



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/05/2024

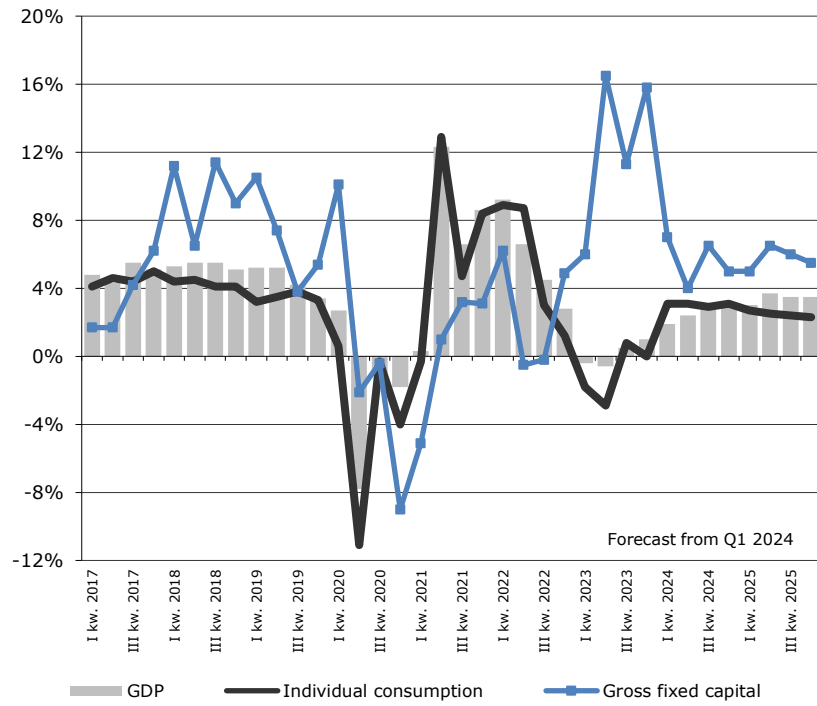
Macroeconomic forecast

Monthly macroeconomic indicators	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024
Industrial sales, % real change, y/y	1,9%	-0,3%	-3,5%	2,9%	3,3%	-5,6%	7,9%	1,2%	1,5%	7,5%	3,6%	6,0%	6,3%
Construction, % real change, y/y	9,8%	3,9%	14,0%	-6,1%	-4,9%	-13,3%	-2,0%	-2,7%	-1,4%	4,9%	1,2%	-1,0%	5,8%
Retail sales, % nominal change, y/y	4,8%	2,6%	0,5%	4,6%	6,7%	6,0%	4,3%	4,8%	6,0%	6,2%	5,1%	5,0%	4,6%
Consumer prices, % change, y/y	6,6%	6,6%	6,2%	3,7%	2,8%	2,0%	2,4%	2,9%	2,9%	3,9%	4,3%	5,1%	5,0%
Producer prices, % change, y/y	-4,2%	-5,1%	-6,9%	-10,6%	-10,0%	-9,9%	-8,6%	-6,8%	-6,0%	-4,8%	-4,6%	-4,4%	-3,6%
Wages - enterprise sector, % nominal change, y/y	12,8%	11,8%	9,6%	12,8%	12,9%	12,0%	11,3%	11,2%	11,0%	10,0%	10,7%	9,9%	8,9%
Wages - enterprise sector, PLN	7 545	7 670	8 033	7 768	7 979	8 409	8 272	7 982	8 142	8 232	8 158	8 109	8 214
Registered unemployment rate	5,0%	5,0%	5,1%	5,4%	5,4%	5,3%	5,1%	5,0%	4,8%	4,8%	4,7%	4,7%	4,8%
Number of registered unemployed persons, thousand	770	773	788	837	845	822	797	779	746	747	732	733	744
Current account balance, EUR million	2 151	1 352	199	1 742	511	325	-1 350	-872	1 286	-518	-980	-1 292	370
Current account balance, EUR million, rolling annualised basis	7 809	9 909	11 830	11 704	10 970	9 688	10 586	9 971	7 170	6 597	5 030	2 554	773

