



## State budget borrowing requirements' financing plan and its background

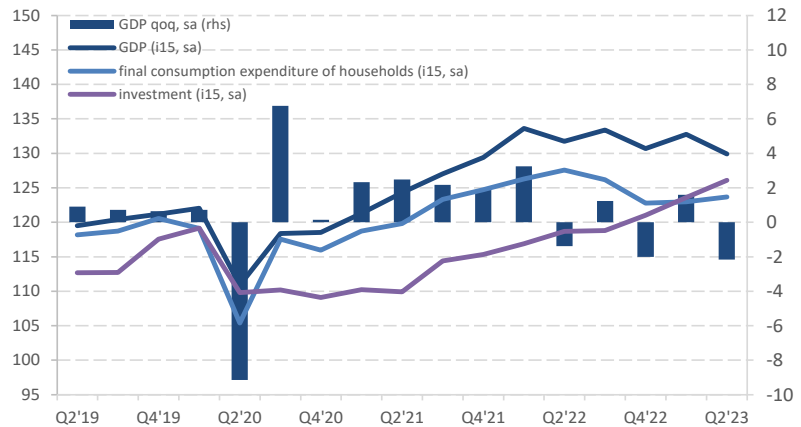
September 2023

### THE MOST IMPORTANT INFORMATION

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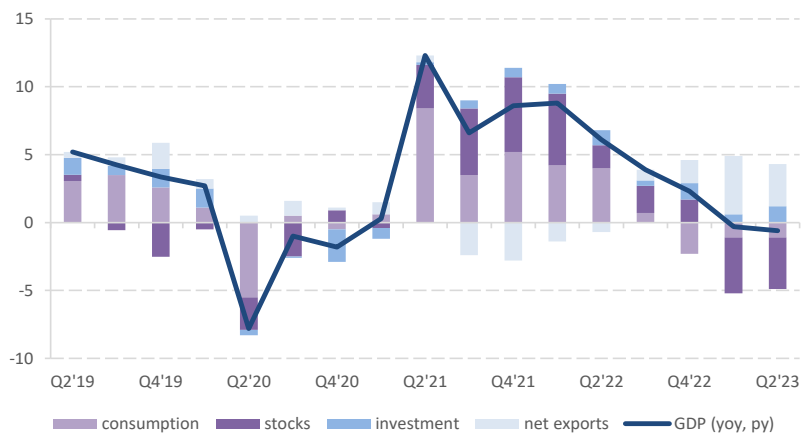
**Gross domestic product of Poland**  
constant prices, seasonally adjusted data (sa)  
source: GUS, Eurostat

In the second quarter of 2023 GDP decreased by 2.2% (qoq, sa) after a 1.6% increase in the previous quarter. Household consumption increased slightly for the second time in a row (qoq, sa), but its level was still lower than a year ago. Consumer demand was negatively affected by among others high inflation and higher nominal NBP rates. Investments on the other hand proved to be resistant to unfavourable macroeconomic conditions (uncertainty, higher nominal interest rates) and again surprised on the upside in the second quarter of 2023.



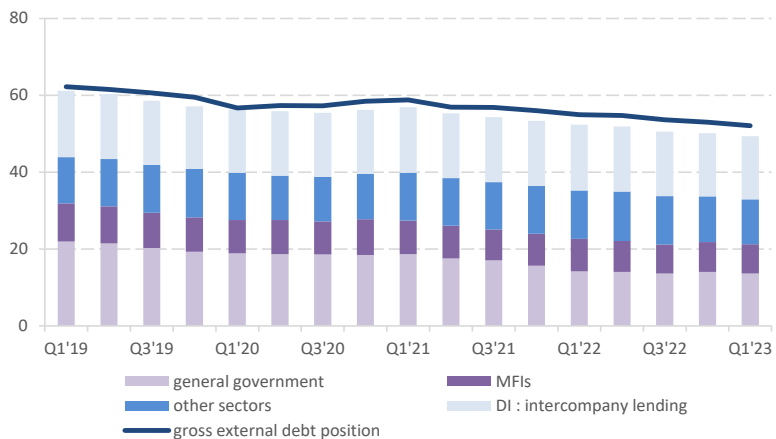
**Contributions to Polish GDP growth**  
average prices of the previous year (py), yoy  
source: GUS, MoF own calculation

