



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/08/2024

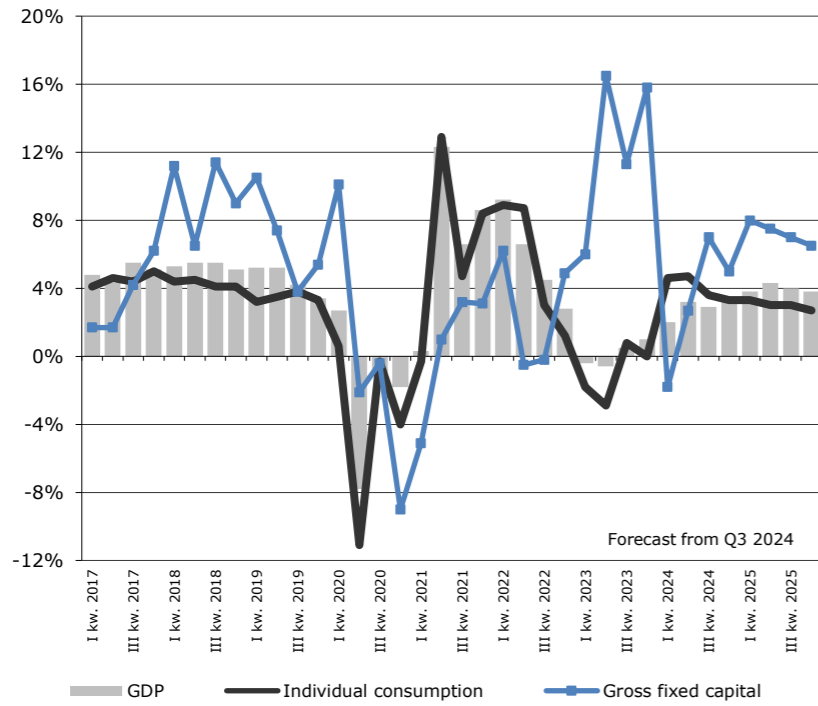
Macroeconomic forecast

Monthly macroeconomic indicators	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024	11.2024	12.2024	01.2025
Industrial sales, % real change, y/y	2,9%	3,3%	-5,6%	7,9%	-1,6%	0,0%	4,9%	0,2%	3,0%	5,3%	2,9%	4,7%	3,6%
Construction, % real change, y/y	-6,1%	-4,9%	-13,3%	-2,0%	-6,5%	-8,9%	-1,4%	-7,8%	-10,0%	-1,3%	-2,0%	-3,0%	10,1%
Retail sales, % nominal change, y/y	4,6%	6,7%	6,0%	4,3%	5,4%	4,7%	5,0%	4,3%	4,5%	4,2%	4,5%	6,5%	5,3%
Consumer prices, % change, y/y	3,7%	2,8%	2,0%	2,4%	2,5%	2,6%	4,2%	4,3%	5,2%	5,1%	4,6%	4,6%	5,1%
Producer prices, % change, y/y	-10,6%	-10,0%	-9,9%	-8,5%	-7,0%	-5,8%	-4,8%	-4,6%	-4,4%	-3,7%	-2,5%	-1,3%	1,7%
Wages - enterprise sector, % nominal change, y/y	12,8%	12,9%	12,0%	11,3%	11,4%	11,0%	10,6%	10,8%	10,3%	9,3%	8,6%	10,7%	9,3%
Wages - enterprise sector, PLN	7 768	7 979	8 409	8 272	8 000	8 145	8 279	8 163	8 138	8 244	8 326	8 893	8 493
Registered unemployment rate	5,3%	5,4%	5,3%	5,1%	5,0%	4,9%	5,0%	5,0%	5,0%	5,1%	5,1%	5,1%	5,3%
Number of registered unemployed persons, thousand	837	845	822	797	777	762	765	768	771	785	788	789	826
Current account balance, EUR million	1 584	1 722	1 357	-13	168	588	-98	-403	-794	398	1 174	-1 556	-405
Current account balance, EUR million, rolling annualised basis	11 445	11 922	11 672	13 907	14 332	10 833	10 680	9 690	7 711	5 869	5 848	4 127	2 138

