



MAIN MACROECONOMIC INDICATORS

POLAND

MAY 2018

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

POLAND'S MACROECONOMIC PERFORMANCE IN 2017 – 2018

| Indicator | Unit | 2017 | V 2017 | V 2018 | I-V 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 | 101.9 | 101.7 | 101.6 | 102.3 |
| Price index of sold production of industry (PPI) | dynamics | 102.9 | 102.4 | 102.8 | 100.9 | |
| Production² | | | | | | |
| Sold production of industry | dynamics | 106.6 ^A | 109.2 | 105.4 | 106.1 | 106.5 ⁶ |
| Construction and assembly production | dynamics | 106.6 ^A | 108.3 | 120.8 | 124.0 | 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 | 4,391 | 4,697 | 4,737 | |
| Labour market | | | | | | |
| Average employment in enterprise sector | thous. pers. | 6,017 | 5,990 | 6,210 | 6,200 | |
| Unemployment rate (as of the end of the period) | % | 6.6 | 7.3 | 6.1 | 6.1 | 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 | V 2017 | V 2018 | I-V 2018 | 2018 ³ |
|----------------------------------|--------|----------------------|--------|--------|-----------------------|-------------------|
| Foreign trade acc. to CSO | | | | | | |
| Trade balance | mn EUR | 438 ¹ | | | -708 ^{1,2} | -2,500 |
| - exports of goods | mn EUR | 203,689 ¹ | | | 70,017 ^{1,2} | 218,000 |
| - imports of goods | mn EUR | 203,251 ¹ | | | 70,725 ^{1,2} | 220,500 |

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

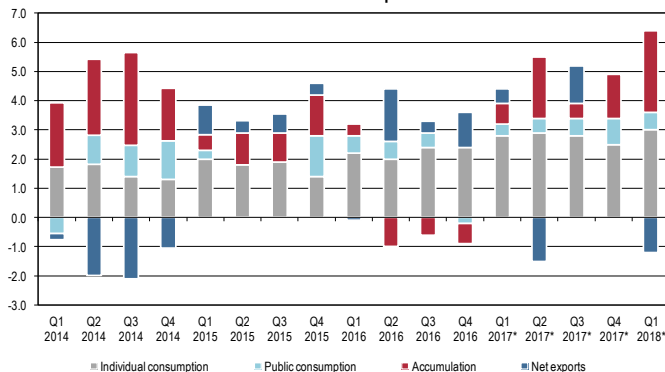
According to CSO estimates, in the 1st quarter of 2018 GDP increased by 5.2%, with domestic demand as a main growth driver.

GDP growth in 2014-2018

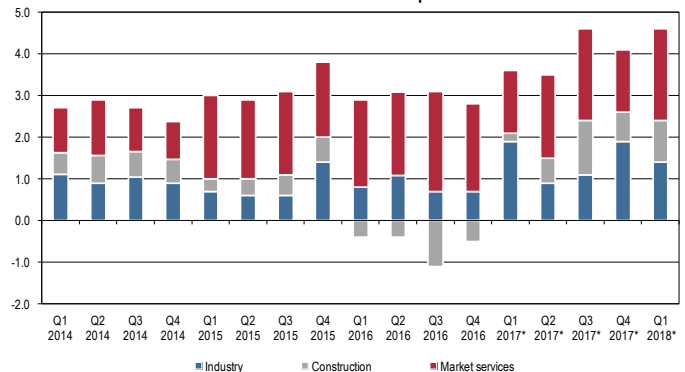
| | 2014 | | | | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | |
|-----|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|--------|-------|
| YoY | 3.3 | | | | 3.8 | | | | 3.0 | | | | 4.6* | | | | - | | | |
| | 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



