



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 30/11/2023

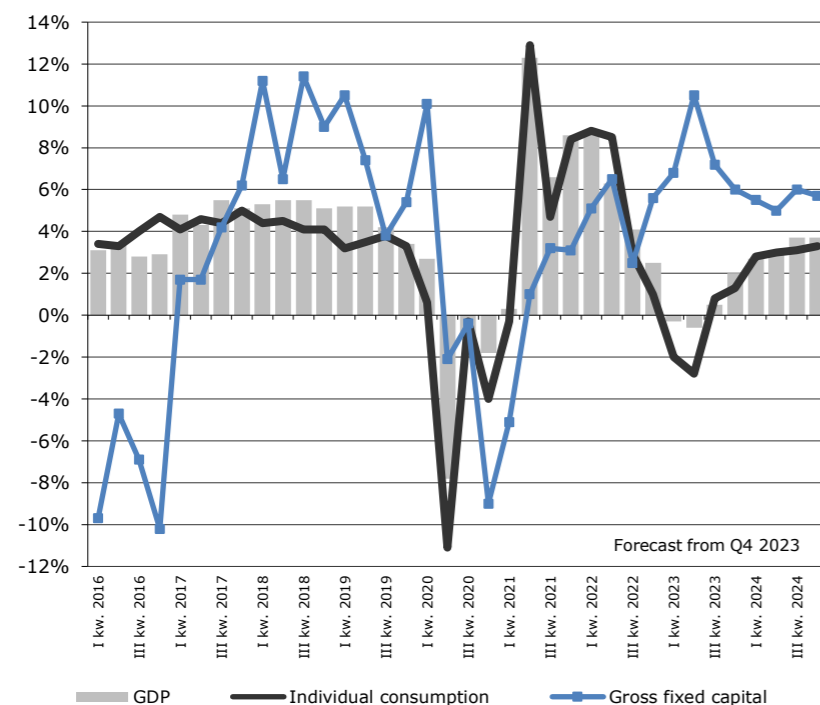
Macroeconomic forecast

Monthly macroeconomic indicators	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024
Industrial sales, % real change, y/y	-6,0%	-2,8%	-1,1%	-2,3%	-1,9%	-3,3%	1,6%	0,0%	-1,0%	7,0%	7,8%	3,8%	10,9%
Construction, % real change, y/y	1,2%	-0,7%	1,5%	1,1%	3,5%	11,5%	9,8%	5,5%	5,1%	11,0%	5,3%	6,7%	8,8%
Retail sales, % nominal change, y/y	3,4%	1,8%	2,1%	2,1%	3,1%	3,6%	4,8%	4,0%	5,0%	6,6%	10,6%	9,7%	8,2%
Consumer prices, % change, y/y	14,7%	13,0%	11,5%	10,8%	10,1%	8,2%	6,6%	6,5%	6,6%	5,7%	5,4%	4,8%	4,5%
Producer prices, % change, y/y	6,2%	2,8%	0,3%	-2,1%	-2,9%	-2,7%	-4,1%	-4,2%	-5,1%	-5,9%	-4,9%	-4,1%	-2,8%
Wages - enterprise sector, % nominal change, y/y	12,1%	12,2%	11,9%	10,4%	11,9%	10,3%	12,8%	11,1%	11,0%	11,3%	9,8%	8,8%	9,1%
Wages - enterprise sector, PLN	7 431	7 182	7 335	7 485	7 369	7 380	7 545	7 620	8 139	7 658	7 758	8 169	8 104
Registered unemployment rate	5,3%	5,1%	5,1%	5,0%	5,0%	5,0%	5,0%	5,0%	5,1%	5,3%	5,4%	5,3%	5,1%
Number of registered unemployed persons, thousand	822	802	784	782	783	776	770	773	786	824	838	823	792
Current account balance, EUR million	-330	491	1 049	-62	-299	394	1 638	1 518	-322	1 387	1 098	-198	-396
Current account balance, EUR million, rolling annualised basis	-3 181	-1 577	-520	276	1 834	4 605	5 496	7 762	9 162	8 303	7 935	6 364	6 299

