



Monthly Macroeconomic Review

Prepared by
Polish Chamber of Commerce

Updated on 31/10/2024

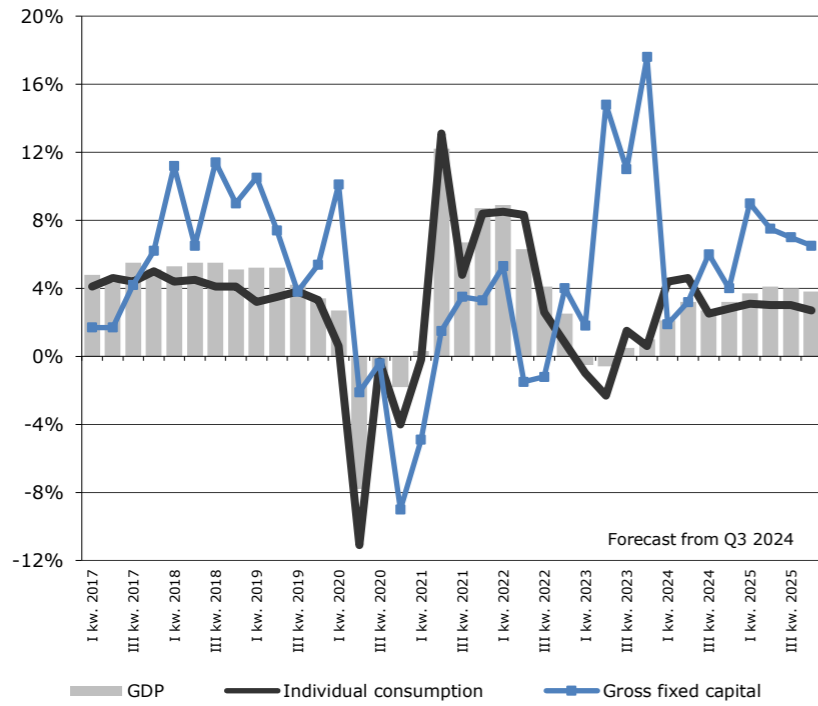
Macroeconomic forecast

Monthly macroeconomic indicators	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024	11.2024	12.2024	01.2025	02.2025	03.2025
Industrial sales, % real change, y/y	-5,6%	7,9%	-1,6%	0,0%	5,2%	-1,2%	-0,3%	1,7%	0,0%	3,7%	3,1%	2,0%	9,0%
Construction, % real change, y/y	-13,3%	-2,0%	-6,5%	-8,9%	-1,4%	-9,6%	-9,0%	-3,4%	-2,0%	-4,0%	10,1%	5,9%	9,9%
Retail sales, % nominal change, y/y	6,0%	4,3%	5,4%	4,7%	5,0%	3,2%	-2,2%	-0,1%	1,7%	4,8%	3,3%	4,4%	4,1%
Consumer prices, % change, y/y	2,0%	2,4%	2,5%	2,6%	4,2%	4,3%	4,9%	5,0%	4,5%	4,6%	5,1%	5,3%	5,6%
Producer prices, % change, y/y	-9,9%	-8,5%	-7,0%	-5,8%	-5,1%	-5,5%	-6,3%	-5,6%	-4,4%	-3,1%	-0,6%	-0,5%	0,1%
Wages - enterprise sector, % nominal change, y/y	12,0%	11,3%	11,4%	11,0%	10,6%	11,1%	10,3%	9,3%	8,6%	10,7%	9,4%	8,3%	7,9%
Wages - enterprise sector, PLN	8 409	8 272	8 000	8 145	8 279	8 190	8 141	8 247	8 329	8 896	8 495	8 640	9 072
Registered unemployment rate	5,3%	5,1%	5,0%	4,9%	5,0%	5,0%	5,0%	5,0%	5,0%	5,1%	5,3%	5,4%	5,2%
Number of registered unemployed persons, thousand	822	797	777	762	765	772	770	767	769	783	819	834	803
Current account balance, EUR million	1 239	623	-451	485	-1 116	-2 827	-1 816	-979	-240	-2 239	250	-149	-169
Current account balance, EUR million, rolling annualised basis	12 302	13 000	12 144	10 296	9 786	6 181	2 665	-434	-1 857	-3 994	-5 319	-7 220	-8 629

