



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 29/03/2024

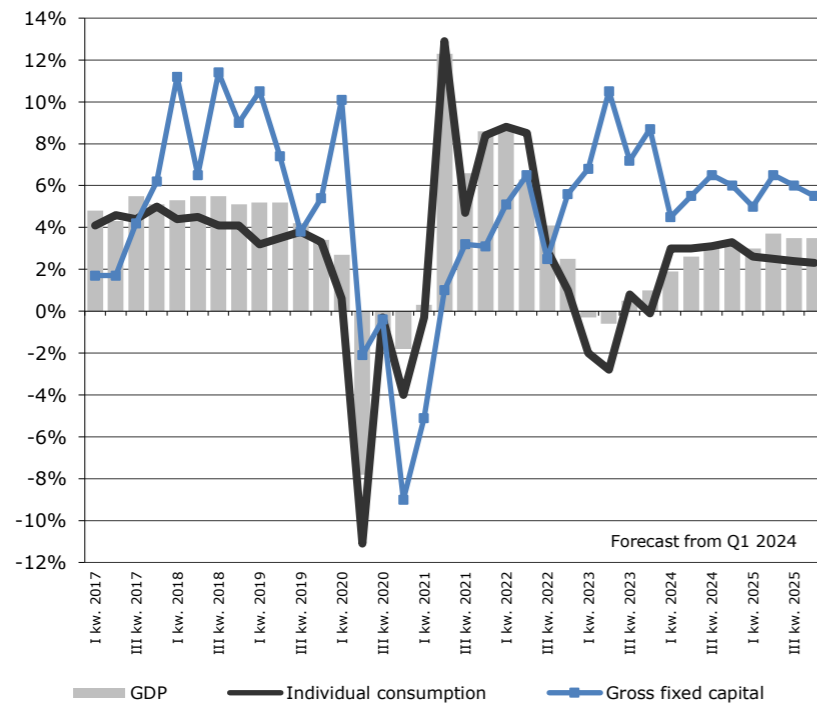
Macroeconomic forecast

Monthly macroeconomic indicators	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024
Industrial sales, % real change, y/y	-1,9%	-3,3%	1,9%	-0,3%	-3,5%	2,9%	3,3%	0,9%	8,3%	2,2%	2,5%	9,6%	4,1%
Construction, % real change, y/y	3,5%	11,5%	9,8%	3,9%	14,0%	-6,1%	-4,9%	-2,1%	1,6%	0,8%	1,0%	8,0%	2,2%
Retail sales, % nominal change, y/y	3,1%	3,6%	4,8%	2,6%	0,5%	4,6%	6,7%	7,3%	5,5%	5,7%	6,6%	6,7%	5,6%
Consumer prices, % change, y/y	10,1%	8,2%	6,6%	6,6%	6,2%	3,7%	2,8%	1,9%	2,6%	3,0%	3,0%	3,8%	3,9%
Producer prices, % change, y/y	-2,9%	-2,7%	-4,2%	-5,1%	-6,9%	-10,6%	-10,1%	-9,5%	-8,2%	-6,3%	-5,5%	-4,4%	-4,2%
Wages - enterprise sector, % nominal change, y/y	11,9%	10,3%	12,8%	11,8%	9,6%	12,8%	12,9%	11,8%	11,0%	11,0%	10,9%	9,9%	10,8%
Wages - enterprise sector, PLN	7 369	7 380	7 545	7 670	8 033	7 768	7 979	8 394	8 251	7 971	8 138	8 228	8 162
Registered unemployment rate	5,0%	5,0%	5,0%	5,0%	5,1%	5,4%	5,4%	5,3%	5,1%	5,0%	4,8%	4,8%	4,7%
Number of registered unemployed persons, thousand	783	776	770	773	788	837	845	828	798	782	749	749	733
Current account balance, EUR million	556	1 176	2 119	1 203	-24	1 179	471	448	-14	-225	300	-548	-1 081
Current account balance, EUR million, rolling annualised basis	3 329	6 882	8 254	10 205	11 903	10 836	9 840	8 917	9 133	8 319	7 347	6 642	5 005

