



# **Monthly Macroeconomic Review**

Prepared by  
Polish Chamber of Commerce

Updated on 31/10/2023

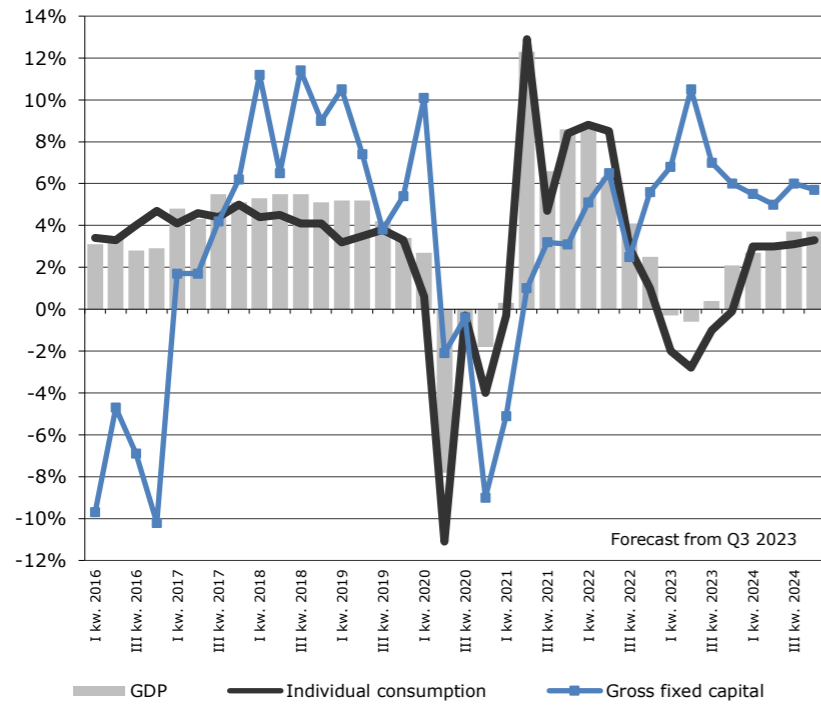
Macroeconomic forecast

Monthly macroeconomic indicators	03.2023	04.2023	05.2023	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024
Industrial sales, % real change, y/y	-3,0%	-6,0%	-2,8%	-1,1%	-2,3%	-1,9%	-3,1%	4,0%	2,5%	1,4%	7,0%	7,8%	3,8%
Construction, % real change, y/y	-1,5%	1,2%	-0,7%	1,5%	1,1%	3,5%	11,5%	9,1%	5,0%	4,7%	11,0%	5,3%	6,7%
Retail sales, % nominal change, y/y	4,8%	3,4%	1,8%	2,1%	2,1%	3,1%	3,6%	4,9%	2,9%	4,9%	6,6%	10,5%	9,7%
Consumer prices, % change, y/y	16,1%	14,7%	13,0%	11,5%	10,8%	10,1%	8,2%	6,5%	6,5%	6,6%	5,7%	5,4%	4,8%
Producer prices, % change, y/y	10,3%	6,2%	2,8%	0,3%	-2,1%	-2,9%	-2,8%	-3,3%	-2,8%	-3,3%	-4,1%	-3,1%	-2,2%
Wages - enterprise sector, % nominal change, y/y	12,6%	12,1%	12,2%	11,9%	10,4%	11,9%	10,3%	10,5%	8,9%	9,1%	8,1%	6,9%	6,6%
Wages - enterprise sector, PLN	7 505	7 431	7 182	7 335	7 485	7 369	7 380	7 387	7 469	7 999	7 439	7 550	8 003
Registered unemployment rate	5,4%	5,3%	5,1%	5,1%	5,0%	5,0%	5,0%	5,0%	5,0%	5,1%	5,3%	5,4%	5,3%
Number of registered unemployed persons, thousand	847	822	802	784	782	783	776	775	775	788	827	841	825
Current account balance, EUR million	1 372	-330	491	1 049	-62	-202	432	1 908	1 658	-207	1 379	847	-299
Current account balance, EUR million, rolling annualised basis	-5 081	-3 181	-1 577	-520	276	1 931	4 740	5 901	8 307	9 822	8 956	8 335	6 664