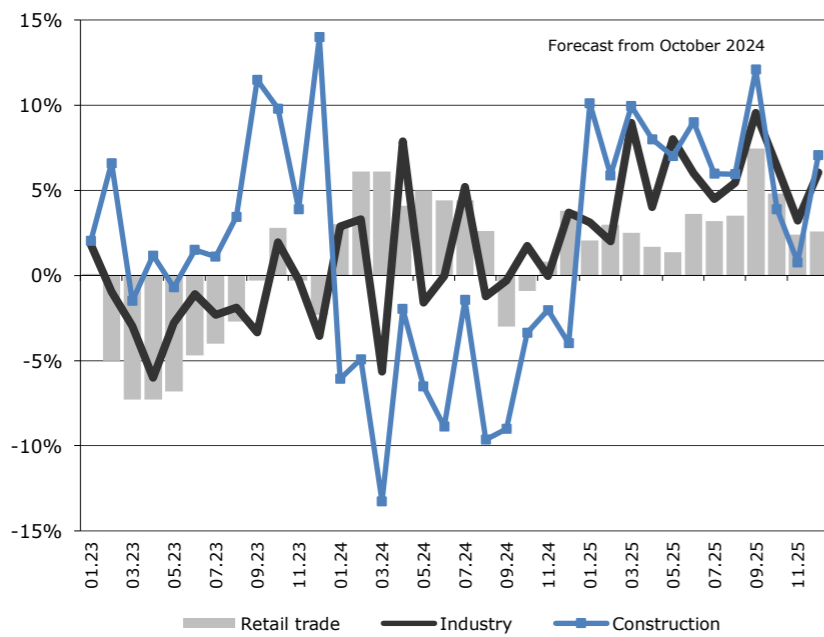
Macroeconomic forecast

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	2,5%	-0,5%	-0,6%	0,5%	1,0%	2,1%	3,2%	2,7%	3,2%	3,7%	4,1%	4,0%	3,8%
Individual consumption , % real change y/y	0,8%	-1,0%	-2,3%	1,5%	0,6%	4,4%	4,6%	2,5%	2,8%	3,1%	3,0%	3,0%	2,7%
Gross fixed capital , % real change y/y	4,0%	1,8%	14,8%	11,0%	17,6%	1,9%	3,2%	6,0%	4,0%	9,0%	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 has revised GDP results. Gross domestic product increased by 3.2% y/y in the second quarter of 2024, after an increase of 2.1% y/y in the first quarter. The results were better than expected by the market.

In the next two quarters, the growth rate should remain in the range of 2.7% - 3.3%. Investments will strengthen. Inventories will be renewed.

In the whole of 2023, GDP dynamics reached 0.1%. In nominal terms, GDP amounted to PLN 3,402 billion (EUR 749 billion).

For the whole of 2024, GDP dynamics are forecasted at 2.8%. In nominal terms, GDP will amount to PLN 3,612 billion (EUR 838 billion). For the whole of 2025, GDP dynamics are forecasted at 3.9%. In nominal terms, GDP will amount to PLN 3,886 billion (EUR 913 billion).

In September, industrial production increased by 9.0% in real terms. The increase was seasonal. The annual dynamics of production improved from negative -1.2% in August to negative -0.3% in September. The industry results in September were slightly worse than expected by the market and by us. In the period January - September 2024, industrial production was 0.2% higher than in the same period of 2023.

