



MAIN MACROECONOMIC INDICATORS

POLAND

JUNE 2018

Area: 312,679 km²
Population: 38.4 mn
Capital city: Warsaw
Currency: zloty

POLAND'S MACROECONOMIC PERFORMANCE IN 2017 – 2018

Indicator	Unit	2017	VI 2017	VI 2018	I-VI 2018	2018 ⁵
National Accounts¹						
GDP	dynamics	104.6 ³			105.2 ^{3,4}	103.8
Consumption	dynamics	104.4 ³			104.5 ^{3,4}	103.6
Individual consumption	dynamics	104.8 ³			104.8 ^{3,4}	103.8
Gross capital formation	dynamics	106.2 ³			121.0 ^{3,4}	107.9
Gross fixed capital formation	dynamics	103.4 ³			108.1 ^{3,4}	109.1
Prices						
Price index of consumer goods and services (CPI)	dynamics	102.0	101.5	102.0	101.6	102.3
Price index of sold production of industry (PPI)	dynamics	102.9	101.8	103.7	101.4	
Production²						
Sold production of industry	dynamics	106.6 ^A	104.4	106.8	106.2	106.5 ⁶
Construction and assembly production	dynamics	106.6 ^A	111.6	124.7	123.7	116.5 ⁶
Wages and salaries						
Average wages and salaries in the national economy, of which:	PLN	4,272 ^A				
- enterprise sector	PLN	4,530 ^A	4,508	4,848	4,757	
Labour market						
Average employment in enterprise sector	thous.pers.	6,017	6,002	6,222	6,207	
Unemployment rate (as of the end of the period)	%	6.6	7.0	5.9	5.9	6.2

Dynamics (100 = corresponding period of the previous year); YoY (comparing to the corresponding period of the previous year); A - concerns complete statistical population; 1 - data is presented in accordance with the ESA2010 methodology; 2 - data concerns entities employing more than 9 persons; 3 - CSO provisional data; 4 - data for January-March; 5 - forecast based on Assumptions to draft of the state budget for 2019; 6 - EAD MoET forecast.

Indicator	Unit	2017	VI 2017	VI 2018	I-VI 2018	2018
Foreign trade acc. to CSO						
Trade balance	mn EUR	563			-357 ^{1,2}	-2,500 ³
- exports of goods	mn EUR	206,647			88,938 ^{1,2}	221,100 ³
- imports of goods	mn EUR	206,084			89,295 ^{1,2}	223,600 ³

1 - CSO provisional data; 2 - data for January-May; 3 - EAD MoET forecast.

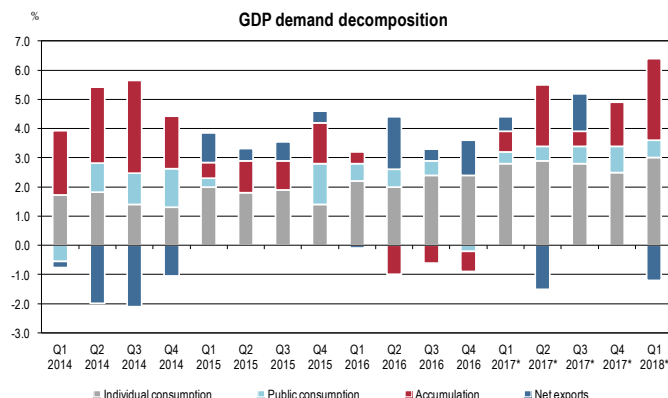
According to CSO estimates, in 1st quarter of 2018 GDP increased by 5.2%, with domestic demand as a main growth driver.

GDP growth in 2014-2018

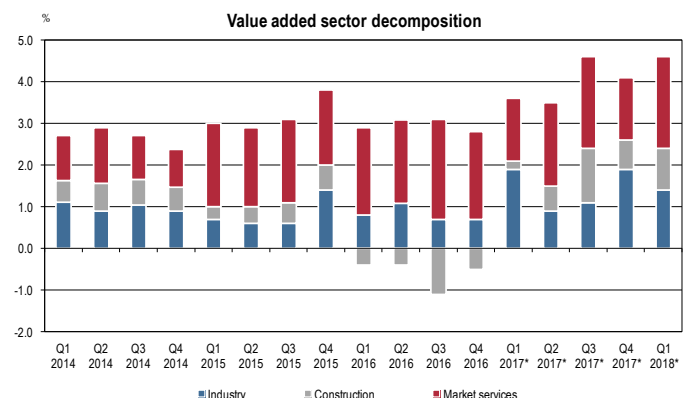
	2014				2015				2016				2017				2018			
YoY	3.3				3.8				3.0				4.6*				-			
	I-III	IV-VI	VII-IX	X-XII	I-III	IV-VI	VII-IX	X-XII	I-III	IV-VI	VII-IX	X-XII	I-III	IV-VI	VII-IX	X-XII	I-III	IV-VI	VII-IX	X-XII
YoY	3.1	3.3	3.4	3.3	3.8	3.3	3.6	4.6	3.1	3.4	2.7	2.7	4.4*	4.0*	5.2*	4.9*	5.2*			