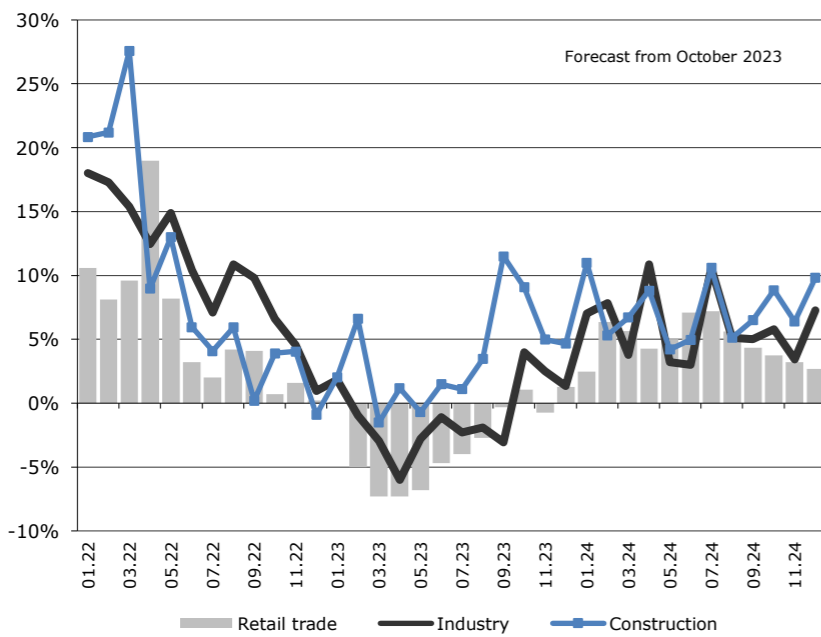
Macroeconomic forecast

Quarterly macroeconomic indicators	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Gross domestic product , % real change y/y	8,6%	8,8%	6,3%	4,1%	2,5%	-0,3%	-0,6%	0,4%	2,1%	2,7%	3,0%	3,7%	3,7%
Individual consumption , % real change y/y	8,4%	8,8%	8,5%	2,9%	1,0%	-2,0%	-2,8%	-1,0%	-0,1%	3,0%	3,0%	3,1%	3,3%
Gross fixed capital , % real change y/y	3,1%	5,1%	6,5%	2,5%	5,6%	6,8%	10,5%	7,0%	6,0%	5,5%	5,0%	6,0%	5,7%

### 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 second quarter of 2023. Gross domestic product decreased by 0.6% y/y, after a decline in the first quarter by 0.3% y/y. The result was worse than expected by the market. The recession was caused by declines in consumption and inventories.

Economic growth is likely in the third quarter of 2023 - at the level of 0.4% y/y. We forecast growth for the fourth quarter at 2.1%. Throughout 2023, consumption will regress due to the very high level of inflation. Inventory levels are decreasing.

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 forecast at 0.4%. In nominal terms, GDP will amount to PLN 3,422 billion (EUR 751 billion).

In September, industrial production increased by 8.4% in real terms. The increase was seasonal. Annual production growth deteriorated to negative -3.1% from negative -1.9% in August. Industry results in September were close to those expected by the market and much weaker than we expected. In the period January - September 2023, industrial production was 1.9% lower than in the corresponding period of 2022.

