



Monthly Macroeconomic Review

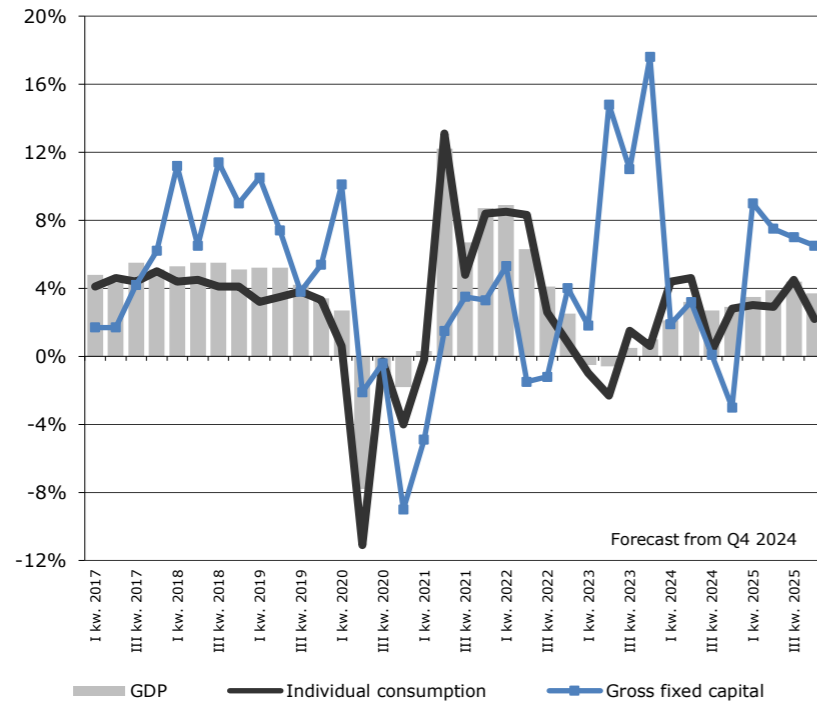
Prepared by
Polish Chamber of Commerce

Updated on 29/11/2024

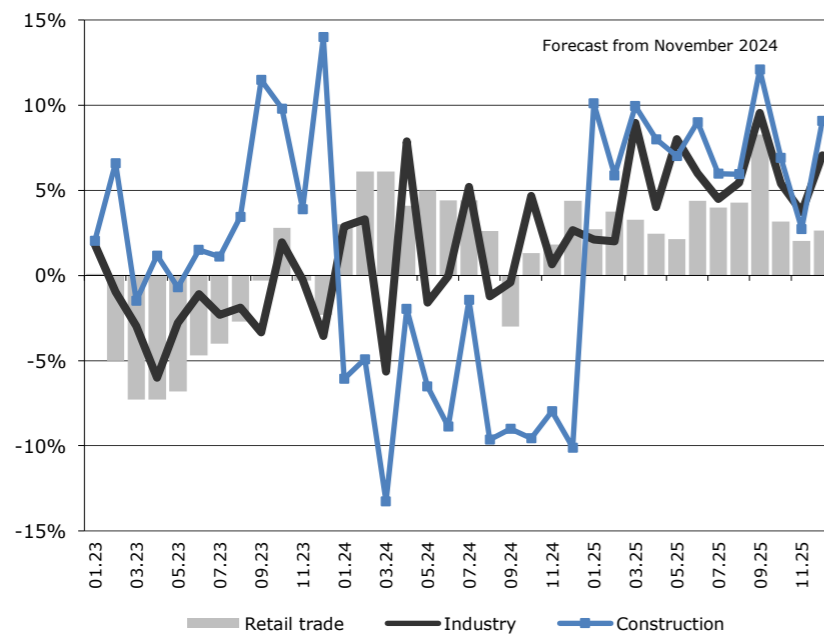
Monthly macroeconomic indicators								Macroeconomic forecast					
	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024	11.2024	12.2024	01.2025	02.2025	03.2025	04.2025
Industrial sales, % real change, y/y	7,9%	-1,6%	0,0%	5,2%	-1,2%	-0,4%	4,7%	0,6%	2,7%	2,1%	2,0%	9,0%	4,0%
Construction, % real change, y/y	-2,0%	-6,5%	-8,9%	-1,4%	-9,6%	-9,0%	-9,6%	-8,0%	-10,1%	10,1%	5,9%	9,9%	8,0%
Retail sales, % nominal change, y/y	4,3%	5,4%	4,7%	5,0%	3,2%	-2,2%	2,3%	2,9%	5,6%	4,0%	5,2%	4,9%	4,3%
Consumer prices, % change, y/y	2,4%	2,5%	2,6%	4,2%	4,3%	4,9%	5,0%	4,6%	4,7%	5,1%	5,3%	5,6%	4,9%
Producer prices, % change, y/y	-8,5%	-7,0%	-5,8%	-5,1%	-5,5%	-6,2%	-5,2%	-3,9%	-2,6%	-0,2%	-0,1%	0,4%	0,2%
Wages - enterprise sector, % nominal change, y/y	11,3%	11,4%	11,0%	10,6%	11,1%	10,3%	10,2%	10,1%	10,7%	9,8%	8,8%	8,4%	8,5%
Wages - enterprise sector, PLN	8 272	8 000	8 145	8 279	8 190	8 141	8 317	8 441	8 889	8 533	8 678	9 112	8 975
Registered unemployment rate	5,1%	5,0%	4,9%	5,0%	5,0%	5,0%	4,9%	5,0%	5,1%	5,3%	5,4%	5,2%	5,0%
Number of registered unemployed persons, thousand	797	777	762	765	772	770	766	776	790	825	840	809	778
Current account balance, EUR million	623	-451	485	-1 116	-2 731	-1 434	-1 239	-333	-1 783	482	82	87	-266
Current account balance, EUR million, rolling annualised basis	13 000	12 144	10 296	9 786	6 277	3 143	-217	-1 732	-3 414	-4 507	-6 177	-7 329	-8 219