In the second quarter of 2023 GDP was 0.6% (py) lower than a year earlier. Household consumption was 2.7% lower than in the second quarter of 2022 while investment 7.9% higher. Contribution of inventories was strongly negative (-3.8 pp). Weaker dynamics of domestic demand weighted on imports growth and in consequence net exports positive contribution to GDP growth amounted to 3.1 pp.



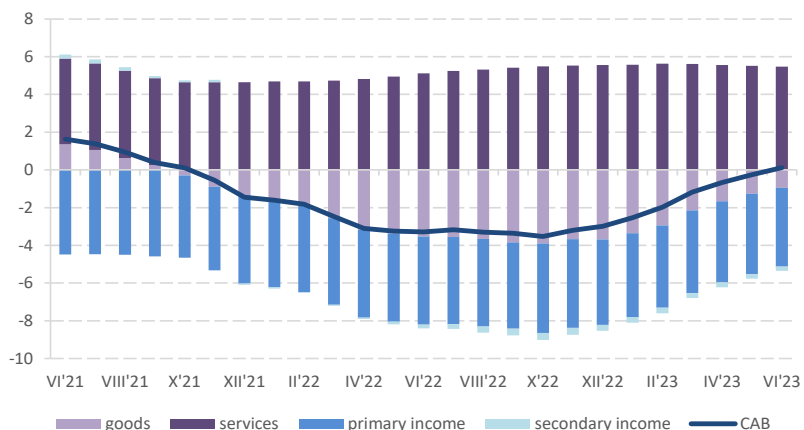
**Polish gross external debt position**  
percent of GDP  
source: NBP, GUS, MoF own calculation

At the end of the first quarter of 2023 gross external debt reached EUR 352.3bn (52.1% of GDP) and was EUR 4.3bn higher than in the previous quarter. The share of general government sector debt in total debt decreased slightly to 26.1%. At the end of June 2023 official reserve assets reached EUR 166.8bn and remained broadly adequate, covering about 5 months of imports.



**Current account balance**  
percent of GDP, in 12-month terms  
source: NBP, GUS, MoF own calculation

In June 2023, according to preliminary data, Poland's C/A balance was positive and amounted to 0.1% of GDP (in 12-month terms). Goods balance recorded sixth monthly surplus in a row, mainly due to weak imports dynamics. In June five out of six main imports categories, recorded a decline compared to the previous year, especially fuels, intermediate and consumer goods. The trade in goods balance was also favourably influenced by improvement in terms of trade accompanied by a decline in transaction prices. Primary income deficit also narrowed slightly in recent months.