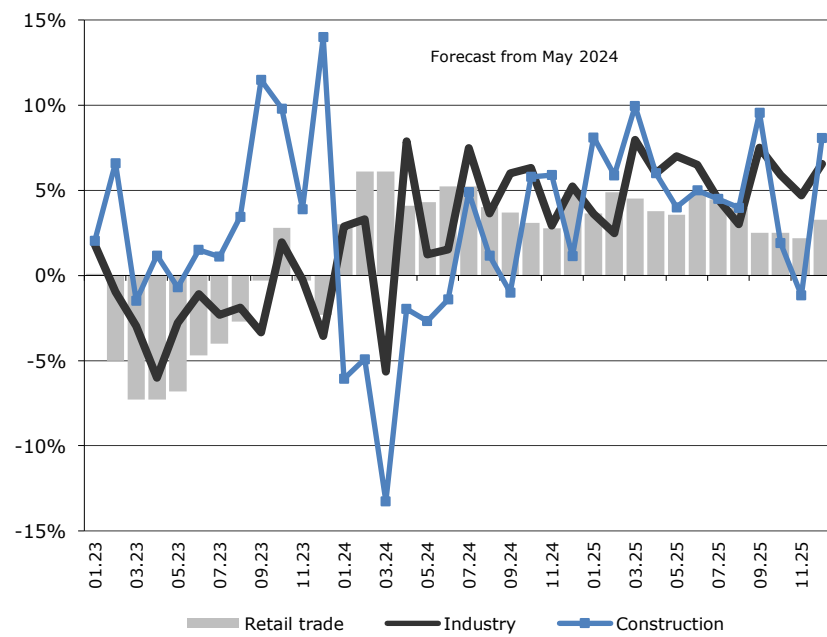
Macroeconomic forecast

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%	1,9%	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 first quarter of 2024. Gross domestic product increased by 1.9% y/y, after an increase of 1.0% y/y in the fourth quarter of 2023. The result was better than expected by the market.

In the following quarters, the growth rate should remain in the range of 2.5% - 3.1%. Consumption will strengthen. Stocks will be renewed.

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

For the entire year 2024, GDP growth is forecast at 2.6%. In nominal terms, GDP will amount to PLN 3,644 billion (EUR 844 billion). For the entire year 2025, GDP growth is forecast at 3.1%. In nominal terms, GDP will amount to PLN 3,897 billion (EUR 917 billion).

In April, industrial production decreased by 2.2% in real terms. The decline was smaller than seasonal. The annual production dynamics improved from negative -5.6% in March to positive 7.9% in April. The industry's results in April were clearly better than expected by the market and us. In the period January - April 2024, industrial production was 0.9% higher than in the corresponding period of 2023.

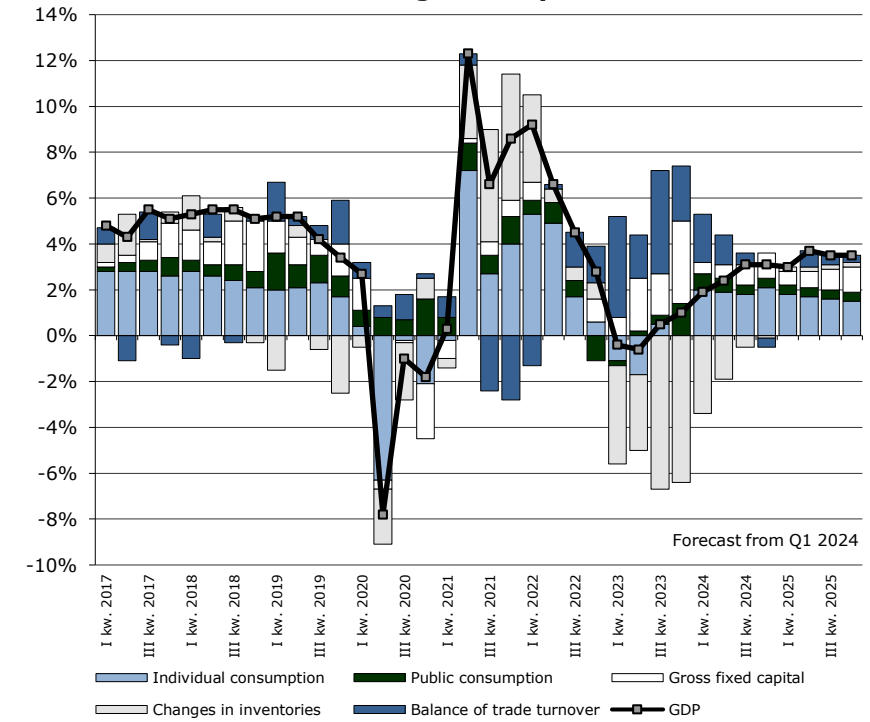
In April, construction and assembly production was 9.0% higher than in March. An increase in sales in April is a typical phenomenon. The annual dynamics of construction and assembly production improved from negative -13.3% in March to negative -2.0% in April. Construction results in April were better than expected by the market and us. In the period January - April 2024, construction and assembly production was 8.9% lower than in the corresponding period of 2023.