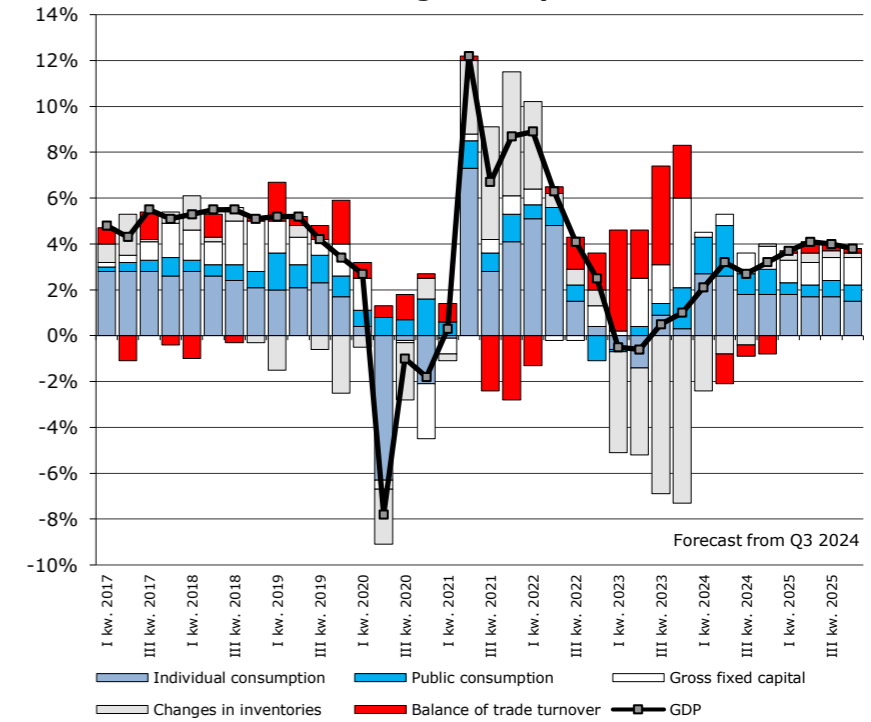
In September, construction and assembly production turned out to be 12.0% higher than in August. The increase in sales in September is a typical phenomenon. The annual dynamics of construction and assembly production improved slightly from negative -9.6% in August to negative -9.0% in September. Construction results in September were slightly better than expected by the market and by us. In the period January - September 2024, construction and assembly production was 7.0% lower than in the same period of 2023.

Retail sales in September in nominal terms decreased compared to the August figure by 5.8%. The deep decline in sales in September is not seasonal. The annual sales dynamics fell from positive +3.2% in August to negative -2.2% in September. September results were much worse than expected by the market and by us. The reduction in sales is the result of changes in consumer behavior throughout the country during the flood. In the period January - September 2024, retail sales were nominally 3.1% higher than in the same period of 2023. In real terms, retail sales in the period January-September 2024 were 2.6% higher than in the same period of 2023.

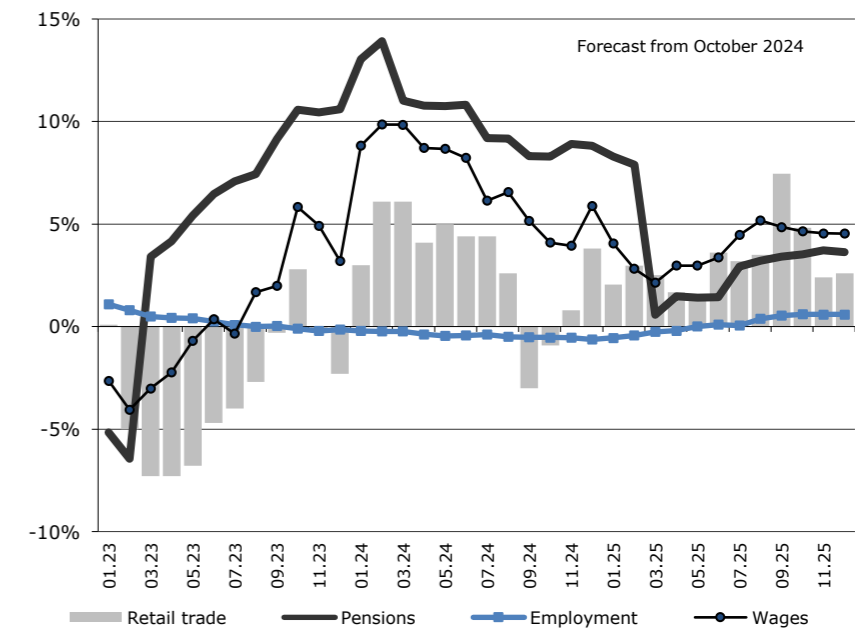
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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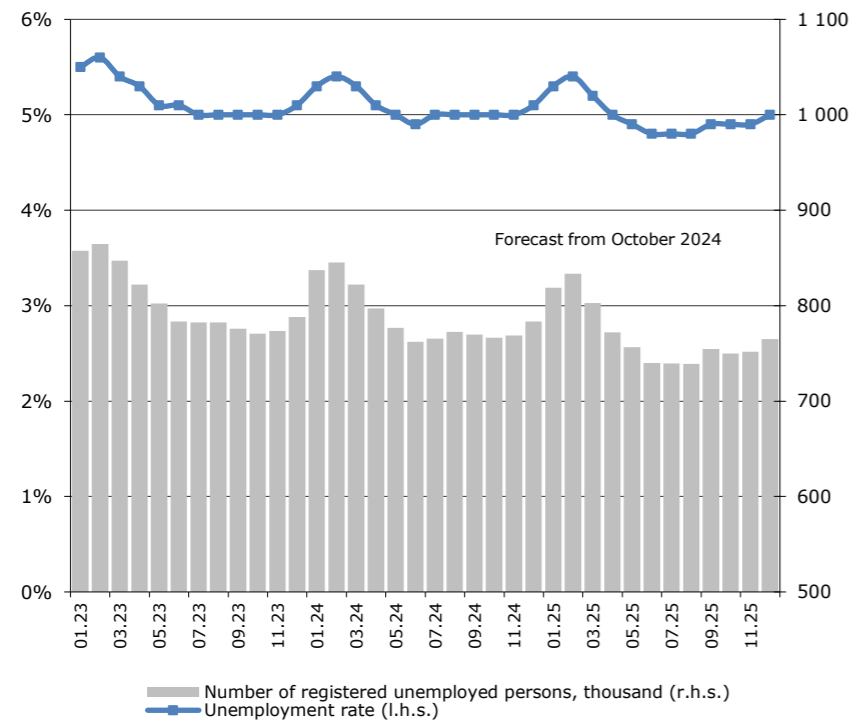
Scale of impact of GDP demand components on economic growth dynamics