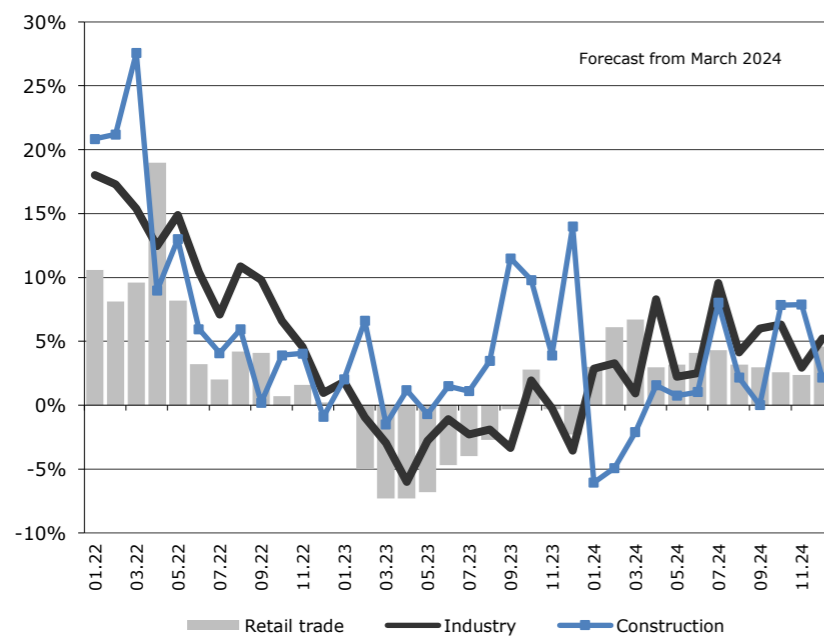
Macroeconomic forecast

Quarterly macroeconomic indicators	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
Gross domestic product , % real change y/y	6,3%	4,1%	2,5%	-0,3%	-0,6%	0,5%	1,0%	1,9%	2,6%	3,2%	3,2%	3,0%	3,7%
Individual consumption , % real change y/y	8,5%	2,9%	1,0%	-2,0%	-2,8%	0,8%	-0,1%	3,0%	3,0%	3,1%	3,3%	2,6%	2,5%
Gross fixed capital , % real change y/y	6,5%	2,5%	5,6%	6,8%	10,5%	7,2%	8,7%	4,5%	5,5%	6,5%	6,0%	5,0%	6,5%

GDP components in terms of demand - y / y



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



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 1.0% y/y. In the following quarters, the growth rate should remain in the range of 2.0% - 3.5%. Consumption will strengthen. Supplies will be renewed.

In 2023, the GDP dynamics reached 0.2%. In nominal terms, GDP amounted to PLN 3,396 billion (EUR 748 billion).

For 2024, GDP growth is forecast at 2.7%. In nominal terms, GDP will amount to PLN 3,635 billion (EUR 840 billion). For 2025, GDP growth is forecast at 3.4%. In nominal terms, GDP will amount to PLN 3,887 billion (EUR 904 billion).

In February, industrial production increased by 0.7% in real terms. The increase was seasonal. Annual production growth improved to positive 3.3% from positive 2.9% in January. Industry results in February were slightly better than expected by the market and slightly weaker than we expected. In the period January - February 2024, industrial production was 2.8% higher than in the corresponding period of 2023.

