



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/01/2024

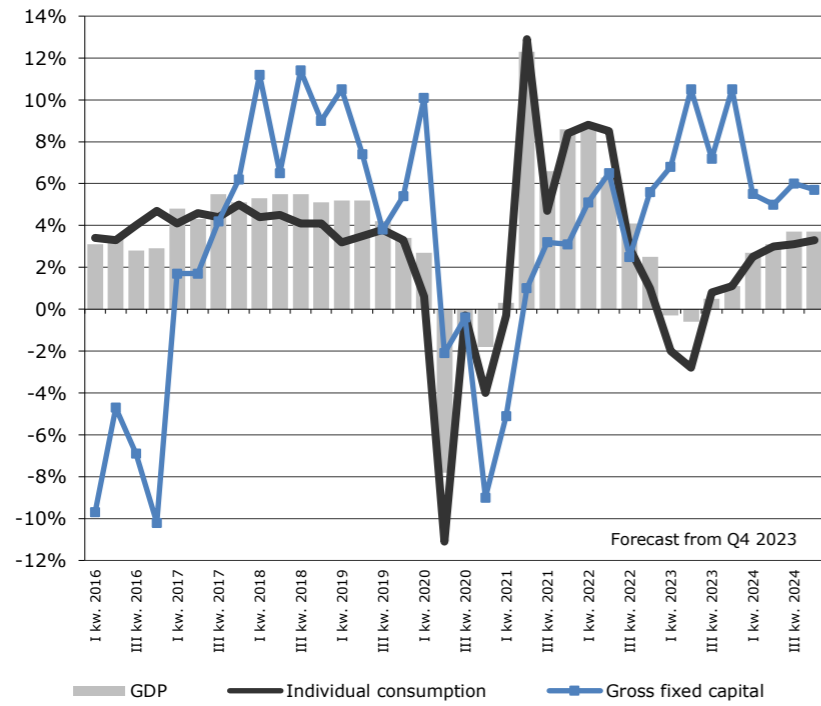
Macroeconomic forecast

Monthly macroeconomic indicators	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024
Industrial sales, % real change, y/y	-1,1%	-2,3%	-1,9%	-3,3%	1,9%	-0,3%	-3,9%	5,0%	6,8%	2,8%	9,8%	2,7%	2,0%
Construction, % real change, y/y	1,5%	1,1%	3,5%	11,5%	9,8%	3,9%	14,0%	4,1%	5,3%	6,7%	8,8%	4,2%	5,0%
Retail sales, % nominal change, y/y	2,1%	2,1%	3,1%	3,6%	4,8%	2,6%	0,5%	5,4%	9,6%	8,7%	7,5%	7,6%	8,6%
Consumer prices, % change, y/y	11,5%	10,8%	10,1%	8,2%	6,6%	6,6%	6,7%	5,6%	5,1%	4,6%	4,7%	5,1%	5,1%
Producer prices, % change, y/y	0,3%	-2,1%	-2,9%	-2,7%	-4,2%	-5,1%	-6,4%	-7,1%	-6,3%	-5,4%	-4,1%	-2,1%	-1,3%
Wages - enterprise sector, % nominal change, y/y	11,9%	10,4%	11,9%	10,3%	12,8%	11,8%	9,6%	10,6%	9,9%	9,2%	9,4%	9,8%	10,0%
Wages - enterprise sector, PLN	7 335	7 485	7 369	7 380	7 545	7 670	8 033	7 615	7 768	8 195	8 129	7 885	8 067
Registered unemployment rate	5,1%	5,0%	5,0%	5,0%	5,0%	5,0%	5,1%	5,3%	5,4%	5,3%	5,1%	5,0%	4,8%
Number of registered unemployed persons, thousand	784	782	783	776	770	773	788	826	840	824	794	779	746
Current account balance, EUR million	1 272	157	556	1 176	2 119	1 325	225	998	1 070	-227	-488	-589	-12
Current account balance, EUR million, rolling annualised basis	-99	916	3 329	6 882	8 254	10 327	12 274	11 026	10 629	9 030	8 772	7 594	6 310

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%	1,1%	2,7%	3,1%	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%	1,1%	2,5%	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%	10,5%	5,5%	5,0%	6,0%	5,7%	5,0%