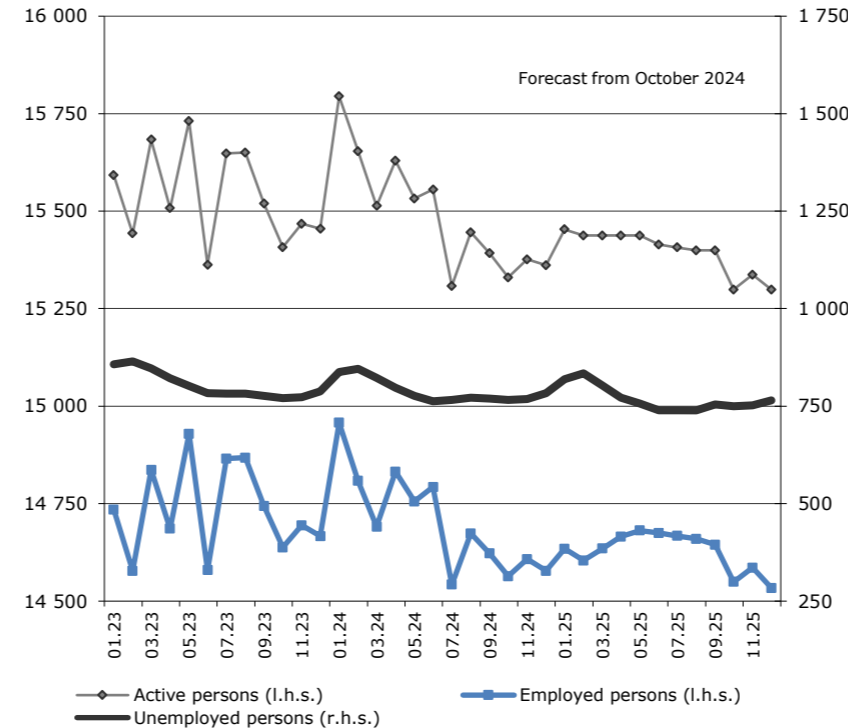
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity



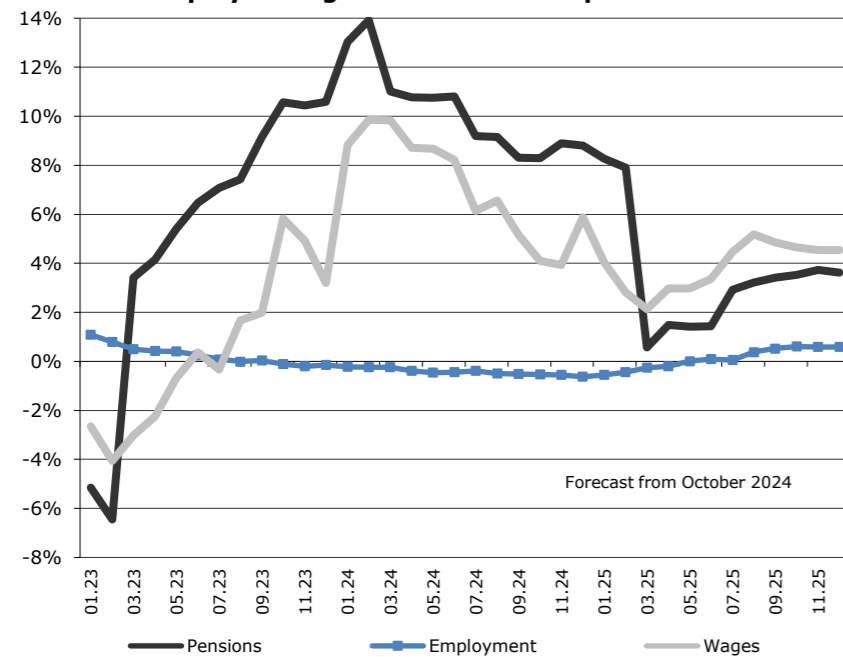
In September, the number of registered unemployed fell by 2.7 thousand to 769.6 thousand people. The unemployment rate was 5.0%. In August, the unemployment rate was 5.0%. A year ago, in September, the unemployment rate was 5.0%. September usually brings an improvement in unemployment statistics. There is still strong demand for seasonal work in construction, agriculture and tourist services. September data was close to expectations.

The number of employed people in September was around 14,622 thousand. It was 122 thousand, i.e. 0.82% lower than a year ago.

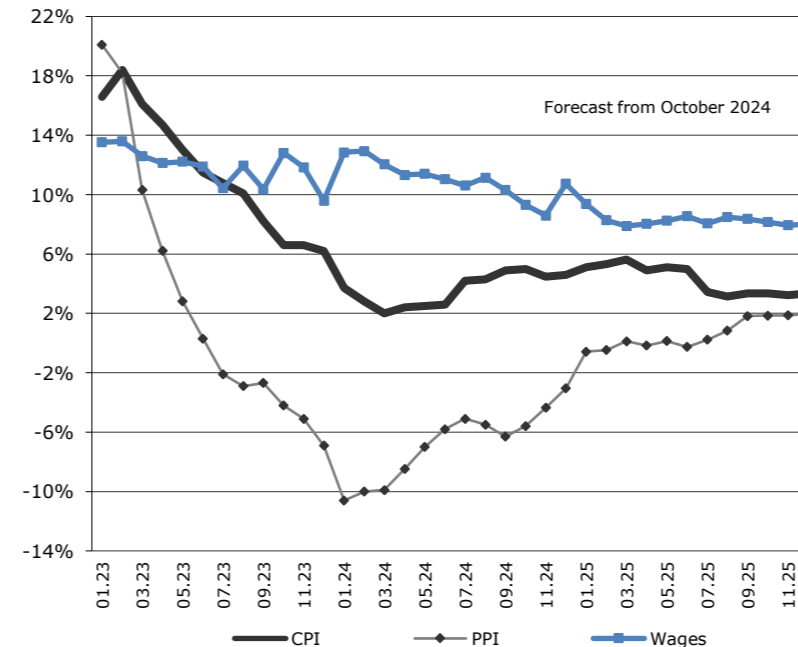
Unemployment usually falls in the spring and summer months. Unemployment increases in autumn and winter. At the end of the year, the unemployment rate will be 5.1%, and the number of unemployed will reach 790 thousand people. The local peak of unemployment will be in February 2025. The unemployment rate will then be 5.4% and the number of unemployed will increase to 835 thousand people.

In September, prices of consumer goods and services increased by an average of 0.1%. In September, prices for seasonal reasons usually increase significantly due to the seasonal increase in food prices and in the groups housing, education, clothing and footwear. This time, the increase was small. The September result was close to our expectations and in line with the market expectations. Prices increased in the groups: education, clothing and footwear, communications, restaurants and hotels, health, alcohol and tobacco, housing, food, home furnishings. Prices fell in the groups: transport, recreation and culture, other.

