



Balance of Payments in Poland in Q1 2022

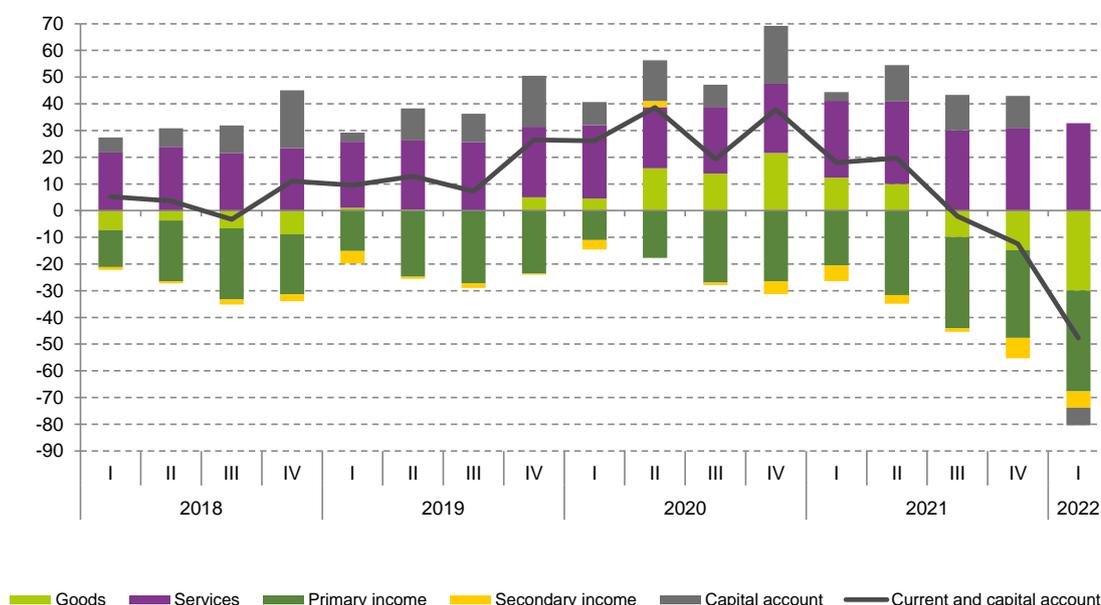
The quarterly bop has been drawn up based on monthly and quarterly information reported by Polish residents involved in transactions with non-residents, public statistics surveys as well as administrative data sources.

This version of bop is preliminary and may be subject to further revisions.

The current and capital account

In Q1 2022, the combined current and capital account was negative and amounted to PLN 47.7 billion. The current and capital account balance in that quarter accounted for minus 6.9% of the GDP, down by 9.9 percentage points when compared with Q1 2021.

Graph 1 Current and capital account, PLN billion



The deficit on the current account amounted to PLN 41.1 billion, down by PLN 55.8 billion when compared with the corresponding quarter of 2021. This balance was influenced by negative balance on primary income (PLN 37.8 billion) trade in goods (PLN 29.9 billion) and secondary income (PLN 6.1 billion) as well as positive balance on services (PLN 32.7



billion). The conversion of the surplus into a deficit in trade in goods and the increase in the negative balance on primary income significantly affected the deterioration of the current account. The ratio of the current account balance to GDP was minus 6.0%, deteriorating by 8.5 percentage points compared to 2021.

Trade in goods

Exports was estimated at PLN 356.1 billion, while imports was estimated at PLN 386.0 billion. Compared to previous year, in exports of goods there was an increase by 18.5% while the increase in imports stood at 33.9%. The increase in trade in goods was strongly influenced by an increase in transaction prices. The highest growth was recorded in the prices of fuels and supplies, while in the remaining categories the price indices were above their levels of the previous years. The highest increase in export value was recorded in fuels, which was due to both price and volume increases. On the other hand, a real decline in exports of means of transport and a marked slowdown in exports of consumer durable goods contributed to a decrease in the dynamics of total exports. These unfavorable trends were caused by disruptions in international supply chains. The increased tension around Ukraine observed since the end of 2021 and the subsequent outbreak of the Russian-Ukrainian war led to strong price increases in fuel markets. In the first quarter of 2022, gas prices increased by more than 6 times and prices of other fuels were on average 90% higher compared to the previous year. As a result of the widening disproportion between the dynamics of exports and imports, there was a further large deterioration in the trade in goods balance. In Q1 2022, the negative balance amounted to PLN 29.9 billion, and it was the largest deficit in the balance of payments statistics up to date. The highest negative values were recorded in fuels and supply goods. At the beginning of this year, the positive balance in the category of means of transport clearly decreased.