Macroeconomic forecast

Quarterly macroeconomic indicators	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Gross domestic product , % real change y/y	2,8%	-0,4%	-0,6%	0,5%	1,0%	2,0%	3,2%	2,9%	3,2%	3,8%	4,3%	4,0%	3,8%
Individual consumption , % real change y/y	1,2%	-1,8%	-2,9%	0,8%	0,0%	4,6%	4,7%	3,6%	3,3%	3,3%	3,0%	3,0%	2,7%
Gross fixed capital , % real change y/y	4,9%	6,0%	16,5%	11,3%	15,8%	-1,8%	2,7%	7,0%	5,0%	8,0%	7,5%	7,0%	6,5%

GDP components in terms of demand - y / y



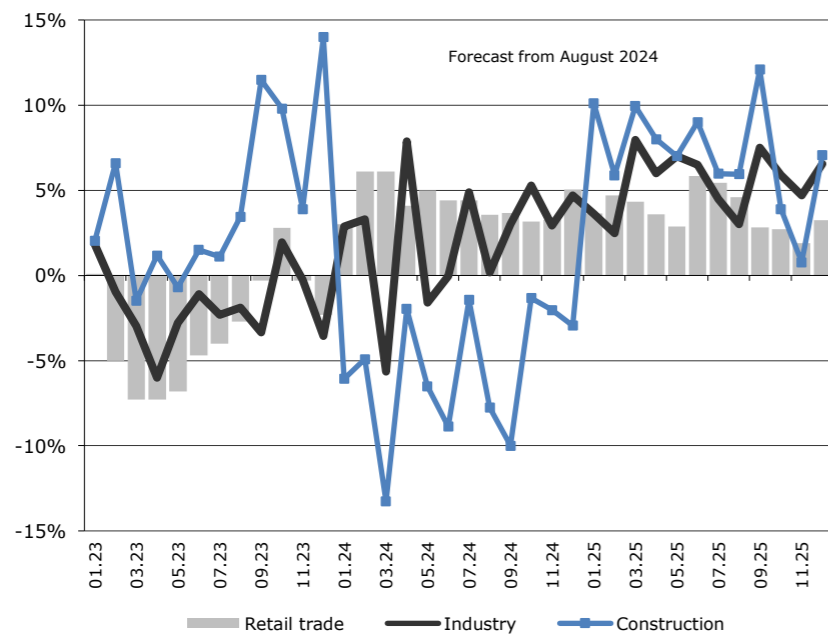
The Central Statistical Office presented GDP results for the second quarter of 2024. Gross domestic product increased by 3.2% y/y, after an increase of 2.0% y/y in the first quarter. The result was better than expected by the market.

In the next two quarters, the growth rate should remain in the range of 2.9% - 3.5%. Consumption will strengthen. Inventories will be renewed.

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

For the whole of 2024, GDP dynamics are forecasted at 2.9%. In nominal terms, GDP will amount to PLN 3,613 billion (EUR 841 billion). For the whole of 2025, GDP dynamics are forecasted at 3.9%. In nominal terms, GDP will amount to PLN 3,891 billion (EUR 919 billion).

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



In July, industrial production decreased by 3.3% in real terms. The decrease was seasonal. The annual dynamics of production improved from 0.0% in June to a positive +4.9% in July. Industry results in July were worse than expected by the market and by us. In the period January - July 2024, industrial production was 0.6% higher than in the same period of 2023.