Quarterly macroeconomic indicators								Macroeconomic forecast					
	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
Gross domestic product , % real change y/y	-0,5%	-0,6%	0,5%	1,0%	2,1%	3,2%	2,7%	2,9%	3,5%	3,9%	4,4%	3,7%	3,6%
Individual consumption , % real change y/y	-1,0%	-2,3%	1,5%	0,6%	4,4%	4,6%	0,3%	2,8%	3,0%	2,9%	4,5%	2,2%	3,2%
Gross fixed capital , % real change y/y	1,8%	14,8%	11,0%	17,6%	1,9%	3,2%	0,1%	-3,0%	9,0%	7,5%	7,0%	6,5%	6,0%

GDP components in terms of demand - y / y



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



The Central Statistical Office has presented national accounts for the third quarter of 2024. Gross domestic product increased by 2.7% y/y in the third quarter of 2024, after increasing by 3.2% y/y in the second quarter. The results were weaker than expected by the market.

In the next five quarters, the growth rate should remain in the range of 2.9% - 4.4%. Investment and consumption 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 2.7%. In nominal terms, GDP will amount to PLN 3,610 billion (EUR 838 billion). For the whole of 2025, GDP dynamics are forecast at 3.9%. In nominal terms, GDP will amount to PLN 3,883 billion (EUR 913 billion).

In October, industrial production increased by 10.0% in real terms. The increase was seasonal. The annual dynamics of production improved from negative -0.4% in September to positive +4.7% in October. The industry's results in October were clearly better than expected by the market and by us. In the period I-X 2024, industrial production was 0.7% higher than in the same period of 2023.

