



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 30/09/2024

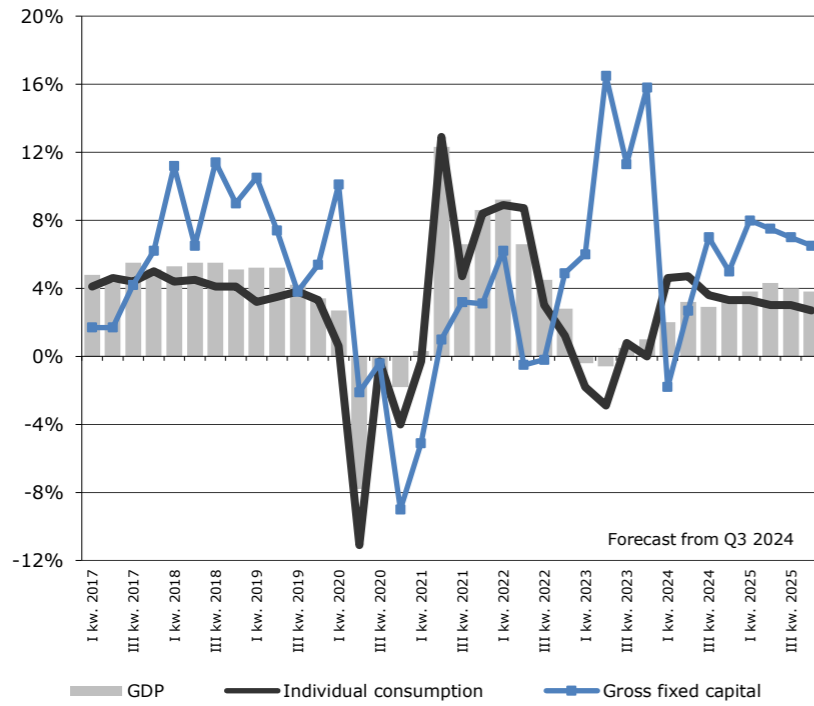
Macroeconomic forecast

Monthly macroeconomic indicators	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024	11.2024	12.2024	01.2025	02.2025
Industrial sales, % real change, y/y	3,3%	-5,6%	7,9%	-1,6%	0,0%	5,2%	-1,5%	0,5%	2,7%	0,9%	4,2%	3,1%	2,0%
Construction, % real change, y/y	-4,9%	-13,3%	-2,0%	-6,5%	-8,9%	-1,4%	-9,6%	-15,0%	-4,4%	-3,0%	-4,0%	10,1%	5,9%
Retail sales, % nominal change, y/y	6,7%	6,0%	4,3%	5,4%	4,7%	5,0%	3,2%	3,4%	3,1%	3,4%	5,4%	4,2%	5,4%
Consumer prices, % change, y/y	2,8%	2,0%	2,4%	2,5%	2,6%	4,2%	4,3%	4,9%	4,8%	4,3%	4,4%	4,9%	5,1%
Producer prices, % change, y/y	-10,0%	-9,9%	-8,5%	-7,0%	-5,8%	-5,1%	-5,1%	-5,0%	-4,2%	-3,1%	-1,8%	1,1%	1,4%
Wages - enterprise sector, % nominal change, y/y	12,9%	12,0%	11,3%	11,4%	11,0%	10,6%	11,1%	10,5%	9,4%	8,6%	10,7%	9,4%	8,3%
Wages - enterprise sector, PLN	7 979	8 409	8 272	8 000	8 145	8 279	8 190	8 157	8 255	8 329	8 896	8 495	8 640
Registered unemployment rate	5,4%	5,3%	5,1%	5,0%	4,9%	5,0%	5,0%	5,0%	5,1%	5,1%	5,1%	5,3%	5,4%
Number of registered unemployed persons, thousand	845	822	797	777	762	765	772	775	787	790	790	828	842
Current account balance, EUR million	1 722	1 357	-13	168	588	-1 462	-1 175	-1 093	160	686	-1 954	-399	-268
Current account balance, EUR million, rolling annualised basis	11 922	11 672	13 907	14 332	10 833	9 316	7 554	5 277	3 197	2 687	568	-1 415	-3 406