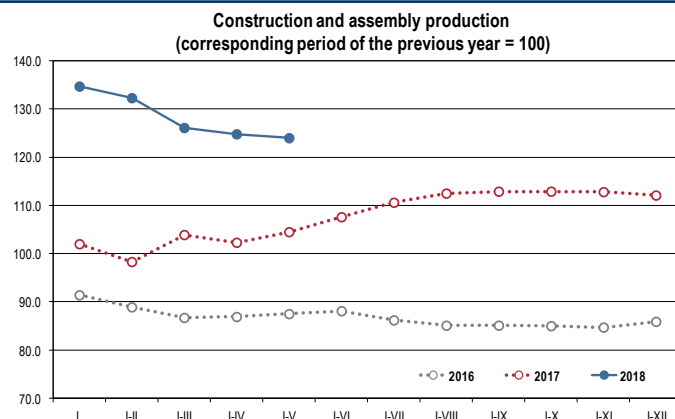
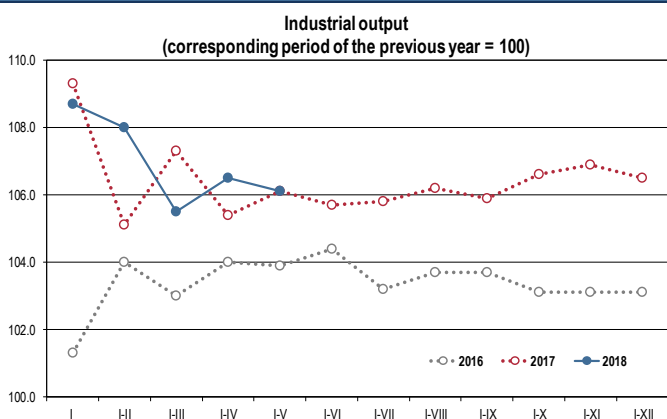
Value added sector decomposition



In January-May 2018 (yoy):

- A growth in **sold industrial production** amounted to 6.1%. In the manufacturing section, production grew by 6.2%.
- **Construction and assembly production** grew by 24.0%.
- **Consumer Price Index** was higher by 1.6%.
- **The number of registered unemployed** amounted to 1,002.2 thousand (down by 16.6%).
- **Registered unemployment rate** amounted to 6.1%.
- **Average monthly wages and salaries in enterprises sector** amounted to PLN 4,737 and was higher by 7.3% (in nominal terms).
- **Average monthly retirement pay and pension from non-agricultural social security system** increased by 3.9%, and individual farmers by 2.3% (in nominal terms).
- **The execution of revenues** accounted for 43.3% and **expenditures** 36.4% of the amount planned in the Budgetary Law, **surplus** amounted to PLN 9.6bn.
- **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 April 2018 the surplus on the **current account balance** amounted to EUR 367mn comparing to the surplus of EUR 2,299mn at the end of April 2017.

January-May 2018: sold production of industry grew by 6.1% and construction and assembly production by 24.0% (yoy).



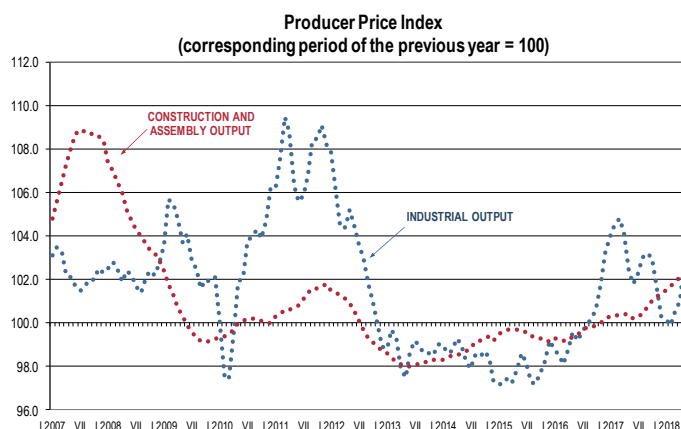
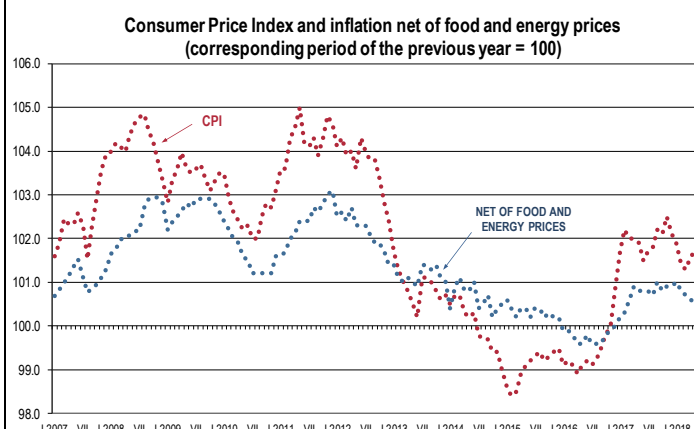
Indices of sold production of industry and construction and assembly production