Retail sales in April in nominal terms were 0.9% lower than in March. The decline in sales recorded in April is seasonal. The annual sales dynamics decreased from 6.0% in March to 4.3% in April. April's results were slightly weaker than expected by the market and us. In the period January-April 2024, retail sales were nominally 5.6% higher than in the corresponding period of 2023. In real terms, retail sales in the period January-April 2024 were 5.0% higher than in the corresponding period of 2023.

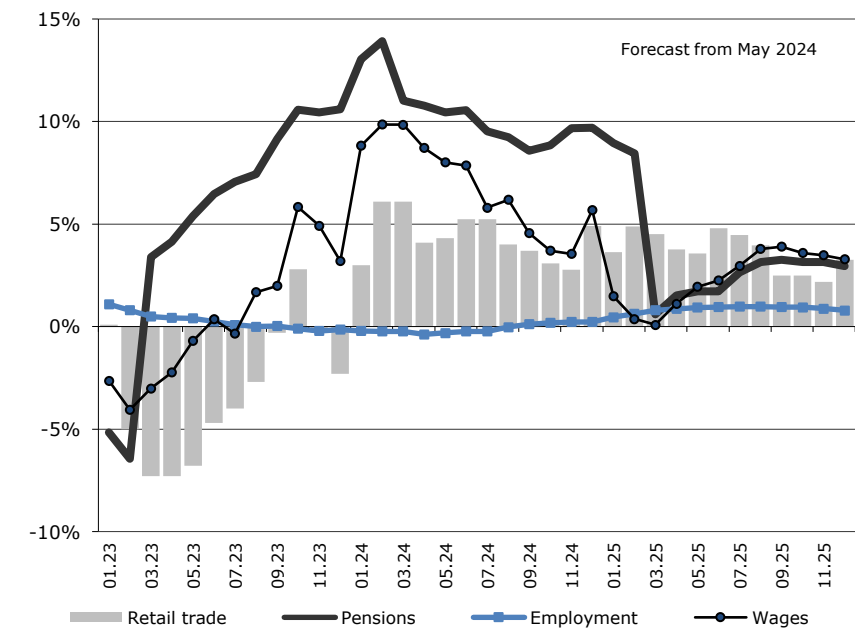
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 31/05/2024