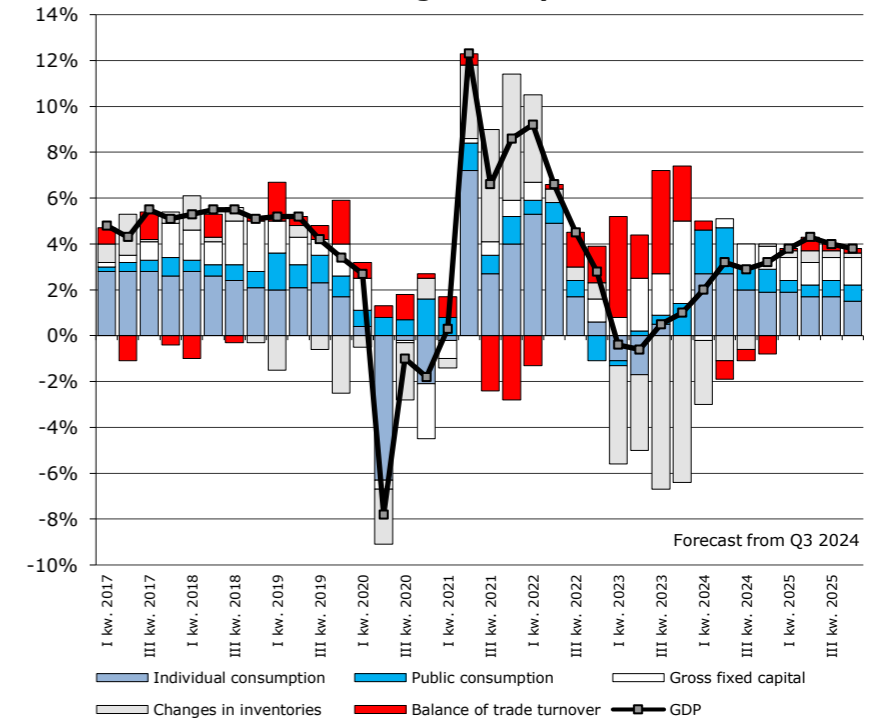
In July, construction and assembly production turned out to be 0.9% higher than in June. Sales growth in July is not a typical phenomenon. The annual dynamics of construction and assembly production improved from negative -8.9% in June to negative -1.4% in July. Construction results in July were better than expected by the market and by us. In the period January - July 2024, construction and assembly production was 6.4% lower than in the same period of 2023.

Retail sales in July increased in nominal terms compared to the one recorded in June by 1.5%. The increase in sales in July is seasonal. The annual sales dynamics increased from 4.7% in June to 5.0% in July. July results were close to our expectations, although weaker than the market expected. In the period January - July 2024, retail sales were nominally 5.4% higher than in the same period of 2023. In real terms, retail sales in the period January - July 2024 were 4.9% higher than in the same period of 2023.

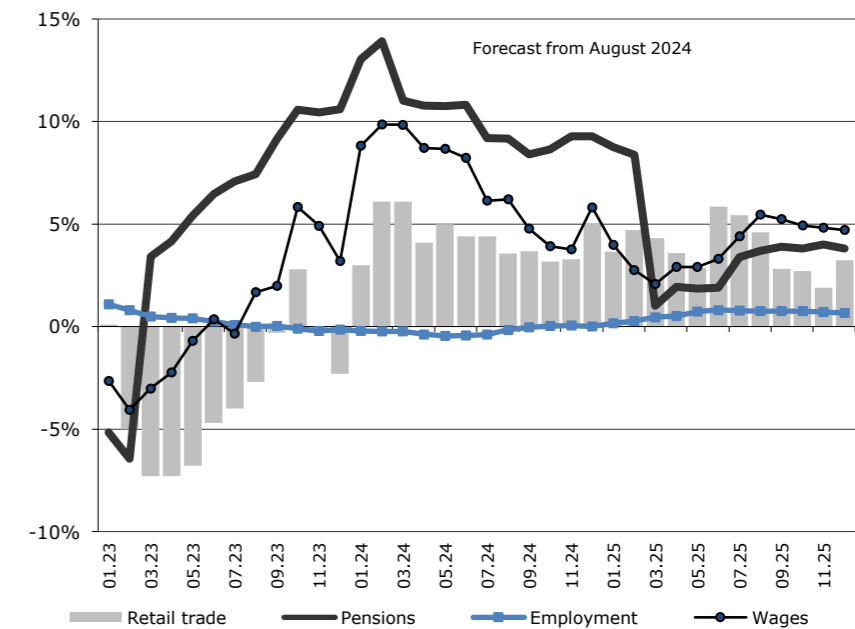
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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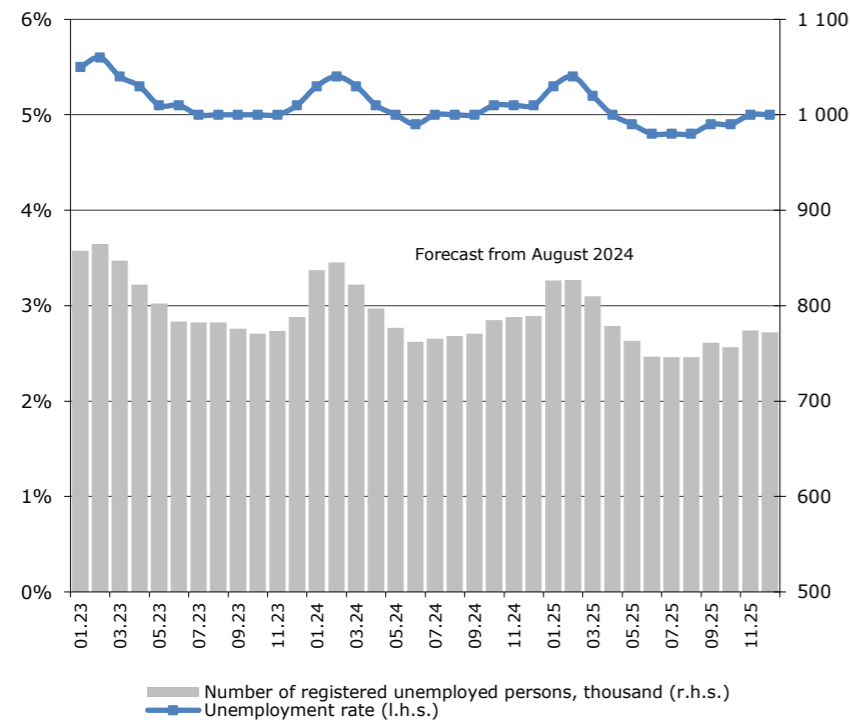
Scale of impact of GDP demand components on economic growth dynamics