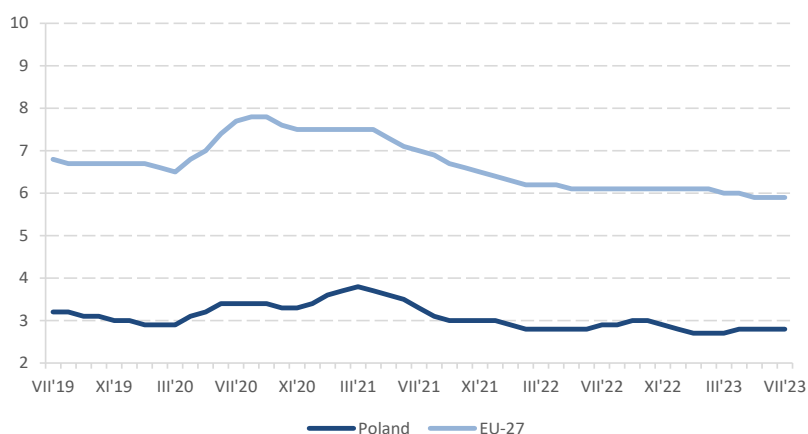


## I. MACROECONOMIC SITUATION

### Harmonised unemployment rate

percent, seasonally adjusted data  
source: Eurostat

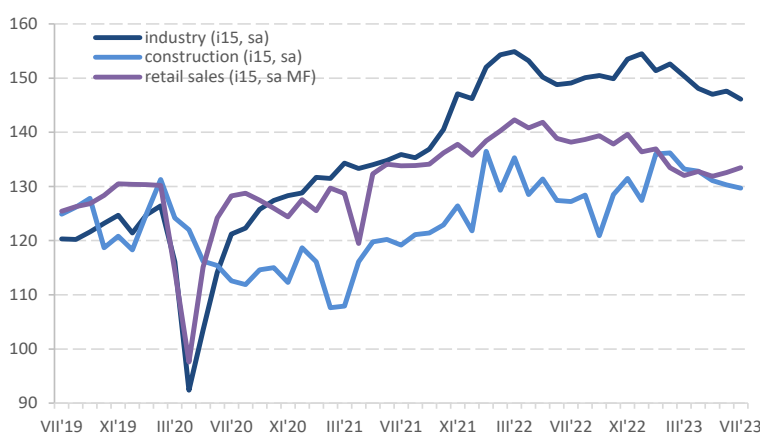
The harmonized unemployment rate (sa) amounted to 2.8% in July 2023 and it was at the same level as in three previous months and by 0.1 pp. lower than a year earlier. It was by 0.1 pp. higher than the historically lowest level recorded in January-March 2023. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (5.9% and 6.4%, respectively). Among the EU countries, only in Malta and the Czech Republic the unemployment rate was lower than in Poland.



### Monthly indicators of the real sector

sold production in constant prices, non-seasonally adjusted (nsa)  
source: Eurostat, GUS, MoF own calculation

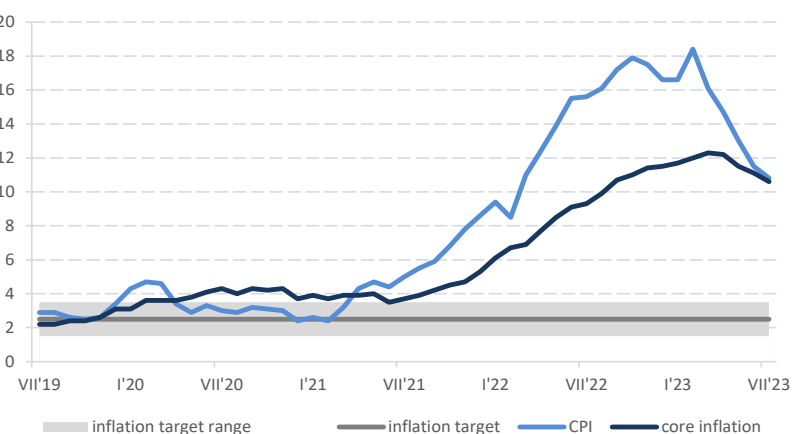
In July 2023 industrial production decreased by 1.0% (mom, sa) and was 2.7% lower than a year ago (nsa). Data were below market expectations. Construction production decreased by 0.4% (mom, sa). It was the fifth decline in a row. The production level was by 1.1% (nsa) higher than a year ago. The data were below market expectations. Retail sales increased the second time in a row (mom, sa MoF). The sales level was by 4% (nsa) lower than a year ago. The data were a bit below market expectations.