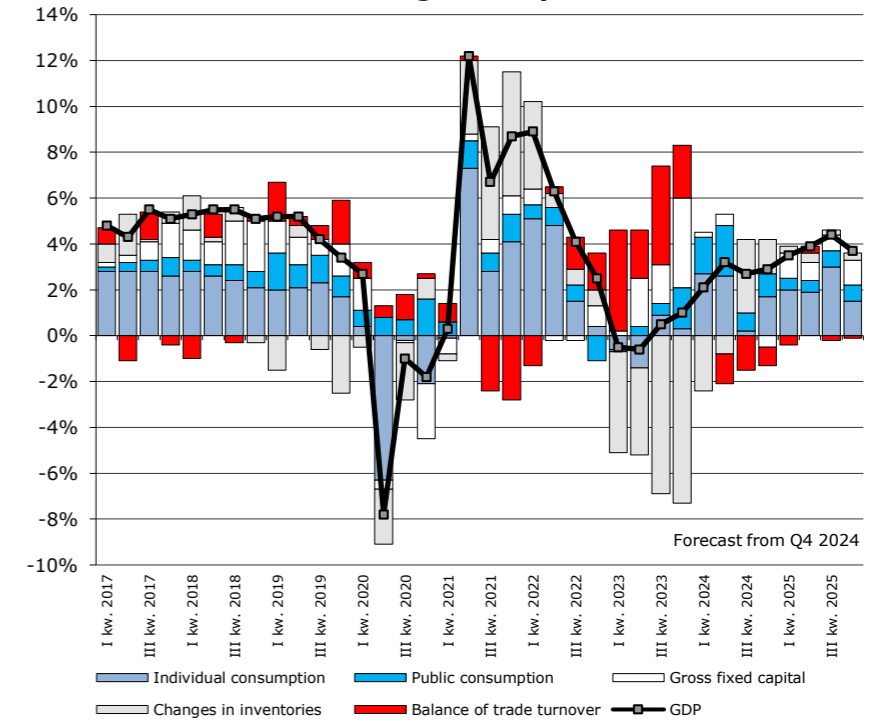
In October, construction and assembly production turned out to be 1.9% higher than in September. The increase in sales in October is a typical phenomenon. The annual dynamics of construction and assembly production deteriorated slightly from negative -9.0% in September to negative -9.6% in October. Construction results in October were worse than expected by the market and by us. In the period January - October 2024, construction and assembly production was 8.5% lower than in the same period of 2023.

Retail sales in October in nominal terms increased compared to the September figure by 8.2%. The significant increase in sales in October is not seasonal. It was a reaction to the unusually low September (flood). The annual sales dynamics increased from negative -2.2% in September to positive +2.3% in October. The October results were much better than expected by the market and by us. In the period January - October 2024, retail sales were nominally 3.0% higher than in the same period of 2023. In real terms, retail sales in the period January - October 2024 were 2.4% higher than in the same period of 2023.

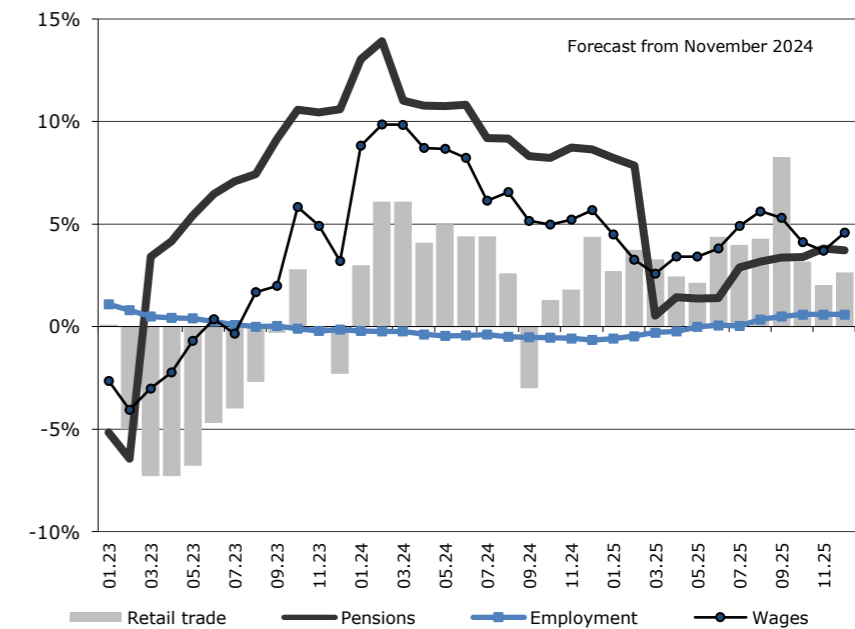
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS