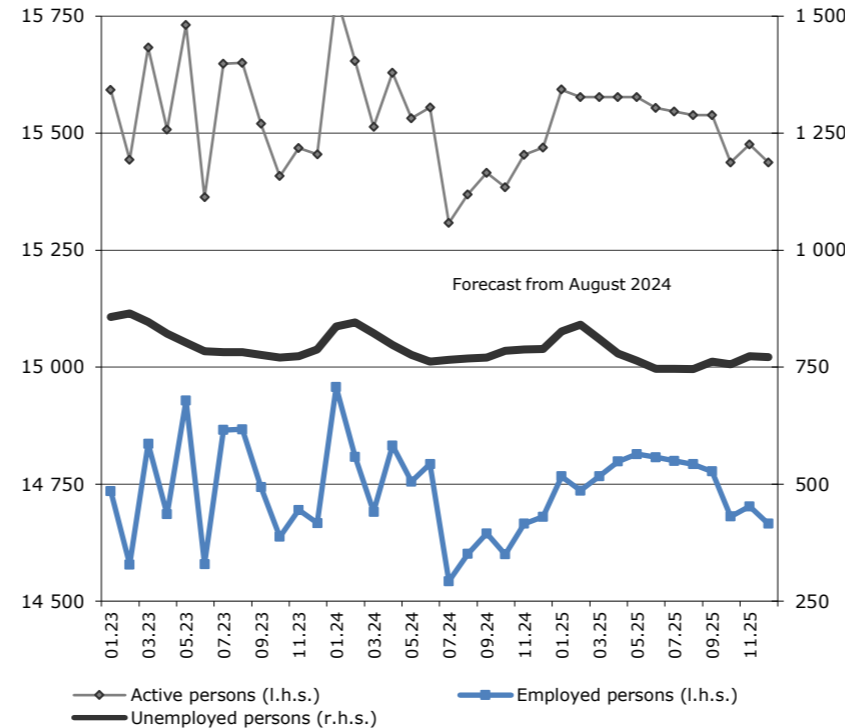
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