### Inflation

percent, yoy  
source: GUS, NBP

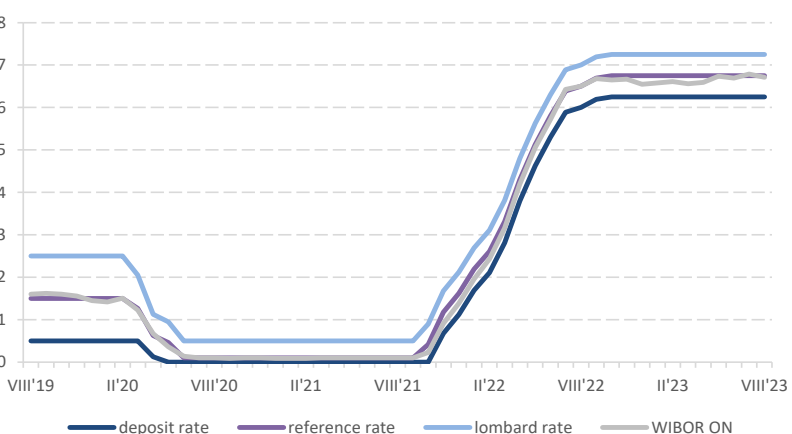
In July 2023, just like in previous months, inflation rate decreased significantly and achieved 10.8% (yoy). Fall in inflation rate was mainly caused by the statistical effect of significant price increase a year before, after outbreak of war in Ukraine. Annual rate of food prices were higher by 15.6% (yoy), energy 4.5% and core inflation diminished to 10.6%. In August according to preliminary data inflation decreased to 10.1% (i.e. slightly above market expectations). In July producer prices were lower than a year before by 1.7% and in the last five months this pace lowered by 19.9 percentage points. Decline of PPI index is mainly connected with drop of commodity prices on international markets and strengthening of the zloty.



### NBP interest rates

percent, end of period  
source: NBP, Refinitiv

In August 2023, the Monetary Policy Council kept interest rates on hold for the tenth month in a row and decided to end the rate-hike cycle. Reference rate was left unchanged at 6.75%, lombard rate was kept steady at 7.25%, while the deposit rate remained at 6.25%. In October 2021 - September 2022 the reference rate rose by 6.65 percentage points in total. Council's decision to put interest rates on hold was based on expectations that weakening of the external economic conditions and a decrease in commodity prices will, together with weakening in domestic GDP growth and earlier monetary policy tightening by NBP, lead to a decline in inflation in Poland towards inflation target.