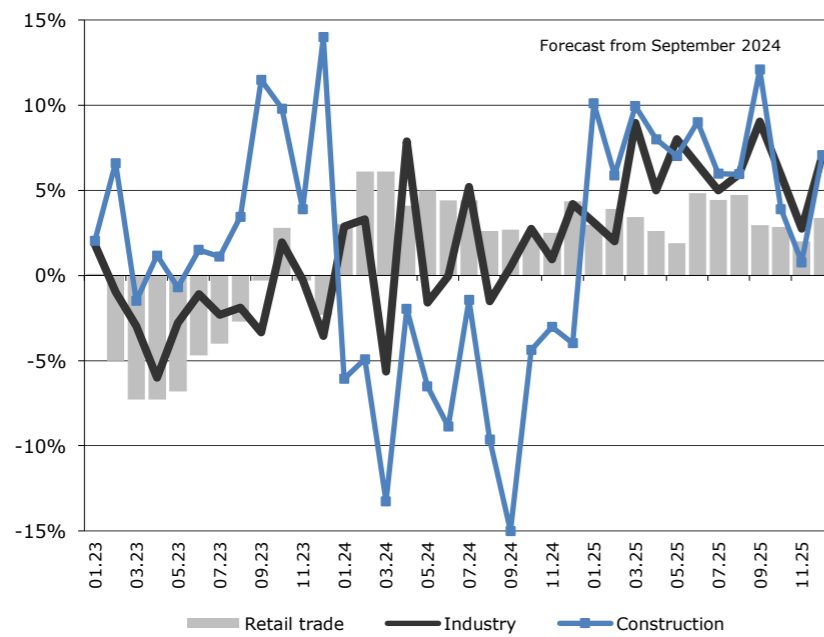
Macroeconomic forecast

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



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



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).

In August, industrial production decreased by 5.2% in real terms. The decrease was seasonal. The annual dynamics of production deteriorated from a positive +5.2% in July to a negative -1.5% in August. The results of the industry in August were worse than expected by the market and by us. In the period January - August 2024, industrial production was 0.4% higher than in the same period of 2023.

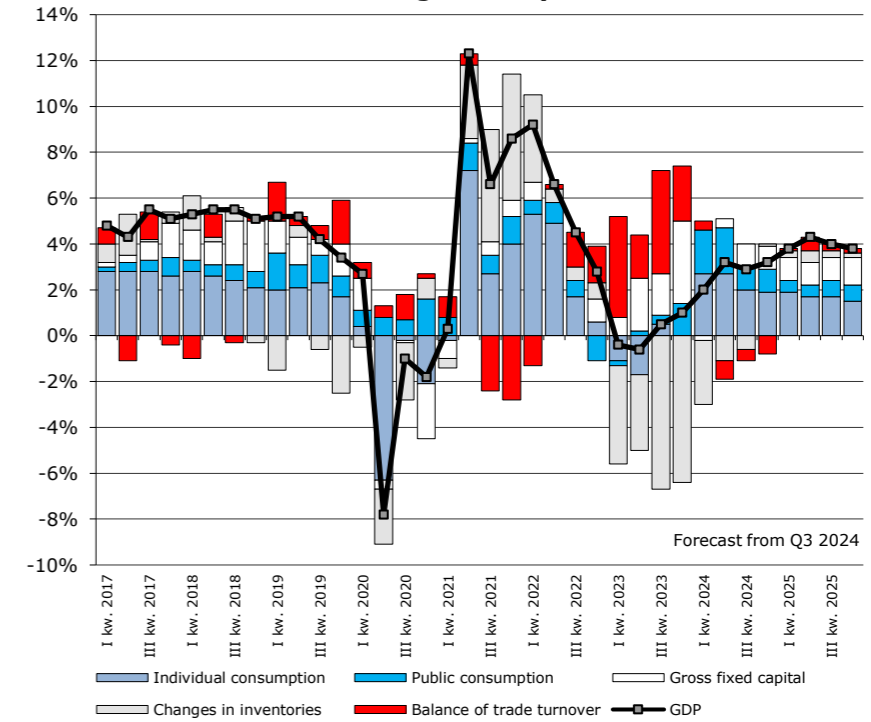
In August, construction and assembly production turned out to be 1.5% lower than in July. The decline in sales in August is not a typical phenomenon. The annual dynamics of construction and assembly production deteriorated from a negative -1.4% in July to a negative -9.6% in August. The results of construction in August were worse than expected by the market and by us. In the period January - August 2024, construction and assembly production was 6.4% lower than in the same period of 2023.