| | | 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 | 105.4 | | | | | | | |
| 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 | 131.3 | 116.1 | 119.7 | 120.8 | | | | | | | |

January-May 2018: price index of consumer goods and services reached 1.6%, price index of construction and assembly production 1.9%, and sold industrial production 0.9% (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 | | | | | | | |
| 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 | | | | | | | |
| 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 | | | | | | | |



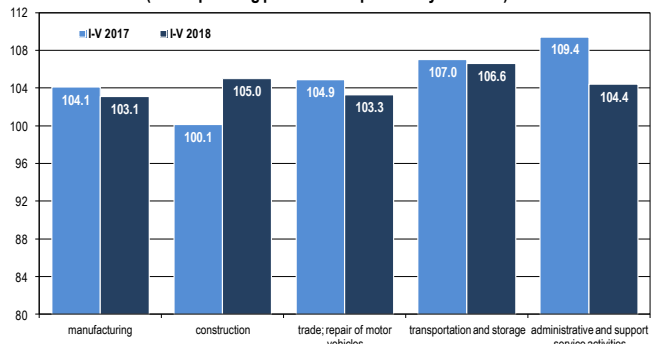
January-May 2018: registered unemployment rate shaped at the level of 6.1%, in enterprise sector employment amounted to 6,200 thousand persons and was higher by 3.7% yoy.

Unemployment rate

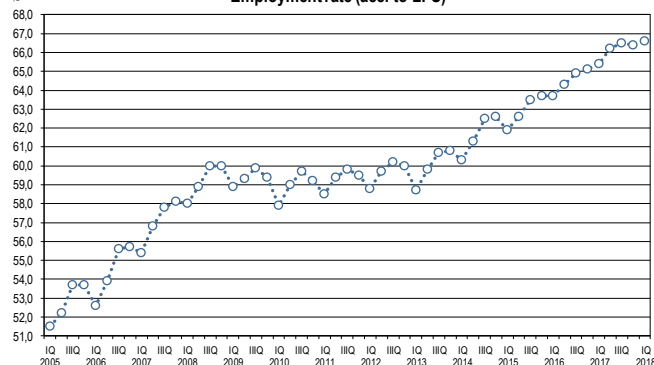
| | 2013 | 2014 | 2015 | 2016 | 2017 | IV 17 | V | VI | VII | VIII | IX | X | XI | XII | I 18 | II | III | IV | V | VI |
|-------------------------|------|------|------|------|------|-------|-----|-----|-----|------|-----|-----|-----|-----|------|-----|-----|------|-----|------|
| Registered unemployment | 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 | n.a. |
| LFS* | 9.8 | 8.1 | 6.9 | 5.5 | 4.5 | 5.0 | | | 4.7 | | | 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)

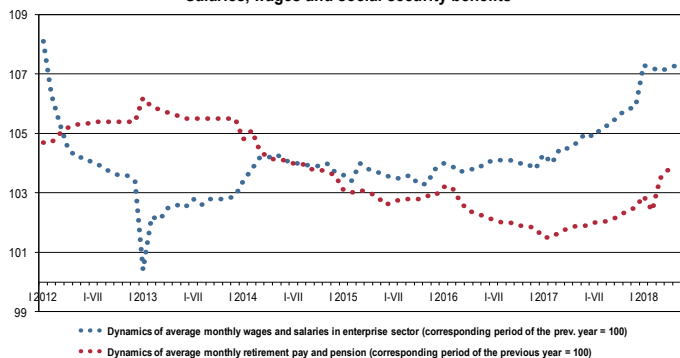


Employment rate (acc. to LFS)