International trade in services

Exports of services provided by Polish entities to non-residents amounted to PLN 82.8 billion, while imports of services purchased from non-residents to PLN 50.0 billion. Compared with Q1 2021, exports of services were higher by PLN 15.1 billion, i.e. 22.3%, while imports increased by PLN 11.2 billion i.e. 28.9%. In the period under review, the balance on services was positive and amounted to PLN 32.7 billion, up by PLN 3.9 billion when compared with the corresponding period of 2021. This value was determined by positive balances on: other services of PLN 17.2 billion (up by PLN 1.0 billion when compared with Q1 2021), transportation services of PLN 10.8 billion (up by PLN 1.2 billion), and travel amounting to PLN 4.7 billion (up by PLN 1.7 billion). The increase in the balance on travel was influenced by the inclusion of expenditures of refugees from Ukraine who either temporarily stay in Poland or have travelled through Poland to other European Union countries.



Primary income

In Q1 2022, credits on primary income amounted to PLN 21.8 billion and were at the same level as in the first quarter of 2021. Expenditure reached PLN 59.7 billion and increased by PLN 17.3 billion compared to the same quarter of 2021. The balance on primary income was negative and amounted to PLN 37.8 billion. It was influenced by negative balance on investment income (PLN 44.9 billion) and compensation of employees (PLN 5.7 billion) and positive balance of other primary income (PLN 12.8 billion). Income of direct investors from investments in Poland in the first quarter of 2022 amounted to PLN 45.5 billion and was by PLN 15.9 billion higher than in the corresponding quarter of 2021. Foreign direct investors' income from their capital involvement in Polish entities consisted of positive reinvested earnings (PLN 39.3 billion), dividends (PLN 3.4 billion) and accrued interest on debt instruments (PLN 2.7 billion). High reinvested earnings resulted from very good financial results of companies with foreign investors.

Secondary income

In Q1 2022 credits on secondary income amounted to PLN 6.9 billion up by 4.1% when compared with the Q1 2021. Debits stood at PLN 13.0 billion, up by 3.9% in comparison with the corresponding quarter of 2021. Major components of this item were: balance of secondary income of government sector (EU transfers) as well as balance of other sectors. The secondary income balance on other sectors was negative and amounted to PLN 0.3 billion. Credits on secondary income amounted to PLN 4.8 billion, of which PLN 3.0 billion were workers' remittances. Debits amounted to PLN 5.1 billion, of which PLN 4.7 billion were transfers to Ukraine.

EU transfers

The inflow of EU funds, included in balance of payments, amounted to PLN 17.8 billion. On the current account, this inflow amounted to PLN 15.2 billion, of which PLN 14.3 billion was registered as primary income (mostly under the Common Agricultural Policy), and PLN 0.9 billion as secondary income (mostly resulting from the European Social Fund). In the capital account, the inflow stood at PLN 2.6 billion (of which PLN 1.6 billion under the European Regional Development Fund and PLN 1.0 billion under the Cohesion Fund). In the same period, Poland's membership premiums paid to the EU budget amounted to PLN 8.2 billion. As a result of these transactions the balance of EU transfers was positive and amounted to PLN 9.6 billion.

Financial account (net assets)

Balance of the financial account was negative and amounted to PLN 61.0 billion which means a decrease in external assets net. This balance was influenced by an increase in Polish investment abroad by PLN 31.6 billion (outflow of capital) as well as increase in liabilities vis-à-vis non-resident investment in Poland (inflow of capital) by PLN 92.6 billion.