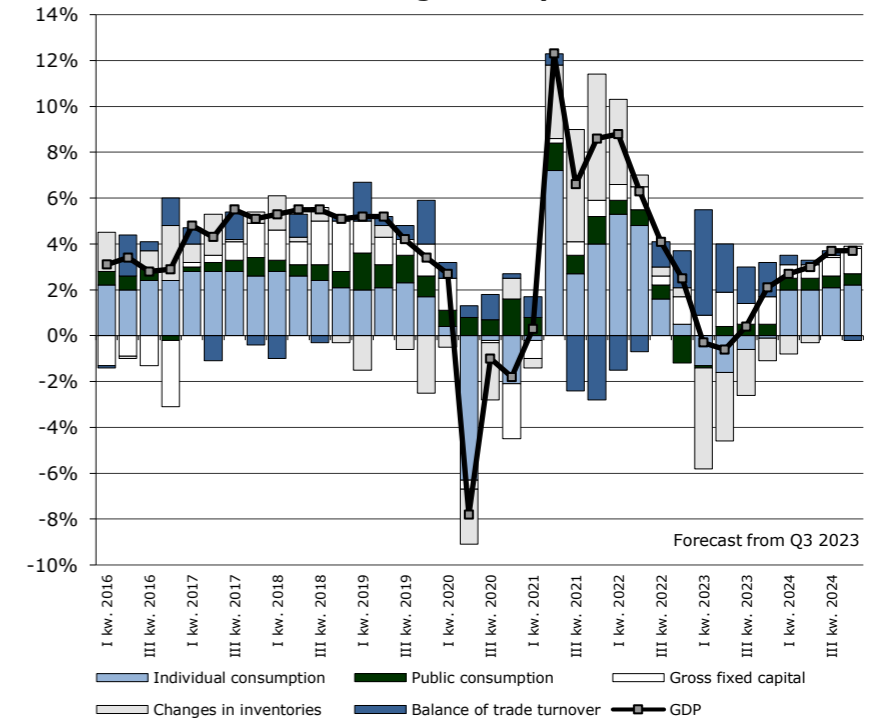
In September, construction and assembly production was 11.4% higher than in August. An increase in sales in September is a typical phenomenon. The annual dynamics of construction and assembly production improved from 3.5% in August to 11.5% in September. Construction results in September were better than expected by the market and us. In the period January - September 2023, construction and assembly production was 2.3% higher than in the corresponding period of 2022.

Retail sales in September in nominal terms were 0.7% lower than in August. The decline in sales recorded in September is seasonal. Annual sales growth increased from 3.1% in August to 3.6% in September. September's results were better than expected by the market and us. In the period January-September 2023, retail sales were nominally 6.1% higher than in the corresponding period of 2022. In real terms, retail sales in the period January-September 2023 were 3.4% lower than in the corresponding period of 2022.

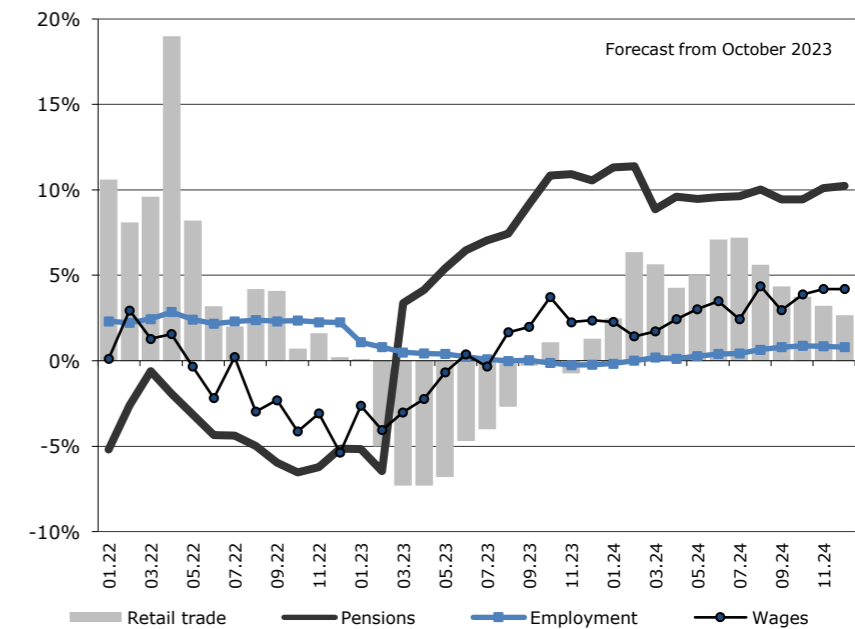
## GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 31/10/2023

