

MAIN MACROECONOMIC INDICATORS

POLAND

FEBRUARY 2018

MINISTRY OF ENTREPRENEURSHIP AND TECHNOLOGY



INNOVATION DEPARTMENT

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



Poland's macroeconomic performance in 2017 – 2018

Indicator	Unit	2017	II 2017	II 2018	I-II 2018	2018 ⁴
National Accounts¹						
GDP	dynamics	104.6 ³				103.8
Consumption	dynamics	104.3 ³				103.0
Individual consumption	dynamics	104.8 ³				103.5
Gross capital formation	dynamics	107.5 ³				107.3
Gross fixed capital formation	dynamics	105.2 ³				107.6
Prices						
Price index of consumer goods and services (CPI)	dynamics	102.0	102.2	101.4	101.6	102.3
Price index of sold production of industry (PPI)	dynamics	102.9	104.5	99.8	100.0	
Production²						
Sold production of industry	dynamics	106.6 ^A	101.2	107.4	108.0	106.5 ⁵
Construction and assembly production	dynamics	112.1 ^A	94.7	131.4	132.3	110.0 ⁵
Wages and salaries						
Average wages and salaries in the national economy, of which:	PLN	4,272 ^A				
- enterprise sector	PLN	4,530 ^A	4,305	4,600	4,598	
Labour market						
Average employment in enterprise sector	thous.pers.	6,017	5,976	6,197	6,190	
Unemployment rate (as of the end of the period)	%	6.6	8.4	6.8	6.8	6.4

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 - forecast based on the Budgetary Law for the year 2018; 5 - ID MoET forecast.

Indicator	Unit	2017	II 2017	II 2018	I-II 2018	2018 ³
Foreign trade acc. to CSO						
Trade balance	mn EUR	438 ¹			-482 ^{1,2}	-2,500
- exports of goods	mn EUR	203,689 ¹			16,523 ^{1,2}	218,000
- imports of goods	mn EUR	203,251 ¹			17,005 ^{1,2}	220,500

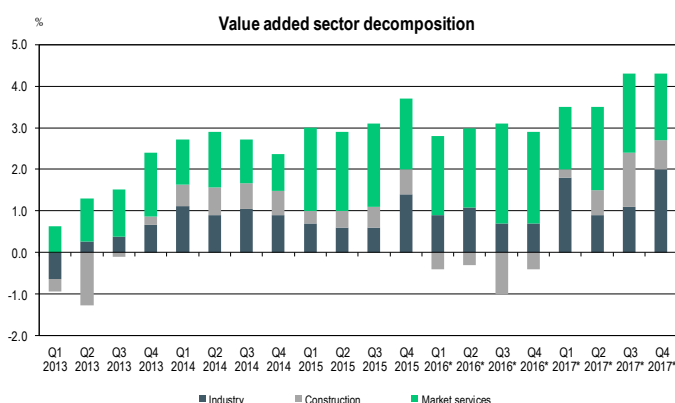
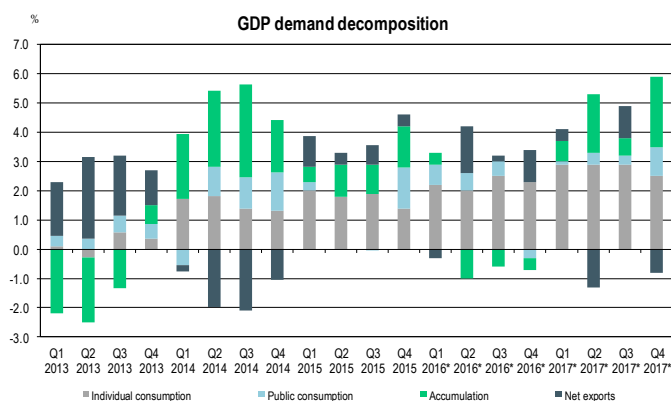
1 - CSO provisional data; 2 - data for January; 3 - ID MoET forecast.