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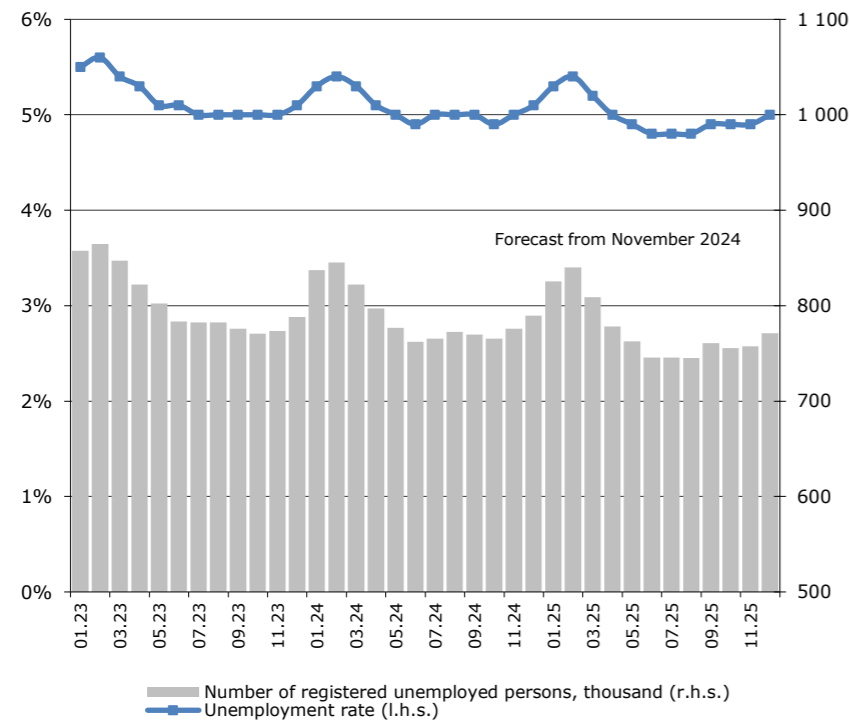
Scale of impact of GDP demand components on economic growth dynamics



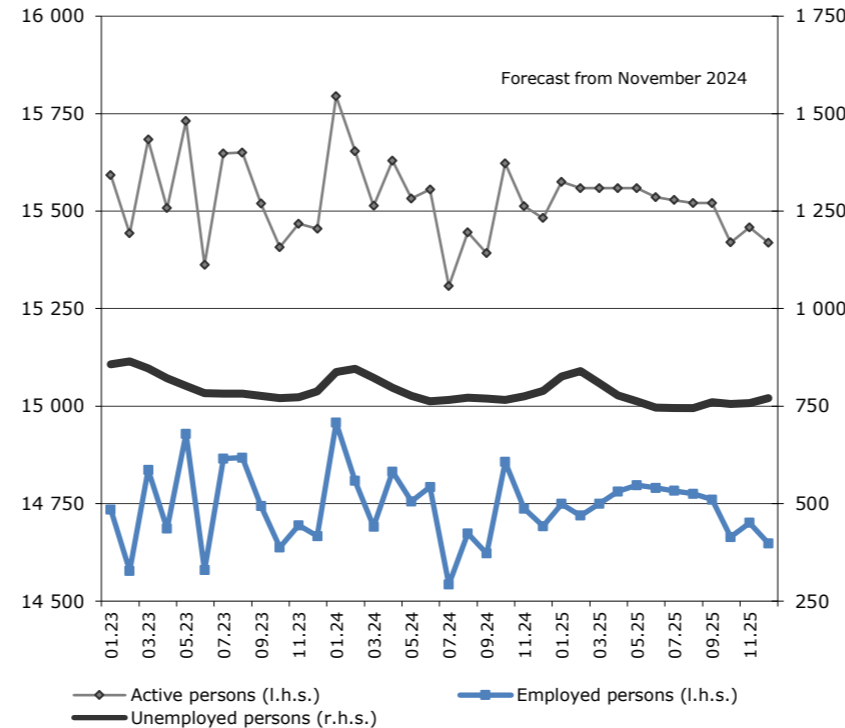
Comparison of annual real dynamics: retail sales and gross wages in the enterprise sector as well as pensions and employment