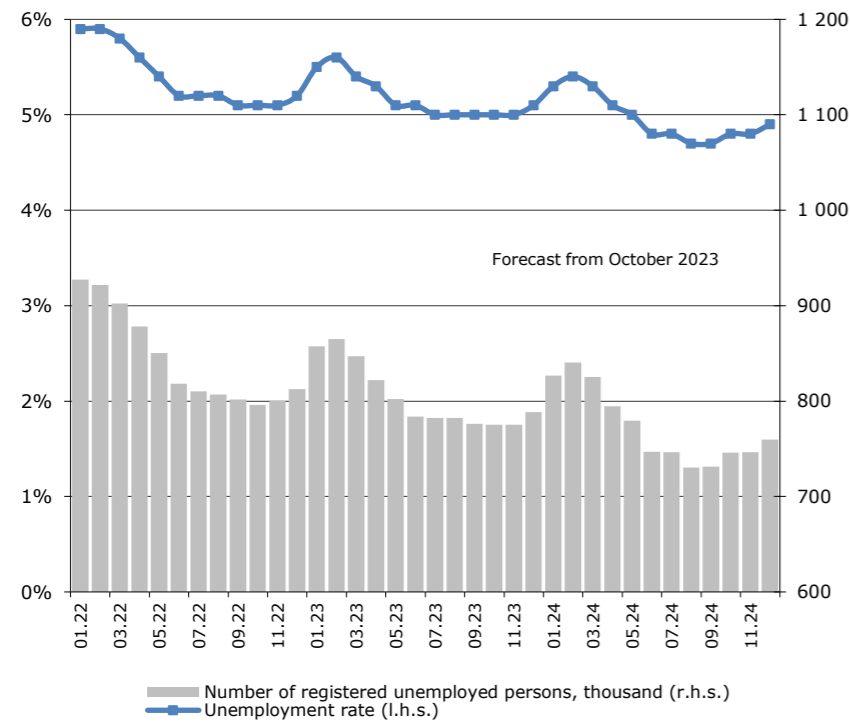
### Scale of impact of GDP demand components on economic growth dynamics



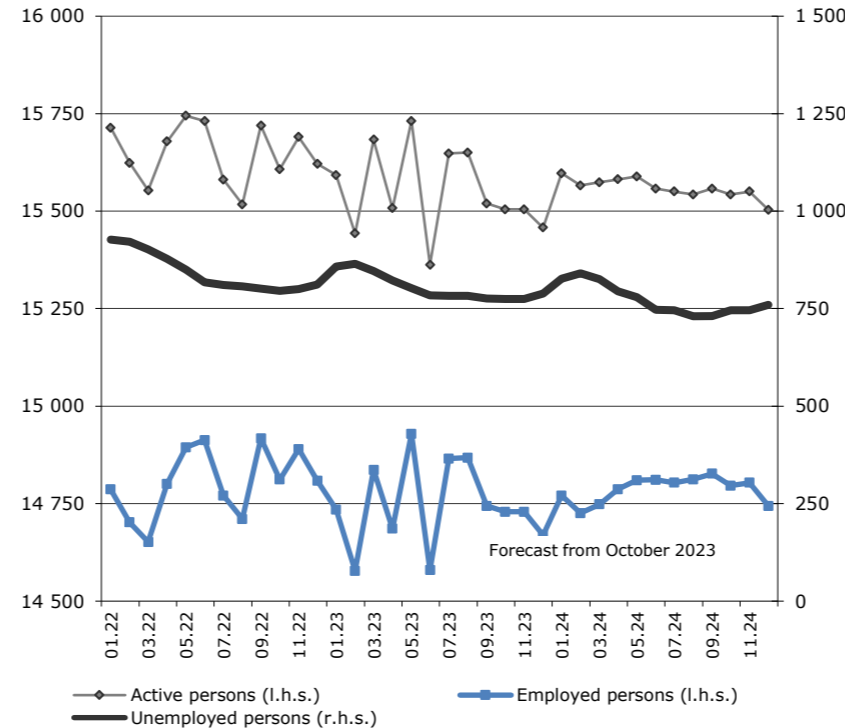
### Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