According to CSO estimates, in 2017 GDP increased by 4.6%, with domestic demand as a main growth driver.

GDP growth in 2013-2017

	2013				2014				2015				2016				2017			
YoY	1.4				3.3				3.8				2.9*				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	0.1	0.6	1.9	2.7	3.1	3.3	3.4	3.3	3.8	3.3	3.6	4.6	3.0*	3.2*	2.6*	2.7*	4.1*	4.0*	4.9*	5.1*

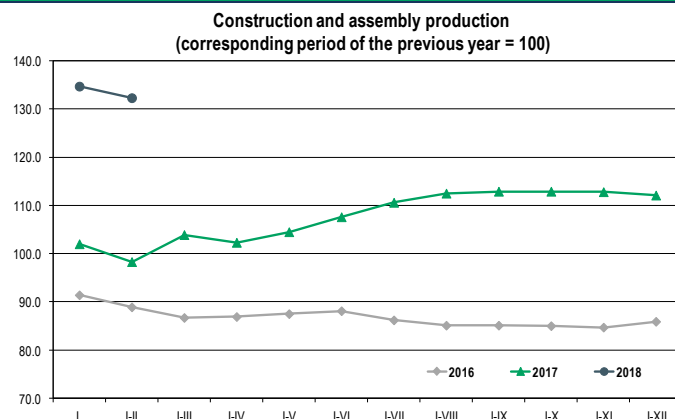
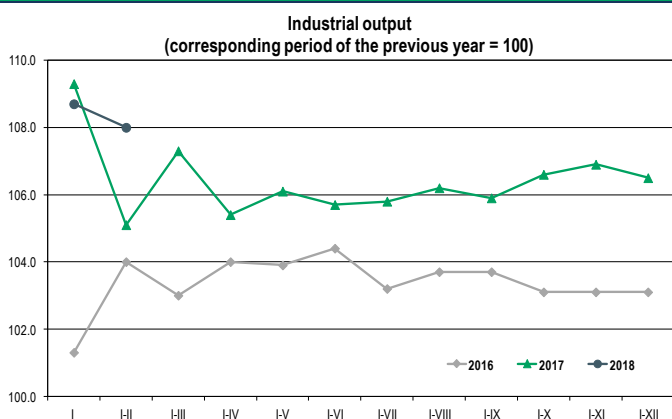
*- CSO preliminary data.



In January-February 2018 (yoy):

- A growth in **sold industrial production** amounted to 8.0%. In the manufacturing section, production grew by 8.7%.
- **Construction and assembly production** grew by 32.3%.
- **Consumer Price Index** was higher by 1.6%.
- **The number of registered unemployed** amounted to 1,126.7 thousand (down by 18.6%).
- **Registered unemployment rate** amounted to 6.8%.
- **Average monthly wages and salaries in enterprises sector** amounted to PLN 4,598 and was higher by 7.2% (in nominal terms).
- **Average monthly retirement pay and pension from non-agricultural social security system** increased by 2.6%, and individual farmers by 3.1% (in nominal terms).
- **The execution of revenues** accounted for 17.4% and **expenditures** 14.5% of the amount planned in the Budgetary Law, **surplus** amounted to PLN 4.5bn.
- **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 January 2018 the surplus on the **current account balance** amounted to EUR 2,005mn comparing to the deficit of EUR 2,548mn at the end of January 2017.

January-February 2018: sold production of industry grew by 8.0% and construction and assembly production by 32.3% (yoy).



