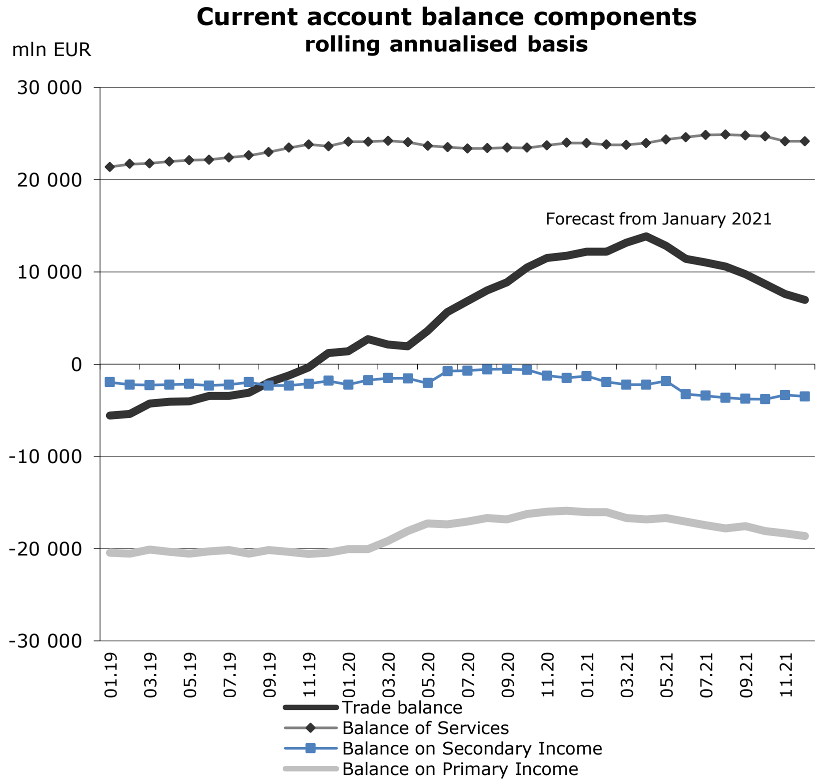
CURRENT ACCOUNT BALANCE AND ITS MAIN COMPONENTS

Updated on 28/02/2021





(mln EUR)	XII 2019	XI 2020*	XII 2020
Current account balance	73	2 116	430
Exports	17 264	23 091	19 814
Imports	17 146	21 219	19 481
Trade balance	118	1 872	333
Balance on Services	1 542	2 689	1 811
Balance on Primary Income	-1 532	-1 836	-1 438
Balance on Secondary Income	-55	-609	-276