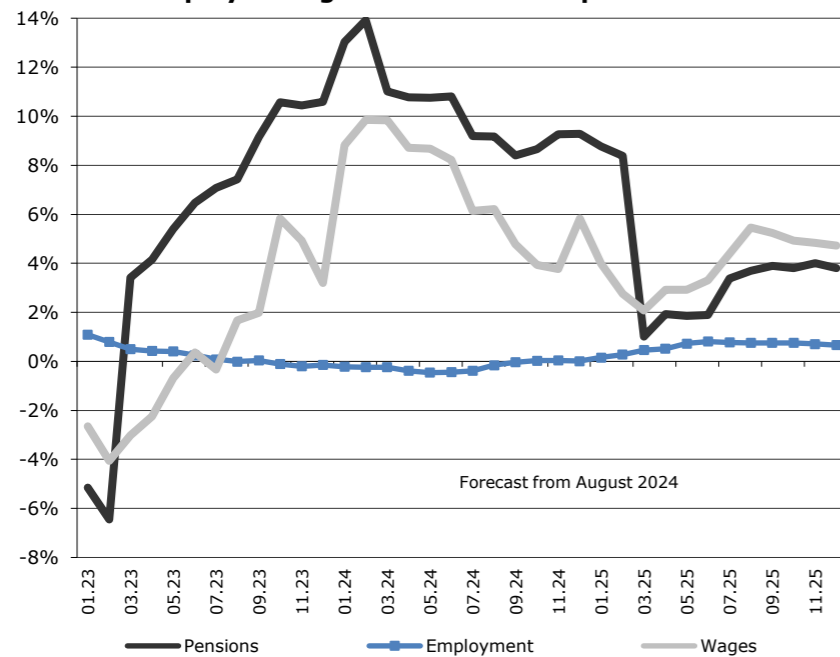


In July, the number of registered unemployed increased by 3.2 thousand to 765.4 thousand people. The unemployment rate was 5.0%. In June, the unemployment rate was 4.9%. A year ago, in July, the unemployment rate was 5.0%. July usually brings an improvement in unemployment statistics. This is because demand for seasonal work in construction, agriculture, and tourist services is growing. July's data was worse than expected.

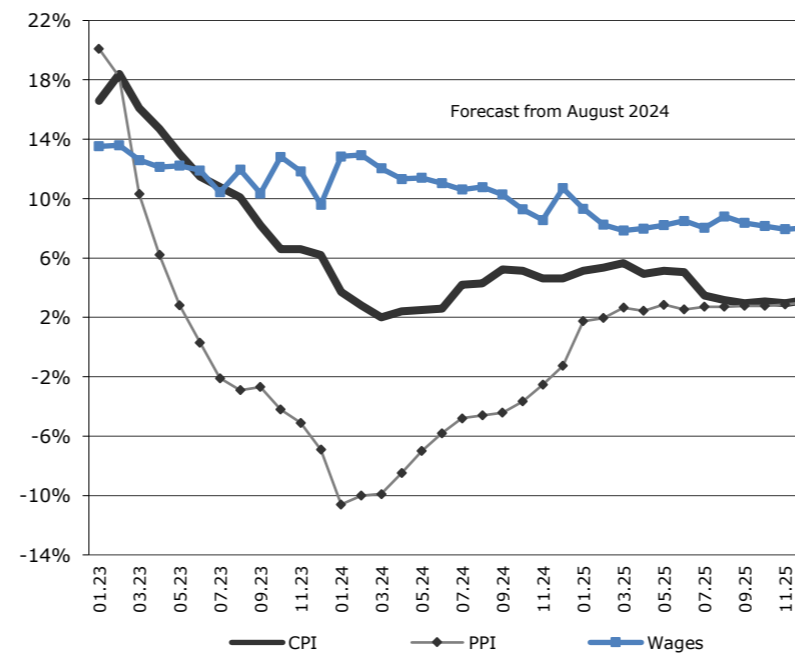
The number of employed people in July was approximately 14,543 thousand. It was 323 thousand, i.e. 2.17% lower than a year ago.

We should still have a period of seasonal decline in unemployment. Unemployment usually falls in the spring and summer months. The increase in July is worrying and prompts a change in forecasts. At the end of the year, the unemployment rate will be 5.1%, and the number of unemployed people will reach 790 thousand.