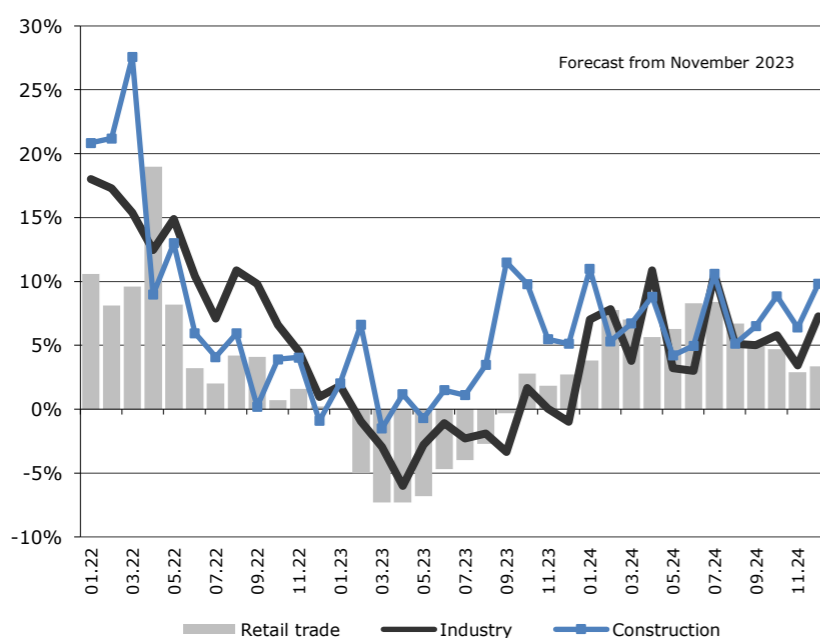
Macroeconomic forecast

Quarterly macroeconomic indicators	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25
Gross domestic product , % real change y/y	8,8%	6,3%	4,1%	2,5%	-0,3%	-0,6%	0,5%	2,0%	2,7%	3,0%	3,7%	3,7%	3,1%
Individual consumption , % real change y/y	8,8%	8,5%	2,9%	1,0%	-2,0%	-2,8%	0,8%	1,3%	2,8%	3,0%	3,1%	3,3%	2,6%
Gross fixed capital , % real change y/y	5,1%	6,5%	2,5%	5,6%	6,8%	10,5%	7,2%	6,0%	5,5%	5,0%	6,0%	5,7%	5,0%

GDP components in terms of demand - y / y



Industry, construction and retail trade y / y (real)



The Central Statistical Office presented GDP results in the third quarter of 2023. Gross domestic product increased by 0.5% y/y, after a decline in the second quarter by 0.6% y/y. The result was better than expected by the market. The exit from the recession was possible thanks to overcoming negative trends in consumption.

Economic growth is likely in the fourth quarter of 2023 - at the level of 2.0% y/y. In the following quarters, the growth rate should remain in the range of 2.5% - 3.5%. Consumption will strengthen. Supplies will be renewed.

Throughout 2022, GDP increased in real terms by 5.3%, and in nominal terms it amounted to PLN 3,067 billion (EUR 655 billion). For 2023, GDP growth is estimated at 0.4%. In nominal terms, GDP will amount to PLN 3,407 billion (EUR 750 billion).

For 2024, GDP growth is estimated at 3.3%. In nominal terms, GDP will amount to PLN 3,675 billion (EUR 850 billion).

In October, industrial production increased by 4.1% in real terms. The increase was seasonal. The annual production dynamics improved to positive +1.6% from negative -3.3% in September. Industry results in October were close to those expected by the market and weaker than we expected. In the period January - October 2023, industrial production was 1.5% lower than in the corresponding period of 2022.