*- CSO preliminary data.

GDP demand decomposition



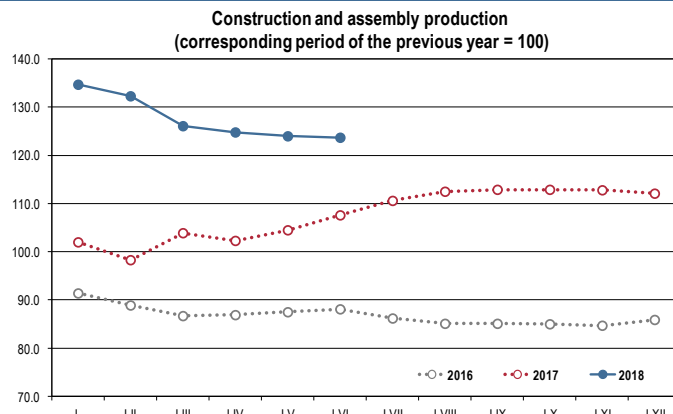
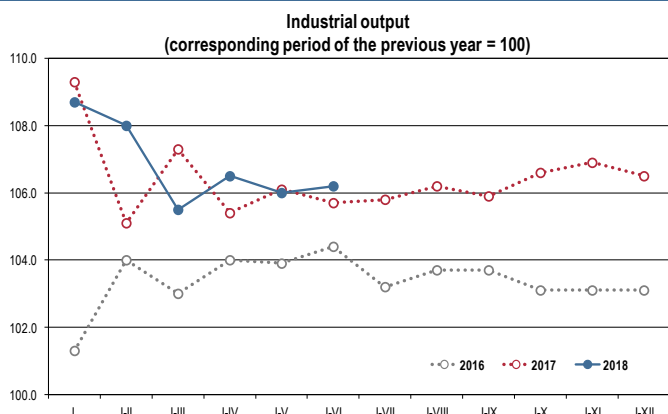
Value added sector decomposition



In January-June 2018 (yoy):

- A growth in **sold industrial production** amounted to 6.2%. In the manufacturing section, production grew by 6.4%.
- **Construction and assembly production** grew by 23.7%.
- **Consumer Price Index** was higher by 1.6%.
- **The number of registered unemployed** amounted to 967,9 thousand (down by 16.0%).
- **Registered unemployment rate** amounted to 5.9%.
- **Average monthly wages and salaries in enterprises sector** amounted to PLN 4,757 and was higher by 7.3% (in nominal terms).
- **Average monthly retirement pay and pension from non-agricultural social security system** increased by 4.0%, and individual farmers by 2.2% (in nominal terms).
- **The execution of revenues** accounted for 51.2% and **expenditures** 43.4% of the amount planned in the Budgetary Law, **surplus** amounted to PLN 9.5bn.
- **The Monetary Policy Council did not change the interest rates.**
- **The Polish currency strengthened against both the US dollar and euro.**
- At the end of May 2018 the surplus on the **current account balance** amounted to EUR 340mn comparing to the surplus of EUR 2,097mn at the end of May 2017.

January-June 2018: sold production of industry grew by 6.2% and construction and assembly production by 23.7% (yoy).