**Registered unemployment**



**Labor activity**

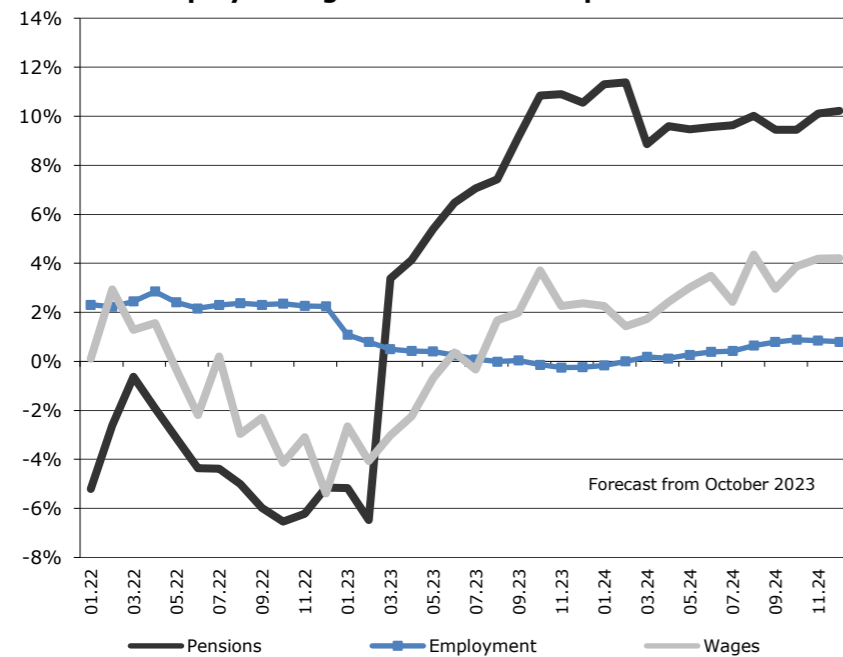


In September, the number of registered unemployed decreased by 6.5 thousand, up to 776.0 thousand people. The unemployment rate was 5.0%. In August, the unemployment rate was also 5.0%. A year ago in September the unemployment rate was 5.1%. September usually brings stabilization or a slight improvement in unemployment statistics. In summer, there is a demand for seasonal work in construction, agriculture and tourist services. The September data were close to expected.

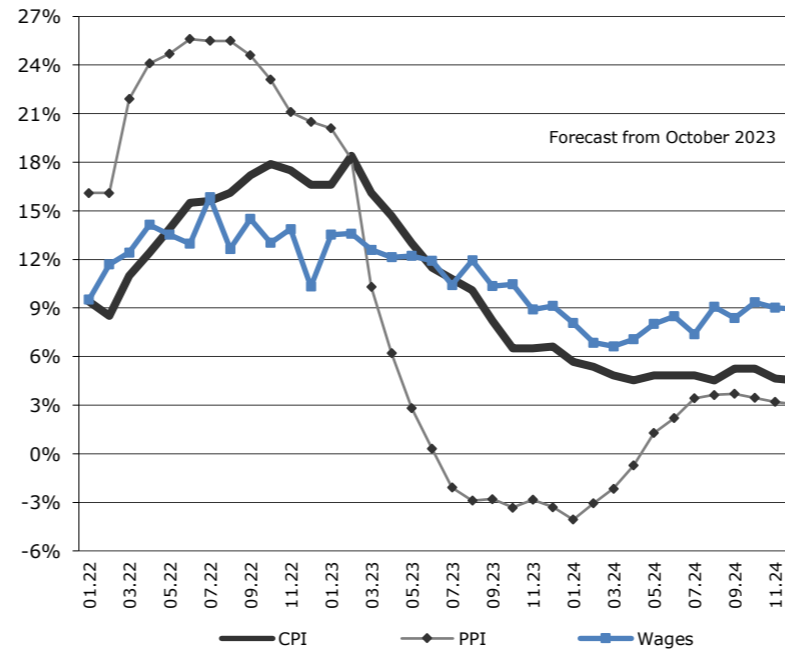
The number of people working in September was approximately 14,744 thousand people. It was about 174 thousand i.e. 1.17% lower than last year.

We currently have a local minimum of unemployment (seasonal) and it will last until the beginning of autumn. 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.