GDP components in terms of demand - y / y



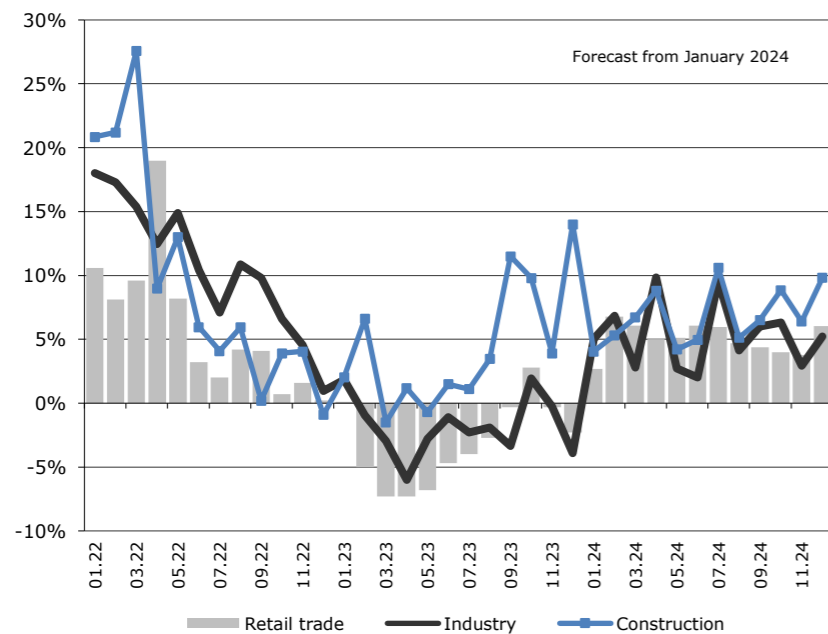
The Central Statistical Office presented preliminary GDP results for the entire year 2023. Gross domestic product increased by 0.2%, after an increase in 2022 by 5.3%. The result was weaker than expected by the market.

In the fourth quarter of 2023, economic growth was likely to be 1.1% 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). In 2023, the GDP dynamics reached 0.2%. In nominal terms, GDP amounted to PLN 3,398 billion (EUR 748 billion).

For 2024, GDP growth is forecast at 3.3%. In nominal terms, GDP will amount to PLN 3,666 billion (EUR 847 billion).

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



In December, industrial production decreased by 9.8% in real terms. The decline was seasonal. Annual production growth deteriorated to negative -3.9% from negative -0.3% in November. Industry results in December were close to those expected by the market and weaker than we expected. In the period January - December 2023, industrial production was 1.5% lower than in the corresponding period of 2022.

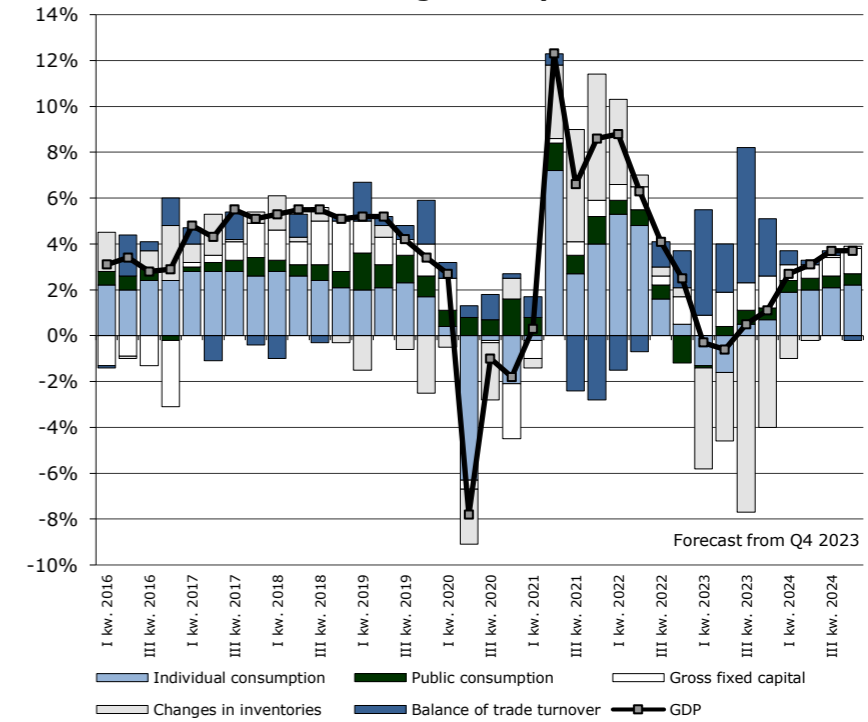
In December, construction and assembly production was 28.7% higher than in November. Strong sales growth in December is typical. The annual dynamics of construction and assembly production increased from 3.9% in November to 14.0% in December. Construction results in December were clearly better than expected by the market and us. In the period January - December 2023, construction and assembly production was 5.0% higher than in 2022.