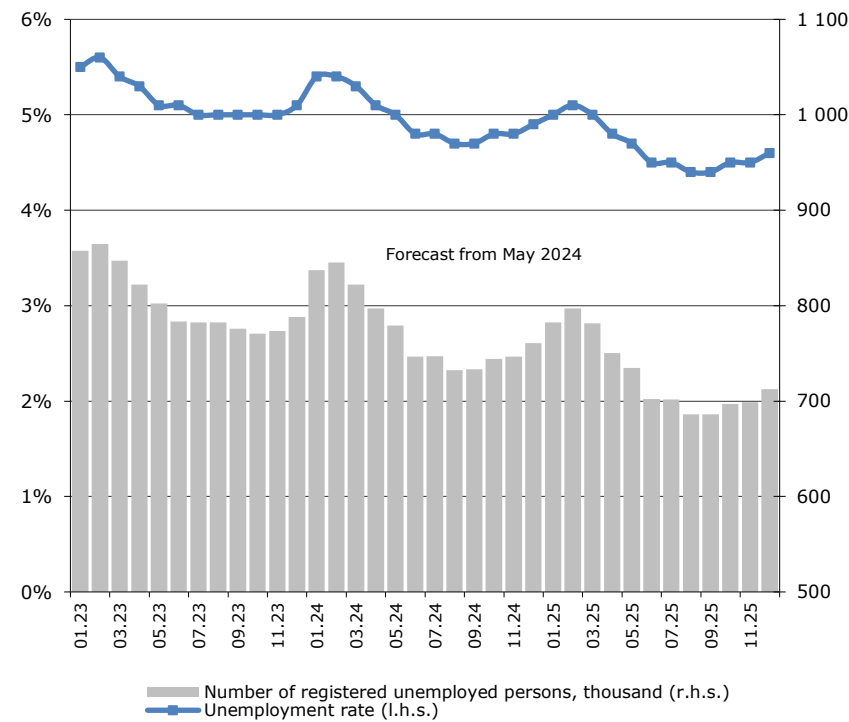
Scale of impact of GDP demand components on economic growth dynamics



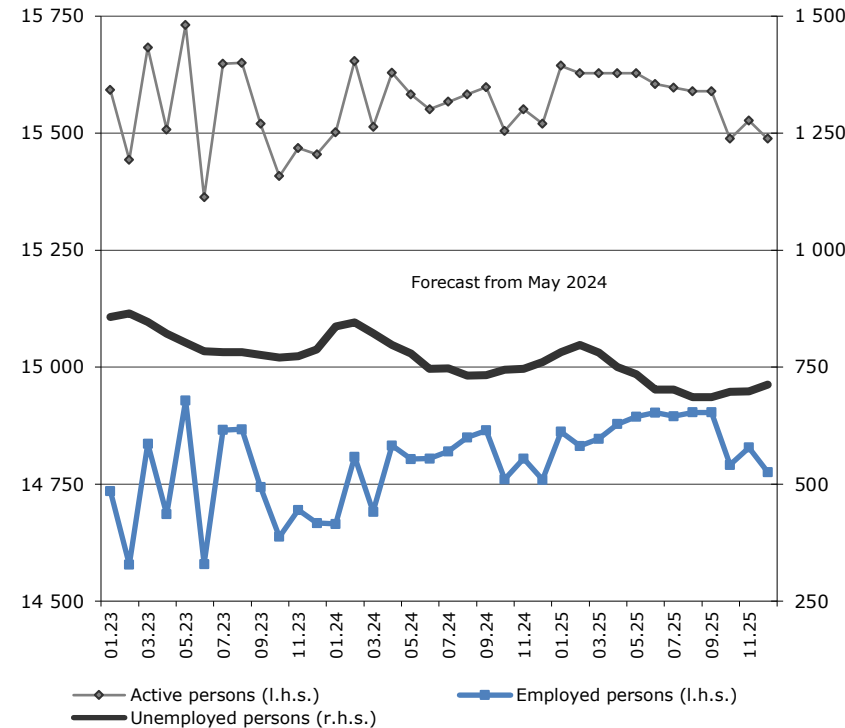
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