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



**CPI, PPI, Wages - y / y**

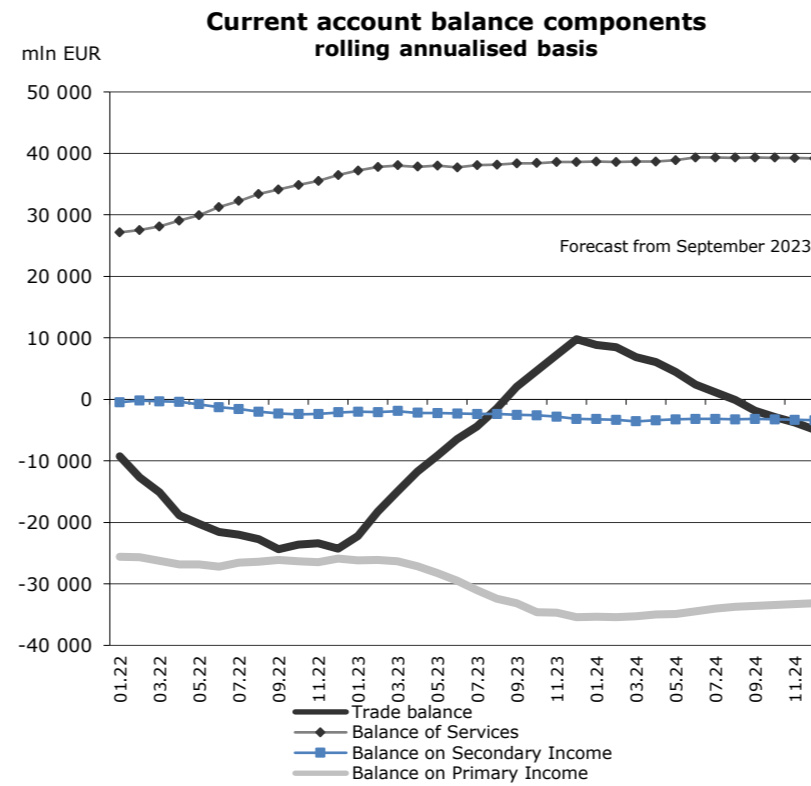
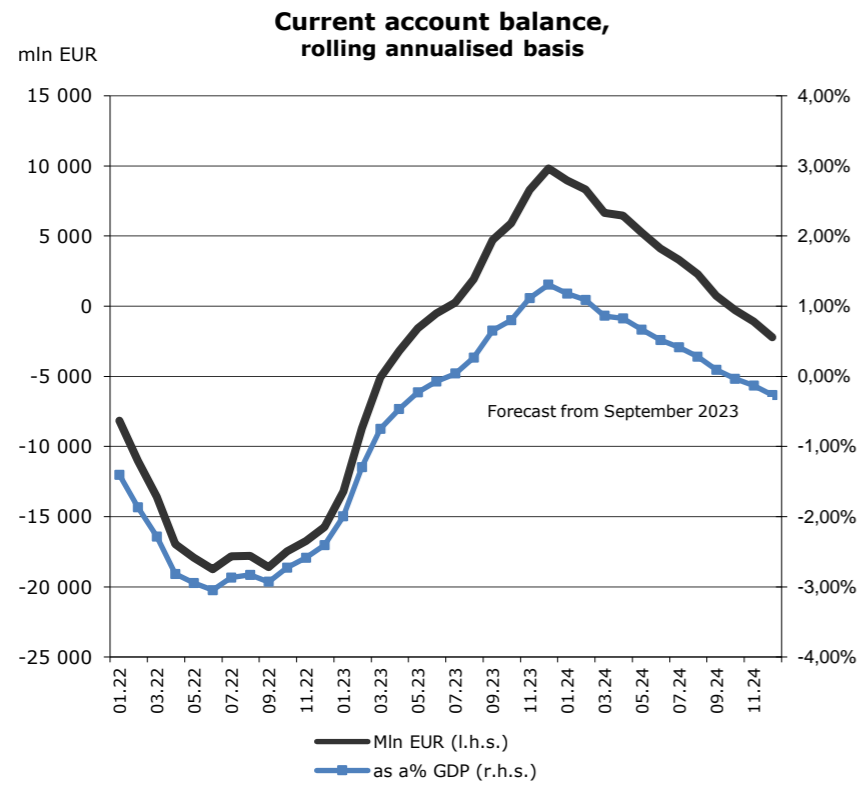


In September, prices of consumer goods and services decreased on average by 0.4%. In September, prices usually increase for seasonal reasons. September's result was lower than expected by the market and lower than we expected. Prices increased in the following groups: education, clothing and footwear, restaurants and hotels, alcohol and tobacco, home furnishings, and others. Prices fell in the following groups: transport, health, recreation and culture, communications, food, and home use.

In September, prices of goods and services were 8.2% higher than a year ago. In August, prices were 10.1% higher than a year ago. In the period January - September 2023, prices were on average 13.2% higher than in the corresponding period of 2022. In October, another significant decline in the annual inflation rate is expected.

Industrial prices increased by 0.3% in September. Industrial prices in September were on average 2.8% lower than a year ago (in August by 2.9%). In the period January-September 2023, industrial prices were on average 5.1% higher than in the same period last year. In the coming months, the annual dynamics of industrial prices may remain negative.