Registered unemployment



Labor activity



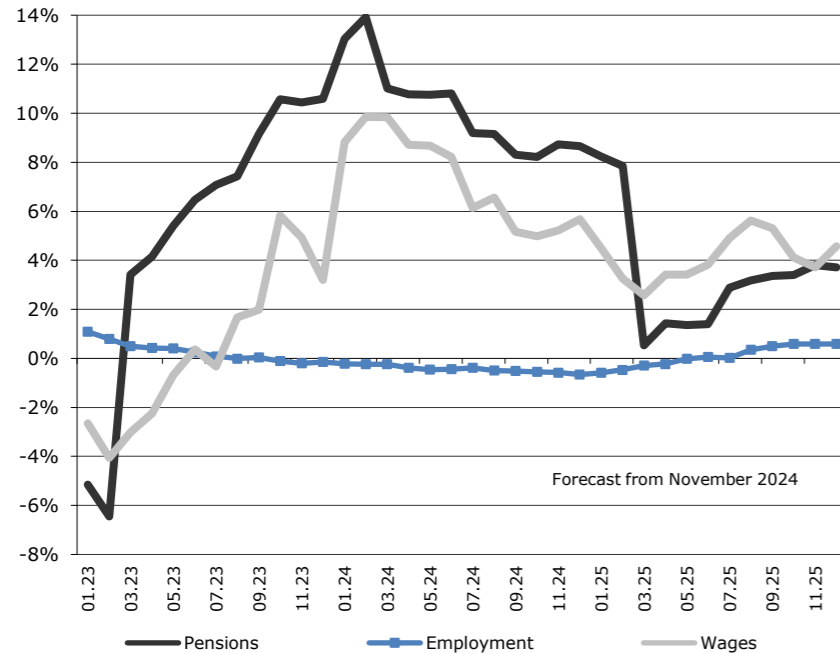
In October, the number of registered unemployed decreased by 4.1 thousand to 765.5 thousand people. The unemployment rate was 4.9%. In September, the unemployment rate was 5.0%. A year ago, in October, the unemployment rate was 5.0%. October usually brings stabilization in unemployment statistics. Demand for seasonal work in construction, agriculture, and tourist services is weakening. October's data was close to expectations.

The number of employed people in October was approximately 14,857 thousand. It was 219 thousand, i.e. 1.50% higher than a year ago.

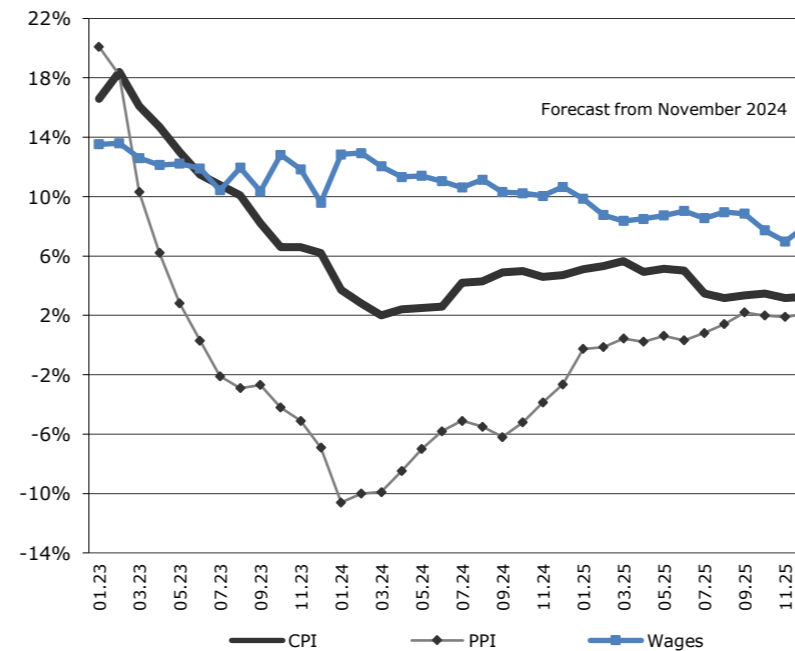
Unemployment usually decreases in the spring and summer months. Unemployment increases in autumn and winter. At the end of the year, the unemployment rate will be 5.1%, and the number of unemployed will reach 790 thousand people. The local peak of unemployment will be in February 2025. The unemployment rate will then be 5.4% and the number of unemployed will increase to 840 thousand people.

In October, prices of consumer goods and services increased by an average of 0.3%. In October, prices usually increase due to seasonal increases in: food prices and in the housing, education clothing and footwear groups. October's result was close to our expectations and in line with the market expectations. Prices increased in the groups: clothing and footwear, education, food, other, alcohol and tobacco, housing, restaurants and hotels. Prices fell in the groups: transport, recreation and culture, home furnishings, health. Prices did not change in the communication group.