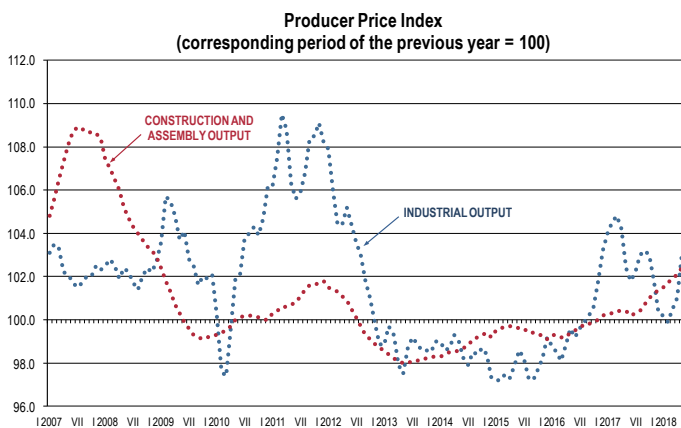
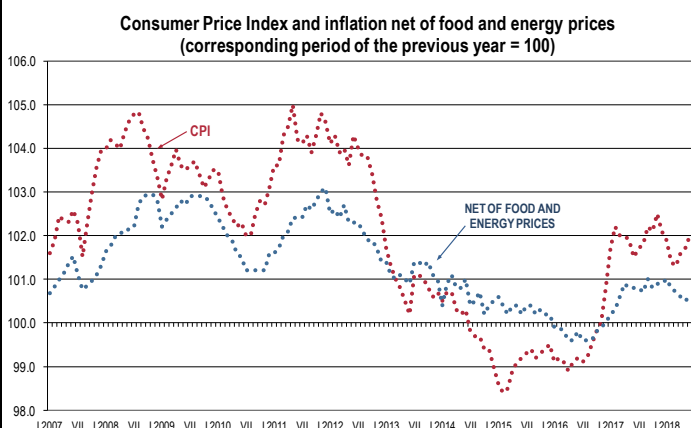
Indices of sold production of industry and construction and assembly production

		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Sold production of industry	2017	109.3	101.2	111.0	99.5	109.2	104.4	106.2	108.8	104.4	112.3	109.2	102.8
	2018	108.7	107.3	101.6	109.3	105.2	106.8						
Construction and assembly production	2017	102.0	94.7	117.1	104.4	108.3	111.6	119.8	123.6	115.3	120.2	119.9	112.8
	2018	134.7	131.3	116.1	119.7	120.7	124.7						

January-June 2018: price index of consumer goods and services reached 1.6%, price index of construction and assembly production 2.1%, and sold industrial production 1.4% (yoy).

Prices indices

		I	I-II	I-III	I-IV	I-V	I-VI	I-VII	I-VIII	I-IX	I-X	I-XI	I-XII
Price indices of sold production of industry	2017	104.0	104.2	104.4	104.4	104.0	103.6	103.4	103.4	103.3	103.3	103.2	102.9
	2018	100.2	100.0	100.2	100.4	100.9	101.4						
Price indices of consumer goods and services	2017	101.7	102.0	102.0	102.0	102.0	101.9	101.9	101.9	101.9	101.9	102.0	102.0
	2018	101.9	101.6	101.5	101.5	101.6	101.6						
Price indices of construction and assembly production	2017	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.4	100.4	100.5	100.6
	2018	101.5	101.6	101.7	101.8	101.9	102.1						



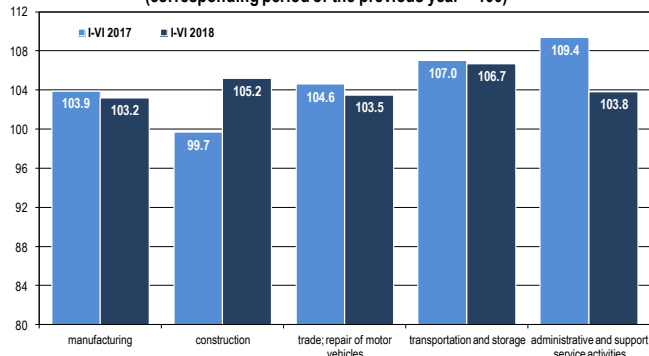
January-June 2018: registered unemployment rate shaped at the level of 5.9%, in enterprise sector employment amounted to 6,207 thousand persons and was higher by 3.8% yoy.