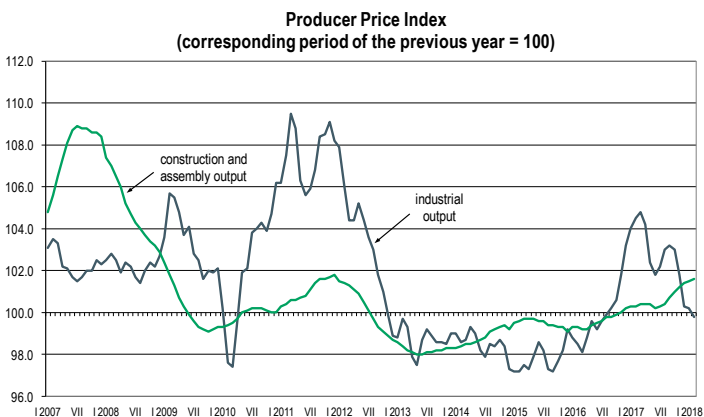
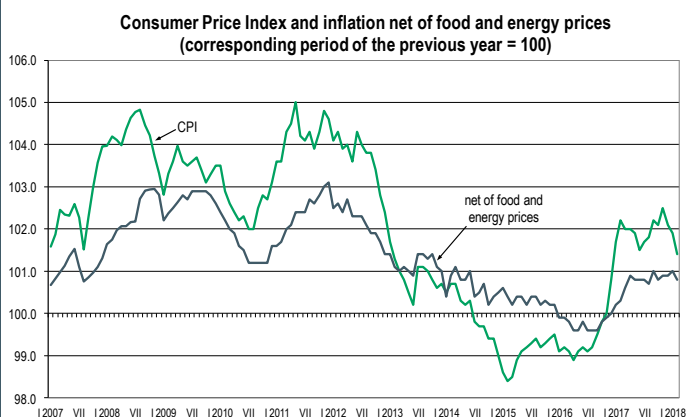
Indices of sold production of industry and construction and assembly production

		I	I-II	I-III	I-IV	I-V	I-VI	I-VII	I-VIII	I-IX	I-X	I-XI	I-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	107.4										
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	131.4										

January-February 2018: price index of consumer goods and services and price index of construction and assembly production reached 1.6%, while sold industrial production did not change (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										
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										
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										



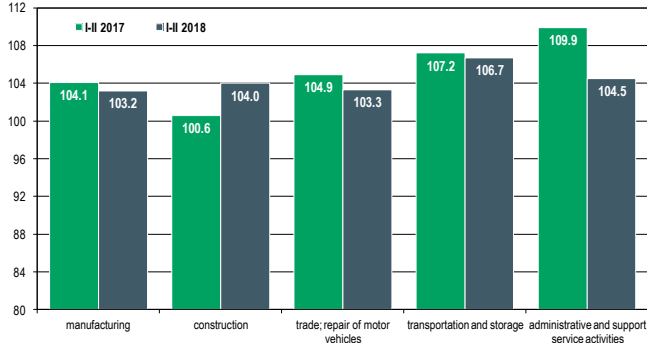
January-February 2018: registered unemployment rate shaped at the level of 6.8%, in enterprise sector employment amounted to 6,190 thousand persons and was higher by 3.7% yoy.

Unemployment rate

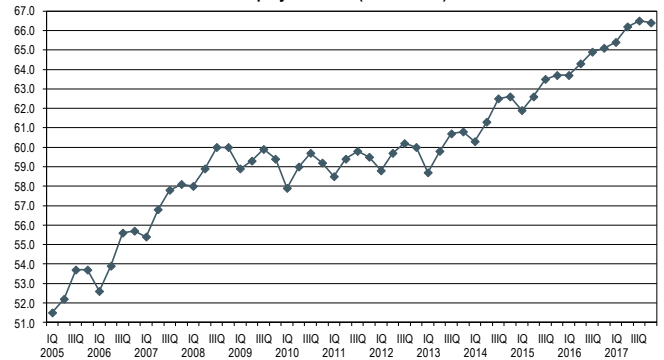
	2013	2014	2015	2016	2017	I 17	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I 18	II	III
Registered unemployment	13.4	11.4	9.7	8.2	6.6	8.5	8.4	8.0	7.6	7.3	7.0	7.0	7.0	6.8	6.6	6.5	6.6	6.9	6.8	n.a.
LFS*	9.8	8.1	7.0	5.6	4.5	5.4		5.0			4.8		4.5		n.a.					