Retail sales in December in nominal terms were 10.6% higher than in November. The increase in sales recorded in December is seasonal. The annual sales dynamics decreased from 2.6% in November to 0.5% in December. December's results were clearly worse than expected by the market and us. In the period January-December 2023, retail sales were nominally 5.0% higher than in the corresponding period of 2022. In real terms, retail sales in the period January-December 2023 were 2.7% lower than in 2022.

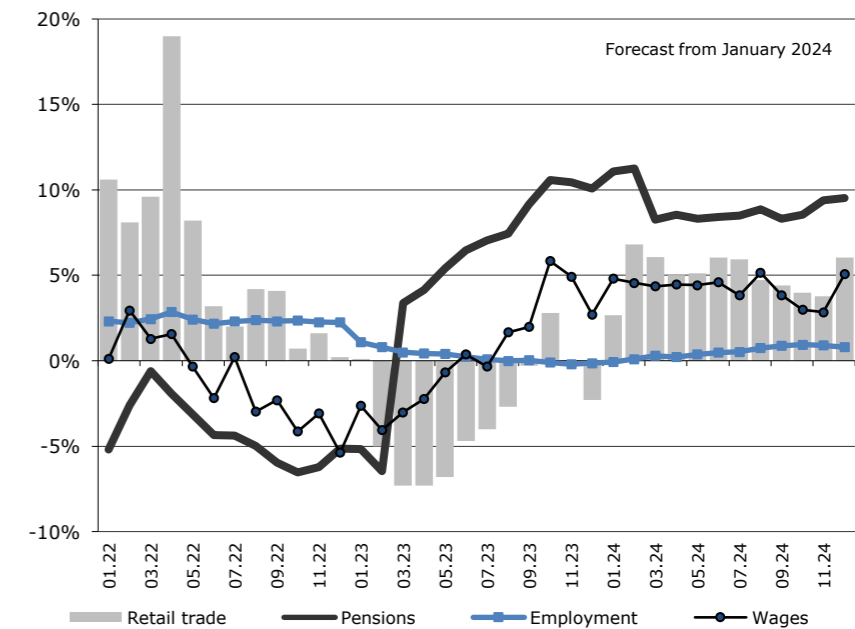
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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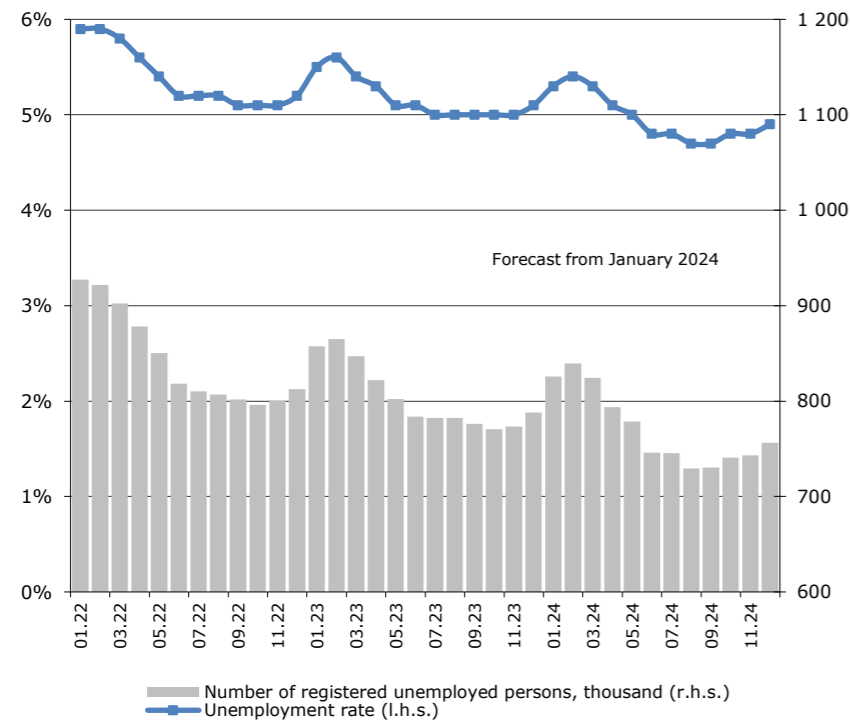
Scale of impact of GDP demand components on economic growth dynamics