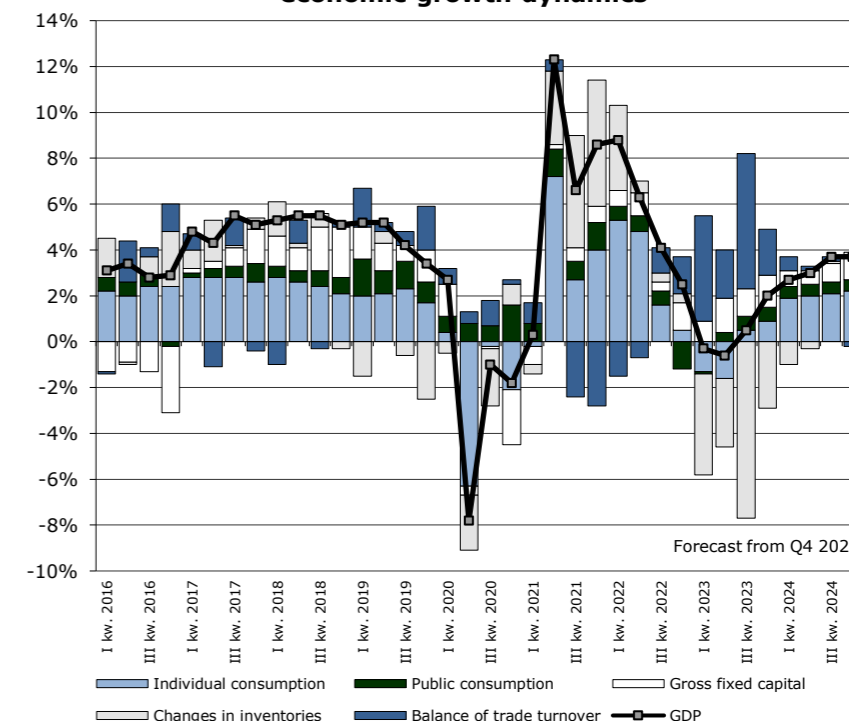
In October, construction and assembly production was 2.5% higher than in September. An increase in sales in October is not a typical phenomenon. The annual dynamics of construction and assembly production decreased from 11.5% in September to 9.8% in October. Construction results in October were weaker than expected by the market and close to what we expected. In the period January - October 2023, construction and assembly production was 4.6% higher than in the corresponding period of 2022.

Retail sales in October in nominal terms were 3.5% higher than in September. The increase in sales recorded in October is seasonal. Annual sales growth increased from 3.6% in September to 4.8% in October. October's results were better than expected by the market and us. In the period January-October 2023, retail sales were nominally 6.1% higher than in the corresponding period of 2022. In real terms, retail sales in the period January-October 2023 were 2.6% lower than in the corresponding period of 2022.

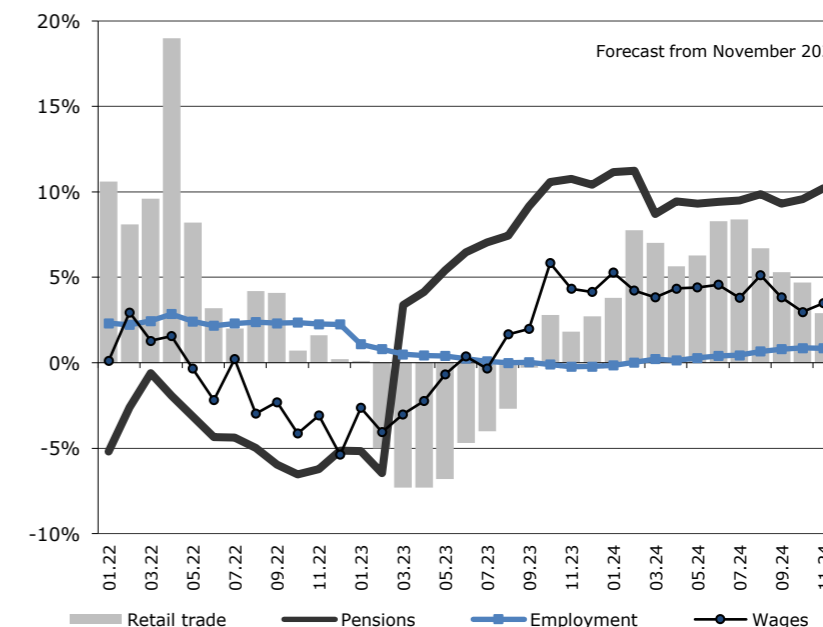
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 30/11/2023