* LFS – Labour Force Survey

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

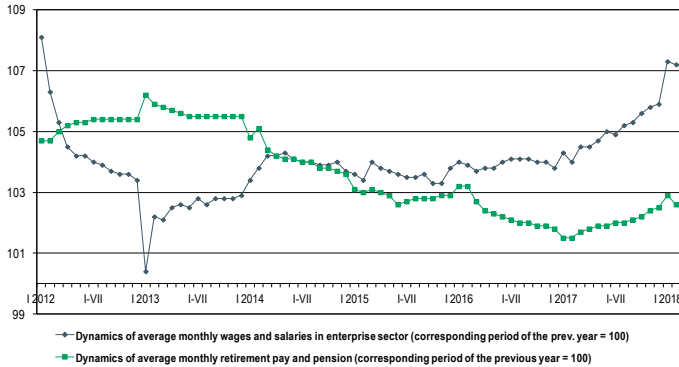


Employment rate (acc. to LFS)

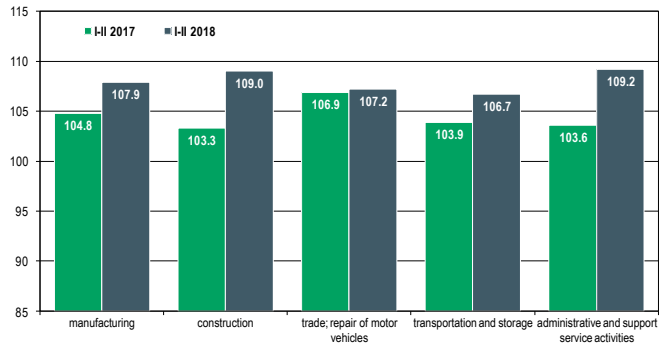


January-February 2018: average wages and salaries in enterprise sector stood at PLN 4,598 and grew by 7.2% in nominal terms yoy (by 5.6% in real terms yoy).

Salaries, wages and social security benefits

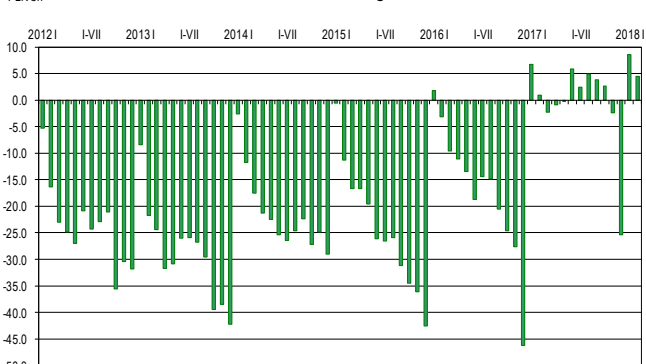


Dynamics of average monthly wages and salaries in enterprise sector (corresponding period of the previous year = 100)

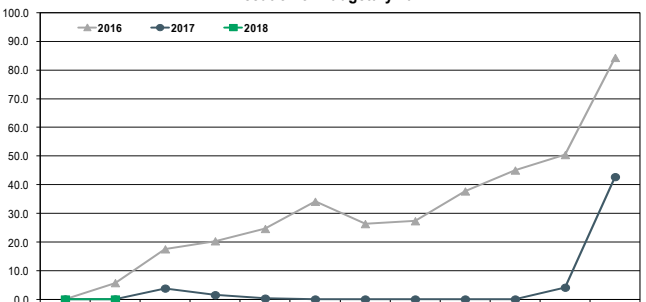


January-February 2018: state budget revenues ensured execution of the Budgetary Law in 17.4%, expenditures in 14.5%, the surplus amounted to PLN 4.5bn.

