



## Balance of Payments in Poland in Q3 2021

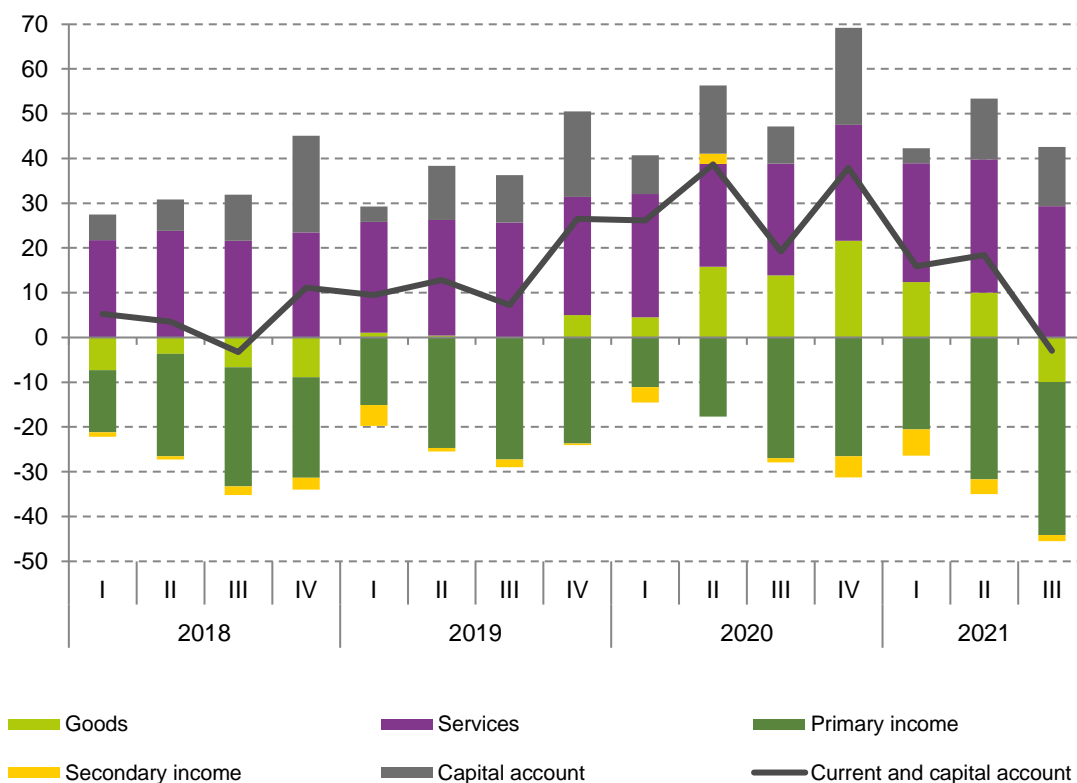
The quarterly bop has been drawn up based on monthly and quarterly information reported by Polish residents involved in transactions with non-residents, public statistics surveys as well as administrative data sources.

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

### The current and capital account

In Q3 2021, the combined current and capital account was negative and amounted to PLN 3.0 billion. The negative current and capital account balance in that quarter accounted for minus 0.5% of GDP, down by 3.7 percentage points when compared with Q3 2020.

Graph 1 Current and capital account, PLN billion





The deficit on the current account amounted to PLN 16.2 billion and, when compared with the corresponding quarter of 2020, it deteriorated by PLN 27.1 billion. This balance was influenced by a positive balance on services (PLN 29.3 billion) as well as negative balances on primary income (PLN 34.2 billion), trade in goods (PLN 10.0 billion) and secondary income (PLN 1.3 billion). The change of the surplus on trade in goods into a deficit (a decline of PLN 23.8 billion) and an increase in primary income deficit (of PLN 7.2 billion) significantly influenced the deterioration of the current account. The ratio of the current account balance to GDP stood at minus 2.5%, down by 4.4 percentage points compared with Q3 2020.