Retail sales in August increased in nominal terms compared to July by 0.9%. The increase in sales in August is seasonal. The annual sales dynamics fell from 5.0% in July to 3.2% in August. August results were worse than expected by the market and by us. In the period January - August 2024, retail sales were nominally 4.2% higher than in the same period of 2023. In real terms, retail sales in the period January - August 2024 were 3.7% higher than in the same period of 2023.

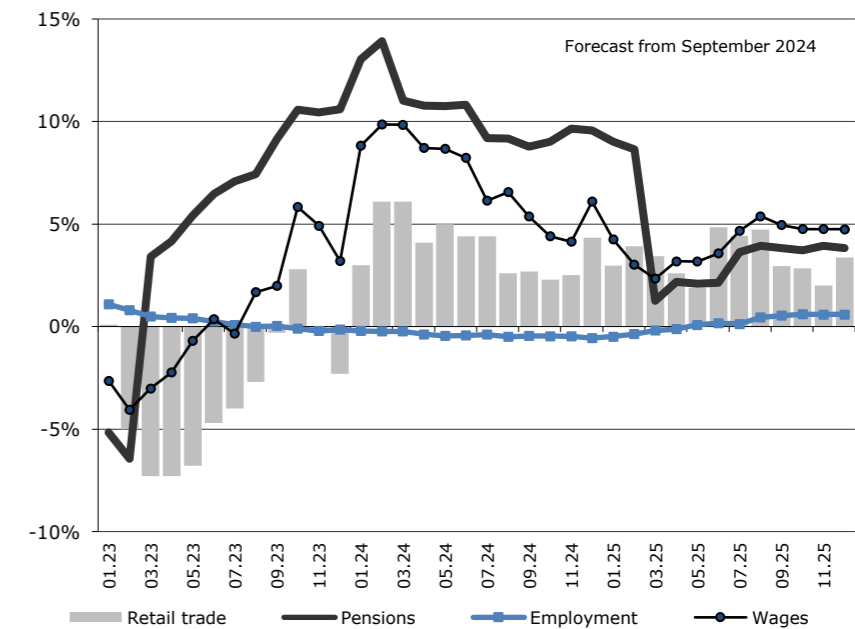
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

Updated on 30/09/2024

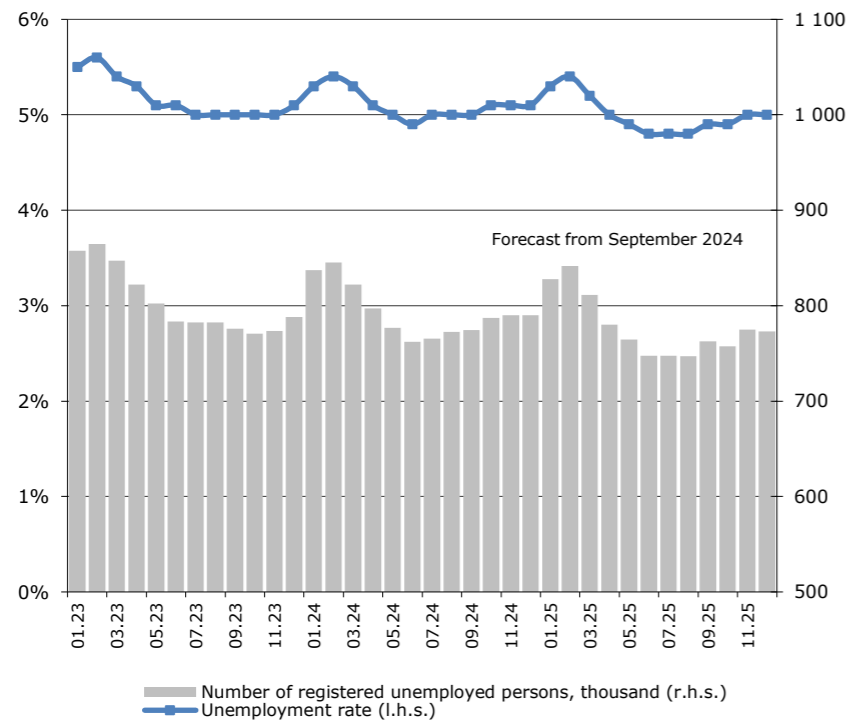
Scale of impact of GDP demand components on economic growth dynamics



