



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 30/04/2024

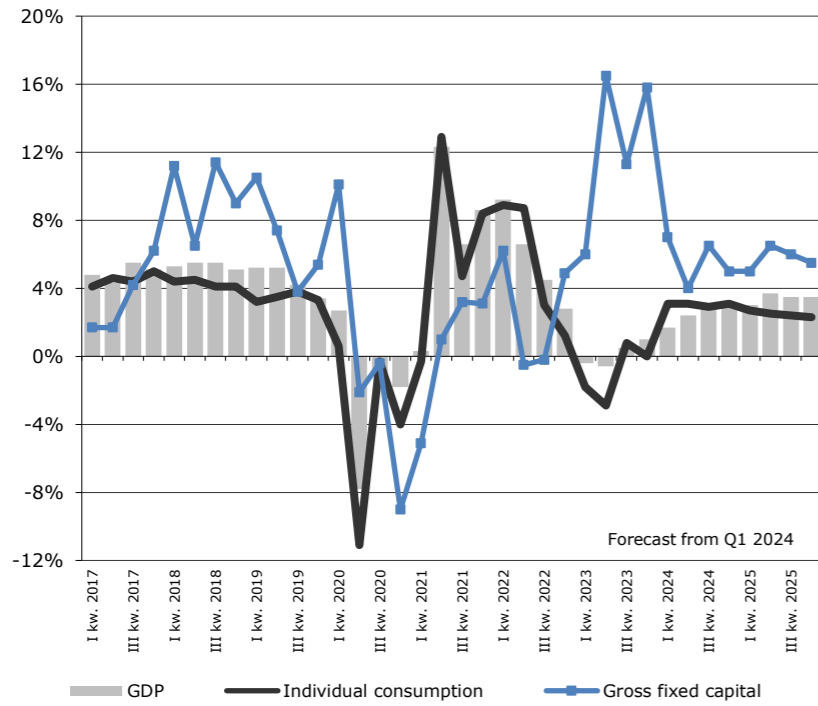
Macroeconomic forecast

Monthly macroeconomic indicators	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024
Industrial sales, % real change, y/y	-3,3%	1,9%	-0,3%	-3,5%	2,9%	3,3%	-6,0%	5,7%	0,8%	1,0%	8,0%	3,1%	6,0%
Construction, % real change, y/y	11,5%	9,8%	3,9%	14,0%	-6,1%	-4,9%	-13,3%	-6,7%	-6,6%	-1,9%	5,9%	2,2%	-1,0%
Retail sales, % nominal change, y/y	3,6%	4,8%	2,6%	0,5%	4,6%	6,7%	6,0%	5,9%	6,0%	7,0%	7,1%	5,9%	5,7%
Consumer prices, % change, y/y	8,2%	6,6%	6,6%	6,2%	3,7%	2,8%	2,0%	2,4%	2,8%	2,8%	3,8%	4,2%	5,0%
Producer prices, % change, y/y	-2,7%	-4,2%	-5,1%	-6,9%	-10,6%	-10,0%	-9,6%	-8,4%	-6,5%	-5,7%	-4,5%	-4,2%	-3,9%
Wages - enterprise sector, % nominal change, y/y	10,3%	12,8%	11,8%	9,6%	12,8%	12,9%	12,0%	11,2%	11,2%	11,0%	10,0%	10,7%	9,9%
Wages - enterprise sector, PLN	7 380	7 545	7 670	8 033	7 768	7 979	8 409	8 266	7 985	8 144	8 234	8 160	8 111
Registered unemployment rate	5,0%	5,0%	5,0%	5,1%	5,4%	5,4%	5,3%	5,1%	5,0%	4,8%	4,8%	4,7%	4,7%
Number of registered unemployed persons, thousand	776	770	773	788	837	845	822	789	772	739	740	725	726
Current account balance, EUR million	1 184	2 151	1 352	199	1 742	465	361	-126	-369	255	-499	-1 037	-1 255
Current account balance, EUR million, rolling annualised basis	6 405	7 809	9 909	11 830	11 704	10 924	9 678	11 801	11 689	7 857	7 303	5 679	3 240