Real dynamics of gross wages in the enterprise sector and pensions against the background of employment growth in the enterprise sector



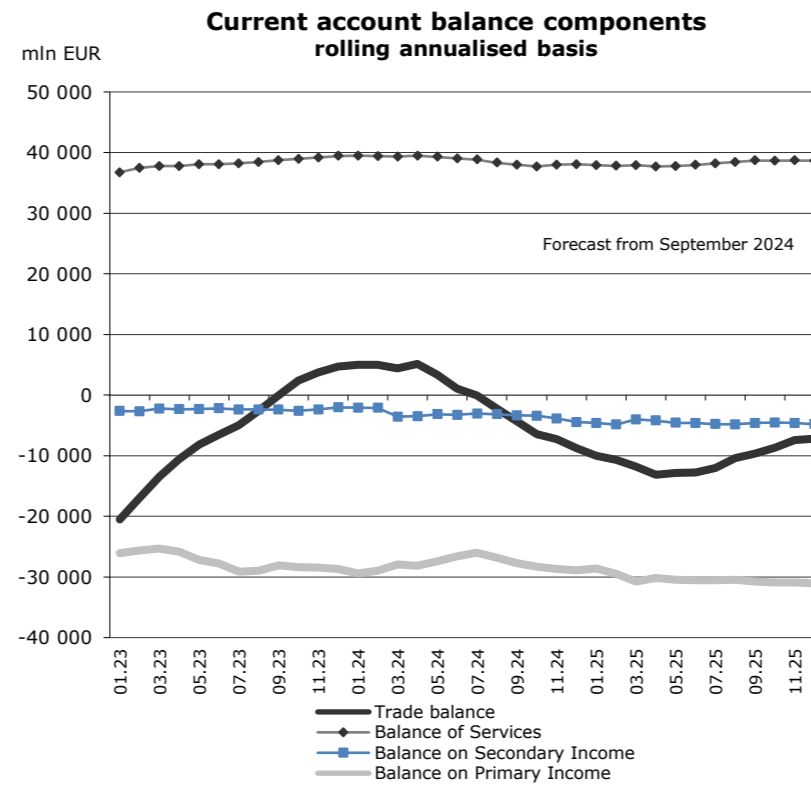
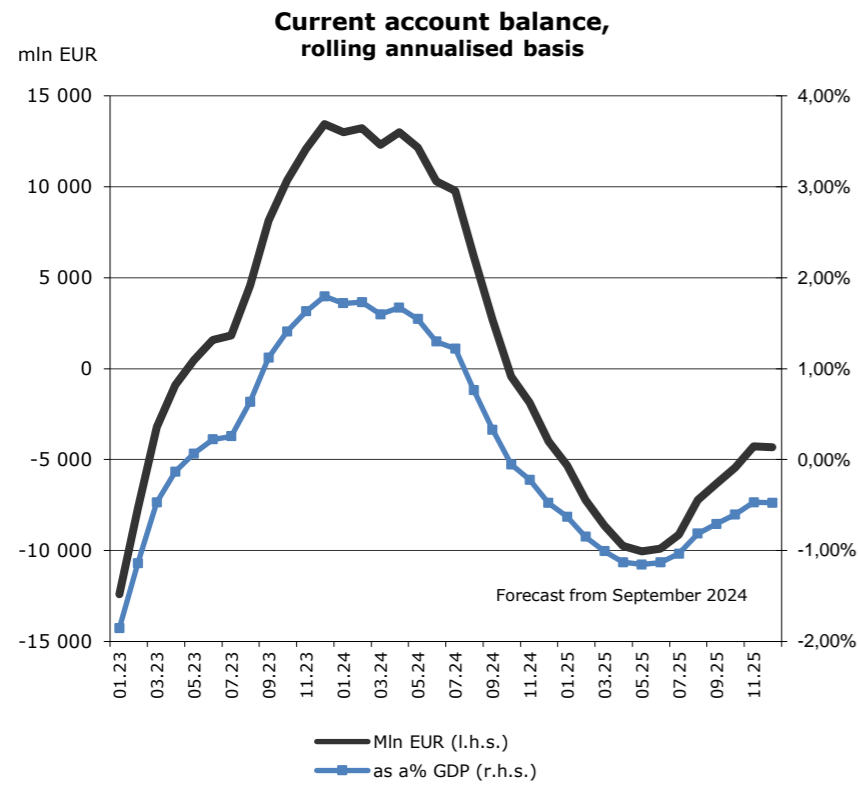
CPI, PPI, Wages - y / y



In September, prices of goods and services turned out to be 4.9% higher than a year ago. In August, prices were 4.3% higher than a year ago. In the period January - September 2024, prices were on average 3.3% higher than in the same period of 2023. In October, the annual inflation rate is expected to remain at a level similar to September.