Unemployment rate

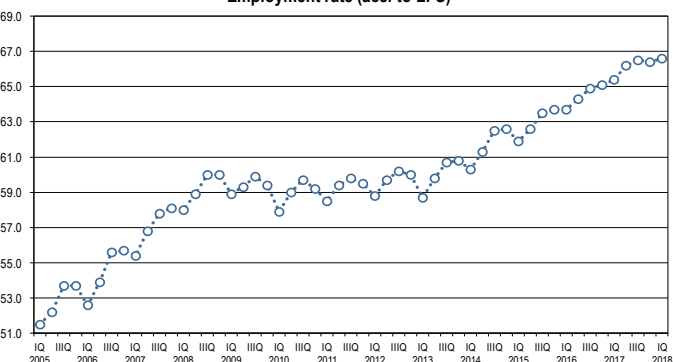
	2013	2014	2015	2016	2017	IV 17	V	VI	VII	VIII	IX	X	XI	XII	I 18	II	III	IV	V	VI
Registered unemployment	13.4	11.4	9.7	8.2	6.6	7.6	7.3	7.0	7.0	7.0	6.8	6.6	6.5	6.6	6.9	6.8	6.6	6.3	6.1	5.9
LFS*	9.9	8.2	7.0	5.6	4.5	5.0			4.8			4.5			4.2			n.a.		

* LFS – Labour Force Survey

Dynamics of average monthly employment in enterprise sector (corresponding period of the previous year = 100)

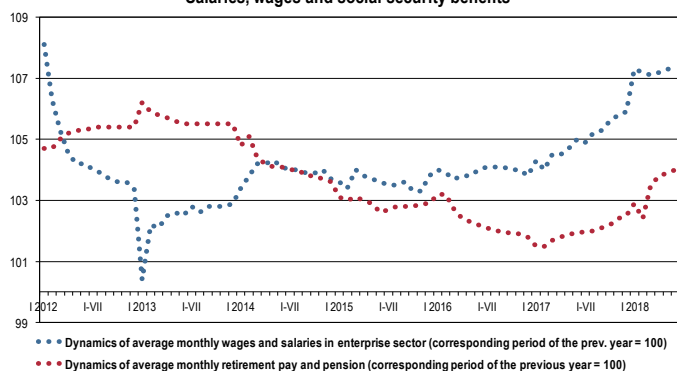


Employment rate (acc. to LFS)

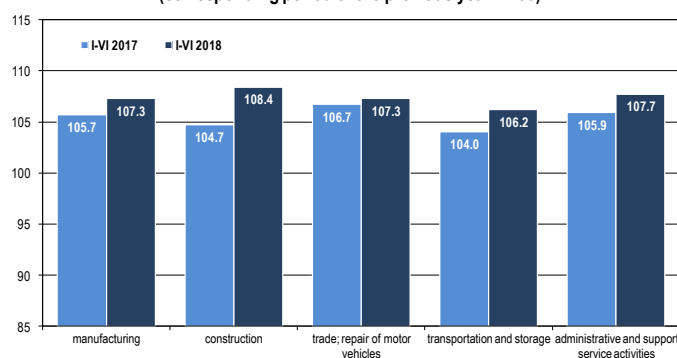


January-June 2018: average wages and salaries in enterprise sector amounted PLN 4,757 and grew by 7.3% in nominal terms yoy (by 5.7% in real terms yoy).

Salaries, wages and social security benefits

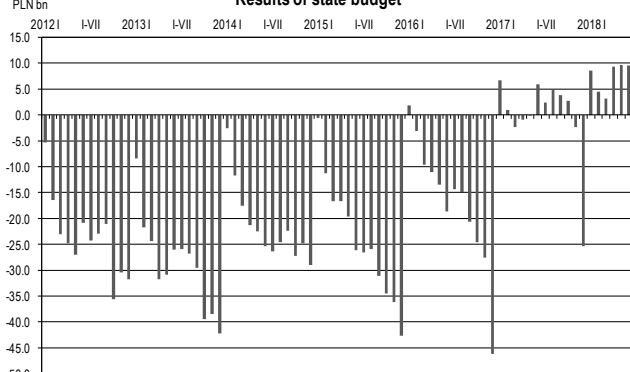


Dynamics of average monthly wages and salaries in enterprise sector (corresponding period of the previous year = 100)

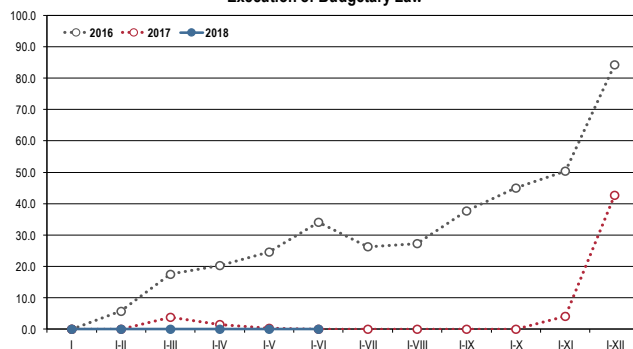


January-June 2018: state budget revenues ensured execution of the Budgetary Law in 51.2%, expenditures in 43.4%, the surplus amounted to PLN 9.5bn.