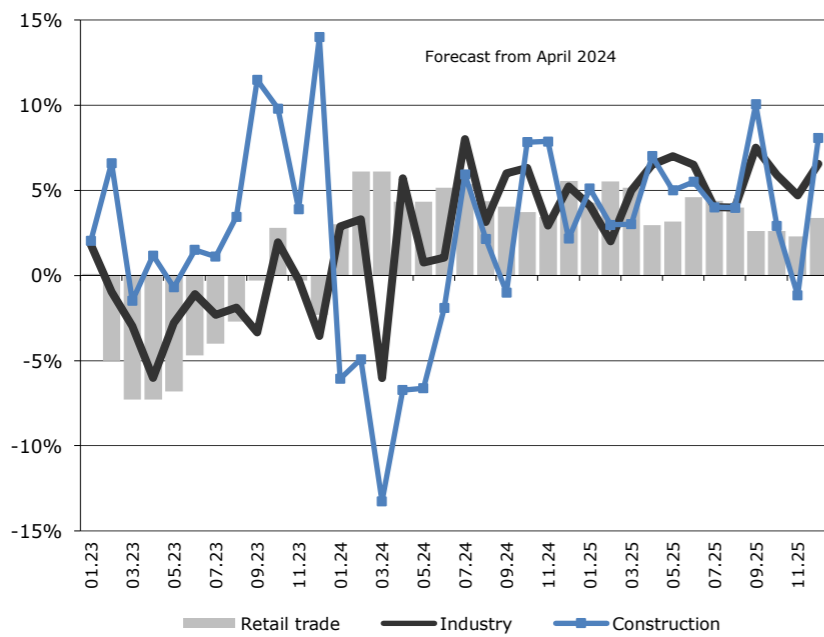
Macroeconomic forecast

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	6,6%	4,5%	2,8%	-0,4%	-0,6%	0,5%	1,0%	1,7%	2,4%	3,1%	3,1%	3,0%	3,7%
Individual consumption , % real change y/y	8,7%	3,0%	1,2%	-1,8%	-2,9%	0,8%	0,0%	3,1%	3,1%	2,9%	3,1%	2,7%	2,5%
Gross fixed capital , % real change y/y	-0,5%	-0,2%	4,9%	6,0%	16,5%	11,3%	15,8%	7,0%	4,0%	6,5%	5,0%	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 5.6%. 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 1.7% - 3.1%. Consumption will strengthen. Supplies will be renewed.

In 2023, the GDP dynamics reached 0.2%. In nominal terms, GDP amounted to PLN 3,410 billion (EUR 751 billion).

For 2024, GDP growth is forecast at 2.4%. In nominal terms, GDP will amount to PLN 3,635 billion (EUR 840 billion). For 2025, GDP growth is forecast at 3.1%. In nominal terms, GDP will amount to PLN 3,887 billion (EUR 904 billion).

In March, industrial production increased by 3.6% in real terms. The increase was seasonal. Annual production growth deteriorated to negative -6.0% from positive 3.3% in February. Industry results in March were clearly worse than expected by the market and us. In the period January - March 2024, industrial production was 0.7% lower than in the corresponding period of 2023.