### **Trade in goods**

In Q3 2021 exports of goods were estimated at PLN 312.5 billion, while imports were estimated at PLN 322.5 billion. Exports increased by PLN 45.9 billion, i.e. 17.2%, while imports grew by PLN 69.8 billion, i.e. 27.6%. In Q3 2021, the difference between the dynamics of imports and exports of goods increased. The high growth of imports as compared to exports changed the balance from positive to negative, with the deficit amounting to PLN 10.0 billion (compared to a surplus of PLN 13.8 billion in Q3 2020). In this quarter, the increase in the value of transactions was largely due to the increase in transaction prices. On the import side, the value of fuels – natural gas, crude oil and its refined products – increased the most. During this period, the natural gas price index on the European market grew six times in annual terms, and oil prices increased by 64% (to PLN 268 per barrel, the highest level since 2014). The high prices of raw materials were also reflected in the increase in the value of imports of intermediate goods, especially iron and steel, and chemical products. Similarly, in exports the highest increases were recorded in the categories of fuels (electricity and coke) and intermediate goods. Due to their smaller share compared to imports, they had a smaller impact on the overall dynamics of exports. In turn, the significant share of the automotive industry in exports means that the crisis on the European car market caused by the shortage of microprocessors negatively affects the value of exports. In the third quarter, there were declines in the exports of passenger cars and commercial vehicles, and the upward trends in the exports of automotive parts was constrained.

### **International trade in services**

Exports of services provided by Polish entities to non-residents amounted to PLN 78.9 billion, while imports of services purchased from non-residents to PLN 49.6 billion. Compared with Q3 2020, exports of services were higher by PLN 14.7 billion, i.e. 22.9%, while imports increased by PLN 10.4 billion i.e. 26.4%. In the period under review, the balance on services was positive and amounted to PLN 29.3 billion, up by PLN 4.3 billion when compared with the corresponding period of 2020. This value was determined by positive balances on: other services, of PLN 16.2 billion (up by PLN 3.5 billion when compared



with Q3 2020), transportation services, of PLN 10.4 billion (up by PLN 0.2 billion), and travel, amounting to PLN 2.7 billion (up by PLN 0.6 billion).

### **Primary income**

In Q3 2021 credits on primary income amounted to PLN 10.5 billion up by PLN 0.9 billion when compared with the Q3 2020. Debits stood at PLN 44.7 billion, up by PLN 8.1 billion in comparison with the corresponding quarter of 2020. The balance on primary income was negative and stood at PLN 34.2 billion. This was determined by negative balances on investment income (PLN 31.0 billion), compensation of employees (PLN 3.5 billion) and a positive balance on other primary income (PLN 0.3 billion). The negative balance on investment income was influenced by the negative balances on direct investment (PLN 27.8 billion) and portfolio investment (PLN 3.6 billion) as well as positive balance on other investment (PLN 0.4 billion). In Q3 2021, foreign direct investors' income resulting from their investment in Poland stood at PLN 30.3 billion, up by PLN 5.0 billion when compared with Q3 2020. The FDI income consisted of: reinvested earnings in the amount of PLN 20.1 billion, dividends in the amount of PLN 7.9 billion and interest on debt instruments amounting to PLN 2.3 billion.

### **Secondary income**

In Q3 2021 credits on secondary income amounted to PLN 7.8 billion, up by 29.6% when compared with the Q3 2020. Debits stood at PLN 9.2 billion, up by 31.2% in comparison with the corresponding quarter of 2020. The main components of this item were: the balance on secondary income of the government sector (EU transactions) as well as balance on other sectors. The secondary income balance on other sectors was positive and amounted to PLN 1.0 billion. Credits on secondary income amounted to PLN 5.0 billion, of which PLN 3.0 billion were workers' remittances. Debits amounted to PLN 4.0 billion, of which PLN 1.0 billion were workers' remittances.

### **EU transfers**

The inflow of EU funds, included in balance of payments, amounted to PLN 17.4 billion. On the current account, this inflow amounted to PLN 3.2 billion, of which PLN 1.4 billion was registered as primary income (mostly under the Common Agricultural Policy), and PLN 1.8 billion as secondary income (mostly resulting from the European Social Fund). In the capital account, the inflow stood at PLN 14.2 billion (of which PLN 9.4 billion under the European Regional Development Fund and PLN 4.7 billion under the Cohesion Fund). In the same period, Poland's membership premiums paid to the EU budget amounted to PLN 5.7 billion. As a result of these transactions the balance of EU transfers was positive and amounted to PLN 11.7 billion.