II. STATISTICAL DATA

	Unit	2022				2023	
		Q01	Q02	Q03	Q04	Q01	Q02
<b>GDP</b>							
Gross domestic product	YoY	8.8	6.1	3.9	2.3	-0.3	-0.6
	QoQ SA	3.2	-1.4	1.2	-2.0	1.6	-2.2
Final consumption expenditure of the households sector	YoY	6.8	6.7	1.1	-1.1	-2.0	-2.7
	QoQ SA	1.3	1.0	-1.1	-2.7	0.2	0.6
Final consumption expenditure of the general government sector	YoY	1.0	1.3	0.4	-8.7	-0.5	2.6
	QoQ SA	0.4	0.2	0.0	-11.4	13.8	1.0
Gross fixed capital formation	YoY	5.4	7.1	2.5	5.4	5.5	7.9
	QoQ SA	1.3	1.5	0.1	1.9	2.1	2.0
Exports of goods and services	YoY	5.6	6.4	9.0	3.9	3.2	-2.7
	QoQ SA	0.6	2.8	1.4	-0.5	-0.7	-2.9
Imports of goods and services	YoY	8.7	8.2	7.7	0.7	-4.6	-8.1
	QoQ SA	0.7	1.9	0.9	-2.5	-4.3	-2.1
Gross value added	YoY	8.6	5.9	3.6	2.7	0.7	0.5
	QoQ SA	3.4	-1.0	1.0	-3.0	4.2	-2.6
<b>Contribution to GDP growth</b>							
Final consumption expenditure of the households sector	pp	4.0	3.8	0.6	-0.5	-1.0	-1.5
Final consumption expenditure of the general government sector	pp	0.2	0.2	0.1	-1.8	-0.1	0.4
Gross fixed capital formation	pp	0.7	1.1	0.4	1.2	0.6	1.2
Changes in inventories	pp	5.3	1.7	2.0	1.7	-4.1	-3.8
Balance of trade turnover	pp	-1.4	-0.7	0.8	1.7	4.3	3.1
Gross value added	pp	7.5	5.1	3.1	2.3	0.5	0.4
<b>GDP structure</b>							
Final consumption expenditure of the households sector	% of GDP	59.6	58.7	56.9	49.8	59.1	57.4
Final consumption expenditure of the general government sector	% of GDP	17.0	18.1	17.6	18.7	16.9	18.4
Gross fixed capital formation	% of GDP	12.5	15.5	16.0	21.6	12.7	16.2
Changes in inventories	% of GDP	9.0	4.6	7.5	7.6	3.8	0.4
Exports of goods and services	% of GDP	61.9	65.7	62.5	59.2	62.7	59.9
Imports of goods and services	% of GDP	60.9	63.5	61.3	57.7	56.0	53.1
<b>Balance of payments</b>							
	Unit	2023					
		M02	M03	M04	M05	M06	M07
Goods: exports (EUR)	YoY	14.7	18.1	2.6	3.3	1.7	-
Goods: imports (EUR)	YoY	3.9	-1.4	-8.9	-6.3	-5.8	-
Current account balance <sup>1)</sup>	% of GDP	-2.0	-1.2	-0.7	-0.3	0.1	-
Balance on goods <sup>1)</sup>	% of GDP	-2.9	-2.1	-1.7	-1.3	-1.0	-
Official Reserve Assets	EUR m	158 233.1	156 438.4	162 022.5	165 176.1	166 802.8	164 802.6
<b>Inflation</b>							
Consumer Price Index (CPI)	YoY	18.4	16.1	14.7	13.0	11.5	10.8
Core inflation (CPI excluding food and energy prices)	YoY	12.0	12.3	12.2	11.5	11.1	10.6
Producer Price Index (PPI)	YoY	18.2	10.3	6.2	2.8	0.3	-1.7
<b>Production</b>							
Sold production of industry <sup>2)</sup>	YoY	-1.0	-3.0	-6.0	-2.8	-1.1	-2.7
	MoM SA	0.8	-1.4	-1.5	-0.7	0.4	-1.0
Construction and assembly production <sup>2)</sup>	YoY	6.6	-1.6	1.1	-0.6	1.6	1.1
	MoM SA	0.1	-2.2	-0.3	-1.3	-0.6	-0.4
Manufacturing PMI	SA	48.5	48.3	46.6	47.0	45.1	43.5
<b>Households and labour market</b>							
Retail sales <sup>2)</sup>	YoY	-5.0	-7.3	-7.3	-6.8	-4.7	-4.0
Average paid employment in enterprise sector	YoY	0.8	0.5	0.4	0.4	0.2	0.1
	MoM	-0.1	-0.1	0.1	-0.1	-0.1	0.0
Average monthly gross wages and salaries in enterprise sector (real)	YoY	-4.1	-3.0	-2.2	-0.7	0.4	-0.3
	MoM	1.4	5.1	-1.7	-3.4	2.1	2.2
Harmonised unemployment rate (Eurostat)	%, SA	2.7	2.7	2.8	2.8	2.8	2.8
<small>1) Data in 12-month terms                  2) Constant prices. Data for units in which the number of employed persons exceeds 9 persons                  Source: GUS, NBP, Eurostat, IHS Markit, MoF calculation based on NBP, GUS data</small>							
<b>State Treasury debt</b>							
	Unit	2023					
		M01	M02	M03	M04	M05	M06
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 205 870.3	1 234 332.8	1 240 853.6	1 256 204.8	1 266 579.5	1 277 476.1
Domestic debt	face value, PLN m	923 970.2	934 826.4	953 234.2	953 625.1	966 523.6	984 906.5
	%	76.6	75.7	76.8	75.9	76.3	77.1
Foreign debt	face value, PLN m	281 900.1	299 506.4	287 619.4	302 579.7	300 055.8	292 569.7
	%	23.4	24.3	23.2	24.1	23.7	22.9
<b>Public debt (domestic definition)</b>							
	Unit	2021				2022	
		Q04	Q01	Q02	Q03	Q04	Q01
Public debt (acc. to the place of issue criterion)	face value, PLN m	939 584.5	965 199.0	974 765.7	977 224.4	972 206.6	961 836.3
Domestic debt	face value, PLN m	624 358.2	630 171.6	657 497.0	666 497.6	659 480.8	662 552.4
	%	66.5	65.3	67.5	68.2	67.8	68.9
Foreign debt	face value, PLN m	315 226.3	335 027.4	317 268.6	310 726.7	312 725.8	299 283.9
	%	33.5	34.7	32.5	31.8	32.2	31.1
<b>General Government debt (EU definition)</b>							
General Government debt	face value, PLN m	1 410 499.5	1 415 681.9	1 453 467.9	1 479 605.3	1 512 234.4	1 531 780.5