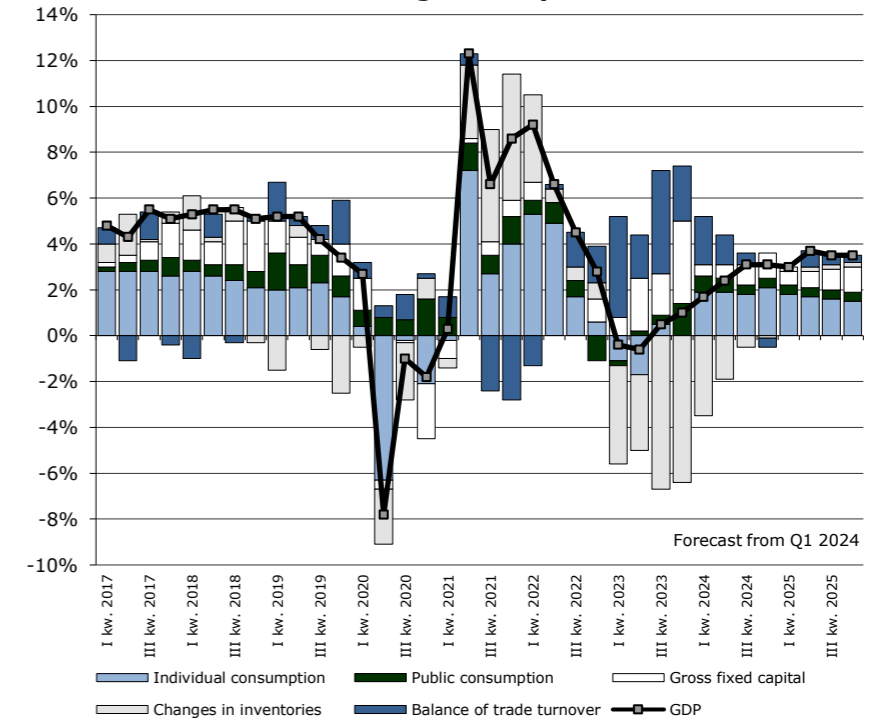
In March, construction and assembly production was 19.1% higher than in February. A clear increase in sales in March is a typical phenomenon. The annual dynamics of construction and assembly production deteriorated from negative -4.9% in February to negative -13.3% in March. Construction results in March were clearly worse than expected by the market and us. In the period January - March 2024, construction and assembly production was 10.8% lower than in the corresponding period of 2023.

Retail sales in March in nominal terms were 14.6% higher than in February. The increase in sales recorded in March is seasonal. The annual sales dynamics decreased from 6.7% in February to 6.0% in March. March's results were slightly weaker than expected by the market and us. In the period January-March 2024, retail sales were nominally 5.6% higher than in the corresponding period of 2023. In real terms, retail sales in the period January-March 2024 were 5.0% higher than in the corresponding period of 2023.

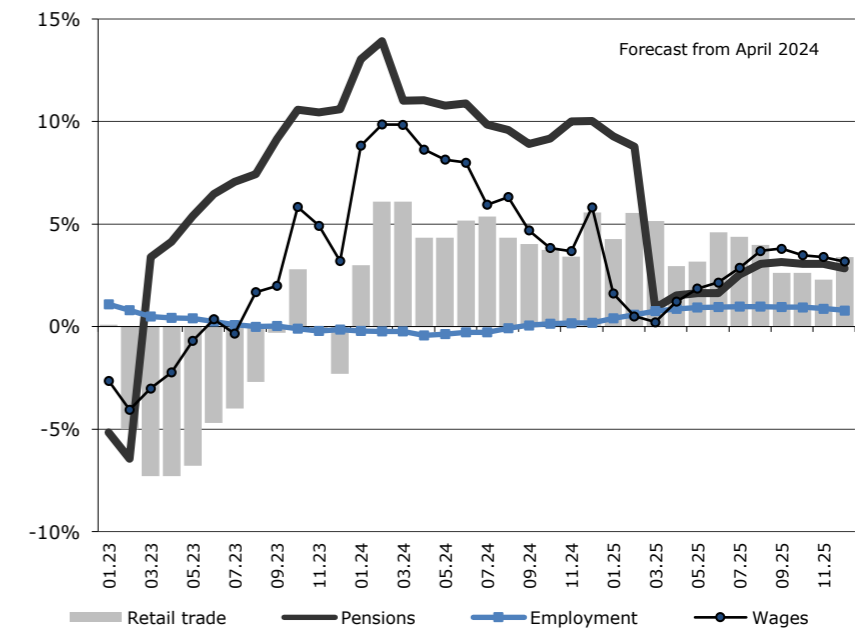
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 30/04/2024