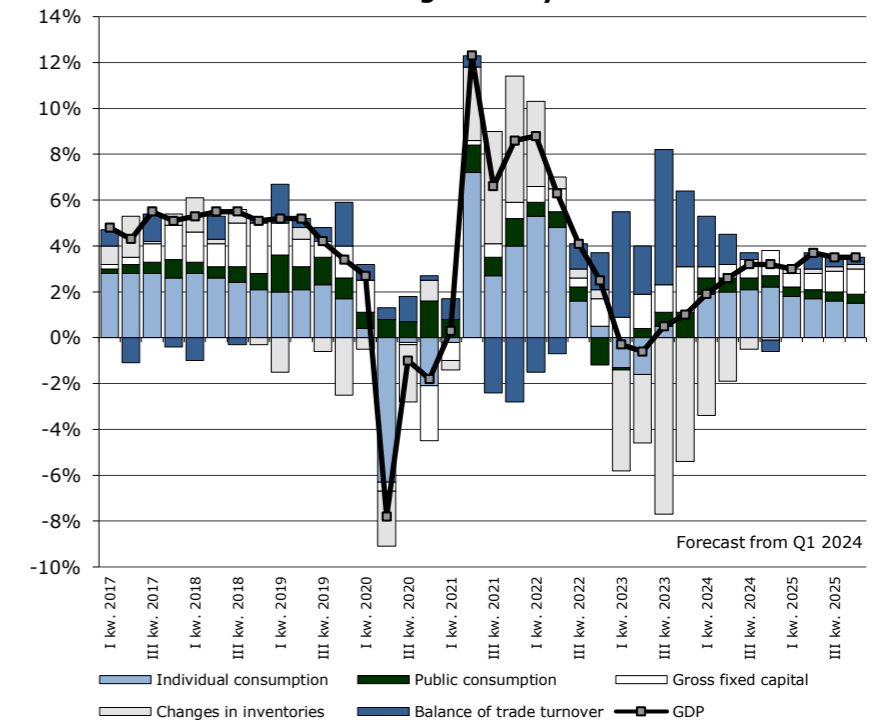
In February, construction and assembly production was 12.1% higher than in January. A clear increase in sales in February is a typical phenomenon. The annual dynamics of construction and assembly production improved from negative -6.1% in January to negative -4.9% in February. Construction results in February were clearly worse than expected by the market and slightly worse than we expected. In the period January - February 2024, construction and assembly production was 8.0% lower than in the corresponding period of 2023.

Retail sales in February in nominal terms were 0.8% lower than in January. The decline in sales recorded in February is seasonal. Annual sales growth increased from 4.6% in January to 6.7% in February. February's results were better than expected by the market and in line with our expectations. In the period January-February 2024, retail sales were nominally 5.6% higher than in the corresponding period of 2023. In real terms, retail sales in the period January-February 2024 were 4.6% higher than in the corresponding period of 2023.

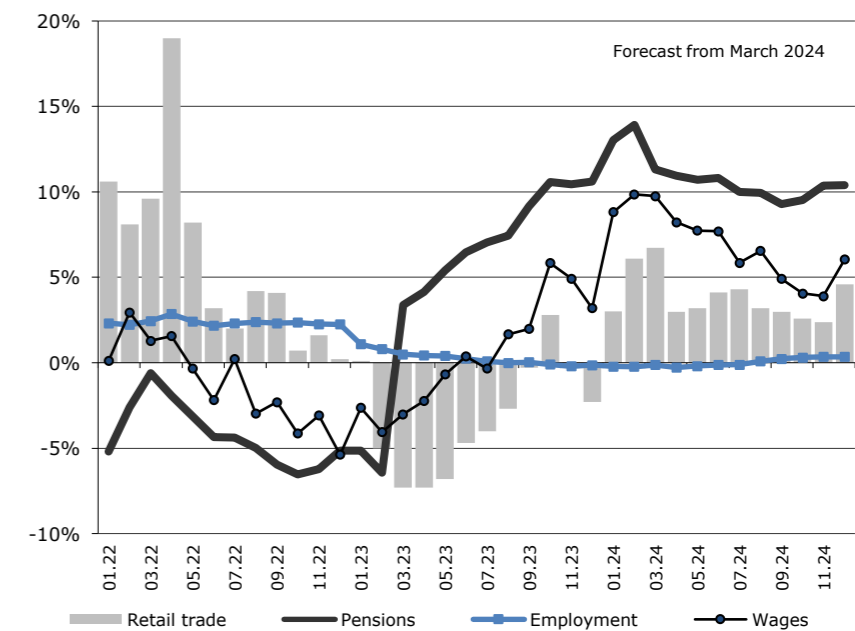
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 29/03/2024