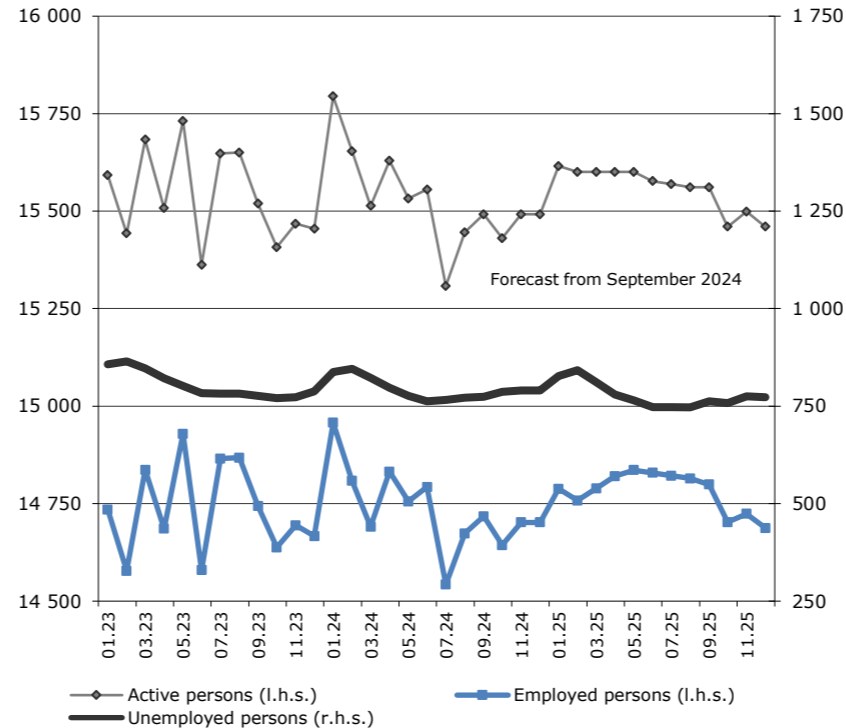
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity

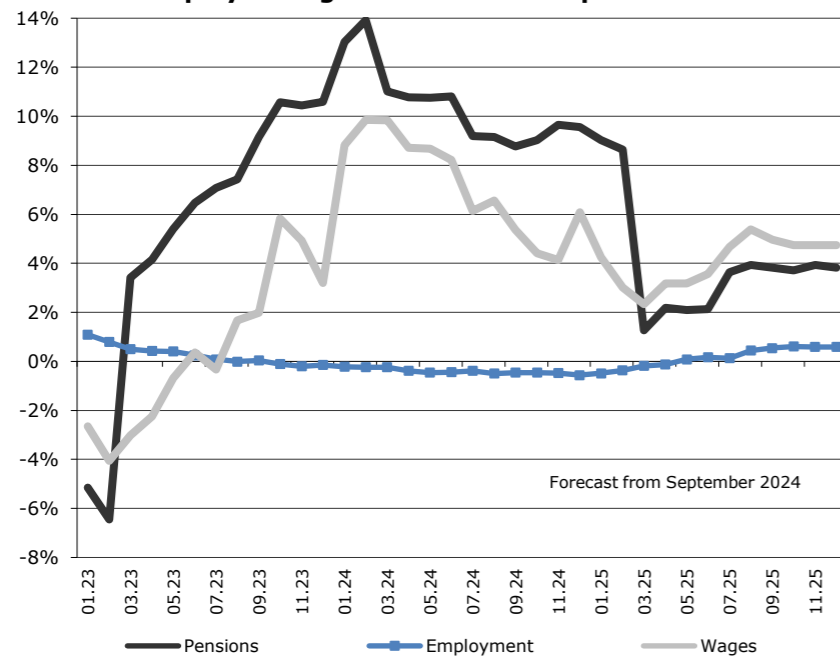


In August, the number of registered unemployed increased by 6.9 thousand to 772.3 thousand people. The unemployment rate was 5.0%. In July, the unemployment rate was 5.0%. A year ago, in August, the unemployment rate was 5.0%. August usually brings an improvement in unemployment statistics. This is because demand for seasonal work in construction, agriculture and tourist services is growing. August data was close to the expected level.