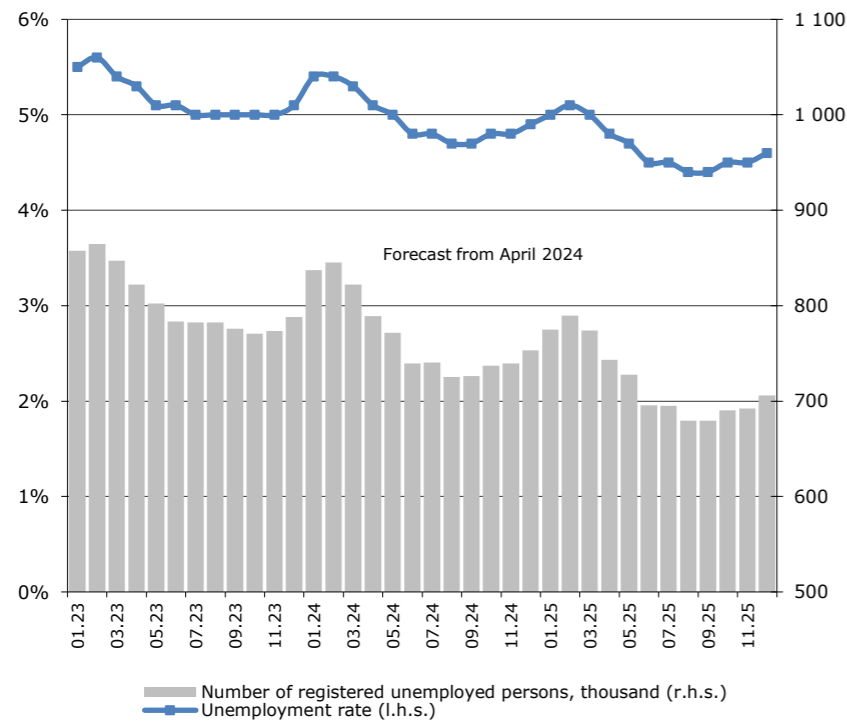
Scale of impact of GDP demand components on economic growth dynamics



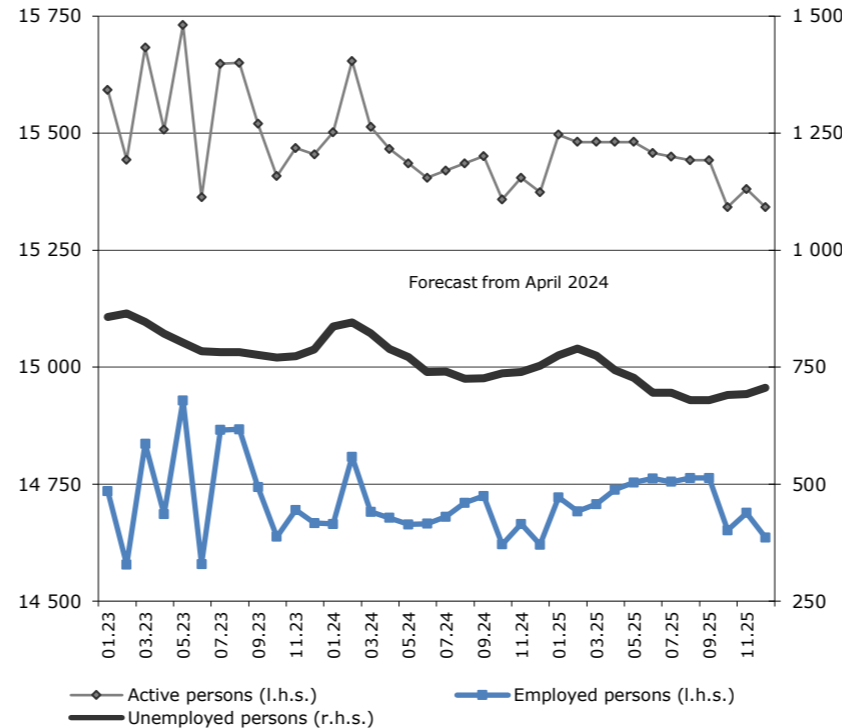
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