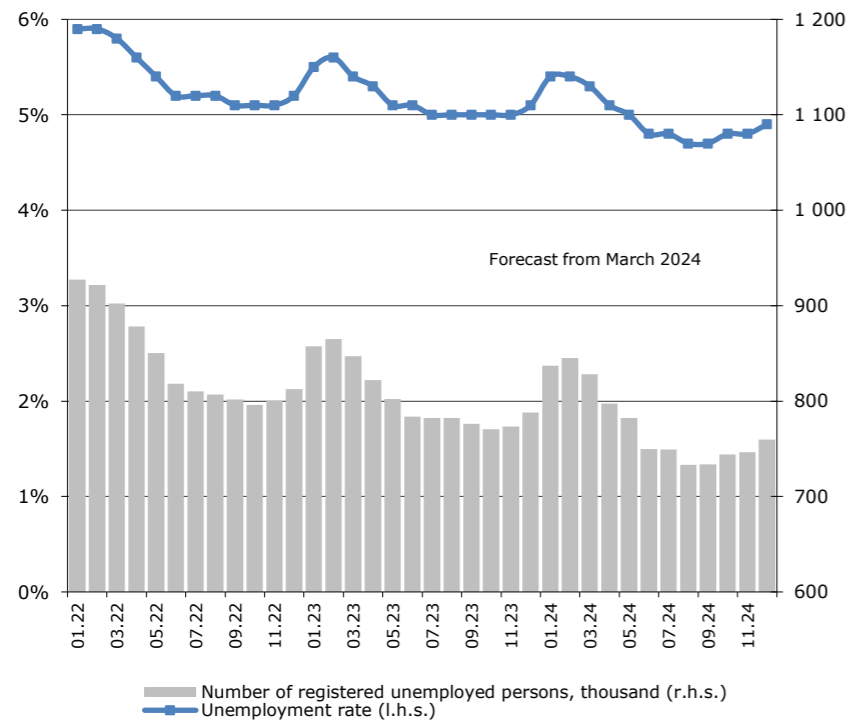
Scale of impact of GDP demand components on economic growth dynamics



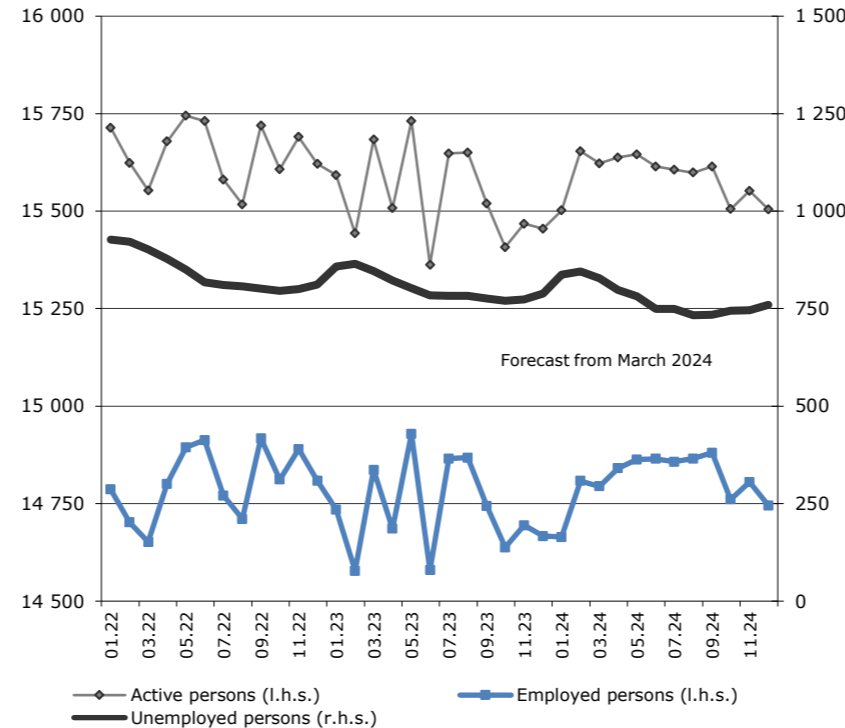
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