### **Financial account**

The balance of the financial account was positive and amounted to PLN 7.0 billion, which means an increase in net external assets. This balance was influenced by an increase in



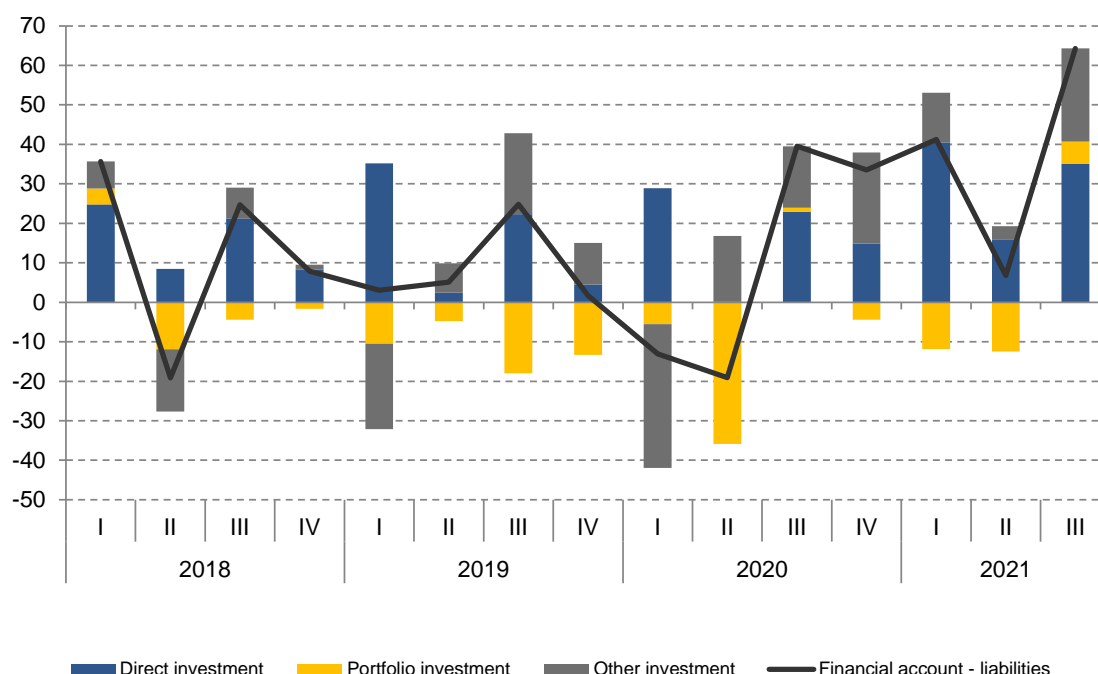
Polish investment abroad by PLN 71.3 billion (outflow of capital) and an increase in liabilities vis-à-vis non-resident investment in Poland (inflow of capital) by PLN 64.3 billion.

### Foreign investment (liabilities)

The positive balance of foreign investment in Poland was influenced by capital inflow of direct investment, portfolio investment and other investment.

The balance of non-resident direct investment was positive and amounted to PLN 35.1 billion. This amount was significantly influenced by an increase in reinvestment of earnings, which stood at PLN 20.1 billion as well as an inflow of capital in debt instruments (PLN 12.4 billion).

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



In Q3 2021 there was an inflow of foreign capital invested in Polish securities in the amount of PLN 5.6 billion. The balance on portfolio investment was positive due to the inflow of investments in debt instruments (PLN 4.8 billion) as well as inflow of investment in the Polish equity market (PLN 0.8 billion). Non-residents increased their portfolio of Treasury bonds by PLN 3.3 billion, of which PLN 6.2 billion in bonds issued on domestic market, with a simultaneous outflow from foreign markets PLN 2.9 billion. Non-residents increased their portfolio of debt securities issued by banking sector and other sectors by PLN 0.8 billion and PLN 0.7 billion, respectively.