Results of state budget



Execution of Budgetary Law



	2017 Budgetary Law in PLN bn	Execution	
		I-II 2018 in %	I-II 2017 in %
REVENUES	355.7	62.0	17.4
Indirect taxes	237.9	42.4	17.8
CIT	32.4	5.6	17.2
PIT	55.5	9.5	17.2
EXPENDITURES	397.2	57.6	14.5
Debt servicing	30.7	4.0	13.1
Subventions to the Pension Fund	17.6	2.5	14.1
Subventions to the Social Insurance Fund	46.6	3.0	6.5
General subventions to local self-government entities	56.4	15.3	27.2
DEFICIT	-41.5	4.5	-
Financing for budget of EU funds	-15.5	0.0	-
DEFICIT FINANCING SOURCES	57.0	-4.5	-
DOMESTIC	52.8	-8.2	-
Treasury bonds	57.9	14.4	24.9
Refund for the Social Insurance Fund for the payment of contributions pension funds to Open Pension Funds	-3.3	-0.5	14.9
Pre-financing actions with EU sources	0.0 ^{a)}	0.0 ^{b)}	-
FOREIGN	4.1	3.8	92.2

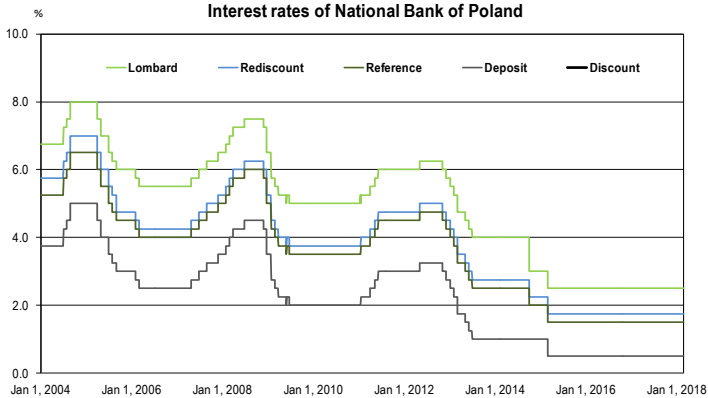
^{a)} PLN -72.5mn; ^{b)} PLN 36.1mn.

January-February 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, when the Monetary Policy Council cut interest rates by 50 basis points.

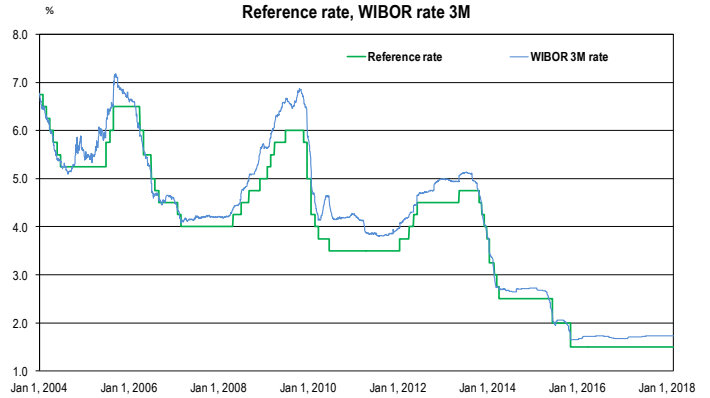
Interest rates of the National Bank of Poland

	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

Interest rates of National Bank of Poland



Reference rate, WIBOR rate 3M



January 2018: according to the provisional CSO data trade balance shaped at the level of EUR -482mn, towards EUR 427mn in the same period of the previous year, exports increased by 4.8% and imports by 10.9% (yoy).