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



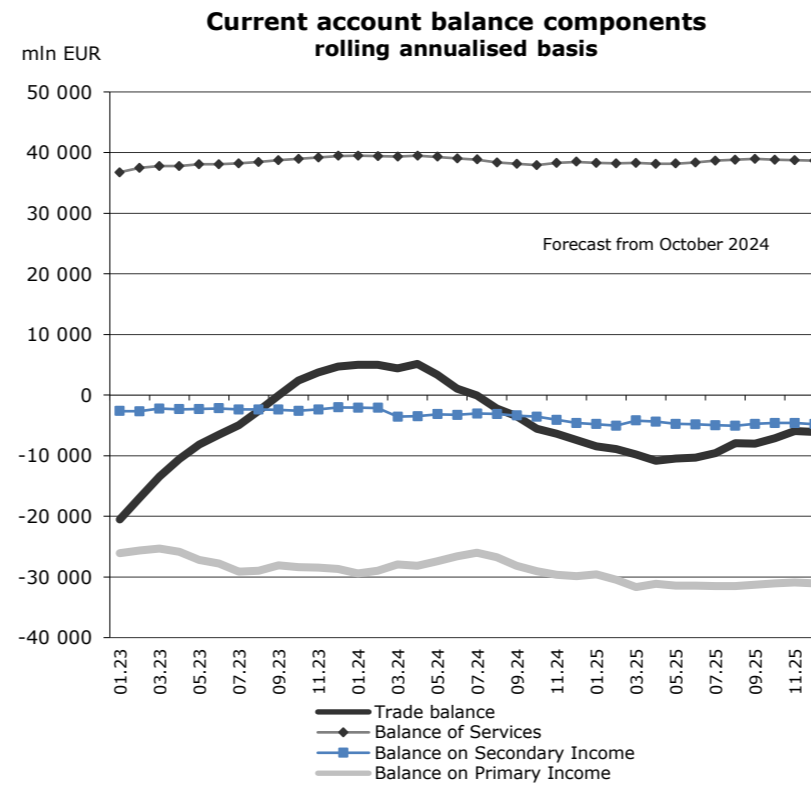
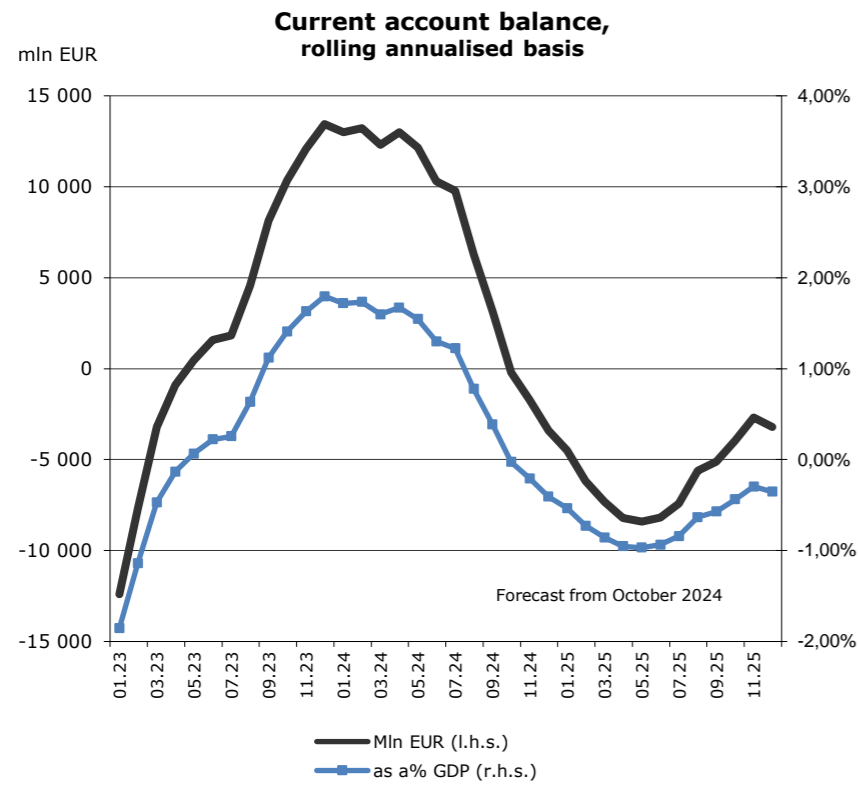
CPI, PPI, Wages - y / y



In October, prices of goods and services turned out to be 5.0% higher than a year ago. In September, prices were 4.9% higher than a year ago. In the period January - October 2024, prices were on average 3.4% higher than in the same period of 2023. A decrease in the annual inflation rate is expected in November.