Industrial prices in September fell by 0.5%. Industrial prices in September were on average 6.3% lower than a year ago (5.5% in August). In the period January-September 2024, industrial prices were on average 7.7% 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 September, the average salary in the corporate sector amounted to PLN 8,140.98. It was therefore PLN 48.76, i.e. 0.6% lower than in August. It was also PLN 761.10 and 10.3% higher than in September 2023. The drop in salaries recorded in September is not seasonal. The level of salaries in September was in line with our expectations and lower than expected by the market. In October, salaries will increase for seasonal reasons. The formation of the level of salaries in the coming months will be influenced by changes in the level of economic activity.



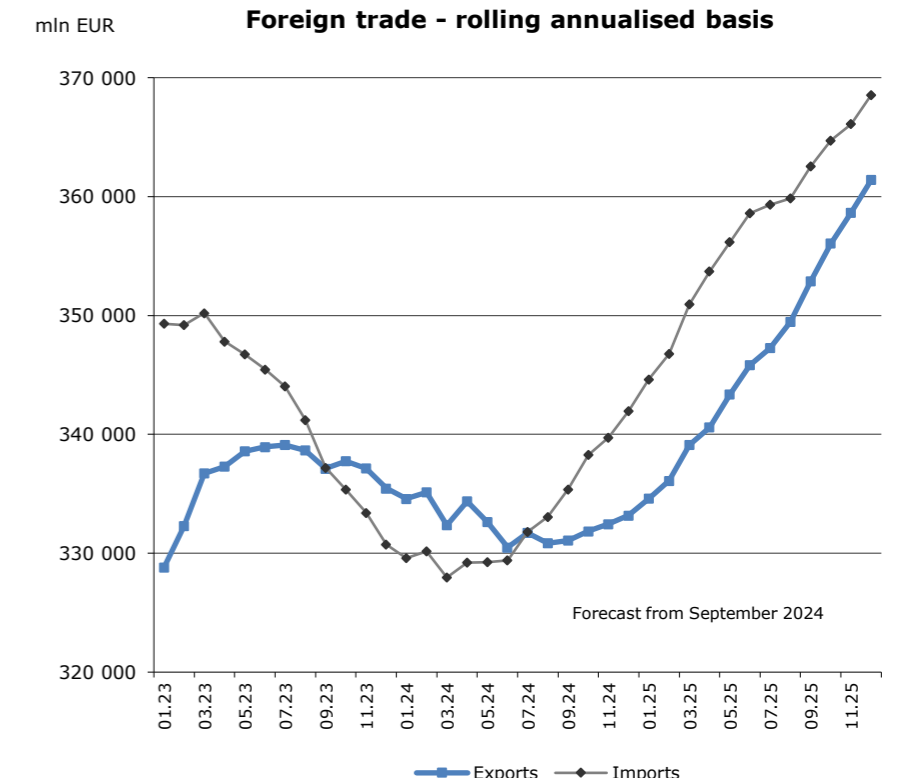
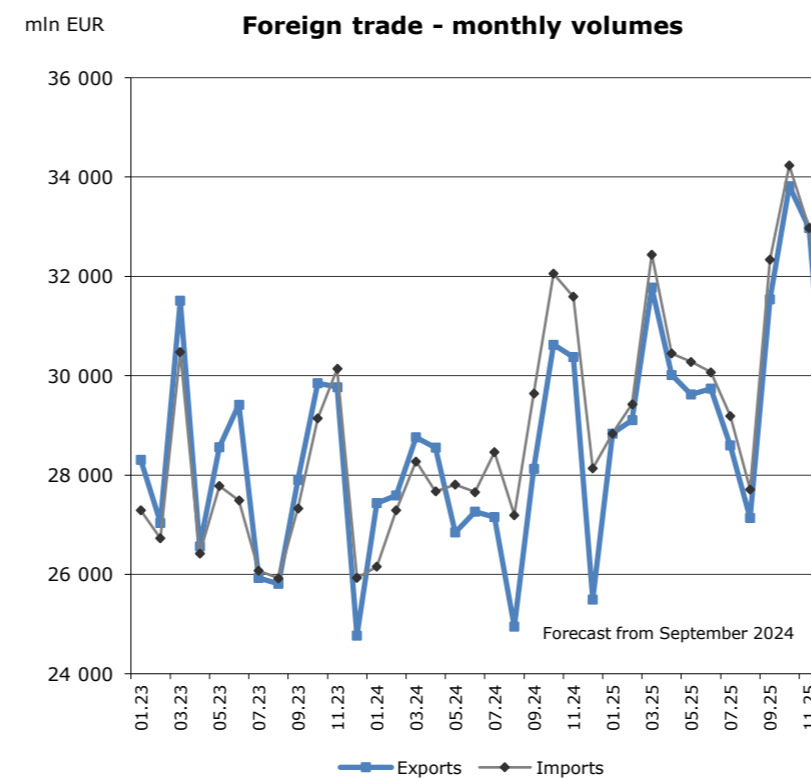
(mIn EUR)	VIII 2023	VII 2024*	VIII 2024
Current account balance	778	-1 116	-2 827
Exports	25 815	27 157	24 952
Imports	25 923	28 459	27 196
Trade balance	-108	-1 302	-2 244
Balance on Services	3 508	3 070	2 996
Balance on Primary Income	-2 247	-2 666	-3 060
Balance on Secondary Income	-375	-218	-519