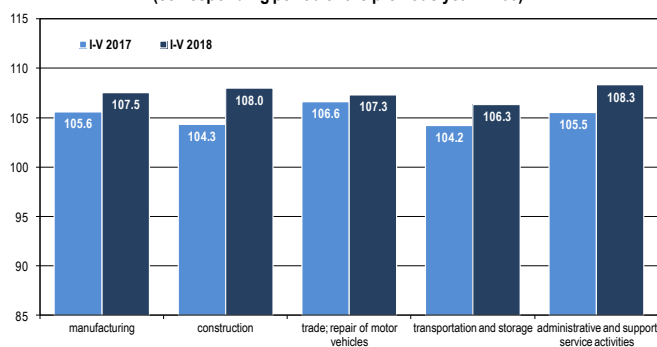


January-May 2018: average wages and salaries in enterprise sector amounted PLN 4,737 and grew by 7.3% in nominal terms yoy (by 5.7% in real terms yoy).

Salaries, wages and social security benefits

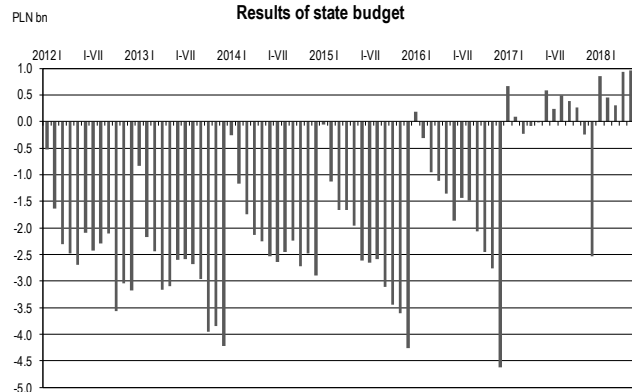


Dynamics of average monthly wages and salaries in enterprise sector (corresponding period of the previous year = 100)

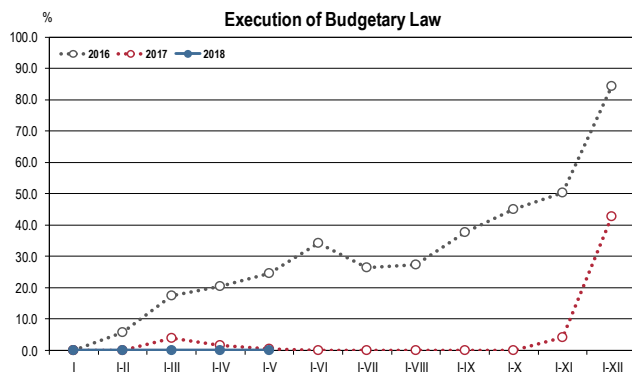


January-May 2018: state budget revenues ensured execution of the Budgetary Law in 43.3%, expenditures in 36.4%, the surplus amounted to PLN 9.6bn.