Non-residents' investment in instruments classified under other investment increased by PLN 23.6 billion. Transactions of NBP (up by PLN 23.2 billion) had a significant impact on the value of other investment, mainly due to SDR allocation carried out by the



International Monetary Fund in Q3 2021. As part of the allocation, Poland received 3.9 billion worth of SDR, the equivalent of PLN 21.9 billion, which on the one hand contributed to the increase in official reserve assets and on the other translated into an increase in the SDR – related liabilities against the IMF. In the discussed period, other sectors increased their liabilities by PLN 6.4 billion, in particular due to credits received in the amount of PLN 2.2 billion and trade credits in the amount of PLN 2.0 billion. At the same time, the banking sector decreased its liabilities (down by PLN 5.5 billion), mostly due to the withdrawal of deposits by non-residents in the amount PLN 2.0 billion and the repayment of loans received from non-residents in the amount of PLN 1.6 billion.

### **Resident investment abroad (assets)**

The balance of residents' investment abroad was positive and stood at PLN 71.3 billion, mostly as a result of balance on items recorded under official reserve assets and other investment.

In Q3 2021, the balance of official reserve assets went up by PLN 41.7 billion and was significantly impacted by transactions conducted by NBP. These were primarily own transactions and transactions carried out at the request of NBP clients – in particular, the Ministry of Finance and the European Commission. The balance of this item was significantly affected by the aforementioned SDR allocation of PLN 21.9 billion.

Direct investment balance was positive and amounted to PLN 7.9 billion. This was driven mainly by an increase in assets due to debt instruments (PLN 6.3 billion) as well as equity (PLN 1.6 billion).

In Q3 2021, Polish portfolio investment abroad increased by PLN 2.6 billion. Residents, mainly investment funds and pension funds, increased their investment in equity securities by PLN 3.4 billion. At the same time, residents sold PLN 0.8 billion in foreign debt securities.

The balance of other Polish investment abroad was positive and stood at PLN 22.6 billion. This item was significantly affected by transactions of the banking sector in the amount PLN 20.5 billion as well as the enterprise sector the assets of which went up by PLN 1.6 billion mainly due to deposits at banks abroad. Assets of the banking sector went up as a result of placing deposits in banks abroad and other receivables.

The balance on derivative instruments was negative and stood at PLN 3.5 billion. The negative balance means an inflow of funds as a result of realization of profits made by residents. The income of Polish banks on interest rate derivatives accounted for the largest share in these profits.



### **Additional information on the balance of payments**

Balance of payments data for November 2021 will be released on 13 January 2022.

Balance of payments data for Q4 2021 will be released on 31 March 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](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](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](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](http://www.nbp.pl/statystyka/DWN/Rez_m.xlsx)