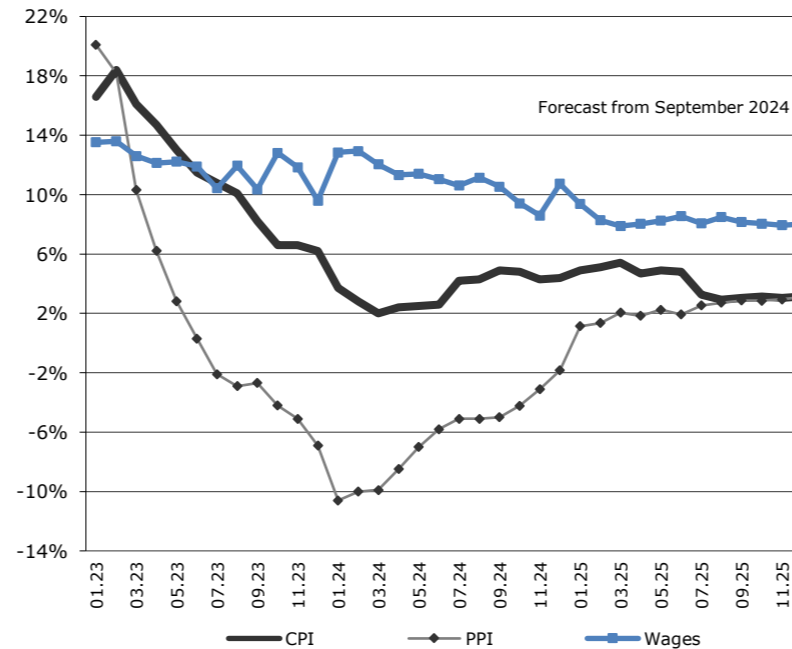
The number of employed people in August was approximately 14,673 thousand. It was 194 thousand, i.e. 1.30% lower than a year ago.

We should still have a period of seasonal decline in unemployment. Unemployment usually falls in the spring and summer months. The increase in the number of unemployed people in August 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