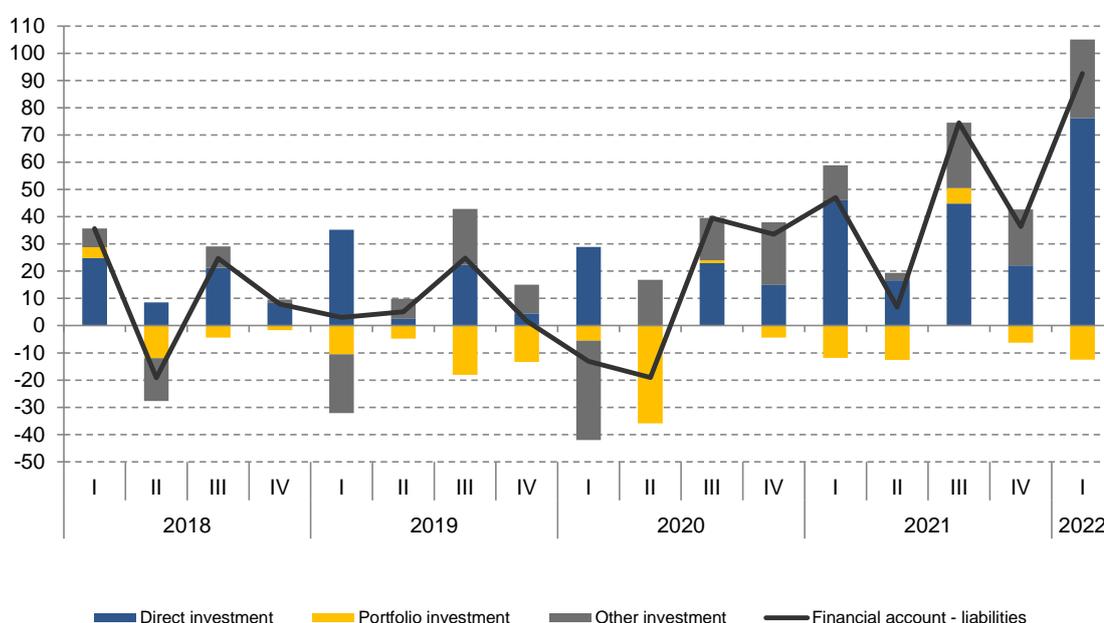


Foreign investment (liabilities)

The positive balance of foreign investment in Poland was mainly influenced by capital inflow to direct investment and other investment as well as capital outflow from portfolio investment.

The balance of non-resident direct investment was positive and amounted to PLN 76.2 billion. This amount was significantly influenced by increase in reinvestment of earnings, which stood at PLN 39.3 billion as well as inflow of capital in debt instruments (PLN 23.1 billion). The inflow of this capital consisted of transactions related to trade credits received (PLN 13.9 billion) and other loans (PLN 5.1 billion).

Graph 2 Foreign investment in Poland, PLN billion (liabilities)



In Q1 2022 there was an outflow of foreign capital from the Polish securities' in the amount of PLN 12.5 billion. The balance on portfolio investment was shaped by outflow of investments from the debt instruments (PLN 12.6 billion). Outflow of investment from the debt instruments resulted from scheduled redemption of two series of bonds denominated in EUR and USD, total nominal value of which amounted to EUR 2.0 billion and USD 3.0 billion. At the same time non-residents have increased their portfolio of debt securities issued by banks up by PLN 3.2 billion.

Non-residents' investment in instruments classified under other investment increased by PLN 28.8 billion. A significant influence on the value of this item had transactions of the corporate sector (increase by PLN 13.7 billion). For the most part this increase resulted from trade credits received in the amount of PLN 8.9 billion, and from other loans received in the amount of PLN 5.1 billion. In Q1 2022, liabilities of the banking sector increased by



PLN 8.8 billion, primarily on account of deposits received by Polish banks from non-residents in the amount of PLN 7.1 billion. Liabilities of the government sector increased by PLN 5.3 billion, mainly on account of a loan received from the European Commission under the SURE instrument (Support to mitigate Unemployment Risks in an Emergency).

Resident investment abroad (assets)

The balance of residents' investment abroad was positive and stood at PLN 31.6 billion, mostly as a result of positive balance on items recorded under direct investment and other investment as well as negative balance on official reserve assets and financial derivatives.

The balance on direct investment was positive and amounted to PLN 10.0 billion (increase in assets). It consisted of a positive balance of transactions on debt instruments (PLN 10.4 billion) and a negative balance of transactions involving equity other than reinvestment of earnings (PLN 0.4 billion).

In Q1 2022, Polish portfolio investments abroad decreased by PLN 3.2 billion. Polish entities reduced their equity portfolio by PLN 1.9 billion. Investment and insurance funds sold their holdings of shares issued by non-residents, while pension funds and households increased their foreign equity portfolios. At the same time, residents (mainly investment funds) withdrew PLN 1.3 billion from investments in foreign debt securities.