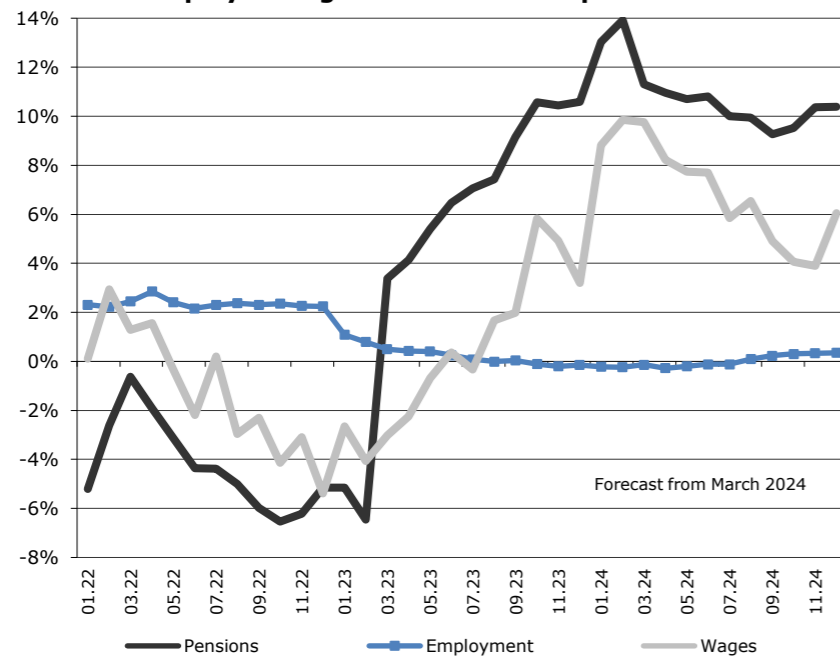


In February, the number of registered unemployed increased by 8.2 thousand, up to 845.3 thousand people. The unemployment rate was 5.4%. In January, the unemployment rate was 5.4%. A year ago in February the unemployment rate was 5.6%. February usually brings a worsening in unemployment statistics. The demand for seasonal work in construction, agriculture and tourist services is running out. February's data were close to expected.

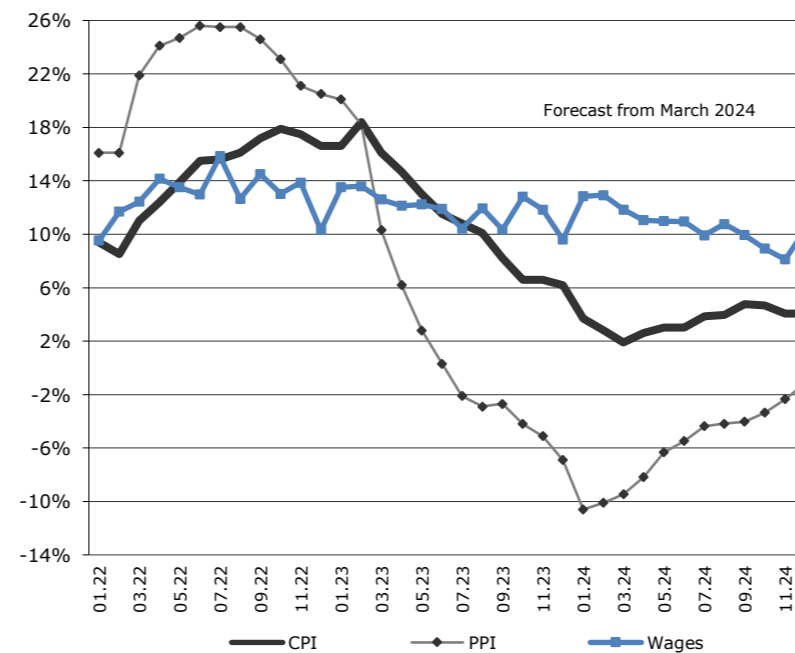
The number of people working in February was approximately 14,808 thousand people. It was about 230 thousand i.e. 1.58% higher than last year.

We are currently experiencing a period of seasonal unemployment growth and its local maximum. 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.