In September, the average salary in the enterprise sector was PLN 7,379.88. It was therefore PLN 10.91 higher than in August. It was also PLN 692.07 and 10.3% higher than in September 2022. Wage stabilization recorded in September is not seasonal. There are seasonal increases in September. The wage level in September was lower than expected by the market and lower than we expected. In October, 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.



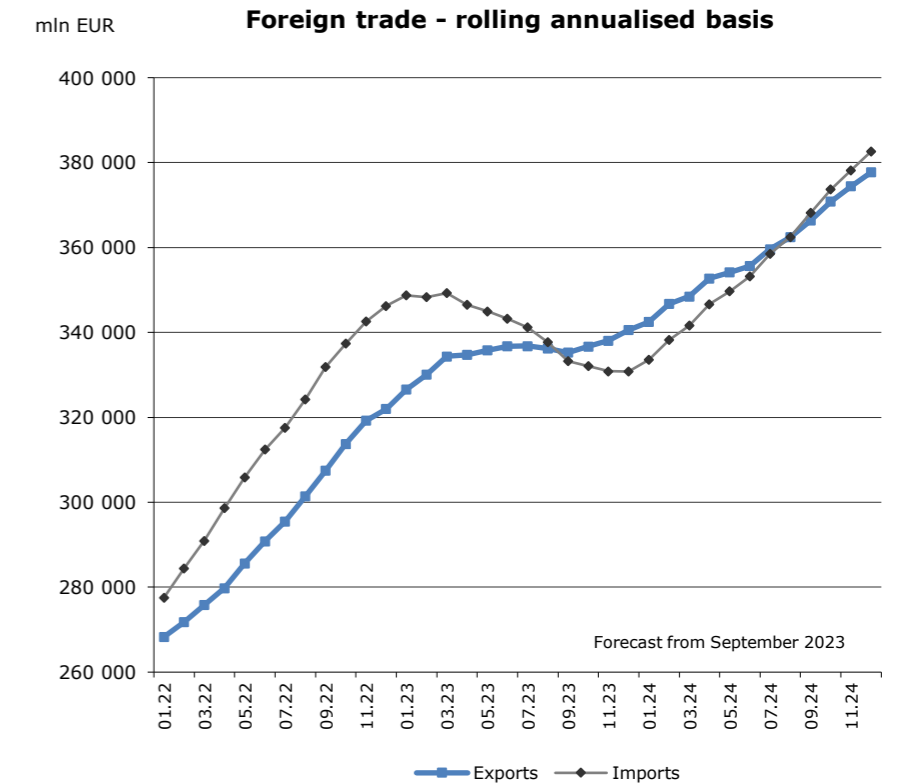
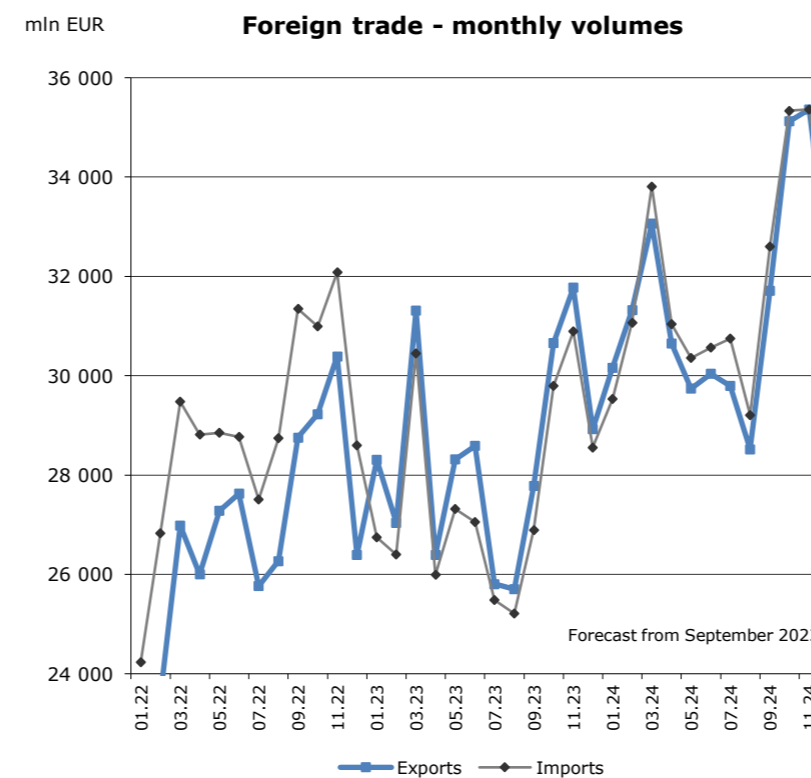
(mIn EUR)	VIII 2022	VII 2023*	VIII 2023
Current account balance	-1 857	-62	-202
Exports	26 269	25 807	25 704
Imports	28 742	25 488	25 213
Trade balance	-2 473	319	491
Balance on Services	3 337	3 504	3 404
Balance on Primary Income	-2 399	-3 566	-3 768
Balance on Secondary Income	-322	-319	-329