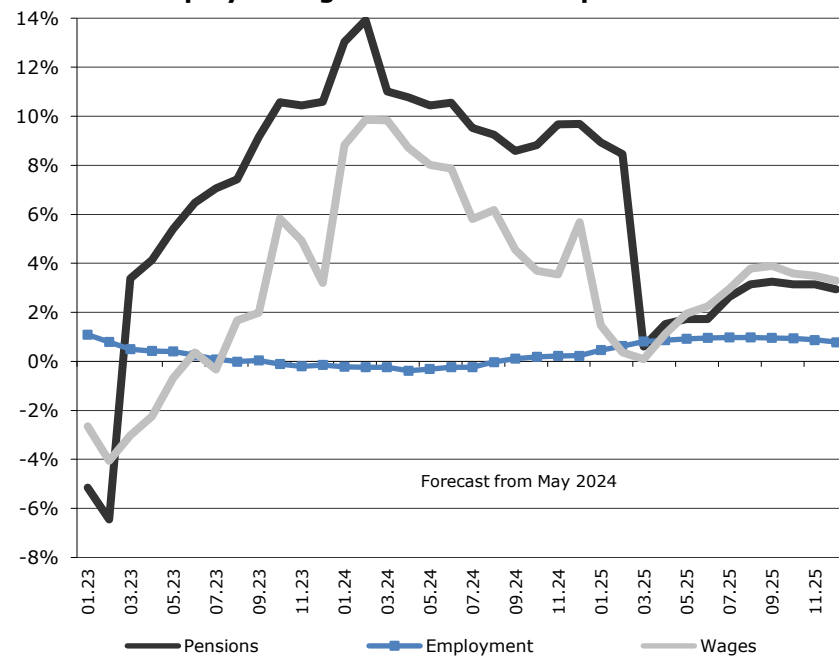


In April, the number of registered unemployed decreased by 25.1 thousand, up to 797.1 thousand people. The unemployment rate was 5.1%. In March, the unemployment rate was 5.3%. A year ago in April the unemployment rate was 5.3%. April usually brings an improvement in unemployment statistics. There is a growing demand for seasonal work in construction, agriculture and tourist services. April's data were close to expected.

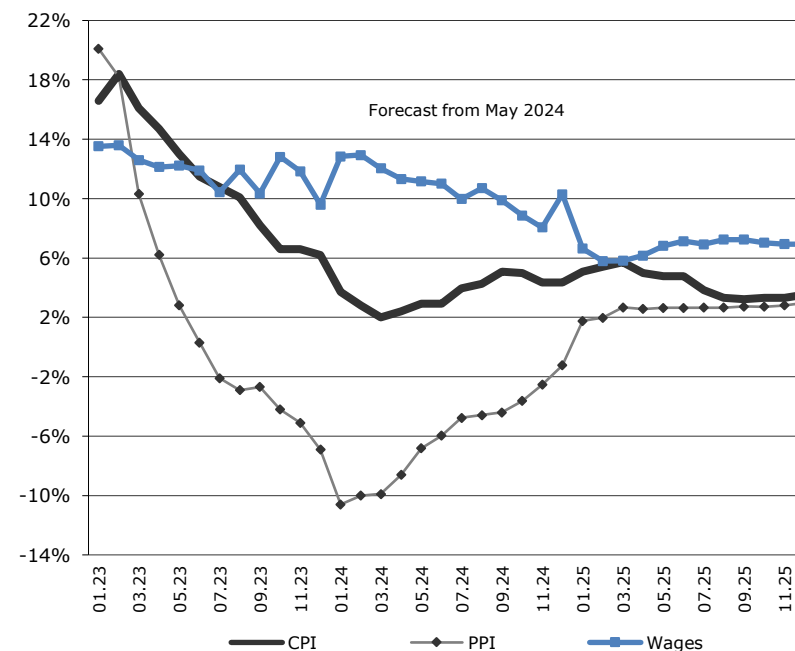
The number of people working in April was approximately 14,832 thousand people. It was about 147 thousand i.e. 1.00% higher than last year.