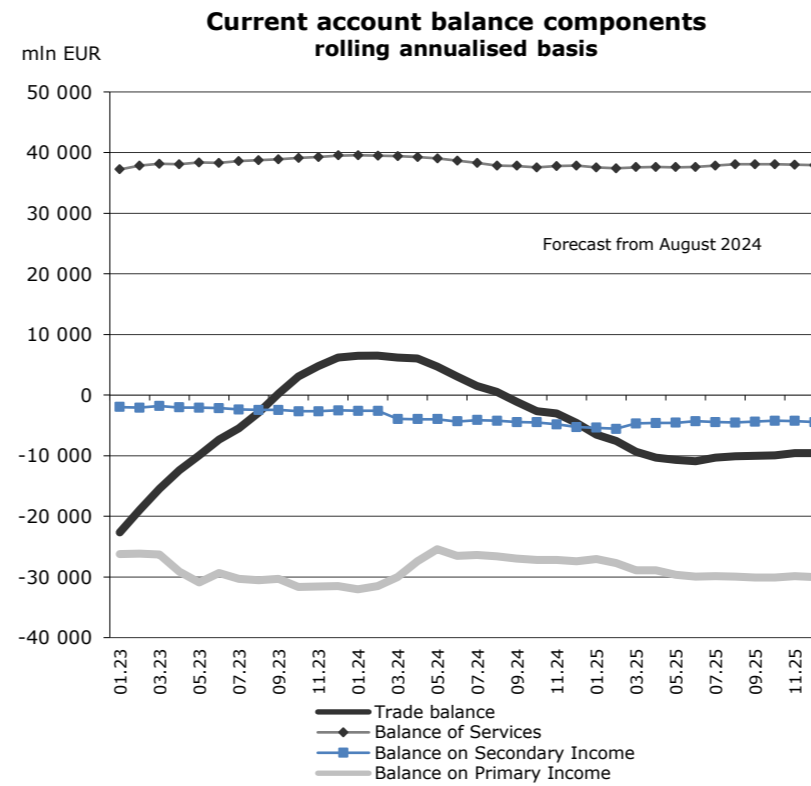
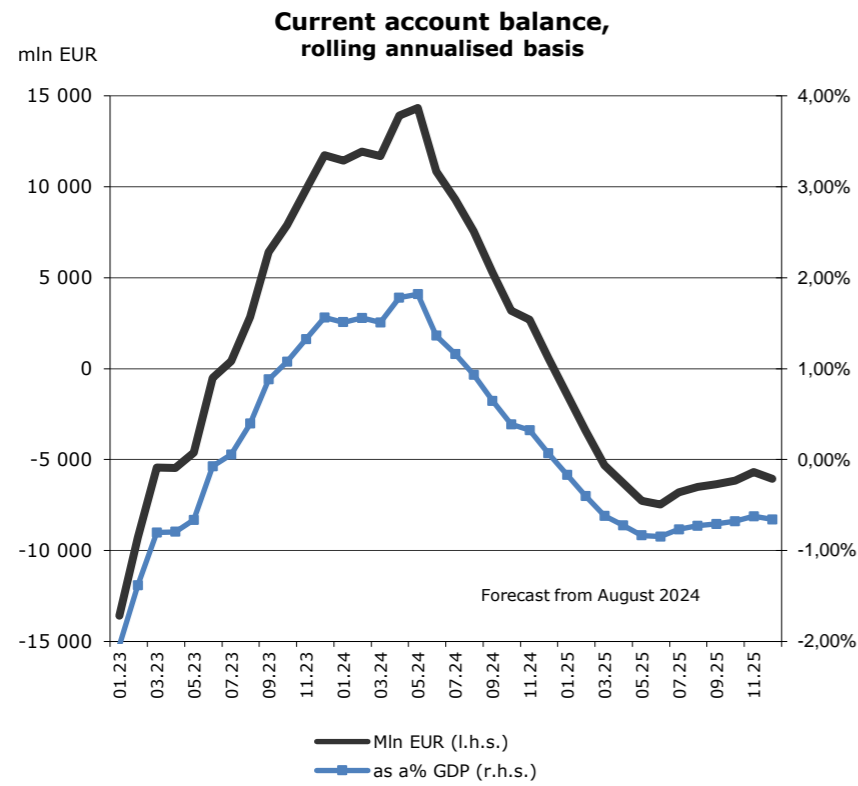


In August, prices of consumer goods and services increased by an average of 0.1%. In August, prices usually drop significantly due to seasonal declines in food prices. This time, there was no such decline. The August result was lower than expected by us and higher than expected by the market. Prices increased in the following groups: other, recreation and culture, restaurants and hotels, housing, alcohol and tobacco, health, home furnishings, education. Prices fell in the following groups: clothing and footwear, transport, communications, food.

In August, prices of goods and services were 4.3% higher than a year ago. In July, prices were 4.2% higher than a year ago. In the period January - August 2024, prices were on average 3.1% higher than in the same period of 2023. A significant increase in the annual inflation rate is expected in September.

Industrial prices in August fell by 0.1%. Industrial prices in August were on average 5.1% lower than a year ago (also 5.1% lower in July). In the period January-VIII 2024, industrial prices were on average 7.8% 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 August, the average salary in the corporate sector amounted to PLN 8,189.74. It was therefore PLN 88.89, i.e. 1.1% lower than in July. It was also PLN 820.77 and 11.1% higher than in August 2023. The decline in wages recorded in August is seasonal. The level of wages in August was higher than expected by us and the market. In September, wages will decrease due to seasonal reasons. The formation of the level of wages in the coming months will be influenced by changes in the level of economic activity.