Scale of impact of GDP demand components on economic growth dynamics

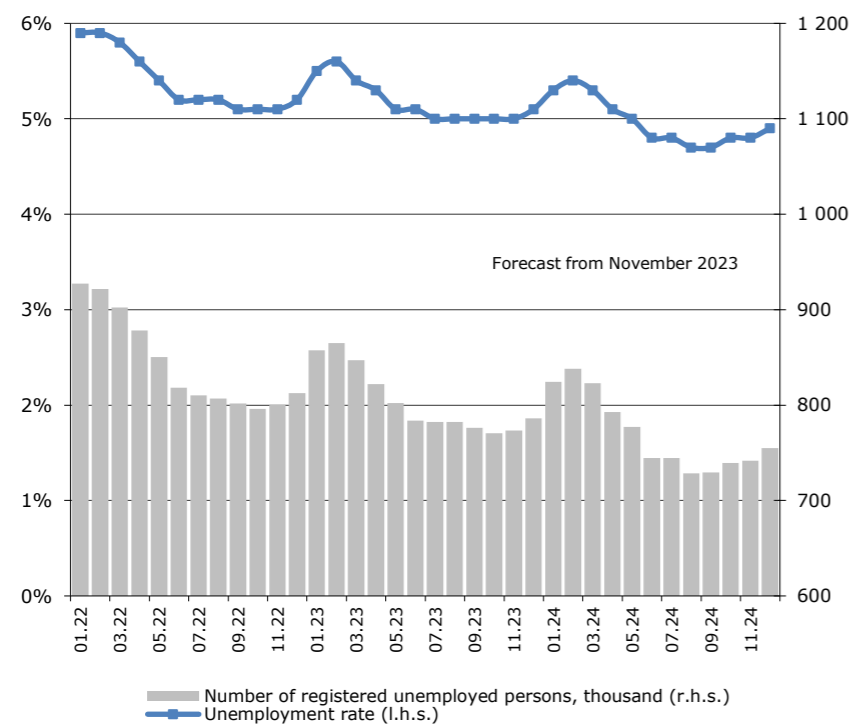


Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment

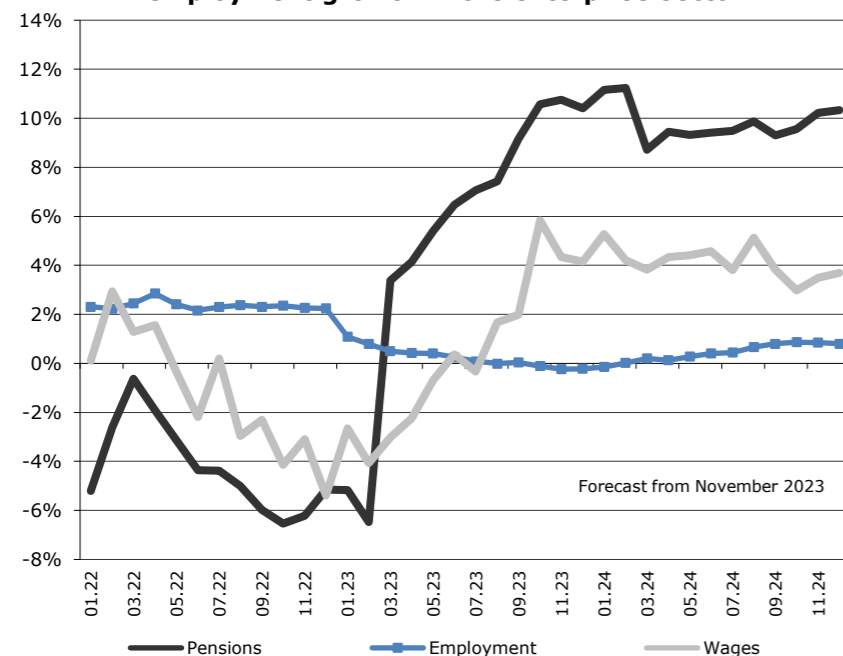


Source: Statistics Poland
Forecast: Polish Chamber of Commerce

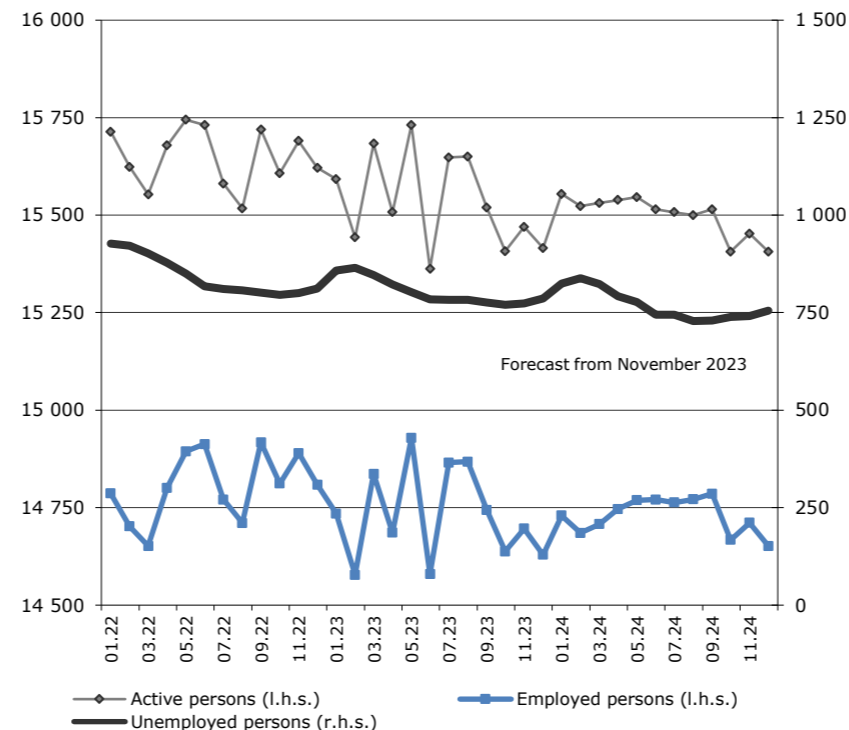
Registered unemployment



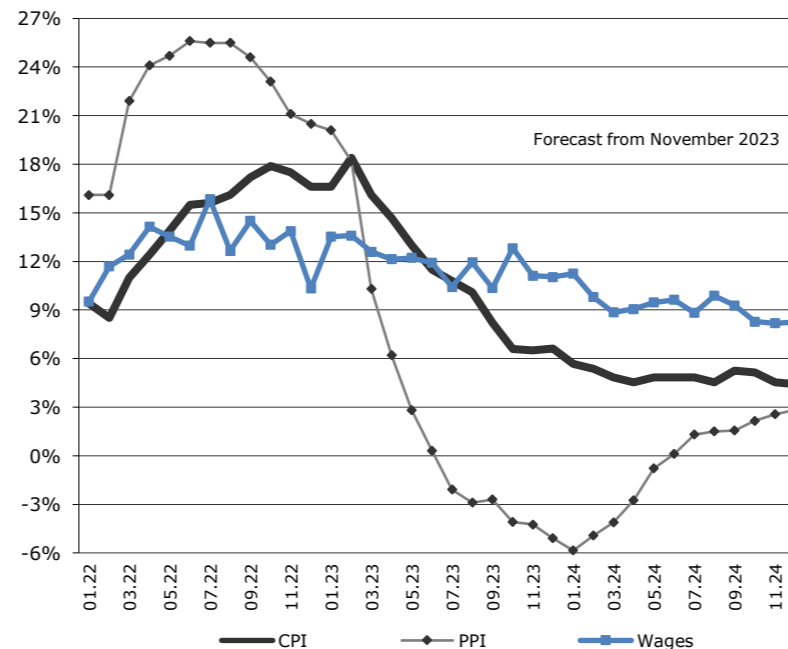
Real dynamics of gross wages in the enterprise sector and pensions against the background of employment growth in the enterprise sector



Labor activity



CPI, PPI, Wages - y / y



In October, the number of registered unemployed decreased by 5.6 thousand. up to 770.4 thousand people. The unemployment rate was 5.0%. In September, the unemployment rate was also 5.0%. A year ago in October the unemployment rate was 5.1%. October usually brings a stabilization or slight deterioration in unemployment statistics. The demand for seasonal work in construction, agriculture and tourist services is running out. The October data were close to expected.

The number of people working in October was approximately 14,638 thousand. people. It was 174 thousand i.e. 1.18% lower than last year.

We currently have seasonal minimum unemployment. At the end of the year, the unemployment rate will be approximately 5.1% and the number of unemployed will reach 790,000 - 800,000. people. The seasonal peak in unemployment will occur in February. The unemployment rate will increase to 5.4% and the number of unemployed to 840,000. people.

In October, prices of consumer goods and services increased on average by 0.3%. In October, prices usually increase for seasonal reasons. October's result was lower than expected by the market and lower than we expected. Prices increased in the following groups: clothing and footwear, education, communications, home furnishings, food, alcohol and tobacco, home use, restaurants and hotels, others. Prices fell in the groups: transport and recreation and culture.