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

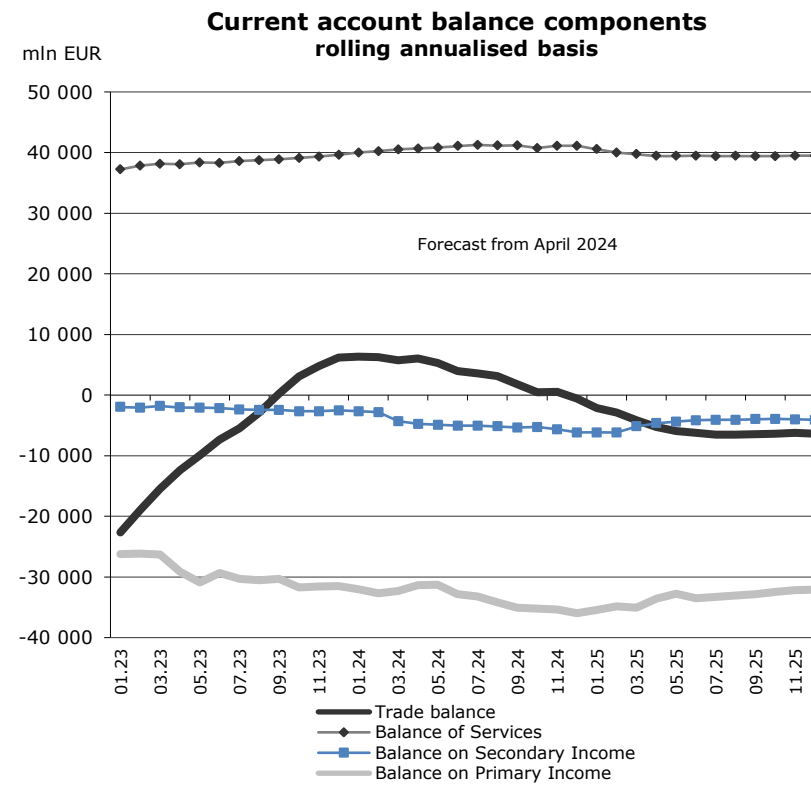
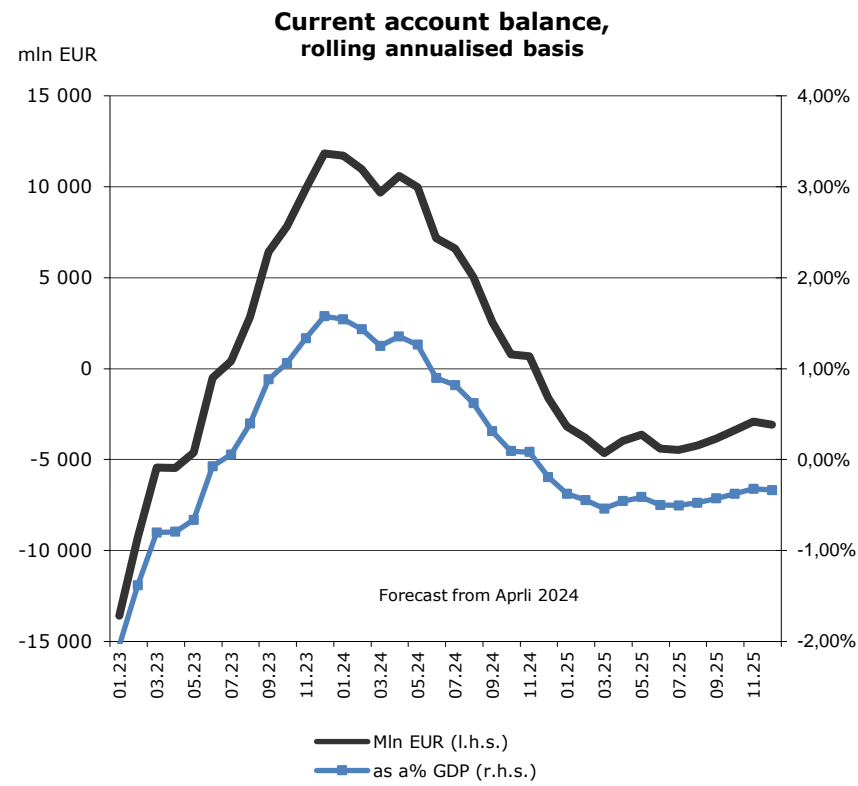


In April, prices of consumer goods and services increased on average by 1.1%. In April, prices usually increase for seasonal reasons, although not as much. April's result was close to what the market expected and lower than what we expected. Prices increased in the following groups: clothing and footwear, food, transport, recreation and culture, restaurants and hotels, other, health, home furnishings, alcohol and tobacco, home use, education. Prices decreased only in the communications group.