The balance of other Polish investments abroad was positive and amounted to PLN 47.7 billion. This balance was particularly affected by transactions of the banking sector in the amount of PLN 29.6 billion (mainly on account of deposits in banks abroad) and of enterprises, whose assets increased by PLN 17.6 billion (mainly on account of trade credits extended).

The balance on financial derivatives was negative and amounted to PLN 1.9 billion (inflow of funds to residents). The negative balance was the result of profits made by the banking sector (mainly on foreign exchange instruments) and other financial intermediaries (on equity and commodity instruments).

In Q1 2022, as a result of transactions, official reserve assets decreased by PLN 21.0 billion. These were mainly own transactions, and transactions carried out at the request of NBP clients - in particular the Ministry of Finance and the European Commission.



Additional information on the balance of payments

Balance of payments data for May 2022 will be released on 14 July 2022.

Balance of payments data for Q2 2022 will be released on 30 September 2022.

Time series of the quarterly balance of payments beginning with Q1 2004 are available at the NBP website.

http://www.nbp.pl/statystyka/Bilans_platniczy/BOP_q.xlsx

Time series of the monthly balance of payments beginning with January 2004 are available at the NBP website.

http://www.nbp.pl/statystyka/Bilans_platniczy/BOP_m.xlsx

Analytical tables of the quarterly balance of payments beginning with Q1 2004 are available at the NBP website.

http://www.nbp.pl/statystyka/Bilans_platniczy/BOP_q_PLN.xlsx

Time series of the monthly stock of official reserve assets beginning with January 1998 are available at the NBP website.

http://www.nbp.pl/statystyka/DWN/Rez_m.xlsx



Balance of Payments ^{*/}							
mn PLN							
	2021		2022	I Q 22 - IV Q 21		I Q 22 - I Q 21	
	I Q	IV Q	I Q	Change	Dynamics	Change	Dynamics
Current Account	14 704	-24 575	-41 091	-16 516		-55 795	
Balance on goods	12 291	-14 747	-29 894	-15 147		-42 185	
Goods: exports	300 567	353 028	356 135	3 107	100,9%	55 568	118,5%
Goods: imports	288 276	367 775	386 029	18 254	105,0%	97 753	133,9%
Balance on Services	28 854	30 767	32 721	1 954		3 867	
Services: Credit	67 691	88 673	82 769	-5 904	93,3%	15 078	122,3%
Services: Debit	38 837	57 906	50 048	-7 858	86,4%	11 211	128,9%
Balance on Primary Income	-20 571	-32 875	-37 826	-4 951		-17 255	
Primary income: credit	21 801	9 014	21 849	12 835	242,4%	48	100,2%
Primary income: debit	42 372	41 889	59 675	17 786	142,5%	17 303	140,8%
Balance on Secondary Income	-5 870	-7 720	-6 092	1 628		-222	
Secondary income: credit	6 637	6 623	6 907	284	104,3%	270	104,1%
Secondary income: debit	12 507	14 343	12 999	-1 344	90,6%	492	103,9%
Capital Account	3 293	12 157	-6 589	-18 746		-9 882	
Capital account: credit	12 351	28 158	3 929	-24 229	14,0%	-8 422	31,8%
Capital account: debit	9 058	16 001	10 518	-5 483	65,7%	1 460	116,1%
Financial account	13 250	-16 795	-60 973	-44 178		-74 223	
Direct investment - assets	10 650	6 178	9 975	3 797		-675	
Equity and investment fund shares	414	3 096	-472	-3 568		-886	
Debt instruments	10 236	3 082	10 447	7 365		211	
Direct investment - liabilities	46 066	22 104	76 244	54 140		30 178	
Equity and investment fund shares	31 469	10 193	53 139	42 946		21 670	
Debt instruments	14 597	11 911	23 105	11 194		8 508	
Portfolio investment - assets	11 403	553	-3 237	-3 790		-14 640	
Equity securities	6 769	3 338	-1 914	-5 252		-8 683	
Debt securities	4 634	-2 785	-1 323	1 462		-5 957	
Portfolio investment - liabilities	-11 869	-6 274	-12 469	-6 195		-600	
Equity securities	-842	1 552	122	-1 430		964	
Debt securities	-11 027	-7 826	-12 591	-4 765		-1 564	
Other investment - assets	6 389	19 956	47 752	27 796		41 363	
Monetary authorities	0	12	13	1		13	
General government	763	5 373	458	-4 915		-305	
MFIs (excluding monetary authorities)	-612	8 703	29 630	20 927		30 242	
Other sectors	6 238	5 868	17 651	11 783		11 413	
Other investment - liabilities	12 846	20 564	28 775	8 211		15 929	
Monetary authorities	-10 796	3 660	889	-2 771		11 685	
General government	25 664	-1 919	5 351	7 270		-20 313	
MFIs (excluding monetary authorities)	-11 462	13 660	8 856	-4 804		20 318	
Other sectors	9 440	5 163	13 679	8 516		4 239	
Financial derivatives	-1 662	-5 127	-1 902	3 225		-240	
Official reserves assets	33 513	-1 961	-21 011	-19 050		-54 524	
Net Errors and Omissions	-4 747	-4 377	-13 293	-8 916		-8 546	