Source: MoF

### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Gross borrowing requirements in 2023

as of August 31, 2023, PLN bn

Financing of the State budget borrowing requirements at the level of ca. 94% (acc. to the amended Budget Act) was a result of:

- T-bond sale on domestic market: PLN 105.9bn,
- switch auctions in 2023: PLN 9.6bn,
- T-bond sale on foreign markets: PLN 37.9bn,
- loans incurred from IFIs: PLN 0.8bn,
- switch auctions in 2022: PLN 9.8bn,
- and higher financial resources at the end of 2022: PLN 106.2bn.

#### Outflows of funds related to domestic marketable T-securities transfers in September

plan as of August 31, 2023

Value of funds transferred from the State budget to the market in September shall amount to PLN 0.1bn (interest payments).

#### Flows of funds between the domestic market and the budget\*

as at the end of month, PLN bn

As of August 31 to the end of the 2023 the funds to be transferred to the market shall amount to PLN 31.2bn.

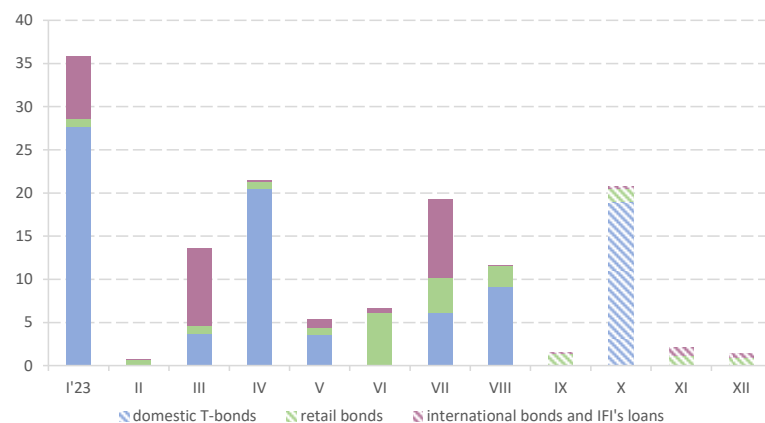
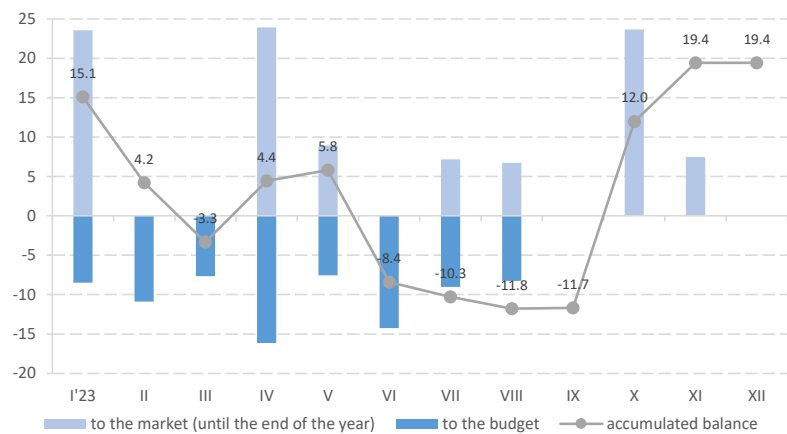
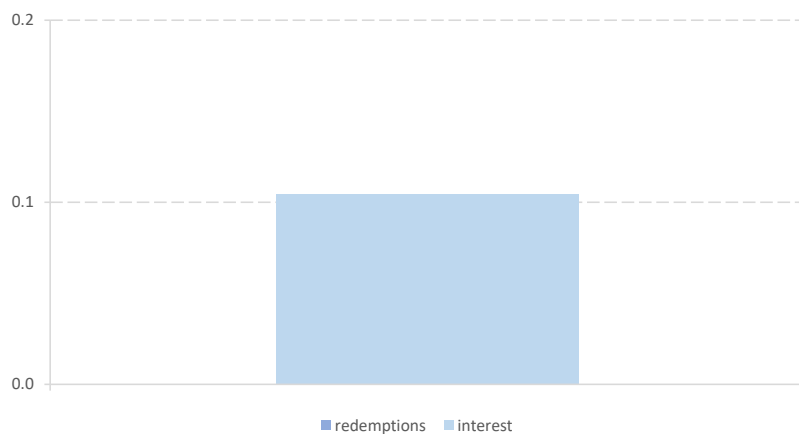
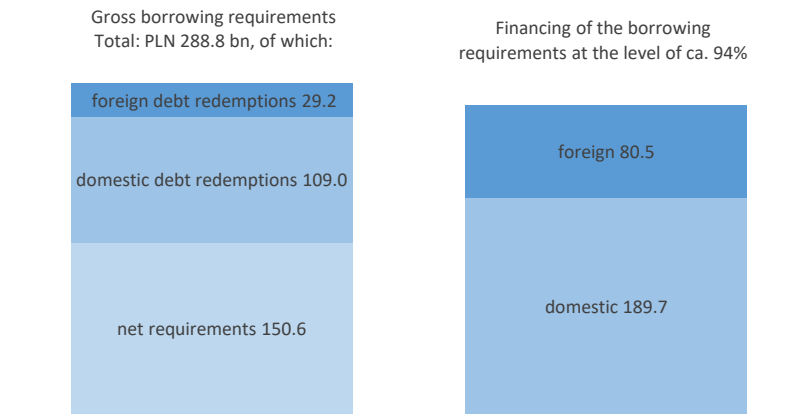
\*figures include sale, redemptions and interest payments on wholesale T-securities; monthly financing plans will depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.