\*Corrected data

At the beginning of October, the National Bank of Poland presented estimated data on the balance of payments in August. The current account balance in August 2023 was negative and amounted to EUR -202 million. In the previous month, there was a deficit of EUR -62 million. A year ago, there was a deficit of EUR -1,857 million.

After August, the current account balance on a rolling annual basis was positive and amounted to EUR 1,931 million. Its level in relation to GDP was 0.27%. In the last 12 months, exports of goods amounted to EUR 336 billion and exports of services to EUR 96 billion.

Exports of goods are currently comparable to 46.8% of GDP. This is a high value for a country with the population and area of Poland. The export of services is comparable to 13.4% 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.



Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly</b>	<b>03.2023</b>	<b>04.2023</b>	<b>05.2023</b>	<b>06.2023</b>	<b>07.2023</b>	<b>08.2023</b>	<b>09.2023</b>	<b>10.2023</b>	<b>11.2023</b>	<b>12.2023</b>	<b>01.2024</b>	<b>02.2024</b>	<b>03.2024</b>
International reserves, EUR million	156 438	162 023	165 176	166 803	164 831	167 518	169 681	173 414	174 454	175 326	173 924	176 011	179 179
International reserves in the months of import of goods and services	4,63	4,82	4,93	5,00	4,96	5,08	5,20	5,33	5,38	5,40	5,32	5,32	5,37
International reserves as a% of money supply	34,2%	34,6%	34,7%	34,4%	33,5%	34,1%	35,2%	34,5%	34,4%	34,2%	34,0%	34,1%	34,9%
Current account balance, EUR million, rolling annualised basis	-5 081	-3 181	-1 577	-520	276	1 931	4 740	5 901	8 307	9 822	8 956	8 335	6 664
Current account balance, as a% of GDP, rolling annualised basis	-0,75%	-0,46%	-0,23%	-0,07%	0,04%	0,27%	0,65%	0,80%	1,12%	1,31%	1,18%	1,09%	0,86%
Inflow of foreign direct investment - rolling annualised basis, EUR million	30 859	29 652	30 301	27 454	28 894	28 786	27 727	27 644	25 051	24 373	24 128	23 087	21 643
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	8 334	11 548	10 124	10 982	10 387	10 055	9 982	10 281	7 913	7 761	10 739	7 339	7 852

Macroeconomic forecast

<b>WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly</b>	<b>Q1 22</b>	<b>Q2 22</b>	<b>Q3 22</b>	<b>Q4 22</b>	<b>Q1 23</b>	<b>Q2 23</b>	<b>Q3 23</b>	<b>Q4 23</b>	<b>Q1 24</b>	<b>Q2 24</b>	<b>Q3 24</b>	<b>Q4 24</b>	<b>Q1 25</b>
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%	49%	48%
External debt as a% of export	119%	116%	111%	108%	106%	110%	113%	113%	113%	112%	110%	108%	107%
International reserves as a% of total external debt	43%	44%	45%	45%	44%	45%	45%	45%	46%	45%	45%	46%	47%
International reserves as a% of short-term external debt	243%	234%	237%	256%	255%	253%	253%	258%	261%	256%	260%	266%	271%

The current account has been positive in recent months. Its rolling total over the last 12 months is positive and improving rapidly. After August it was comparable to 0.27% 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 (5.20 months of imports of goods and services), money supply (35.2%) 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.