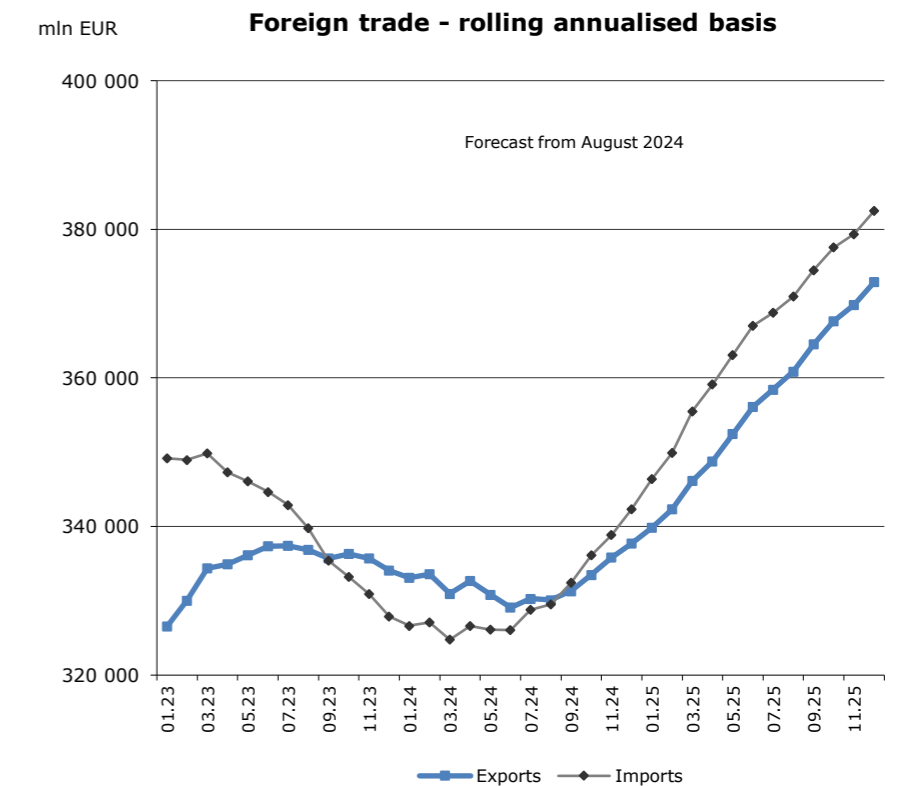
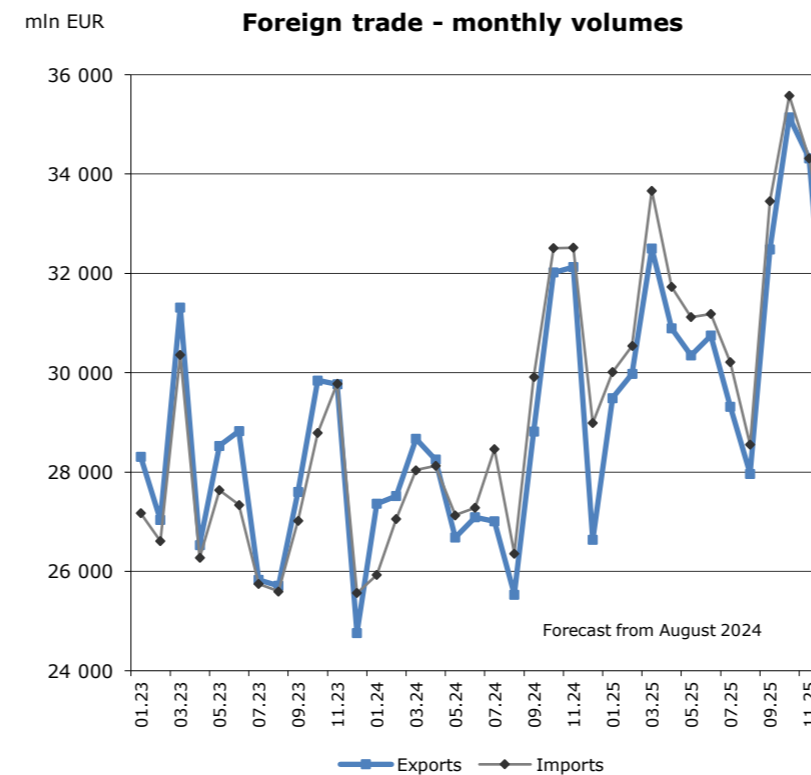
(mIn EUR)	VII 2023	VI 2024*	VII 2024
Current account balance	55	588	-1 462
Exports	25 827	27 092	27 009
Imports	25 748	27 283	28 459
Trade balance	79	-191	-1 450
Balance on Services	3 413	3 515	3 070
Balance on Primary Income	-3 000	-2 052	-2 853
Balance on Secondary Income	-437	-684	-229