^{*/} Preliminary data



Balance of Payments ^{*)}								
mn EUR								
	2021		2022		IQ 22 - IV Q 21		IQ 22 - IQ 21	
	I Q	IV Q	I Q	Change	Dynamics	Change	Dynamics	
Current Account	3 233	-5 321	-8 883	-3 562		-12 116		
Balance on goods	2 702	-3 192	-6 463	-3 271		-9 165		
Goods: exports	66 069	76 406	76 997	591	100,8%	10 928	116,5%	
Goods: imports	63 367	79 598	83 460	3 862	104,9%	20 093	131,7%	
Balance on Services	6 342	6 657	7 076	419		734		
Services: Credit	14 879	19 190	17 896	-1 294	93,3%	3 017	120,3%	
Services: Debit	8 537	12 533	10 820	-1 713	86,3%	2 283	126,7%	
Balance on Primary Income	-4 521	-7 115	-8 178	-1 063		-3 657		
Primary income: credit	4 793	1 952	4 725	2 773	242,1%	-68	98,6%	
Primary income: debit	9 314	9 067	12 903	3 836	142,3%	3 589	138,5%	
Balance on Secondary Income	-1 290	-1 671	-1 318	353		-28		
Secondary income: credit	1 459	1 433	1 493	60	104,2%	34	102,3%	
Secondary income: debit	2 749	3 104	2 811	-293	90,6%	62	102,3%	
Capital Account	724	2 631	-1 425	-4 056		-2 149		
Capital account: credit	2 715	6 094	849	-5 245	13,9%	-1 866	31,3%	
Capital account: debit	1 991	3 463	2 274	-1 189	65,7%	283	114,2%	
Financial account	2 914	-3 628	-13 186	-9 558		-16 100		
Direct investment - assets	2 340	1 337	2 156	819		-184		
Equity and investment fund shares	90	670	-102	-772		-192		
Debt instruments	2 250	667	2 258	1 591		8		
Direct investment - liabilities	10 125	4 783	16 484	11 701		6 359		
Equity and investment fund shares	6 917	2 206	11 488	9 282		4 571		
Debt instruments	3 208	2 577	4 996	2 419		1 788		
Portfolio investment - assets	2 507	121	-701	-822		-3 208		
Equity securities	1 488	723	-414	-1 137		-1 902		
Debt securities	1 019	-602	-287	315		-1 306		
Portfolio investment - liabilities	-2 609	-1 359	-2 693	-1 334		-84		
Equity securities	-185	335	27	-308		212		
Debt securities	-2 424	-1 694	-2 720	-1 026		-296		
Other investment - assets	1 404	4 322	10 326	6 004		8 922		
Monetary authorities	0	3	3	0		3		
General government	167	1 163	99	-1 064		-68		
MFIs (excluding monetary authorities)	-134	1 883	6 407	4 524		6 541		
Other sectors	1 371	1 273	3 817	2 544		2 446		
Other investment - liabilities	2 822	4 451	6 221	1 770		3 399		
Monetary authorities	-2 374	792	192	-600		2 566		
General government	5 641	-415	1 156	1 571		-4 485		
MFIs (excluding monetary authorities)	-2 520	2 957	1 915	-1 042		4 435		
Other sectors	2 075	1 117	2 958	1 841		883		
Financial derivatives	-366	-1 109	-412	697		-46		
Official reserves assets	7 367	-424	-4 543	-4 119		-11 910		
Net Errors and Omissions	-1 043	-938	-2 878	-1 940		-1 835		

^{*)} Preliminary data