Balance of Payments<sup>1/</sup>

mn PLN

	2020	2021		III Q 21 - II Q 21		III Q 21 - III Q 20	
	III Q	II Q	III Q	Change	Dynamics	Change	Dynamics
<b>Current Account</b>	<b>10 928</b>	<b>4 825</b>	<b>-16 174</b>	<b>-20 999</b>		<b>-27 102</b>	
<b>Balance on goods</b>	<b>13 848</b>	<b>9 990</b>	<b>-9 982</b>	<b>-19 972</b>		<b>-23 830</b>	
Goods: exports	266 586	315 906	312 539	-3 367	98,9%	45 953	117,2%
Goods: imports	252 738	305 916	322 521	16 605	105,4%	69 783	127,6%
<b>Balance on Services</b>	<b>25 019</b>	<b>29 804</b>	<b>29 344</b>	<b>-460</b>		<b>4 325</b>	
Services: Credit	64 238	72 899	78 918	6 019	108,3%	14 680	122,9%
Services: Debit	39 219	43 095	49 574	6 479	115,0%	10 355	126,4%
<b>Balance on Primary Income</b>	<b>-26 976</b>	<b>-31 738</b>	<b>-34 177</b>	<b>-2 439</b>		<b>-7 201</b>	
Primary income: credit	9 655	12 925	10 535	-2 390	81,5%	880	109,1%
Primary income: debit	36 631	44 663	44 712	49	100,1%	8 081	122,1%
<b>Balance on Secondary Income</b>	<b>-963</b>	<b>-3 231</b>	<b>-1 359</b>	<b>1 872</b>		<b>-396</b>	
Secondary income: credit	6 022	6 306	7 806	1 500	123,8%	1 784	129,6%
Secondary income: debit	6 985	9 537	9 165	-372	96,1%	2 180	131,2%
<b>Capital Account</b>	<b>8 293</b>	<b>13 564</b>	<b>13 201</b>	<b>-363</b>		<b>4 908</b>	
Capital account: credit	8 671	15 194	14 309	-885	94,2%	5 638	165,0%
Capital account: debit	378	1 630	1 108	-522	68,0%	730	293,1%
<b>Financial account</b>	<b>7 398</b>	<b>8 043</b>	<b>7 022</b>	<b>-1 021</b>		<b>-376</b>	
<b>Direct investment - assets</b>	<b>12 881</b>	<b>5 584</b>	<b>7 940</b>	<b>2 356</b>		<b>-4 941</b>	
Equity and investment fund shares	999	2 252	1 605	-647		606	
Debt instruments	11 882	3 332	6 335	3 003		-5 547	
<b>Direct investment - liabilities</b>	<b>22 985</b>	<b>15 989</b>	<b>35 126</b>	<b>19 137</b>		<b>12 141</b>	
Equity and investment fund shares	22 283	10 832	22 754	11 922		471	
Debt instruments	702	5 157	12 372	7 215		11 670	
<b>Portfolio investment - assets</b>	<b>3 992</b>	<b>3 987</b>	<b>2 585</b>	<b>-1 402</b>		<b>-1 407</b>	
Equity securities	2 245	4 487	3 389	-1 098		1 144	
Debt securities	1 747	-500	-804	-304		-2 551	
<b>Portfolio investment - liabilities</b>	<b>983</b>	<b>-12 440</b>	<b>5 601</b>	<b>18 041</b>		<b>4 618</b>	
Equity securities	-547	804	835	31		1 382	
Debt securities	1 530	-13 244	4 766	18 010		3 236	
<b>Other investment - assets</b>	<b>4 113</b>	<b>9 150</b>	<b>22 642</b>	<b>13 492</b>		<b>18 529</b>	
Monetary authorities	0	0	0	0		0	
General government	7 389	495	530	35		-6 859	
MFIs (excluding monetary authorities)	-11 544	4 698	20 499	15 801		32 043	
Other sectors	8 268	3 957	1 613	-2 344		-6 655	
<b>Other investment - liabilities</b>	<b>15 543</b>	<b>3 273</b>	<b>23 586</b>	<b>20 313</b>		<b>8 043</b>	
Monetary authorities	7 202	-5 216	23 294	28 510		16 092	
General government	7 227	5 197	-639	-5 836		-7 866	
MFIs (excluding monetary authorities)	-4 150	-1 539	-5 528	-3 989		-1 378	
Other sectors	5 264	4 831	6 459	1 628		1 195	
<b>Financial derivatives</b>	<b>-1 614</b>	<b>-3 113</b>	<b>-3 516</b>	<b>-403</b>		<b>-1 902</b>	
<b>Official reserves assets</b>	<b>27 537</b>	<b>-743</b>	<b>41 684</b>	<b>42 427</b>		<b>14 147</b>	
<b>Net Errors and Omissions</b>	<b>-11 823</b>	<b>-10 346</b>	<b>9 995</b>	<b>20 341</b>		<b>21 818</b>	