In April, prices of goods and services were 2.4% higher than a year ago. In March, prices were 2.0% higher than a year ago. In the period January - April 2024, prices were on average 2.7% higher than in the corresponding period of 2023. An increase in the annual inflation rate is expected in May.

Industrial prices in April increased by an average of 0.2%. Industrial prices in April were on average 8.6% lower than a year ago (in March by 9.9%). In the period January-April 2024, industrial prices were on average 9.8% lower than in the same period last year. In the coming months, the annual dynamics of industrial prices may remain negative.

In April, the average salary in the enterprise sector was PLN 8,271.99. It was therefore PLN 136.80, i.e. 1.6% lower than in March. It was also PLN 841.34 and 11.3% higher than in April 2023. The decline in wages recorded in April is seasonal. The wage level in April was close to what we expected and lower than what the market expected. In May, 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.



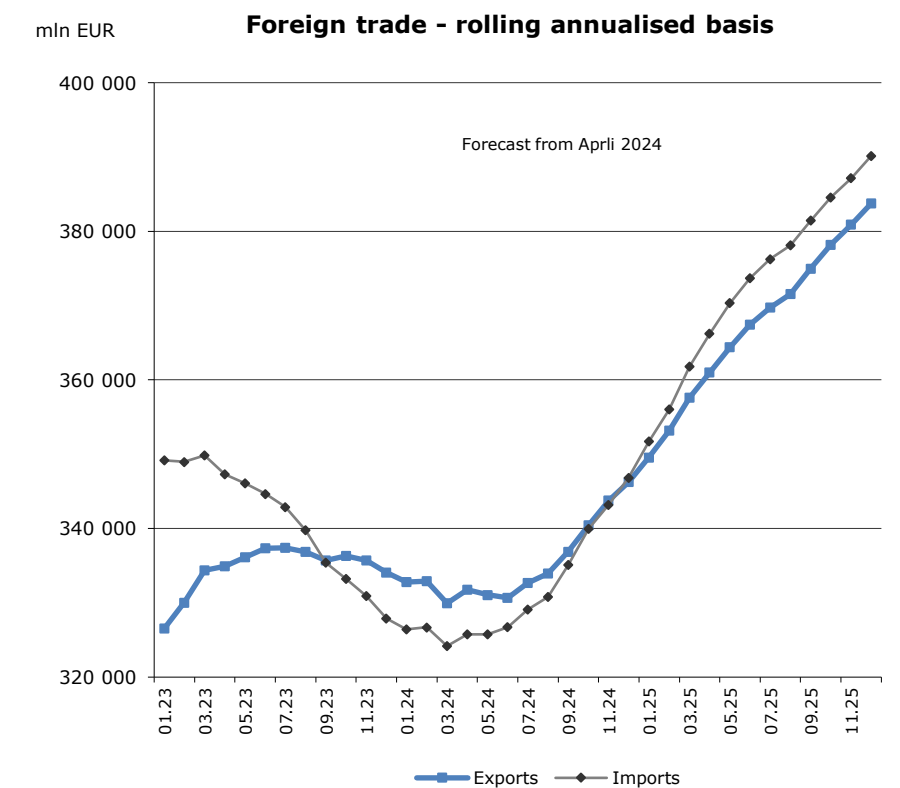
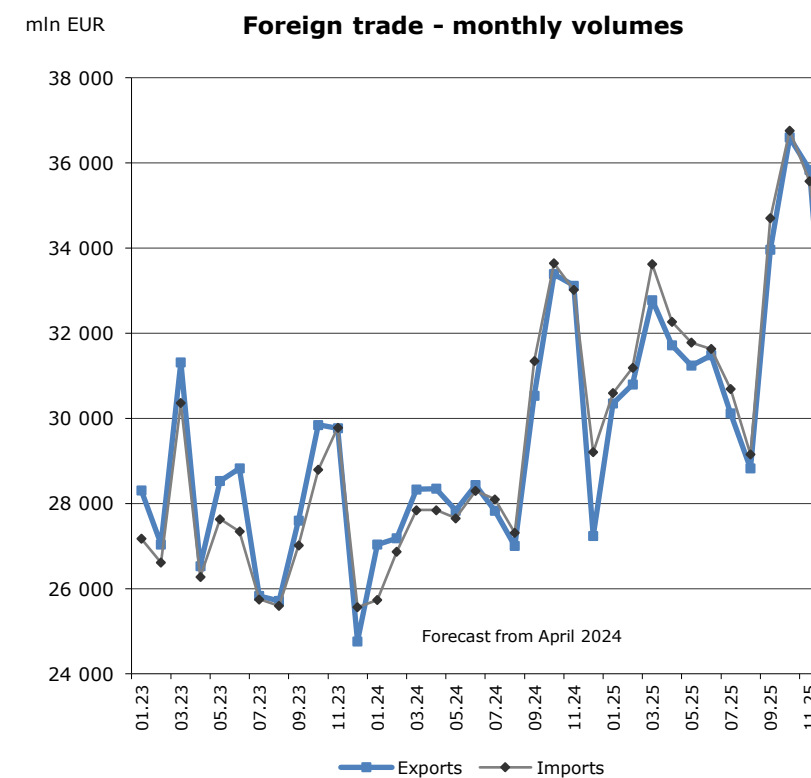
(mIn EUR)	III 2023	II 2024*	III 2024
Current account balance	1 607	511	325
Exports	31 316	27 186	28 331
Imports	30 358	26 862	27 845
Trade balance	958	324	486
Balance on Services	2 979	3 397	3 266
Balance on Primary Income	-2 724	-2 698	-2 385
Balance on Secondary Income	394	-512	-1 042