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

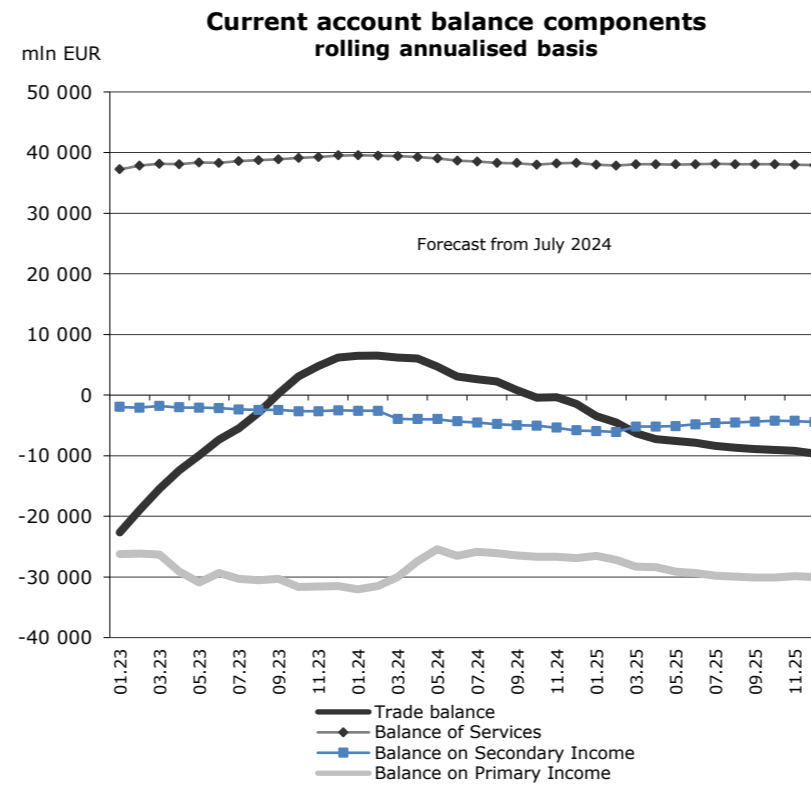
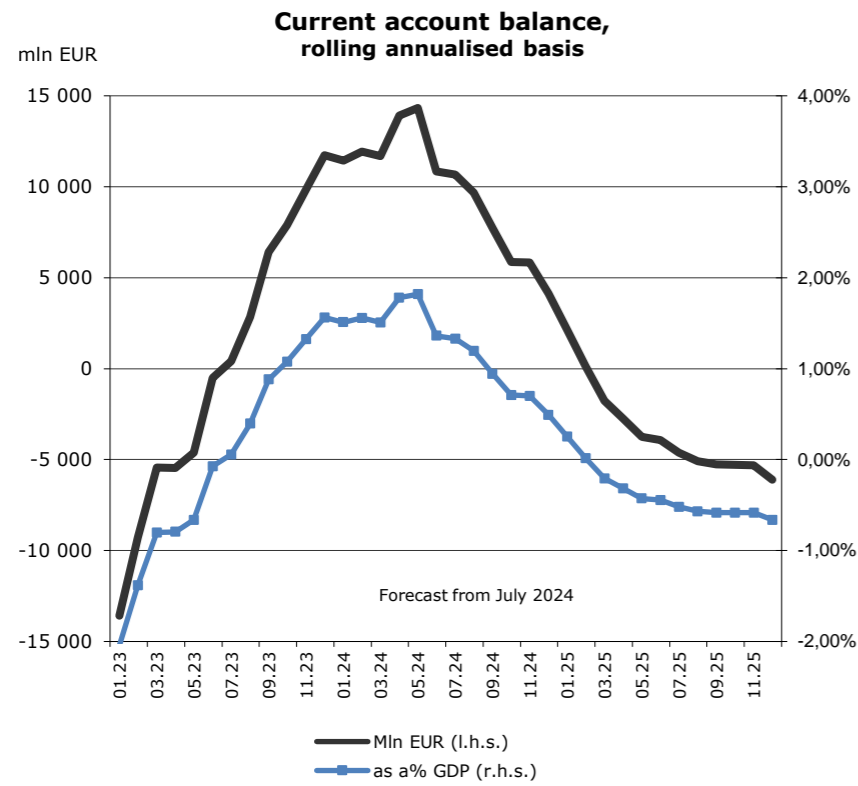


In July, prices of consumer goods and services increased by an average of 1.4%. In July, prices usually fall significantly due to seasonal reasons. This year's increase is mainly the result of changes in energy prices. July's result was higher than expected by us and close to what the market expected. Prices increased in the following groups: housing, recreation and culture, communications, restaurants and hotels, alcohol and tobacco, health, home furnishings, transport, other, education. Prices fell in the following groups: clothing and footwear, food.

In July, prices of goods and services turned out to be 4.2% higher than a year ago. In June, prices were 2.6% higher than a year ago. In the period January - July 2024, prices were on average 2.9% higher than in the same period of 2023. A slight increase in the annual inflation rate is expected in August.

Industrial prices did not change in July. Industrial prices in July were on average 4.8% lower than a year ago (5.8% lower in June). In the period January-July 2024, industrial prices were on average 8.1% lower than in the same period of the previous year. In the coming months, the annual dynamics of industrial prices may maintain negative values, but the scale of deflation will decrease.