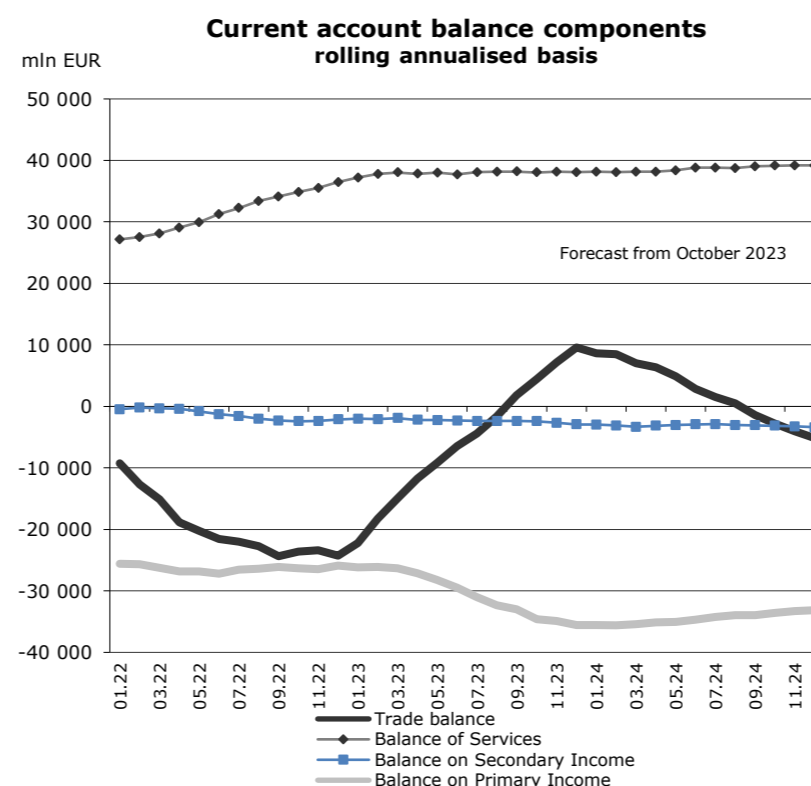
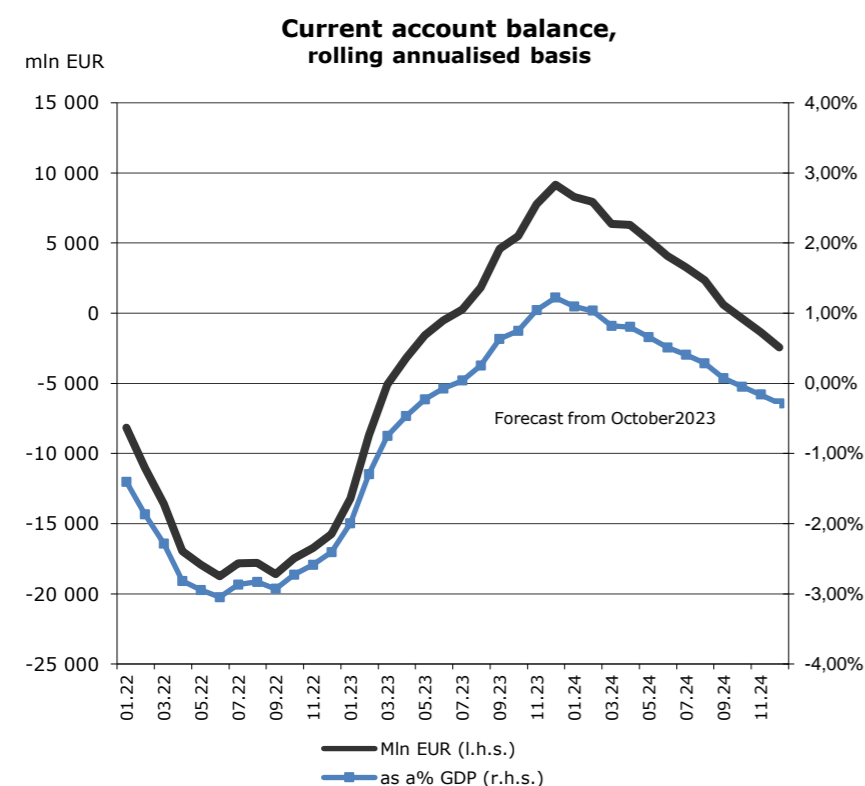
In October, prices of goods and services were 6.6% higher than a year ago. In September, prices were 8.2% higher than a year ago. In the period January - October 2023, prices were on average 12.5% higher than in the same period of 2022. A slight decline in the annual inflation rate is expected in November.

Industrial prices in October fell on average by 0.5%. Industrial prices in October were on average 4.1% lower than a year ago (in September by 2.7%). In the period January-October 2023, industrial prices were on average 4.1% higher than in the same period last year. In the coming months, the annual dynamics of industrial prices may remain negative.

In October, the average salary in the enterprise sector was PLN 7,544.98. It was therefore PLN 165.10, i.e. 2.2% higher than in September. It was also PLN 857.06 and 12.8% higher than in October 2022. The strong wage growth recorded in October is not seasonal. Small increases or stabilization of wages in October are seasonal. The wage level in October was clearly higher than expected by the market and us. In November, wages will increase for seasonal reasons. The level of wages in the coming months will be influenced by changes in the level of economic activity.