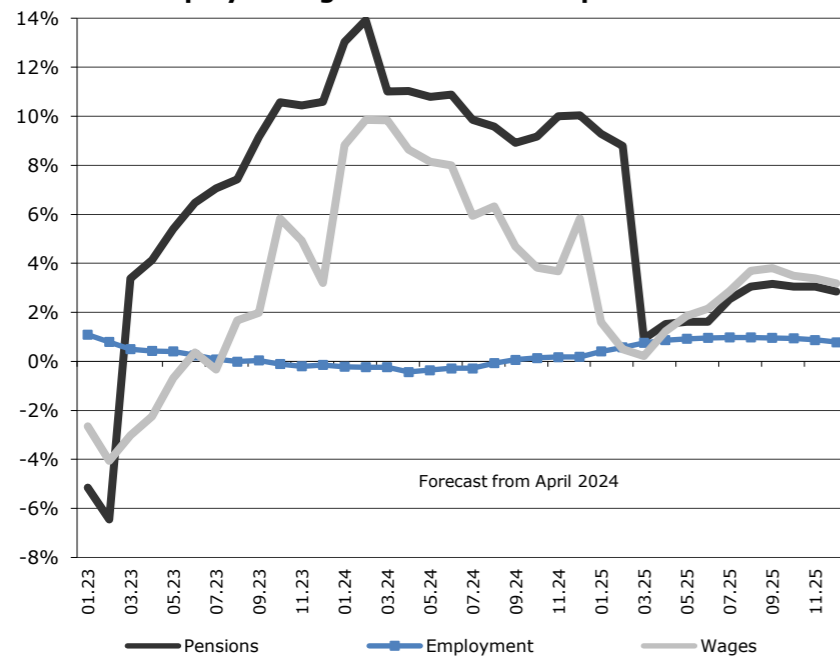


In March, the number of registered unemployed decreased by 23.1 thousand, up to 822.2 thousand people. The unemployment rate was 5.3%. In February, the unemployment rate was 5.4%. A year ago in March, the unemployment rate was 5.4%. March usually brings an improvement in unemployment statistics. There is a beginning of demand for seasonal work in construction, agriculture and tourist services. The March data were close to expected.

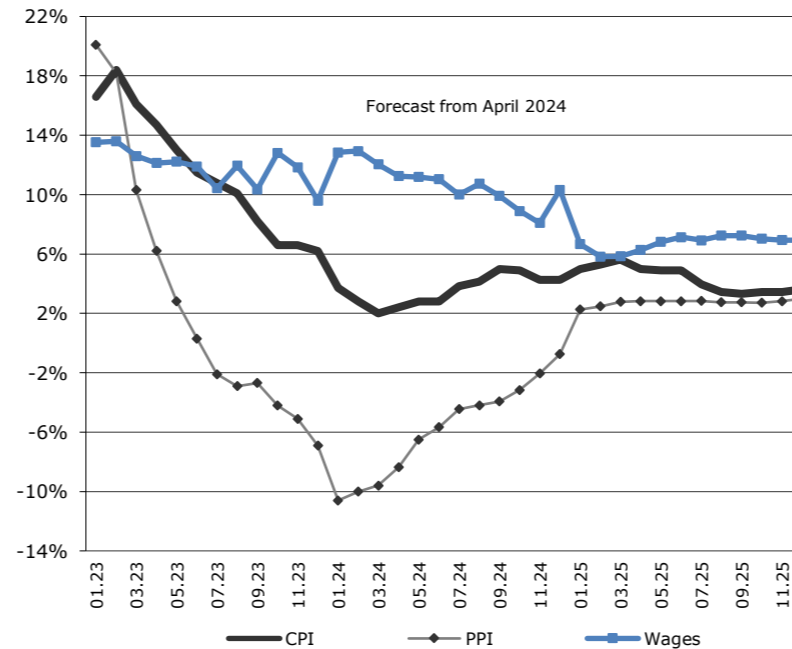
The number of people working in March was approximately 14,691 thousand people. It was about 145 thousand i.e. 0.98% lower than last year.