Results of state budget



Execution of Budgetary Law



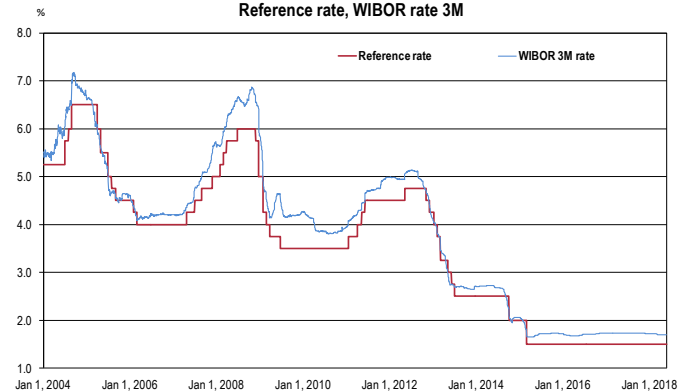
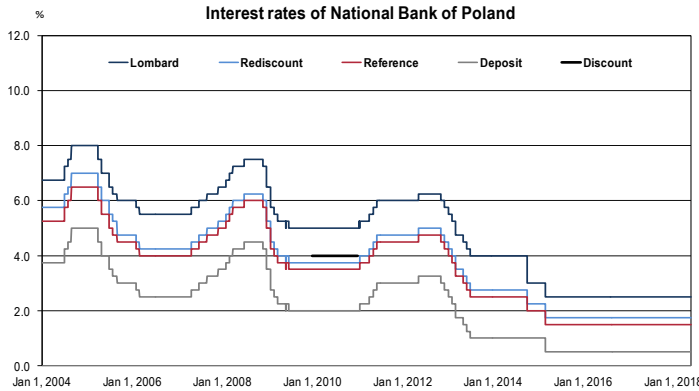
| | 2018 Budgetary Law | Execution | | |
|---|--------------------|-------------------|--------------|-------------|
| | | I-V 2018 | I-V 2017 | |
| | in PLN bn | in % | | |
| REVENUES | 355.7 | 154.0 | 43.3 | 44.0 |
| Indirect taxes | 237.9 | 99.4 | 41.8 | 44.8 |
| CIT | 32.4 | 17.3 | 53.5 | 49.9 |
| PIT | 55.5 | 23.7 | 42.7 | 40.0 |
| EXPENDITURES | 397.2 | 144.4 | 36.4 | 37.3 |
| Debt servicing | 30.7 | 11.1 | 36.0 | 34.8 |
| Subventions to the Pension Fund | 17.6 | 6.8 | 38.6 | 37.0 |
| Subventions to the Social Insurance Fund | 46.6 | 10.6 | 22.7 | 34.0 |
| General subventions to local self-government entities | 56.4 | 28.5 | 50.5 | 50.7 |
| DEFICIT | -41.5 | 9.6 | - | 0.3 |
| Financing for budget of EU funds | -15.5 | 0.0 | - | - |
| DEFICIT FINANCING SOURCES | 57.0 | -9.6 | - | 0.3 |
| DOMESTIC | 52.8 | -18.1 | - | 11.2 |
| Treasury bonds | 57.9 | 14.2 | 24.5 | 44.2 |
| Refund for the Social Insurance Fund for the payment of contributions pension funds to Open Pension Funds | -3.3 | -1.5 | 44.4 | b.d. |
| Pre-financing actions with EU sources | 0.0 ^{a)} | 0.0 ^{b)} | - | - |
| FOREIGN | 4.1 | 8.6 | 208.2 | - |

a) PLN -72.5mn; b) PLN 49.3mn.

January-May 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-April 2018: according to the provisional CSO data trade balance shaped at the level of EUR -708mn, towards EUR 1,129mn in the same period of the previous year, exports increased by 5.0% and imports by 7.9% (yoy).

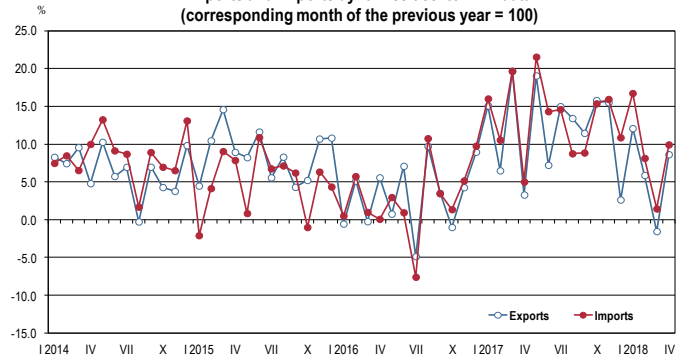
Foreign trade in EUR mn (CSO data)

| | 2016 | 2017 | I-IV 2017 | I-IV 2018 |
|---------|---------|---------|-----------|-----------|
| Balance | 3,918 | 438 | 1,129 | -708 |
| Exports | 184,843 | 203,689 | 66,684 | 70,017 |
| Imports | 180,925 | 203,251 | 65,555 | 70,725 |