In July, the average salary in the corporate sector amounted to PLN 8,278.63. It was therefore PLN 133.80, i.e. 1.6% higher than in June. It was also PLN 793.51 and 10.6% higher than in July 2023. The increase in salaries recorded in July is seasonal. The level of salaries in July was lower than expected by us and the market. In August, salaries will decrease due to seasonal reasons. The formation of the level of salaries in the coming months will be influenced by changes in the level of economic activity.



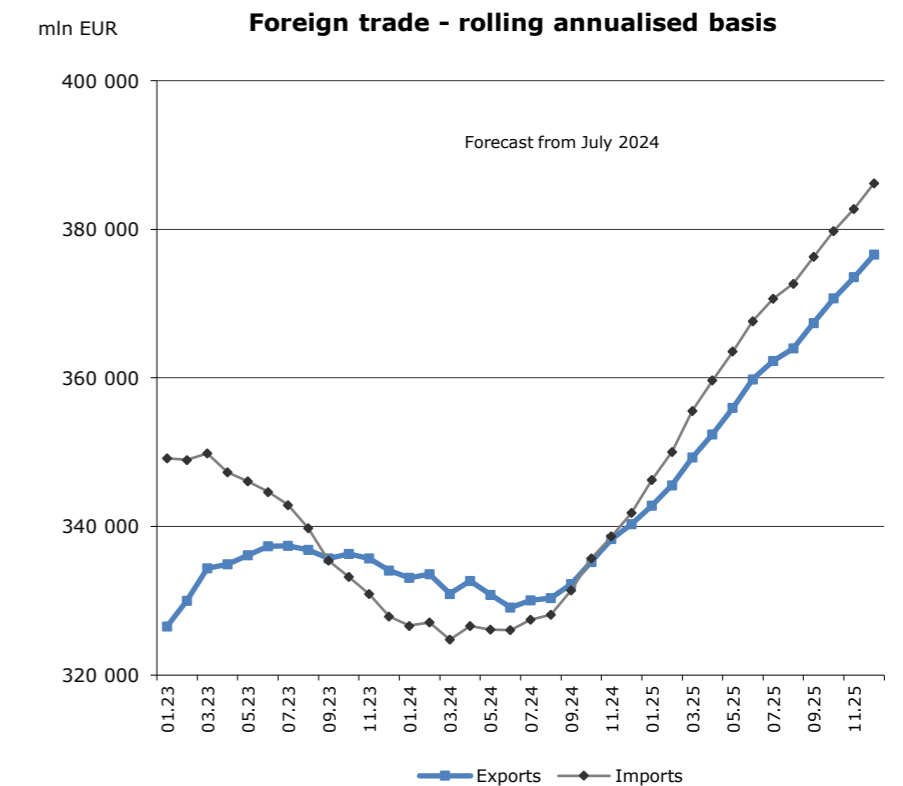
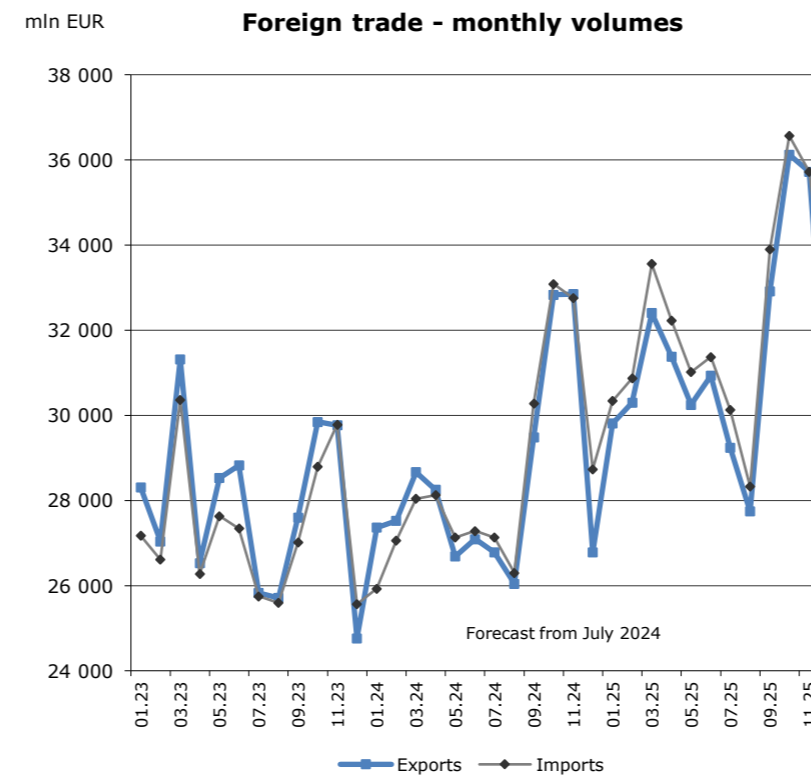
(mIn EUR)	VI 2023	V 2024*	VI 2024
Current account balance	4 087	168	588
Exports	28 822	26 685	27 092
Imports	27 340	27 132	27 283
Trade balance	1 482	-447	-191
Balance on Services	3 865	3 039	3 515
Balance on Primary Income	-939	-2 014	-2 052
Balance on Secondary Income	-321	-410	-684