*Corrected data

At the beginning of May, the National Bank of Poland presented estimated data on the balance of payments in March. The current account balance in March 2024 was positive and amounted to EUR 325 million. Last month, there was a surplus of EUR 511 million. A year ago there was a surplus of EUR 1,607 million.

After March, the current account balance on a rolling annual basis was positive and amounted to EUR 9,688 million. Its level in relation to GDP was 1.25%. In the last 12 months, exports of goods amounted to EUR 330 billion and exports of services to EUR 102 billion.

Exports of goods are currently comparable to 42.6% 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	10.2023	11.2023	12.2023	01.2024	02.2024	03.2024	04.2024	Macroeconomic forecast					
								05.2024	06.2024	07.2024	08.2024	09.2024	10.2024
International reserves, EUR million	165 897	170 905	175 403	175 161	173 253	187 796	192 400	195 671	197 627	198 616	200 602	202 207	200 184
International reserves in the months of import of goods and services	5,07	5,25	5,42	5,43	5,36	5,84	5,96	6,05	6,09	6,08	6,11	6,09	5,95
International reserves as a% of money supply	32,9%	33,2%	33,6%	33,7%	32,7%	35,4%	36,0%	35,9%	36,1%	36,1%	36,3%	36,1%	35,4%
Current account balance, EUR million, rolling annualised basis	7 809	9 909	11 830	11 704	10 970	9 688	10 586	9 971	7 170	6 597	5 030	2 554	773
Current account balance, as a% of GDP, rolling annualised basis	1,06%	1,33%	1,58%	1,54%	1,43%	1,25%	1,35%	1,26%	0,90%	0,82%	0,62%	0,31%	0,09%
Inflow of foreign direct investment - rolling annualised basis, EUR million	31 322	30 096	27 779	28 728	29 179	27 243	25 746	24 967	25 809	23 877	23 015	22 642	22 969
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	9 968	8 407	9 345	11 651	8 160	19 779	16 373	14 929	14 240	15 427	14 833	14 928	14 774

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%	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%	123%	122%	119%	117%	116%
International reserves as a% of total external debt	45%	45%	44%	45%	46%	45%	47%	48%	49%	49%	49%	48%	49%
International reserves as a% of short-term external debt	237%	256%	255%	253%	248%	260%	274%	287%	293%	297%	301%	299%	304%

The current account has been positive in recent months. Its rolling total for the last 12 months is positive. After March, it was comparable to 1.25% of GDP.

In recent quarters, a simultaneous inflow of direct capital to our market and portfolio capital has been visible. The moderate 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 (5.96 months of imports of goods and services), money supply (36.0%) 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.