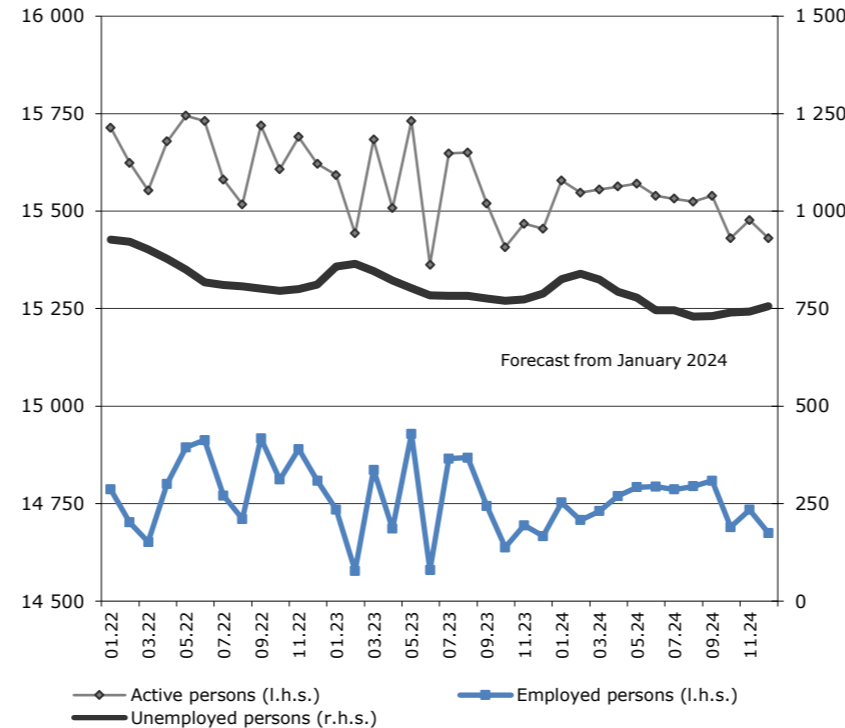
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