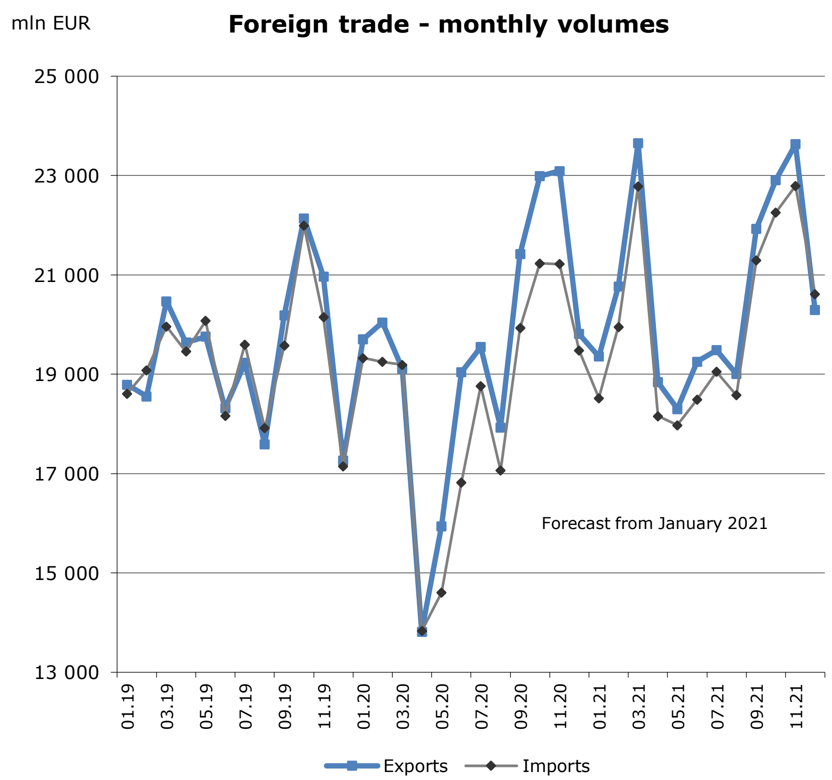
Corrected data

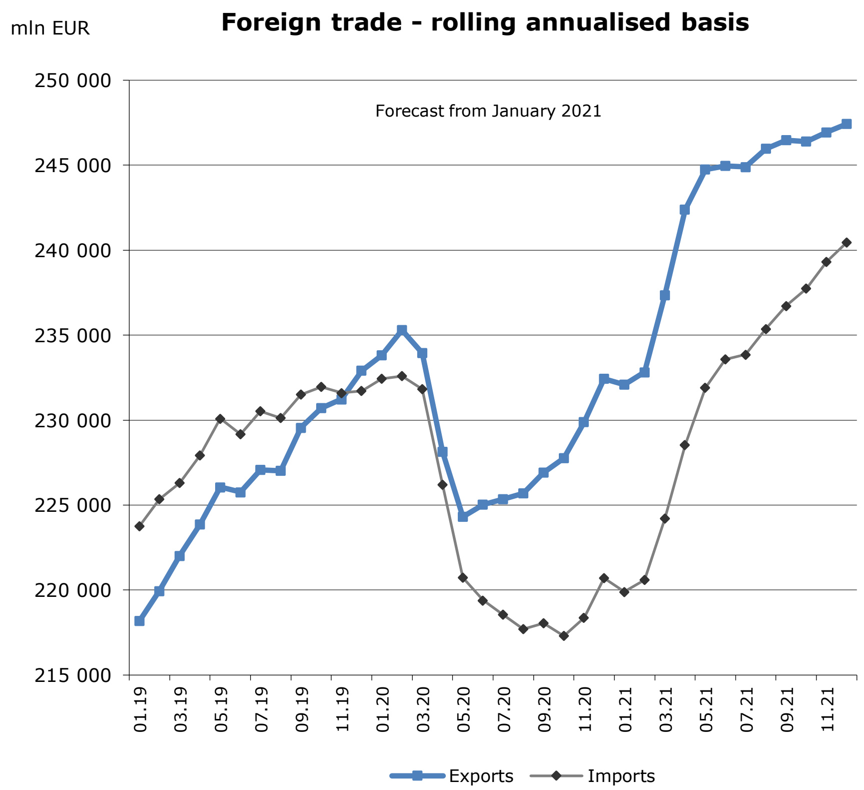
In early February, the National Bank of Poland presented estimated data on the balance of payments in December. The current account balance in December 2020 was positive and amounted to EUR 430 million. In the previous month, there was a surplus of EUR 2,116 million (adjusted data). A year ago, a surplus of EUR 73 million was recorded.

After December, the current account balance on a rolling year basis was positive and amounted to EUR 8,356 million. Its level in relation to GDP was 3.51%. In the last 12 months, exports of goods amounted to EUR 232,443 million, and exports of services amounted to EUR 57,879 million.

The impact of the coronavirus is revealed by reducing the turnover of goods and the surplus generated in services. However, the achieved results are much better than in the forecasts from a few months ago.

The export of goods is now comparable to 44% of GDP. It is a high value for a country with a population and area of Poland. The export of services is comparable to 11% of GDP, which should also be considered a very good result. These indicators do not differ significantly from those recorded before the beginning of the crisis.





Source: NBP
Forecast: Polish Chamber of Commerce

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WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS

Updated on 28/02/2021

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	07.2020	08.2020	09.2020	10.2020	11.2020	12.2020	01.2021	Macroeconomic forecast 02.2021	03.2021	04.2021	05.2021	06.2021	07.2021
International reserves, EUR million	116 101	116 822	119 127	122 589	120 499	125 622	129 832	129 182	128 536	129 308	130 730	131 253	132 959
International reserves in the months of import of goods and services	5,46	5,53	5,64	5,83	5,72	5,92	6,15	6,10	5,97	5,89	5,86	5,83	5,89
International reserves as a% of money supply	29,4%	29,5%	30,6%	31,8%	30,1%	31,8%	32,4%	32,0%	31,7%	31,8%	31,9%	31,8%	31,9%
Current account balance, EUR million, rolling annualised basis	12 383	14 147	14 952	17 065	17 999	18 356	18 817	18 037	18 002	18 736	18 702	15 691	14 999
Current account balance, as a% of GDP, rolling annualised basis	2,35%	2,69%	2,85%	3,26%	3,44%	3,51%	3,58%	3,41%	3,38%	3,50%	3,47%	2,89%	2,75%
Inflow of foreign direct investment - rolling annualised basis, EUR million	9 906	9 653	9 880	9 512	8 977	8 653	8 228	7 226	7 583	9 450	9 003	9 148	8 482
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	-13 772	-12 559	-12 393	-19 142	-11 111	-10 501	-10 304	-12 794	-9 583	-2 845	-3 920	-3 099	-4 162