*Corrected data

At the beginning of September, the National Bank of Poland presented estimated data on the balance of payments in July. The current account balance in July 2024 was negative and amounted to -1,462 million EUR. In the previous month, there was a surplus of 588 million EUR. A year ago, there was a surplus of 55 million EUR.

After July, the current account balance in annual rolling terms was positive and amounted to 9,316 million EUR. Its level in relation to GDP was 1.16%. In the last 12 months, exports of goods amounted to 330 billion EUR, and exports of services to 101 billion EUR.

Exports of goods are currently comparable to 41.1% of GDP. This is a high value for a country with the population and area of Poland. Exports of services are comparable to 12.6% of GDP, which should also be considered a very good result.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	02.2024	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024	11.2024	12.2024	01.2025	02.2025
International reserves, EUR million	173 253	187 796	192 400	191 805	195 915	190 535	192 450	194 182	192 629	194 940	198 254	196 866	199 032
International reserves in the months of import of goods and services	5,35	5,83	5,94	5,93	6,06	5,84	5,88	5,88	5,78	5,81	5,86	5,76	5,78
International reserves as a% of money supply	32,7%	35,4%	36,0%	35,1%	36,1%	34,8%	34,8%	34,8%	34,3%	34,4%	34,5%	34,1%	34,2%
Current account balance, EUR million, rolling annualised basis	11 922	11 672	13 907	14 332	10 833	9 316	7 554	5 277	3 197	2 687	568	-1 415	-3 406
Current account balance, as a% of GDP, rolling annualised basis	1,56%	1,51%	1,78%	1,82%	1,36%	1,16%	0,93%	0,64%	0,39%	0,32%	0,07%	-0,17%	-0,40%
Inflow of foreign direct investment - rolling annualised basis, EUR million	29 229	25 276	23 286	19 240	18 448	16 076	15 114	14 791	14 552	13 650	15 303	13 670	13 842
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	8 160	19 653	14 783	13 190	14 508	18 177	18 133	18 178	18 027	17 246	16 185	16 898	17 011

Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - quarterly	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26
Total external debt, EUR million	357 820	375 423	373 967	387 949	400 327	406 444	412 000	418 000	424 000	430 000	435 000	440 000	445 000
Long-term external debt, EUR million	180 501	190 865	186 965	204 236	212 676	217 416	222 000	227 000	232 000	237 000	241 000	245 000	249 000
Short-term external debt, EUR million	62 594	67 095	69 286	67 468	68 848	70 994	71 500	72 000	72 500	73 000	73 500	74 000	74 500
External debt - Direct investment debt instruments, EUR million	114 725	117 463	117 716	116 245	118 803	118 034	118 500	119 000	119 500	120 000	120 500	121 000	121 500
External debt as a% of GDP	53%	53%	51%	52%	52%	51%	50%	50%	49%	49%	48%	48%	47%
External debt as a% of export	107%	111%	111%	116%	121%	124%	124%	124%	122%	121%	119%	118%	116%
International reserves as a% of total external debt	44%	44%	45%	45%	47%	48%	47%	47%	48%	47%	47%	48%	49%
International reserves as a% of short-term external debt	250%	249%	245%	260%	273%	276%	272%	275%	279%	276%	279%	287%	290%

The current account has been positive in recent months. Its rolling total for the last 12 months is positive. After July, it was comparable to 1.16% 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 (5.88 months of imports of goods and services), money supply (34.8%) and foreign debt (47.0%).

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 124%. The current ratio of foreign debt to GDP and exports is low.