We are at the beginning of a period of seasonal decline in unemployment. 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

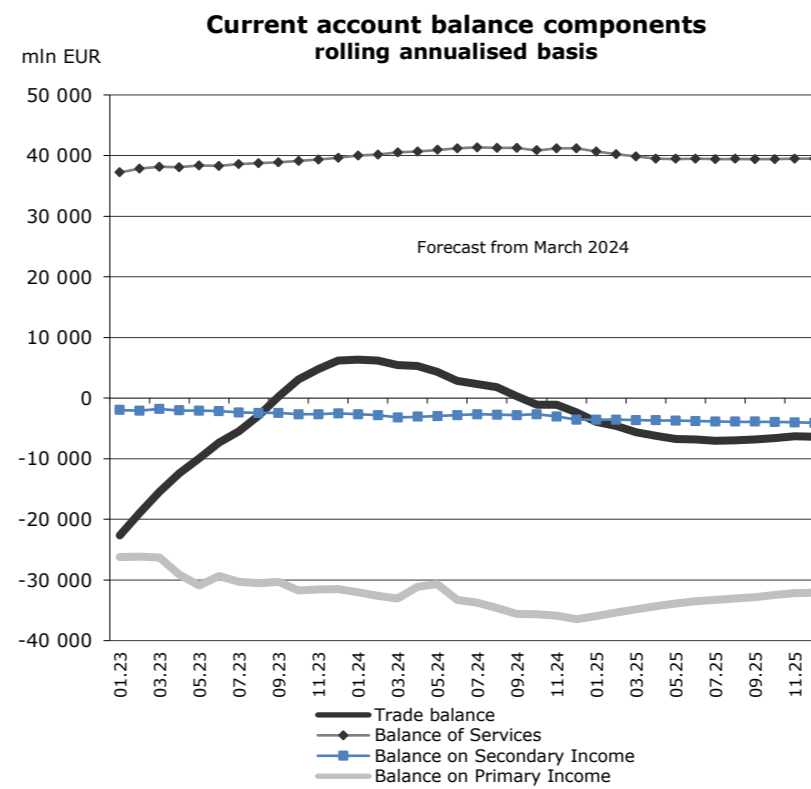
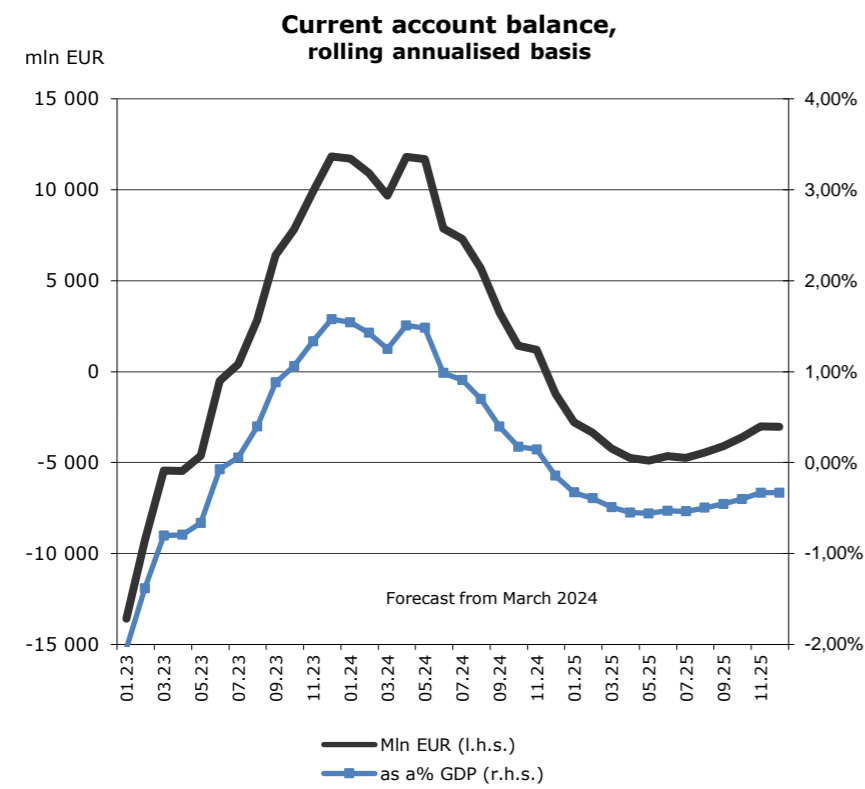


In March, prices of consumer goods and services increased on average by 0.2%. In March, prices usually increase for seasonal reasons. The March result was lower than expected by the market and us. Prices increased in the following groups: clothing and footwear, communications, restaurants and hotels, other, alcohol and tobacco, health, education, transport. Prices have not changed in the groups: apartment use, home furnishings. Prices dropped in the following groups: recreation and culture, food.