CURRENT ACCOUNT BALANCE AND ITS MAIN COMPONENTS

Updated on 30/11/2023



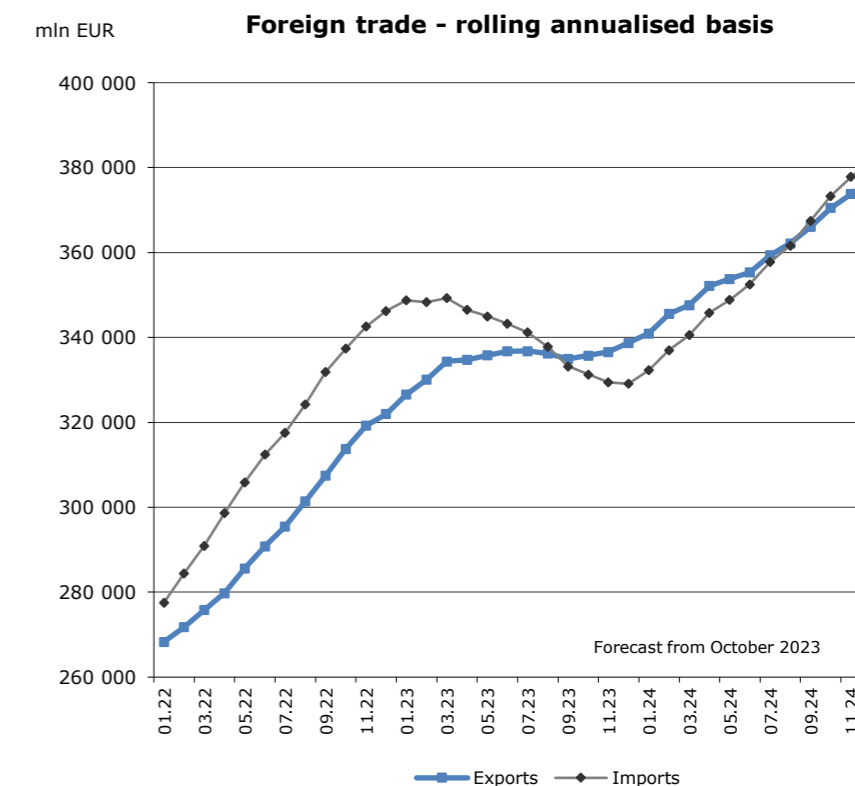
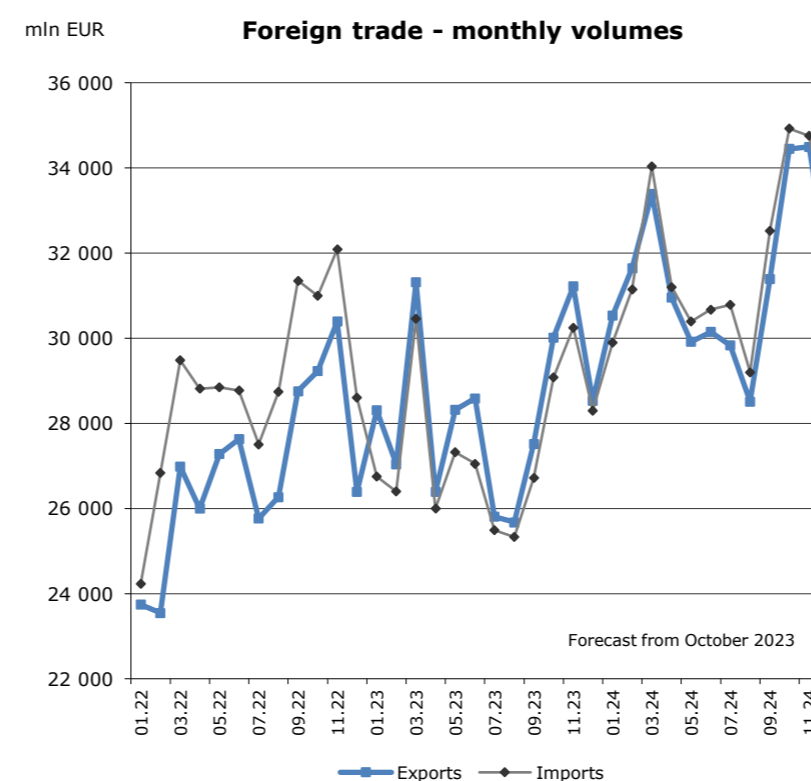
(mln EUR)	IX 2022	VIII 2023*	IX 2023
Current account balance	-2 377	-299	394
Exports	28 756	25 674	27 517
Imports	31 348	25 334	26 716
Trade balance	-2 592	340	801
Balance on Services	3 027	3 432	3 034
Balance on Primary Income	-2 642	-3 742	-3 265
Balance on Secondary Income	-170	-329	-176

*Corrected data

At the beginning of November, the National Bank of Poland presented estimated data on the balance of payments in September. The current account balance in September 2023 was positive and amounted to EUR 394 million. In the previous month, there was a deficit of -EUR 299 million. A year ago, there was a deficit of EUR -2,377 million.