Industrial prices in October increased by 0.4%. Industrial prices in October were on average 5.2% lower than a year ago (6.2% lower in September). In the period from January to October 2024, industrial prices were on average 7.4% 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 October, the average salary in the corporate sector amounted to PLN 8,316.57. It was therefore PLN 175.59, i.e. 2.2% higher than in September. It was also PLN 771.59 and 10.2% higher than in October 2023. The increase in salaries recorded in October is seasonal. The level of salaries in October was in line with market expectations and higher than we expected. In November, salaries will increase 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.



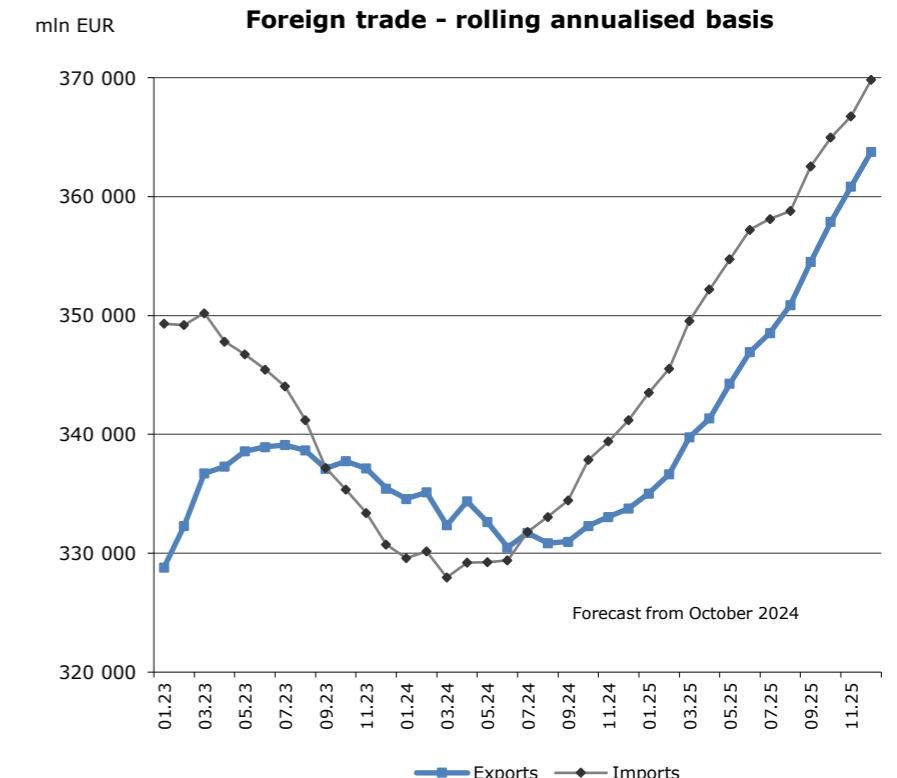
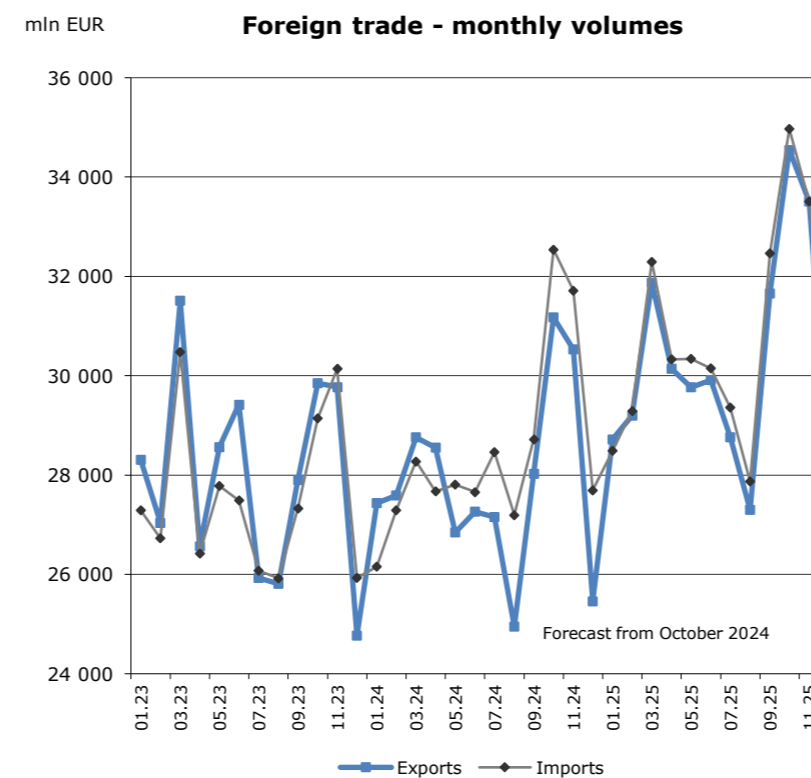
(mIn EUR)	IX 2023	VIII 2024*	IX 2024
Current account balance	1 700	-2 731	-1 434
Exports	27 904	24 952	28 031
Imports	27 332	27 196	28 721
Trade balance	572	-2 244	-690
Balance on Services	3 238	3 008	3 028
Balance on Primary Income	-1 831	-3 025	-3 235
Balance on Secondary Income	-279	-470	-537