In March, prices of goods and services were 2.0% higher than a year ago. In February, prices were 2.8% higher than a year ago. In the period January - March 2024, prices were on average 2.8% higher than in the corresponding period of 2023. An increase in the annual inflation rate is expected in April.

Industrial prices in March fell on average by 0.1%. Industrial prices in March were on average 9.6% lower than a year ago (in February by 10.0%). In the period January-March 2024, industrial prices were on average 10.1% lower than in the same period last year. In the coming months, the annual dynamics of industrial prices may remain negative.

In March, the average salary in the enterprise sector was PLN 8,408.79. It was therefore PLN 429.80, i.e. 5.4% higher than in February. It was also PLN 903.45 and 12.0% higher than in March 2023. The increase in wages recorded in March is seasonal. The wage level in March was close to what the market and we expected. In April, wages will be reduced for seasonal reasons. The level of wages in the coming months will be influenced by changes in the level of economic activity.



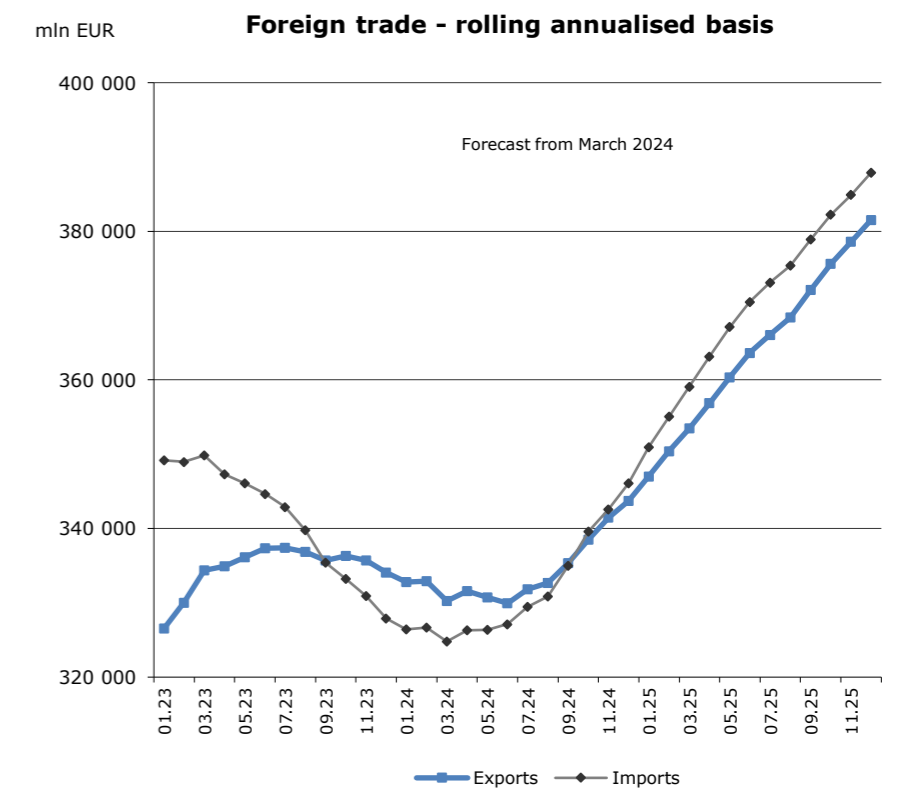
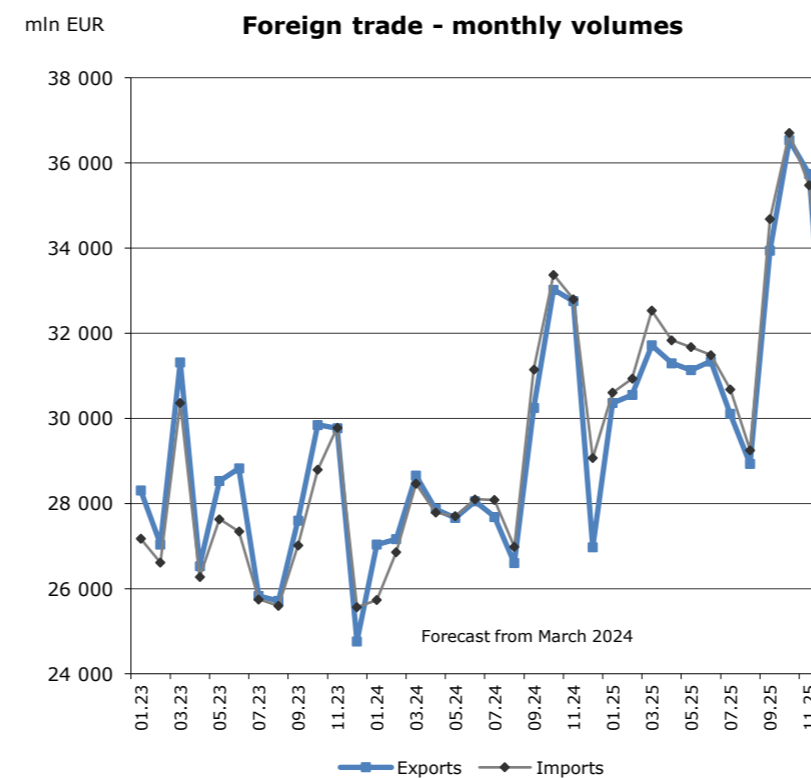
(mIn EUR)	II 2023	I 2024*	II 2024
Current account balance	1 245	1 742	465
Exports	27 040	27 032	27 161
Imports	26 613	25 735	26 851
Trade balance	427	1 297	310
Balance on Services	3 177	3 590	3 295
Balance on Primary Income	-2 008	-2 760	-2 628
Balance on Secondary Income	-351	-385	-512