After September, the current account balance on a rolling annual basis was positive and amounted to EUR 4,605 million. Its level in relation to GDP was 0.63%. In the last 12 months, exports of goods amounted to EUR 335 billion and exports of services to EUR 97 billion.

Exports of goods are currently comparable to 46.1% of GDP. This is a high value for a country with the population and area of Poland. Exports of services are comparable to 13.3% of GDP, which should also be considered a very good result. These indicators are much better than those recorded before the beginning of the pandemic crisis.



Source: NBP
Forecast: Polish Chamber of Commerce

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS

Updated on 30/11/2023

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024
International reserves, EUR million	162 023	165 176	166 803	164 831	167 518	169 696	165 838	166 833	167 667	166 326	168 322	171 352	168 953
International reserves in the months of import of goods and services	4,82	4,93	5,00	4,96	5,08	5,20	5,11	5,16	5,19	5,11	5,11	5,15	5,01
International reserves as a% of money supply	34,6%	34,7%	34,4%	33,5%	34,1%	35,2%	32,9%	32,3%	32,0%	31,8%	31,9%	32,5%	31,9%
Current account balance, EUR million, rolling annualised basis	-3 181	-1 577	-520	276	1 834	4 605	5 496	7 762	9 162	8 303	7 935	6 364	6 299
Current account balance, as a% of GDP, rolling annualised basis	-0,46%	-0,23%	-0,07%	0,04%	0,26%	0,63%	0,75%	1,05%	1,22%	1,10%	1,04%	0,82%	0,80%
Inflow of foreign direct investment - rolling annualised basis, EUR million	29 652	30 301	27 454	28 894	29 952	29 995	29 912	27 319	26 641	26 396	25 355	23 911	23 603
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	11 548	10 124	10 982	10 387	10 033	9 902	10 201	7 833	7 681	10 659	7 259	7 772	3 757

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25
Total external debt, EUR million	327 540	337 280	341 400	347 584	354 181	370 964	378 000	385 500	392 250	397 750	403 000	407 000	410 750
Long-term external debt, EUR million	166 268	168 888	168 810	177 896	180 283	190 930	195 000	200 000	205 000	209 000	213 000	216 000	219 000
Short-term external debt, EUR million	58 537	63 042	64 925	61 139	61 232	65 807	67 000	68 000	68 750	69 500	70 000	70 500	70 750
External debt - Direct investment debt instruments, EUR million	102 735	105 350	107 665	108 549	112 666	114 227	116 000	117 500	118 500	119 250	120 000	120 500	121 000
External debt as a% of GDP	55%	55%	54%	53%	52%	53%	52%	51%	51%	50%	49%	48%	47%
External debt as a% of export	119%	116%	111%	108%	106%	110%	113%	114%	113%	112%	110%	108%	107%
International reserves as a% of total external debt	43%	44%	45%	45%	44%	45%	45%	43%	44%	43%	43%	44%	45%
International reserves as a% of short-term external debt	243%	234%	237%	256%	255%	253%	253%	247%	249%	245%	248%	255%	259%

Source: Statistics Poland; NBP
Forecast: Polish Chamber of Commerce

The current account has been positive in recent months. Its rolling total over the last 12 months is positive and improving rapidly. After September it was comparable to 0.63% of GDP.

In recent quarters, a simultaneous inflow of direct capital to our market and portfolio capital has been visible. The low inflow of portfolio capital is a consequence of the change in the government's debt management policy. Debt is issued mainly to domestic entities, and less to foreign investors.

Foreign exchange reserves are high. Their level is adequate to the volume of imports of goods and services (5.11 months of imports of goods and services), money supply (32.9%) and foreign debt (45.0%).

The growth of foreign debt accelerated. The ratio of external debt to GDP is currently 53%. The ratio of foreign debt to goods exports is currently 110%. The current ratio of foreign debt to GDP and exports is low.