<sup>1/</sup> Preliminary data



Balance of Payments<sup>7</sup>

mn EUR

	2020		2021		III Q 21 - II Q 21		III Q 21 - III Q 20	
	III Q	II Q	III Q	Change	Dynamics	Change	Dynamics	
<b>Current Account</b>	<b>2 460</b>	<b>1 066</b>	<b>-3 541</b>	<b>-4 607</b>		<b>-6 001</b>		
<b>Balance on goods</b>	<b>3 117</b>	<b>2 204</b>	<b>-2 186</b>	<b>-4 390</b>		<b>-5 303</b>		
Goods: exports	60 007	69 698	68 442	-1 256	98,2%	8 435	114,1%	
Goods: imports	56 890	67 494	70 628	3 134	104,6%	13 738	124,1%	
<b>Balance on Services</b>	<b>5 632</b>	<b>6 577</b>	<b>6 426</b>	<b>-151</b>		<b>794</b>		
Services: Credit	14 459	16 084	17 282	1 198	107,4%	2 823	119,5%	
Services: Debit	8 827	9 507	10 856	1 349	114,2%	2 029	123,0%	
<b>Balance on Primary Income</b>	<b>-6 071</b>	<b>-7 002</b>	<b>-7 484</b>	<b>-482</b>		<b>-1 413</b>		
Primary income: credit	2 174	2 852	2 307	-545	80,9%	133	106,1%	
Primary income: debit	8 245	9 854	9 791	-63	99,4%	1 546	118,8%	
<b>Balance on Secondary Income</b>	<b>-218</b>	<b>-713</b>	<b>-297</b>	<b>416</b>		<b>-79</b>		
Secondary income: credit	1 355	1 391	1 710	319	122,9%	355	126,2%	
Secondary income: debit	1 573	2 104	2 007	-97	95,4%	434	127,6%	
<b>Capital Account</b>	<b>1 867</b>	<b>2 992</b>	<b>2 890</b>	<b>-102</b>		<b>1 023</b>		
Capital account: credit	1 952	3 352	3 133	-219	93,5%	1 181	160,5%	
Capital account: debit	85	360	243	-117	67,5%	158	285,9%	
<b>Financial account</b>	<b>1 664</b>	<b>1 777</b>	<b>1 533</b>	<b>-244</b>		<b>-131</b>		
<b>Direct investment - assets</b>	<b>2 899</b>	<b>1 233</b>	<b>1 738</b>	<b>505</b>		<b>-1 161</b>		
Equity and investment fund shares	225	498	351	-147		126		
Debt instruments	2 674	735	1 387	652		-1 287		
<b>Direct investment - liabilities</b>	<b>5 174</b>	<b>3 528</b>	<b>7 693</b>	<b>4 165</b>		<b>2 519</b>		
Equity and investment fund shares	5 016	2 390	4 983	2 593		-33		
Debt instruments	158	1 138	2 710	1 572		2 552		
<b>Portfolio investment - assets</b>	<b>898</b>	<b>881</b>	<b>566</b>	<b>-315</b>		<b>-332</b>		
Equity securities	505	990	742	-248		237		
Debt securities	393	-109	-176	-67		-569		
<b>Portfolio investment - liabilities</b>	<b>221</b>	<b>-2 745</b>	<b>1 227</b>	<b>3 972</b>		<b>1 006</b>		
Equity securities	-124	177	183	6		307		
Debt securities	345	-2 922	1 044	3 966		699		
<b>Other investment - assets</b>	<b>926</b>	<b>2 019</b>	<b>4 956</b>	<b>2 937</b>		<b>4 030</b>		
Monetary authorities	0	0	0	0		0		
General government	1 663	109	115	6		-1 548		
MFIs (excluding monetary authorities)	-2 598	1 037	4 488	3 451		7 086		
Other sectors	1 861	873	353	-520		-1 508		
<b>Other investment - liabilities</b>	<b>3 498</b>	<b>723</b>	<b>5 164</b>	<b>4 441</b>		<b>1 666</b>		
Monetary authorities	1 621	-1 151	5 101	6 252		3 480		
General government	1 626	1 147	-140	-1 287		-1 766		
MFIs (excluding monetary authorities)	-934	-339	-1 211	-872		-277		
Other sectors	1 185	1 066	1 414	348		229		
<b>Financial derivatives</b>	<b>-364</b>	<b>-686</b>	<b>-771</b>	<b>-85</b>		<b>-407</b>		
<b>Official reserves assets</b>	<b>6 198</b>	<b>-164</b>	<b>9 128</b>	<b>9 292</b>		<b>2 930</b>		
<b>Net Errors and Omissions</b>	<b>-2 663</b>	<b>-2 281</b>	<b>2 184</b>	<b>4 465</b>		<b>4 847</b>		

<sup>7</sup> Preliminary data