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Macroeconomic forecast Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Total external debt, EUR million	314 384	315 148	315 659	302 132	299 326	300 695	302 000	302 500	303 000	303 500	304 000	305 500	305 667
Long-term external debt, EUR million	184 513	182 160	179 367	175 737	170 536	170 819	169 000	168 750	168 500	168 250	168 000	167 750	167 500
Short-term external debt, EUR million	43 954	46 967	50 189	39 555	41 529	43 123	45 500	45 750	46 000	46 250	46 500	46 750	47 000
External debt - Direct investment debt instruments, EUR million	85 917	86 021	86 103	86 840	87 261	86 753	87 500	88 000	88 500	89 000	89 500	91 000	91 167
External debt as a% of GDP	61%	60%	59%	57%	57%	57%	58%	57%	56%	55%	54%	54%	53%
External debt as a% of export	139%	137%	136%	129%	133%	133%	130%	127%	124%	123%	123%	123%	118%
International reserves as a% of total external debt	33%	35%	36%	36%	38%	40%	42%	42%	43%	44%	45%	46%	45%
International reserves as a% of short-term external debt	235%	235%	228%	278%	277%	276%	276%	281%	285%	290%	293%	298%	290%

Source: Statistics Poland; NBP
Forecast: Polish Chamber of Commerce

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WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS

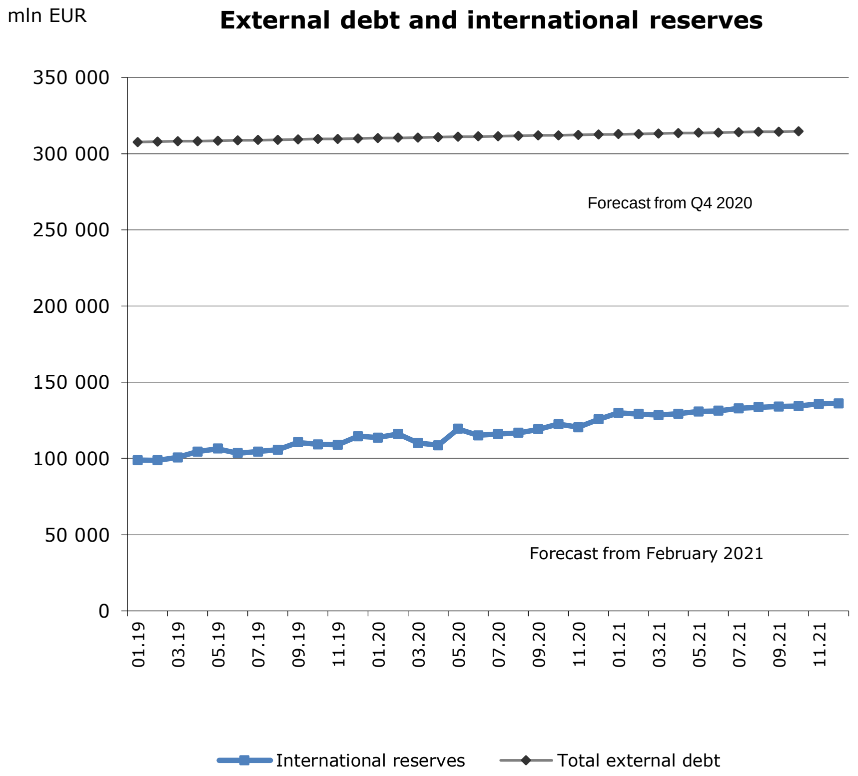
Updated on 28/02/2021

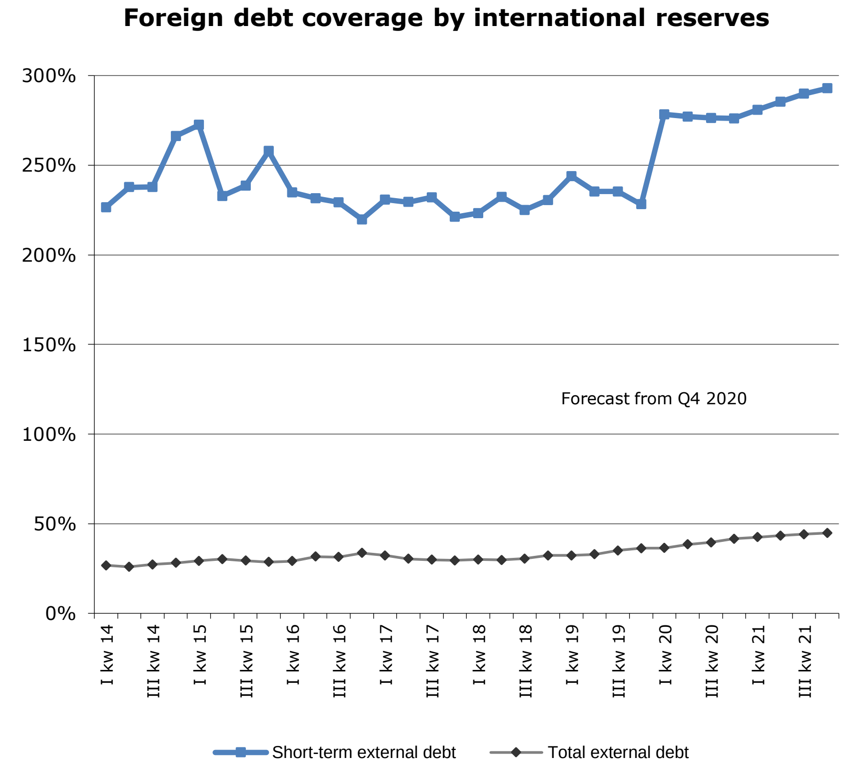
The current account has been positive in recent months. In the last 12 months, it was comparable to 3,51% of GDP.

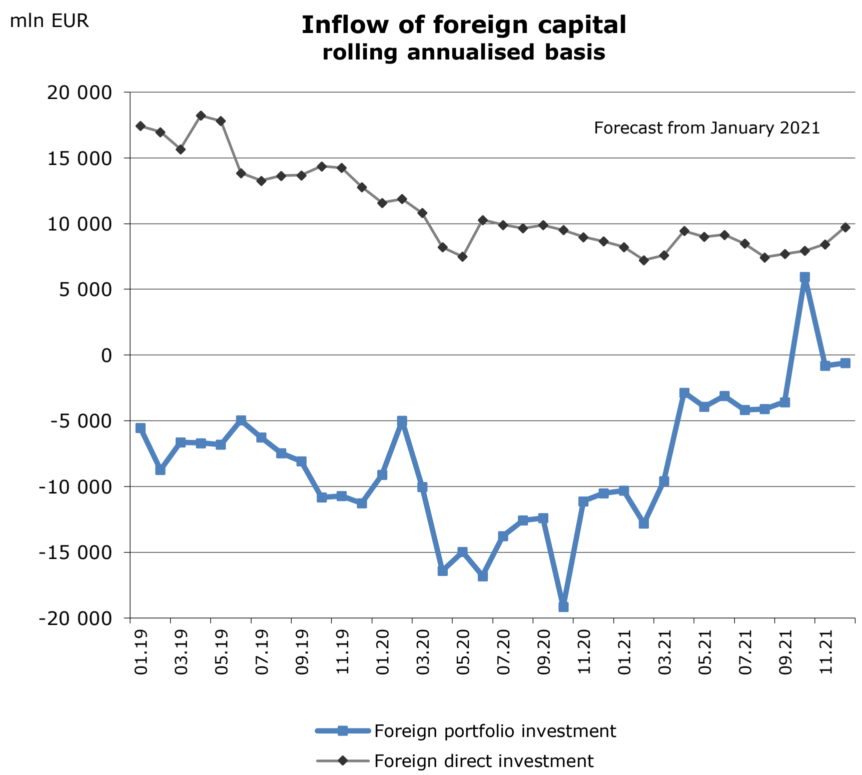
Recent quarters have seen a simultaneous inflow of direct investment to our market and an outflow of portfolio investment. The outflow of portfolio investments is a consequence of the change in the State debt management policy. Debt is issued mainly to domestic entities, and less to foreign investors.