*Corrected data

At the beginning of April, the National Bank of Poland presented estimated data on the balance of payments in February. The current account balance in February 2024 was positive and amounted to EUR 465 million. Last month, there was a surplus of EUR 1,742 million. A year ago there was a surplus of EUR 1,245 million.

After February, the current account balance on a rolling annual basis was positive and amounted to EUR 10,924 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 101 billion.

Exports of goods are currently comparable to 43.4% 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.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	09.2023	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024
International reserves, EUR million	169 696	165 897	170 905	175 403	175 161	173 253	187 748	193 380	197 248	199 221	200 217	202 219	203 837
International reserves in the months of import of goods and services	5,16	5,07	5,25	5,42	5,43	5,36	5,84	5,98	6,09	6,14	6,13	6,16	6,14
International reserves as a% of money supply	35,2%	32,9%	33,2%	33,6%	33,7%	32,7%	35,4%	36,3%	36,8%	36,9%	36,9%	37,1%	36,9%
Current account balance, EUR million, rolling annualised basis	6 405	7 809	9 909	11 830	11 704	10 924	9 678	11 801	11 689	7 857	7 303	5 679	3 240
Current account balance, as a% of GDP, rolling annualised basis	0,88%	1,06%	1,33%	1,58%	1,54%	1,43%	1,25%	1,51%	1,48%	0,99%	0,91%	0,70%	0,39%
Inflow of foreign direct investment - rolling annualised basis, EUR million	31 682	31 322	30 096	27 779	28 728	29 069	27 690	24 993	23 814	24 406	22 074	20 812	20 439
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	9 365	9 968	8 407	9 345	11 651	8 170	9 178	5 172	3 478	2 689	3 826	3 182	3 202

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	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%	52%	53%	51%	51%	52%	51%	51%	50%	50%	49%	49%
External debt as a% of export	111%	108%	106%	111%	111%	116%	121%	124%	124%	123%	121%	119%	117%
International reserves as a% of total external debt	45%	45%	44%	45%	46%	45%	47%	49%	49%	49%	50%	49%	49%
International reserves as a% of short-term external debt	237%	256%	255%	253%	248%	260%	274%	290%	295%	300%	304%	302%	307%

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 (5.84 months of imports of goods and services), money supply (35,4%) and foreign debt (45.0%).

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 116%. The current ratio of foreign debt to GDP and exports is low.