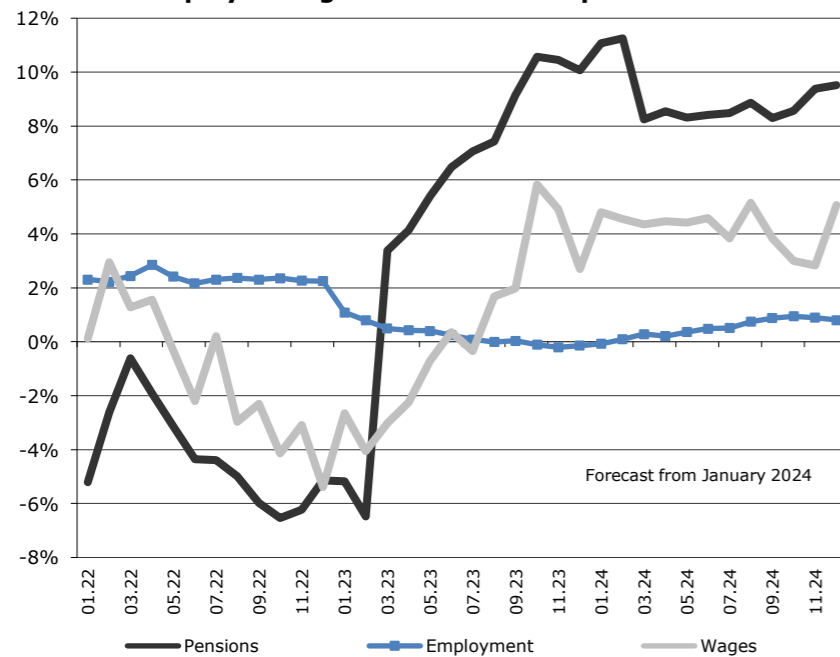
Registered unemployment



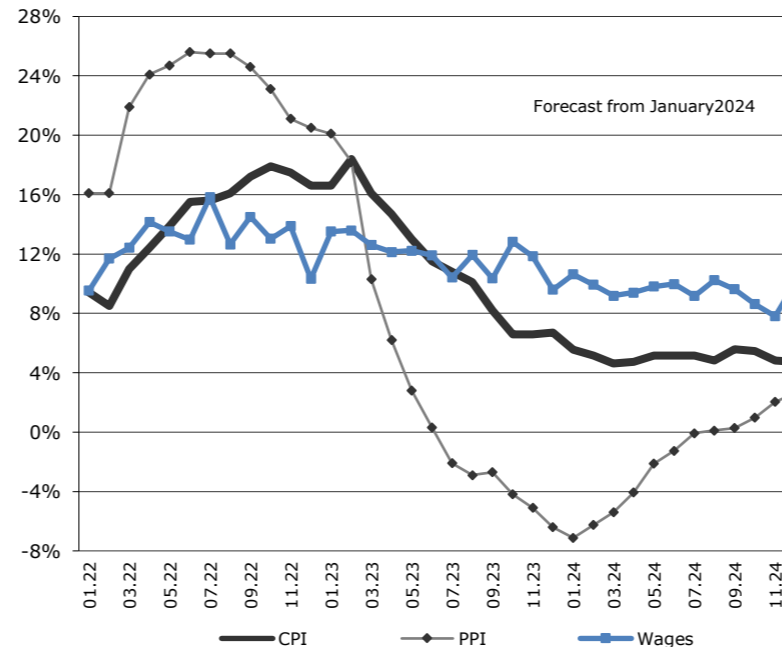
Labor activity



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 December, the number of registered unemployed increased by 14.8 thousand, up to 788.2 thousand people. The unemployment rate was 5.1%. In November, the unemployment rate was 5.0%. A year ago in December the unemployment rate was 5.2%. December usually brings a worsening in unemployment statistics. The demand for seasonal work in construction, agriculture and tourist services is running out. The December data were close to expected.

The number of people working in December was approximately 14,667 thousand people. It was about 142 thousand i.e. 0.96% lower than last year.