*Corrected data

At the beginning of November, the National Bank of Poland presented estimated data on the balance of payments in September. The current account balance in September 2024 was negative and amounted to -1,434 million EUR. In the previous month, a deficit of -2,731 million EUR was recorded. A year ago, there was a surplus of 1,700 million EUR.

After September, the current account balance in annual rolling terms was positive and amounted to 3,143 million EUR. Its level in relation to GDP was 0.39%. In the last 12 months, exports of goods amounted to 331 billion EUR, and exports of services to 103 billion EUR.

Exports of goods are currently comparable to 40.6% 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	04.2024	05.2024	06.2024	07.2024	08.2024	09.2024	10.2024	11.2024	12.2024	01.2025	02.2025	03.2025	04.2025
International reserves, EUR million	192 400	191 805	195 915	190 535	192 595	195 301	198 275	202 241	205 477	204 038	206 283	209 583	207 068
International reserves in the months of import of goods and services	5,89	5,86	5,98	5,77	5,81	5,86	5,90	6,00	6,08	6,00	6,04	6,08	5,97
International reserves as a% of money supply	36,0%	35,1%	36,1%	34,8%	34,9%	35,1%	35,7%	35,9%	36,0%	35,7%	35,7%	36,4%	35,6%
Current account balance, EUR million, rolling annualised basis	13 000	12 144	10 296	9 786	6 277	3 143	-217	-1 732	-3 414	-4 507	-6 177	-7 329	-8 219
Current account balance, as a% of GDP, rolling annualised basis	1,67%	1,55%	1,30%	1,22%	0,78%	0,39%	-0,03%	-0,21%	-0,41%	-0,53%	-0,73%	-0,86%	-0,95%
Inflow of foreign direct investment - rolling annualised basis, EUR million	26 935	23 765	21 740	19 607	17 334	16 430	16 095	15 108	16 952	15 358	15 143	17 647	17 393
Inflow of foreign portfolio investment - rolling annualised basis, EUR million	14 743	13 160	14 499	18 180	17 612	22 705	21 737	20 204	19 143	19 853	19 963	9 823	10 738

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	52%	53%	51%	52%	52%	51%	51%	50%	50%	49%	49%	48%	48%
External debt as a% of export	106%	111%	111%	116%	120%	123%	124%	125%	125%	124%	123%	121%	120%
International reserves as a% of total external debt	44%	44%	45%	45%	47%	48%	47%	49%	49%	49%	49%	50%	50%
International reserves as a% of short-term external debt	250%	249%	245%	260%	273%	276%	273%	285%	289%	286%	290%	297%	301%

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 0,39% 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 (5.90 months of imports of goods and services), money supply (35.7%) and foreign debt (48.2%).

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.