*Corrected data

At the beginning of August, the National Bank of Poland presented estimated data on the balance of payments in June. The current account balance in June 2024 was positive and amounted to EUR 588 million. In the previous month, there was a surplus of EUR 168 million. A year ago, there was a surplus of EUR 4,087 million.

After June, the current account balance in annual rolling terms was positive and amounted to EUR 10,833 million. Its level in relation to GDP was 1.36%. In the last 12 months, exports of goods amounted to EUR 329 billion, and exports of services EUR 101 billion.

Exports of goods are currently comparable to 41.4% of GDP. This is a high value for a country with the population and area of Poland. Exports of services are comparable to 12.7% of GDP, which should also be considered a very good result.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	01.2024	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024	11.2024	12.2024	01.2025
International reserves, EUR million	175 161	173 253	187 796	192 400	191 805	195 915	198 038	200 118	201 919	199 899	201 699	204 724	203 291
International reserves in the months of import of goods and services	5,42	5,35	5,83	5,94	5,93	6,06	6,10	6,15	6,15	6,02	6,03	6,08	5,97
International reserves as a% of money supply	33,7%	32,7%	35,4%	36,0%	35,1%	36,1%	36,2%	36,3%	36,2%	35,6%	35,6%	35,6%	35,2%
Current account balance, EUR million, rolling annualised basis	11 445	11 922	11 672	13 907	14 332	10 833	10 680	9 690	7 711	5 869	5 848	4 127	2 138
Current account balance, as a% of GDP, rolling annualised basis	1,51%	1,56%	1,51%	1,78%	1,82%	1,36%	1,33%	1,19%	0,94%	0,71%	0,70%	0,49%	0,25%
Inflow of foreign direct investment - rolling annualised basis, EUR million	30 520	29 229	25 276	23 286	19 240	18 448	16 516	15 554	15 231	14 992	14 090	15 743	14 110
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	11 648	8 160	19 653	14 783	13 190	14 508	15 895	15 851	15 896	15 745	14 964	13 903	14 616

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Total external debt, EUR million	347 584	355 984	373 276	372 049	388 310	400 216	408 000	413 750	419 500	425 250	431 000	435 750	440 500
Long-term external debt, EUR million	177 896	180 242	190 837	186 858	204 000	212 882	220 000	225 000	230 000	235 000	240 000	244 000	248 000
Short-term external debt, EUR million	61 139	61 286	65 888	68 393	68 172	69 592	69 750	70 000	70 250	70 500	70 750	71 000	71 250
External debt - Direct investment debt instruments, EUR million	108 549	114 456	116 551	116 798	116 138	117 742	118 250	118 750	119 250	119 750	120 250	120 750	121 250
External debt as a% of GDP	53%	52%	53%	51%	52%	52%	51%	51%	50%	49%	49%	48%	48%
External debt as a% of export	108%	106%	111%	111%	116%	121%	124%	125%	123%	122%	120%	119%	117%
International reserves as a% of total external debt	45%	44%	45%	46%	45%	47%	48%	49%	49%	49%	48%	49%	50%
International reserves as a% of short-term external debt	256%	255%	253%	248%	257%	270%	281%	288%	291%	296%	294%	299%	308%

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 1.36% 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 (6.10 months of imports of goods and services), money supply (36.2%) and foreign debt (47.0%).

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 121%. The current ratio of foreign debt to GDP and exports is low.