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

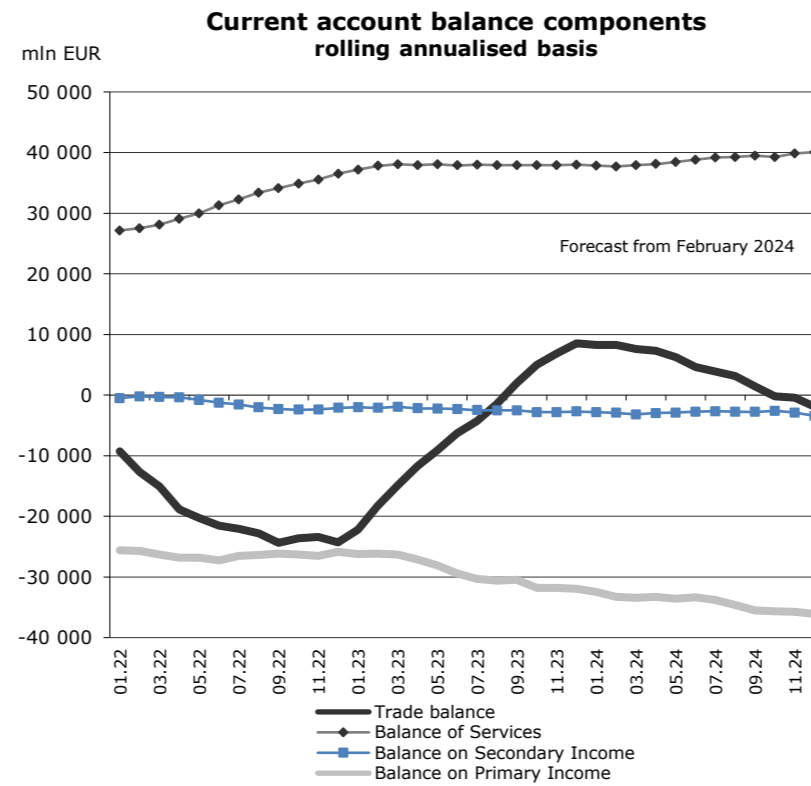
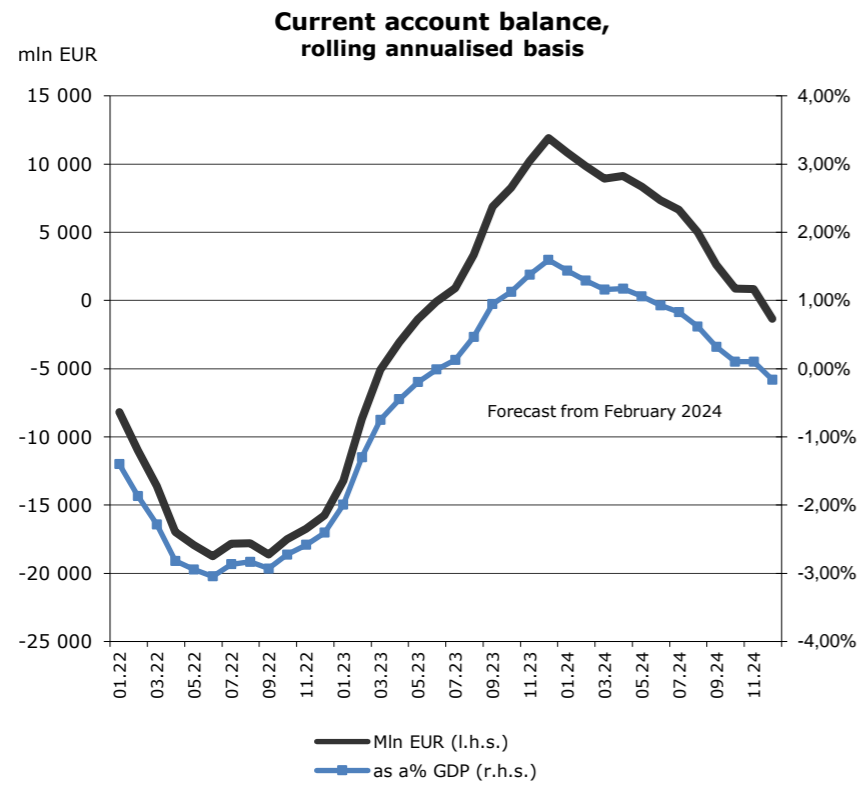


In February, prices of consumer goods and services increased on average by 0.3%. In February, prices usually increase for seasonal reasons. February's result was lower than expected by the market and us. Prices increased in the following groups: transport, recreation and culture, restaurants and hotels,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

In February, prices of goods and services were 2.8% higher than a year ago. In January, prices were 3.7% higher than a year ago. In the period January - February 2024, prices were on average 3.3% higher than in the corresponding period of 2023. A further decline in the annual inflation rate is expected in March.

Industrial prices increased by an average of 0.1% in February. Industrial prices in February were on average 10.1% lower than a year ago (in January by 10.6%). In the period January-February 2024, industrial prices were on average 10.3% lower than in the same period last year. In the coming months, the annual dynamics of industrial prices may remain negative.

In February, the average salary in the enterprise sector was PLN 7,978.99. It was therefore PLN 210.64, i.e. 2.7% higher than in January. It was also PLN 913.43 and 12.9% higher than in February 2023. The increase in wages recorded in February is seasonal. The wage level in February was higher than expected by the market and us. In March, wages will increase again for seasonal reasons. The level of wages in the coming months will be influenced by changes in the level of economic activity.