Results of state budget



Execution of Budgetary Law



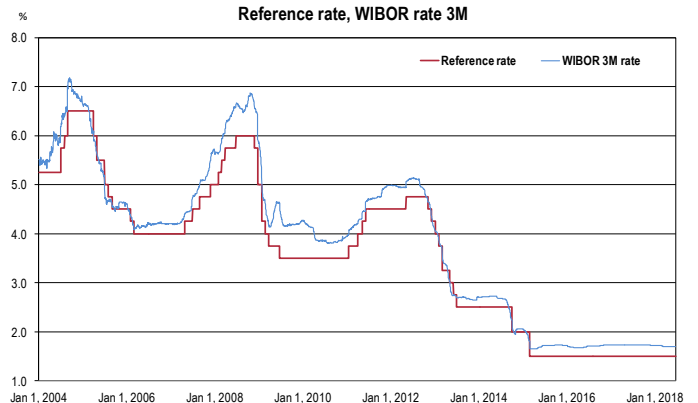
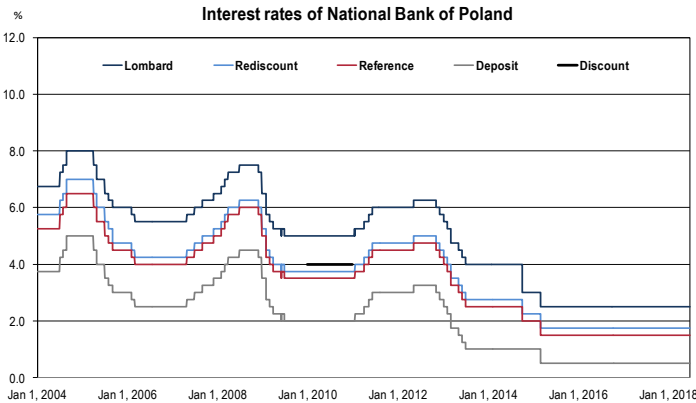
	2018 Budgetary Law	Execution		
		I-VI 2018	I-VI 2017	
		in PLN bn	in %	
REVENUES	355.7	182.0	51.2	54.3
Indirect taxes	237.9	118.5	49.8	52.8
CIT	32.4	18.6	57.3	52.7
PIT	55.5	27.6	49.8	46.7
EXPENDITURES	397.2	172.5	43.4	44.4
Debt servicing	30.7	13.7	44.5	37.8
Subventions to the Pension Fund	17.6	8.3	47.1	45.4
Subventions to the Social Insurance Fund	46.6	13.4	28.6	40.7
General subventions to local self-government entities	56.4	33.0	58.4	58.7
DEFICIT	-41.5	9.5	-	-
Financing for budget of EU funds	-15.5	-2.4	15.4	0.0
DEFICIT FINANCING SOURCES	57.0	-7.1	-	-
DOMESTIC	52.8	-14.6	-	4.8
Treasury bonds	57.9	14.9	25.8	49.7
Refund for the Social Insurance Fund for the payment of contributions pension funds to Open Pension Funds	-3.3	-1.7	53.3	b.d.
Pre-financing actions with EU sources	0.0 ^{a)}	0.0 ^{b)}	-	-
FOREIGN	4.1	7.5	182.3	-

^{a)} PLN -72.5mn; ^{b)} PLN 33.6mn.

January-June 2018: Monetary Policy Council decided to remain the interest rates unchanged. The National Bank of Poland's reference rate is at the level of 1.5%. The last change of interest rates took place in March 2015.

Interest rates of the National Bank of Poland

	Reference	Lombard	Deposit	Rediscount
June 6, 2013	2.75	4.25	1.25	3.00
July 4, 2013	2.50	4.00	1.00	2.75
October 9, 2014	2.00	3.00	1.00	2.25
March 5, 2015	1.50	2.50	0.50	1.75



January-May 2018: according to the provisional CSO data trade balance shaped at the level of EUR -357mn, towards EUR 1,064mn in the same period of the previous year, exports increased by 5.4% and imports by 7.2% (yoy).