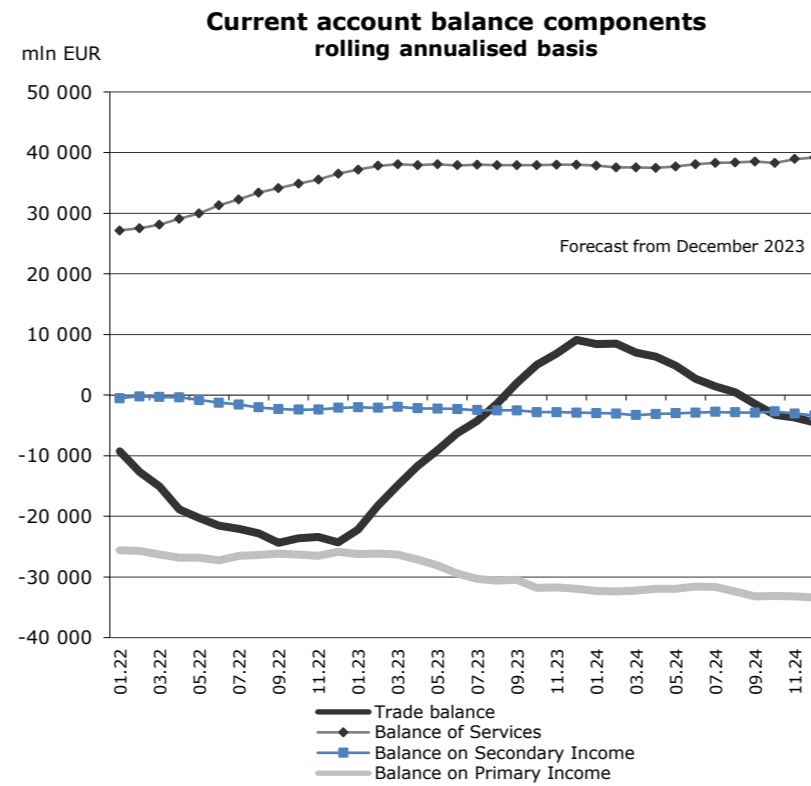
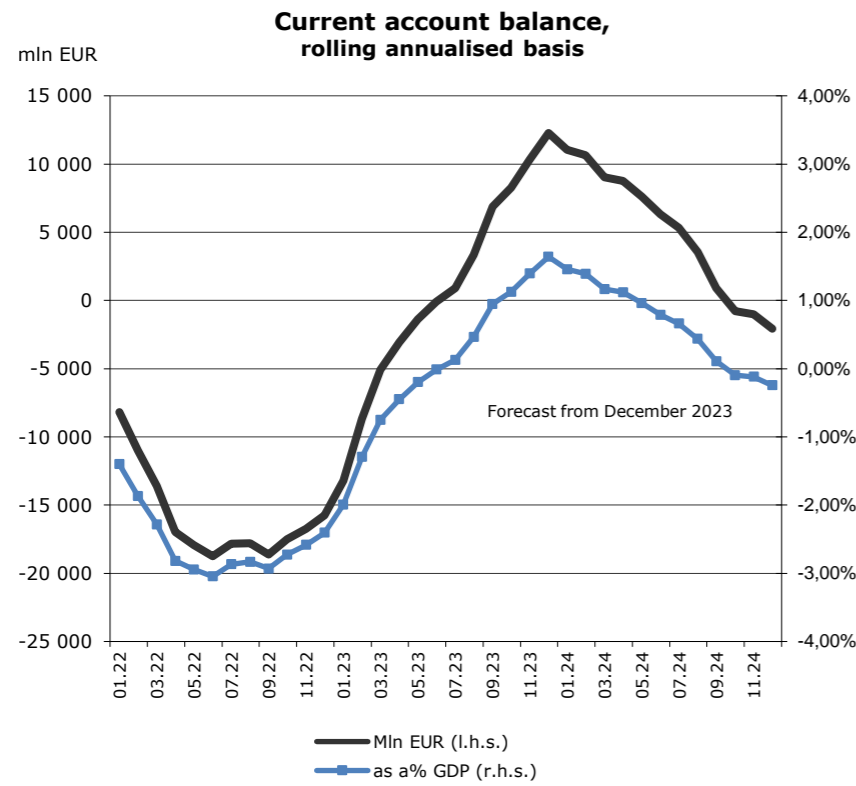
We are currently experiencing a period of seasonal unemployment growth. The local unemployment peak will occur in February. The unemployment rate will increase to 5.4% and the number of unemployed to 840,000 people. Unemployment will fall in the spring and summer months. The local minimum will occur in September. The unemployment rate will drop to 4.7% and the number of unemployed to 730,000 people.

In December, prices of consumer goods and services increased on average by 0.1%. In December, prices usually increase for seasonal reasons. The December result was lower than expected by the market and us. Prices increased in the following groups: restaurants and hotels, home furnishings, health, recreation and culture, food, transport, education. Prices dropped in the following groups: clothing and footwear, other, home use, and communications. In the alcohol and tobacco group, prices have not changed.

In December, prices of goods and services were 6.2% higher than a year ago. In November, prices were 6.6% higher than a year ago. In the period January - December 2023, prices were on average 11.4% higher than in the same period of 2022. A significant decline in the annual inflation rate is expected in January.

Industrial prices in December fell on average by 0.8%. Industrial prices in December were on average 6.4% lower than a year ago (in November by 5.1%). In the period January-December 2023, industrial prices were on average 2.4% higher than in the same period last year. In the coming months, the annual dynamics of industrial prices may remain negative.

In December, the average salary in the enterprise sector amounted to PLN 8,032.96. It was therefore PLN 362.77, i.e. 4.7% higher than in November. It was also PLN 703.00 and 9.6% higher than in December 2022. The wage increase recorded in December is seasonal. The wage level in December was lower than expected by the market and us. In January, wages will drop for seasonal reasons. The level of wages in the coming months will be influenced by changes in the level of economic activity.