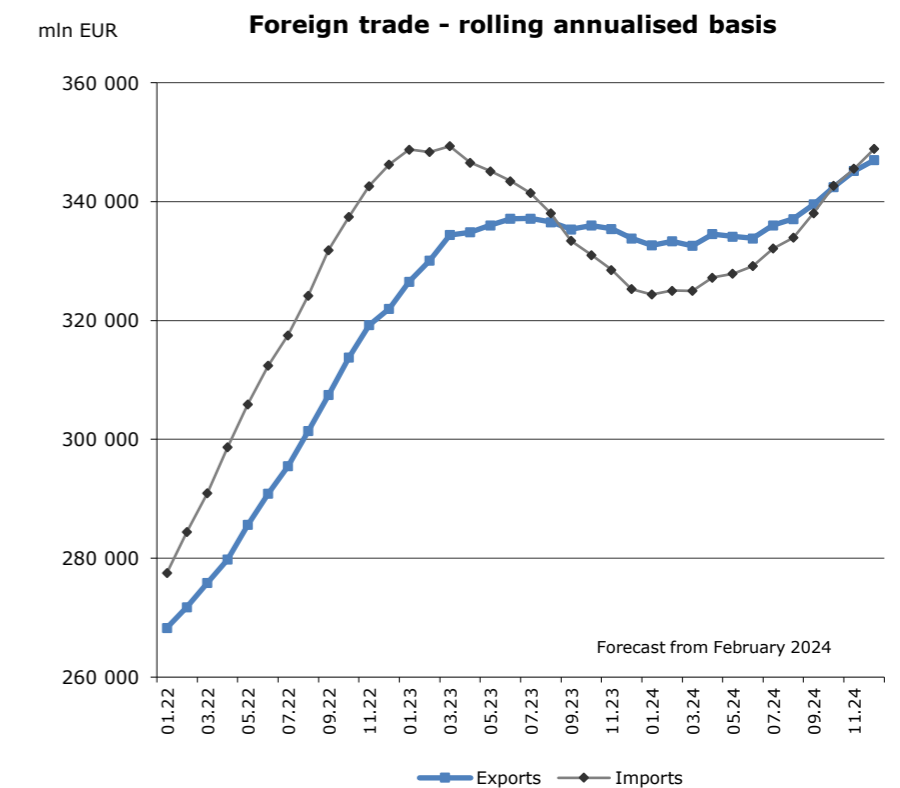
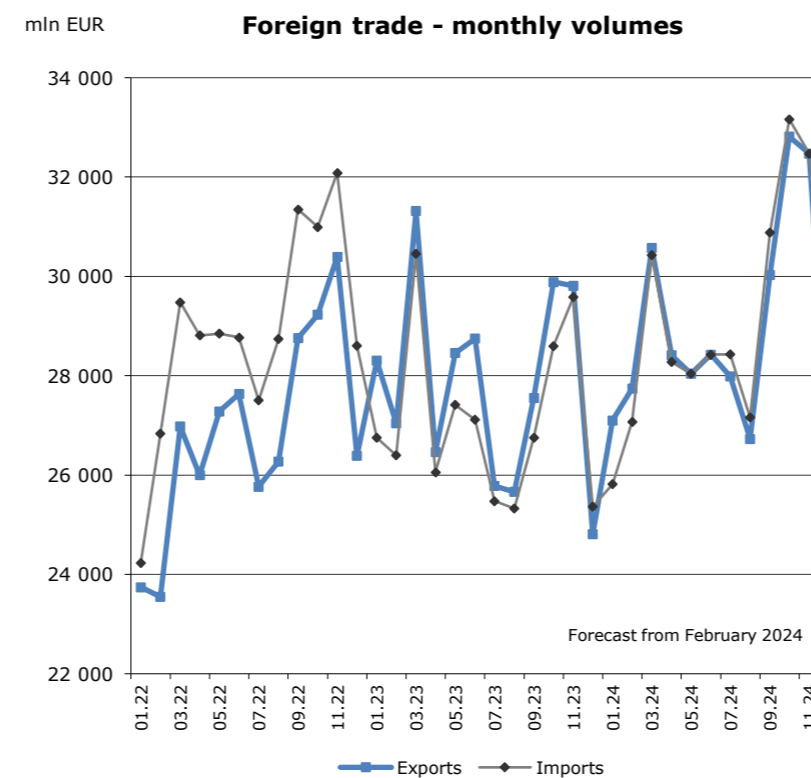
(mIn EUR)	I 2023	XII 2023*	I 2024
Current account balance	2 246	-24	1 179
Exports	28 306	24 808	27 102
Imports	26 749	25 364	25 816
Trade balance	1 557	-556	1 286
Balance on Services	3 177	3 189	3 070
Balance on Primary Income	-2 247	-2 695	-2 818
Balance on Secondary Income	-241	38	-359