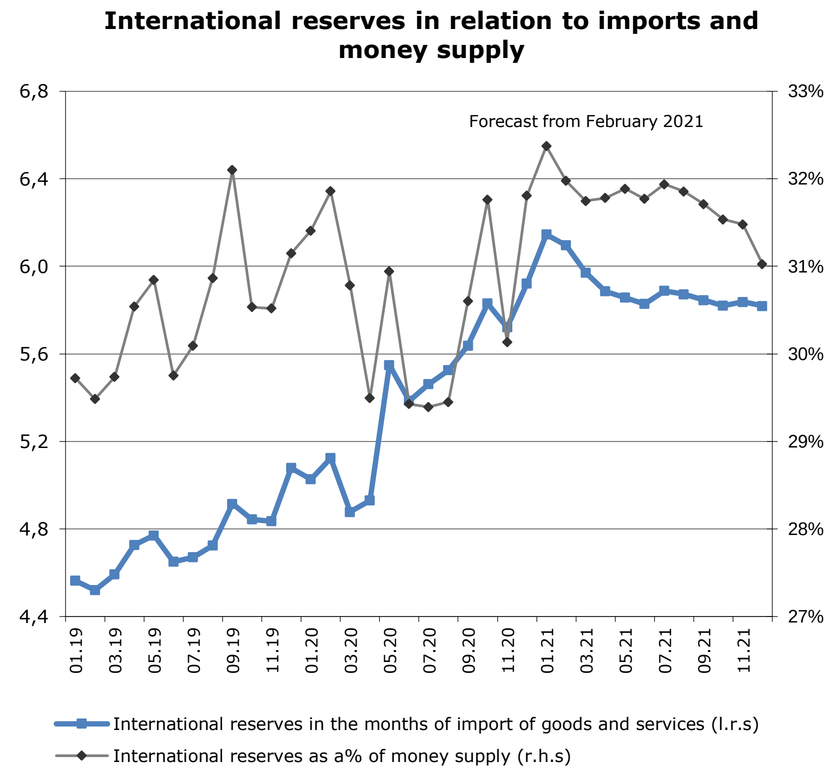
Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (6.15 months of imports of goods and services), money supply (32.4%) and external debt (42.1%).

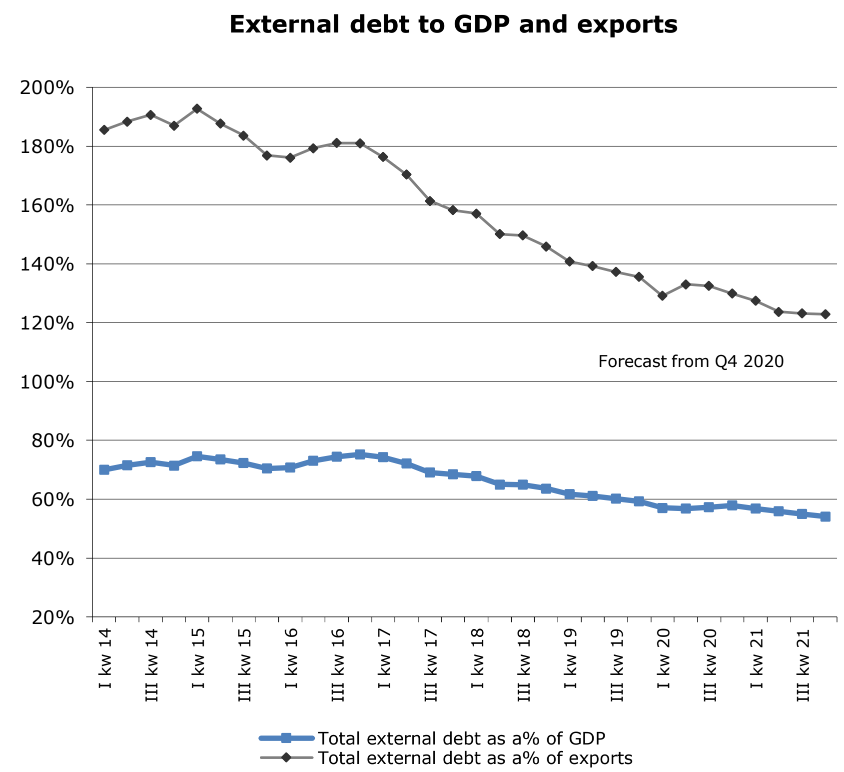
Foreign debt is growing slowly. The ratio of external debt to GDP (currently 57%) and goods exports (currently 133%) is declining. The ratio of external debt to GDP and exports is low.











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