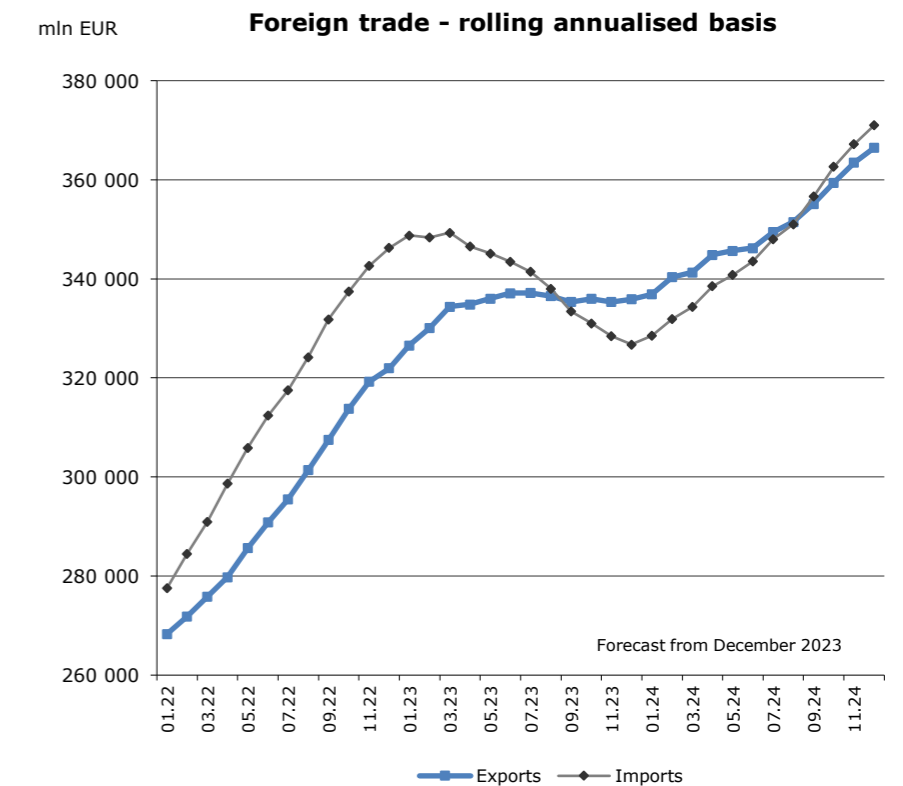
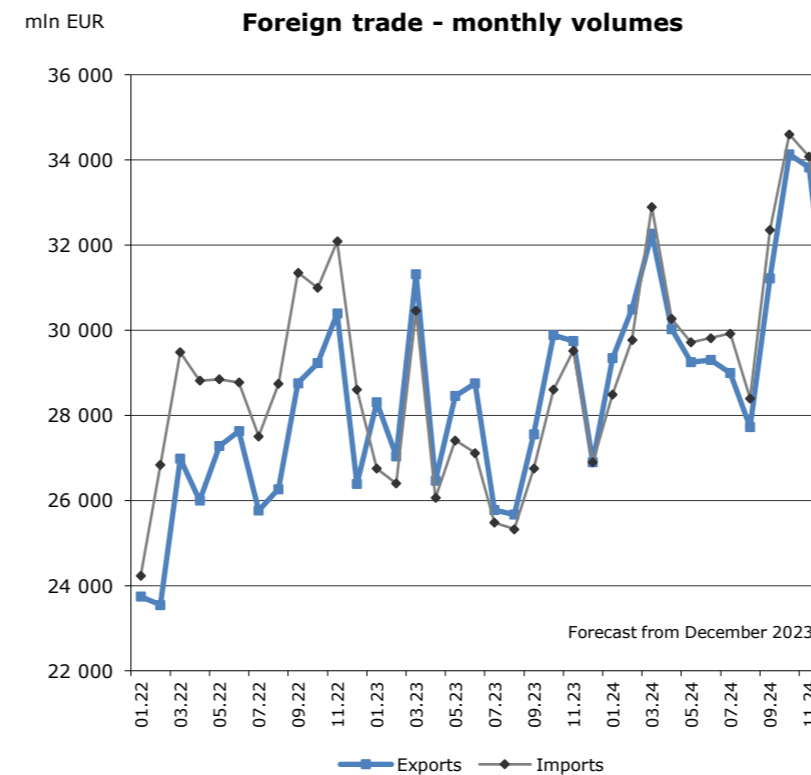
(mIn EUR)	XI 2022	X 2023*	XI 2023
Current account balance	-748	2 119	1 325
Exports	30 391	29 886	29 748
Imports	32 084	28 599	29 518
Trade balance	-1 693	1 287	230
Balance on Services	2 851	3 091	2 938
Balance on Primary Income	-1 846	-1 864	-1 783
Balance on Secondary Income	-60	-395	-60