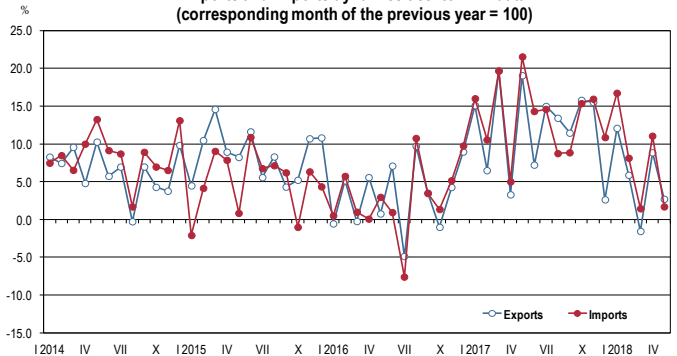
Foreign trade in EUR mn (CSO data)

	2016	2017	I-V 2017	I-V 2018
Balance	3,918	563	1,064	-357
Exports	184,843	206,647	84,349	88,938
Imports	180,925	206,084	83,285	89,295

Foreign trade in EUR mn (NBP data)

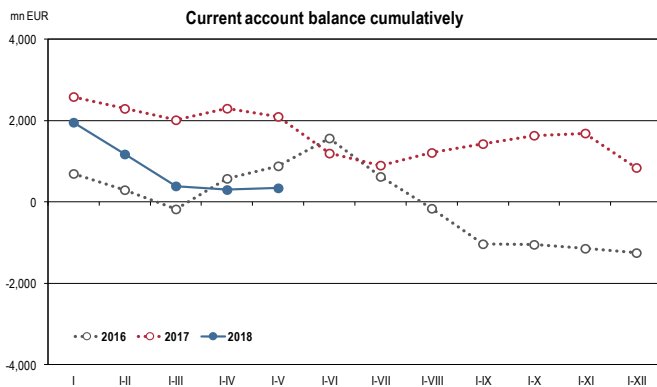
	2016	2017	I-V 2017	I-V 2018
Balance	2,936	799	1,053	-615
Exports	177,498	198,793	81,732	86,048
Imports	174,562	197,994	80,679	86,663

Exports and imports dynamics acc. to NBP data (corresponding month of the previous year = 100)



January-May 2018: current account surplus amounted to EUR 340mn, towards the surplus of EUR 2,097mn at the end of May 2017.

Current account balance cumulatively



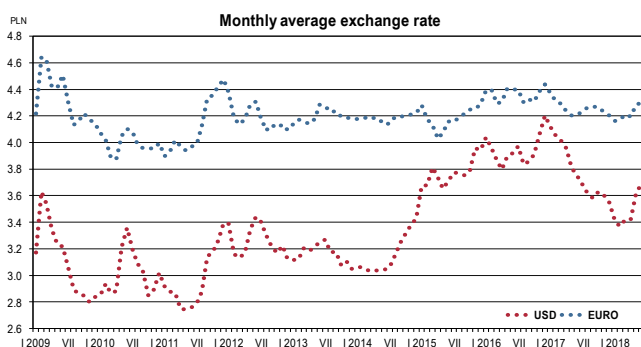
Current account balance (in EUR mn)

	2016	I-V 2017	2017	I-V 2018
	-1,253	2,097	841	340

	2017	I-V 2017	I-V 2018
	in EUR mn		
Direct investment - assets	3,280	408	-1,075
Direct investment - liabilities	6,399	3,256	4,250
Portfolio investment - assets	1,104	1,149	828
Portfolio investment - liabilities	5,480	3,771	-837
Other investment - assets	4,959	4,498	3,491
Other investment - liabilities	-11,173	-8,616	-2,801
Official reserve assets	-7,134	-7,383	193

January-June 2018: zloty strenghtened against both the US dollar and euro. The USD/PLN exchange rate decreased by 11.7%, and the EUR/PLN was lower by 1.2% (yoy).

Monthly average exchange rate



Exchange rates of the dollar and the euro (NBP data)

		VI 2017	I 2018	II	III	IV	V	VI
1 USD	end of month	3.7062	3.3318	3.4188	3.4139	3.4868	3.7200	3.7440
	monthly average	3.7504	3.4141	3.3701	3.4158	3.4188	3.6183	3.6876
1 EUR	end of month	4.2265	4.1488	4.1779	4.2085	4.2204	4.3195	4.3616
	monthly average	4.2083	4.1636	4.1683	4.2101	4.1948	4.2820	4.3054