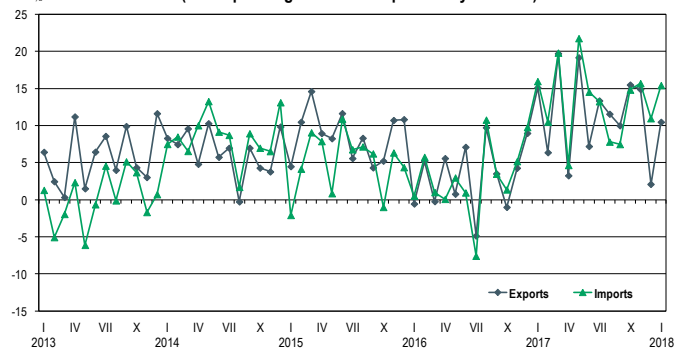
Foreign trade in EUR mn (CSO data)

	2016	2017	I 2017	I 2018
Balance	3,918	438	427	-482
Exports	184,843	203,689	15,767	16,523
Imports	180,925	203,251	15,340	17,005

Foreign trade in EUR mn (NBP data)

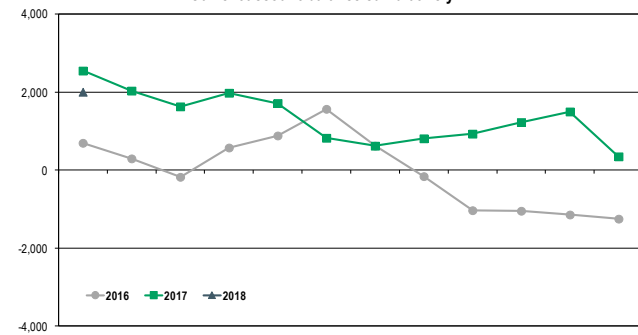
	2016	2017	I 2017	I 2018
Balance	2,936	498	477	-204
Exports	177,498	197,836	15,256	16,853
Imports	174,562	197,338	14,779	17,057

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



January 2018: current account surplus amounted to EUR 2,005mn, towards the surplus of EUR 2,548mn at the end of January 2017.

Current account balance cumulatively



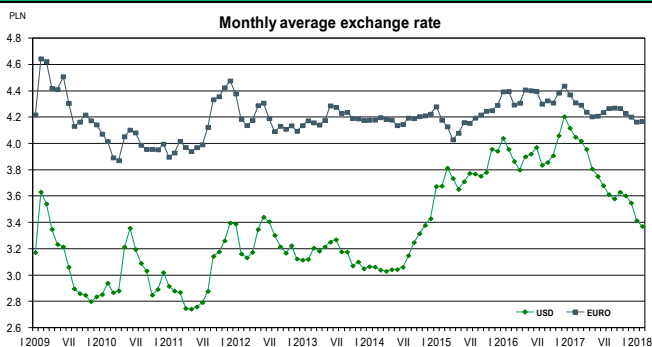
Current account balance (in EUR mn)

	2016	I 2017	2017	I 2018
	-1,253	2,548	346	2,005

	2017	I 2017	I 2018
	in EUR mn		
Direct investment - assets	3,118	-629	-978
Direct investment - liabilities	4,826	279	277
Portfolio investment - assets	1,103	517	585
Portfolio investment - liabilities	5,375	162	-1,083
Other investment - assets	4,045	83	197
Other investment - liabilities	-10,648	-4,194	-347
Official reserve assets	-7,134	-1,730	1,585

January-February 2018: zloty strengthened against both the US dollar and euro. The USD/PLN exchange rate decreased by 16.9%, and the EUR/PLN was lower by 4.1% (yoy).

Monthly average exchange rate



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

		II 2017	IX	X	XI	XII	I 2018	II
1 USD	end of month	4.0770	3.6519	3.6529	3.5543	3.4813	3.3318	3.4188
	monthly average	4.0487	3.5799	3.6303	3.6031	3.5482	3.4141	3.3701
1 EUR	end of month	4.3166	4.3091	4.2498	4.2055	4.1709	4.1488	4.1779
	monthly average	4.3097	4.2702	4.2668	4.2293	4.2016	4.1636	4.1683