*Corrected data

At the beginning of January, the National Bank of Poland presented estimated data on the balance of payments in November. The current account balance in November 2023 was positive and amounted to EUR 1,325 million. In the previous month, there was a surplus of EUR 2,119 million. A year ago, there was a deficit of EUR -748 million.

After November, the current account balance on a rolling annual basis was positive and amounted to EUR 10,327 million. Its level in relation to GDP was 1.39%. In the last 12 months, exports of goods amounted to EUR 335 billion and exports of services to EUR 98 billion.

Exports of goods are currently comparable to 45.3% 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.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	06.2023	07.2023	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024
International reserves, EUR million	166 803	164 831	167 518	169 696	165 897	170 905	175 403	180 665	181 026	182 112	180 291	183 897	182 058
International reserves in the months of import of goods and services	4,99	4,95	5,06	5,19	5,10	5,27	5,43	5,56	5,52	5,51	5,40	5,47	5,38
International reserves as a% of money supply	34,4%	33,5%	34,1%	35,2%	32,9%	33,2%	33,6%	34,7%	34,5%	34,7%	34,0%	34,6%	34,0%
Current account balance, EUR million, rolling annualised basis	-99	916	3 329	6 882	8 254	10 327	12 274	11 026	10 629	9 030	8 772	7 594	6 310
Current account balance, as a% of GDP, rolling annualised basis	-0,01%	0,13%	0,46%	0,95%	1,13%	1,39%	1,64%	1,46%	1,39%	1,17%	1,12%	0,96%	0,79%
Inflow of foreign direct investment - rolling annualised basis, EUR million	27 517	29 194	28 615	28 466	28 688	27 546	27 118	26 873	25 832	24 388	23 874	23 495	24 014
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	10 961	10 373	10 013	9 882	10 474	9 045	9 068	12 046	8 646	9 159	5 152	3 457	2 668

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25
Total external debt, EUR million	337 280	341 400	347 584	354 181	372 366	370 613	375 500	381 500	387 500	392 250	397 000	400 750	404 500
Long-term external debt, EUR million	168 888	168 810	177 896	180 283	191 170	187 033	190 000	195 000	200 000	204 000	208 000	211 000	214 000
Short-term external debt, EUR million	63 042	64 925	61 139	61 232	66 069	68 458	69 500	70 000	70 500	70 750	71 000	71 250	71 500
External debt - Direct investment debt instruments, EUR million	105 350	107 665	108 549	112 666	115 127	115 122	116 000	116 500	117 000	117 500	118 000	118 500	119 000
External debt as a% of GDP	55%	54%	53%	52%	53%	51%	50%	49%	49%	48%	47%	46%	46%
External debt as a% of export	116%	111%	108%	106%	110%	111%	112%	112%	112%	110%	108%	107%	106%
International reserves as a% of total external debt	44%	45%	45%	44%	45%	46%	47%	48%	47%	47%	48%	49%	48%
International reserves as a% of short-term external debt	234%	237%	256%	255%	252%	248%	252%	260%	258%	263%	270%	275%	273%

The current account has been positive in recent months. Its rolling total over the last 12 months is positive and improving rapidly. After November it was comparable to 1.39% 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 (5.43 months of imports of goods and services), money supply (33,6%) and foreign debt (46.0%).

The growth of foreign debt accelerated. The ratio of external debt to GDP is currently 51%. The ratio of foreign debt to goods exports is currently 111%. The current ratio of foreign debt to GDP and exports is low.