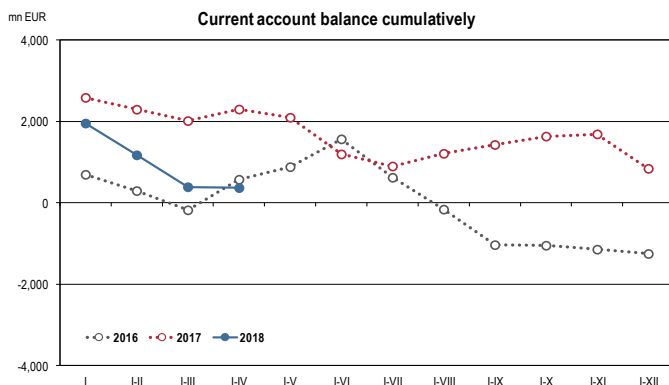
Foreign trade in EUR mn (NBP data)

| | 2016 | 2017 | I-IV 2017 | I-IV 2018 |
|---------|---------|---------|-----------|-----------|
| Balance | 2,936 | 799 | 1,123 | -575 |
| Exports | 177,498 | 198,793 | 64,935 | 68,762 |
| Imports | 174,562 | 197,994 | 63,812 | 69,337 |

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



January-April 2018: current account surplus amounted to EUR 367mn, towards the surplus of EUR 2,299mn at the end of April 2017.

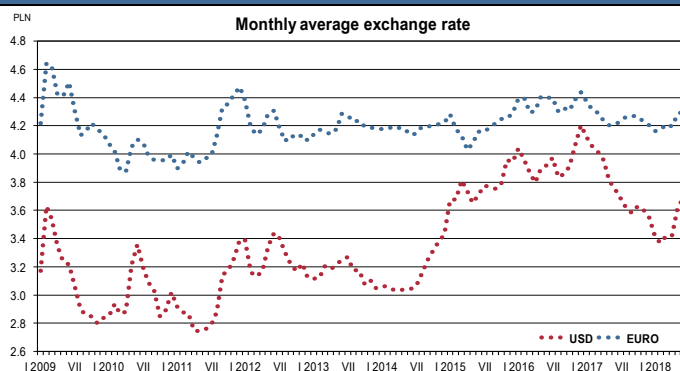


Current account balance (in EUR mn)

| | 2016 | I-IV 2017 | 2017 | I-IV 2018 |
|--|--------|-----------|------|-----------|
| | -1,253 | 2,299 | 841 | 367 |

| | 2017 | I-IV 2017 | I-IV 2018 |
|------------------------------------|---------|-----------|-----------|
| in EUR mn | | | |
| Direct investment - assets | 3,280 | 892 | -1,103 |
| Direct investment - liabilities | 6,399 | 2,546 | 3,464 |
| Portfolio investment - assets | 1,104 | 1,728 | 1,047 |
| Portfolio investment - liabilities | 5,480 | 3,705 | 243 |
| Other investment - assets | 4,959 | 2,583 | 2,160 |
| Other investment - liabilities | -11,173 | -8,706 | -3,101 |
| Official reserve assets | -7,134 | -6,856 | -56 |

January-May 2018: zloty strengthened against both the US dollar and euro. The USD/PLN exchange rate decreased by 13.5%, and the EUR/PLN was lower by 1.8% (yoy).



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

| | | V 2017 | XII | I 2018 | II | III | IV | V |
|-------|-----------------|--------|--------|--------|--------|--------|--------|--------|
| 1 USD | end of month | 3.7354 | 3.4813 | 3.3318 | 3.4188 | 3.4139 | 3.4868 | 3.7200 |
| | monthly average | 3.8070 | 3.5482 | 3.4141 | 3.3701 | 3.4158 | 3.4188 | 3.6183 |
| 1 EUR | end of month | 4.1737 | 4.1709 | 4.1488 | 4.1779 | 4.2085 | 4.2204 | 4.3195 |
| | monthly average | 4.2040 | 4.2016 | 4.1636 | 4.1683 | 4.2101 | 4.1948 | 4.2820 |