*Corrected data

At the beginning of March, the National Bank of Poland presented estimated data on the balance of payments in January. The current account balance in January 2024 was positive and amounted to EUR 1,179 million. Last month, there was a deficit of EUR -24 million. A year ago there was a surplus of EUR 2,246 million.

After January, the current account balance on a rolling annual basis was positive and amounted to EUR 10,836 million. Its level in relation to GDP was 1.43%. In the last 12 months, exports of goods amounted to EUR 333 billion and exports of services to EUR 100 billion.

Exports of goods are currently comparable to 44.0% of GDP. This is a high value for a country with the population and area of Poland. Exports of services are comparable to 13.2% of GDP, which should also be considered a very good result. These indicators are better than those recorded before the beginning of the pandemic crisis.



WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	08.2023	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	Macroeconomic forecast					
								03.2024	04.2024	05.2024	06.2024	07.2024	08.2024
International reserves, EUR million	167 518	169 696	165 897	170 905	175 403	175 161	173 235	171 503	174 933	177 557	178 089	178 980	180 770
International reserves in the months of import of goods and services	5,06	5,19	5,10	5,27	5,44	5,44	5,36	5,30	5,38	5,44	5,44	5,42	5,45
International reserves as a% of money supply	34,1%	35,2%	32,9%	33,2%	33,6%	33,7%	32,7%	32,1%	32,6%	33,0%	33,0%	33,0%	33,2%
Current account balance, EUR million, rolling annualised basis	3 329	6 882	8 254	10 205	11 903	10 836	9 840	8 917	9 133	8 319	7 347	6 642	5 005
Current account balance, as a% of GDP, rolling annualised basis	0,46%	0,95%	1,13%	1,38%	1,59%	1,43%	1,29%	1,16%	1,17%	1,06%	0,93%	0,83%	0,62%
Inflow of foreign direct investment - rolling annualised basis, EUR million	28 615	28 466	28 688	27 051	24 458	25 729	24 688	23 244	22 730	22 351	22 870	20 889	19 872
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	10 013	9 882	10 474	8 983	10 020	12 305	8 905	9 418	5 411	3 716	2 927	4 043	3 408

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Macroeconomic forecast						
							Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25
Total external debt, EUR million	341 400	347 584	355 984	373 276	372 049	386 353	399 000	409 750	415 500	421 250	427 000	431 750	436 500
Long-term external debt, EUR million	168 810	177 896	180 242	190 837	186 858	203 884	215 000	225 000	230 000	235 000	240 000	244 000	248 000
Short-term external debt, EUR million	64 925	61 139	61 286	65 888	68 393	67 558	68 500	68 750	69 000	69 250	69 500	69 750	70 000
External debt - Direct investment debt instruments, EUR million	107 665	108 549	114 456	116 551	116 798	114 911	115 500	116 000	116 500	117 000	117 500	118 000	118 500
External debt as a% of GDP	54%	53%	53%	53%	51%	52%	52%	52%	51%	50%	50%	50%	49%
External debt as a% of export	111%	108%	106%	111%	111%	116%	120%	123%	122%	121%	120%	119%	118%
International reserves as a% of total external debt	45%	45%	44%	45%	46%	45%	43%	43%	44%	45%	45%	44%	45%
International reserves as a% of short-term external debt	237%	256%	255%	253%	248%	260%	250%	259%	264%	272%	276%	274%	278%

The current account has been positive in recent months. Its rolling total over the last 12 months is positive and improving rapidly. After December it was comparable to 1.43% 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 (5.36 months of imports of goods and services), money supply (32,7%) and foreign debt (45.0%).

The growth of foreign debt accelerated. The ratio of external debt to GDP is currently 52%. The ratio of foreign debt to goods exports is currently 116%. The current ratio of foreign debt to GDP and exports is low.