*Corrected data

At the beginning of October, the National Bank of Poland presented estimated data on the balance of payments in August. The current account balance in August 2024 was negative and amounted to -2,827 million EUR. In the previous month, a deficit of -1,116 million EUR was recorded. A year ago, there was a surplus of 778 million EUR.

After August, the current account balance in annual rolling terms was positive and amounted to 6,181 million EUR. Its level in relation to GDP was 0.76%. In the last 12 months, exports of goods amounted to 331 billion EUR, and exports of services to 104 billion EUR.

Exports of goods are currently comparable to 40.9% of GDP. This is a high value for a country with the population and area of Poland. Exports of services are comparable to 12.8% of GDP, which should also be considered a very good result.



Macroeconomic forecast

WARNING INDICATORS AGAINST FOREIGN CURRENCY CRISIS - monthly	03.2024	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024	11.2024	12.2024	01.2025	02.2025	03.2025
International reserves, EUR million	187 796	192 400	191 805	195 915	190 535	192 595	195 308	193 551	195 680	198 810	197 419	199 590	202 784
International reserves in the months of import of goods and services	5,77	5,89	5,86	5,98	5,77	5,81	5,85	5,76	5,81	5,87	5,79	5,83	5,86
International reserves as a% of money supply	35,4%	36,0%	35,1%	36,1%	34,8%	34,9%	35,1%	35,2%	35,0%	35,0%	34,5%	34,5%	35,2%
Current account balance, EUR million, rolling annualised basis	12 302	13 000	12 144	10 296	9 786	6 181	2 665	-434	-1 857	-3 994	-5 319	-7 220	-8 629
Current account balance, as a% of GDP, rolling annualised basis	1,59%	1,67%	1,54%	1,30%	1,22%	0,76%	0,33%	-0,05%	-0,22%	-0,48%	-0,63%	-0,85%	-1,01%
Inflow of foreign direct investment - rolling annualised basis, EUR million	28 118	26 935	23 765	21 740	19 607	18 266	17 281	16 896	15 884	17 728	16 134	15 919	18 423
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	19 356	14 743	13 160	14 499	18 180	17 633	17 679	17 561	16 778	15 717	16 427	16 537	6 397

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%	50%	49%	49%	48%	48%
External debt as a% of export	106%	111%	111%	116%	120%	123%	124%	125%	125%	124%	123%	122%	120%
International reserves as a% of total external debt	44%	44%	45%	45%	47%	48%	47%	48%	48%	47%	47%	48%	49%
International reserves as a% of short-term external debt	250%	249%	245%	260%	273%	276%	273%	276%	280%	277%	280%	288%	291%

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 0,76% 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 (5.85 months of imports of goods and services), money supply (35.1%) and foreign debt (47.4%).

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 123%. The current ratio of foreign debt to GDP and exports is low.