#### State Treasury debt redemptions in 2023

as at the end of month, nominal amount, PLN bn

The nominal amount of debt to be redeemed in 2023 (as of August 31, 2023), is equal to PLN 25.8bn, including:

- T-bonds: PLN 19.1bn,
- T-retail bonds: PLN 4.9bn,
- bonds and loans incurred on foreign markets: PLN 1.8bn.

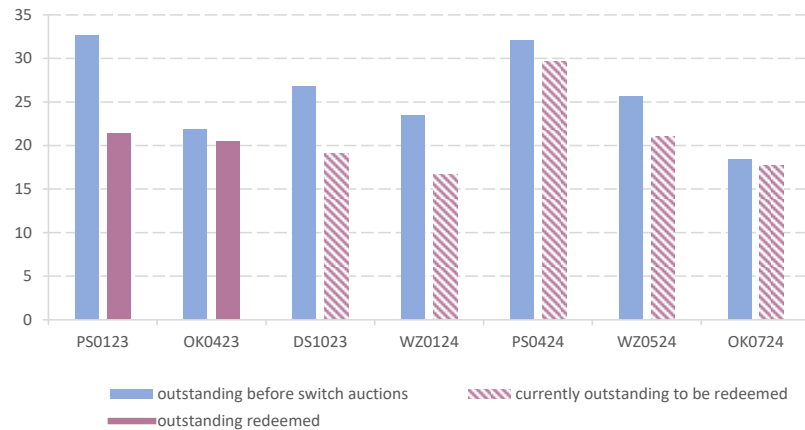


**Reducing refinancing risk connected with redemptions of domestic TS maturing in 2023 and 2024**

as of August 31, 2023, nominal amount, PLN bn

Buy-back of T-bonds maturing in 2023 and 2024 (by switch):

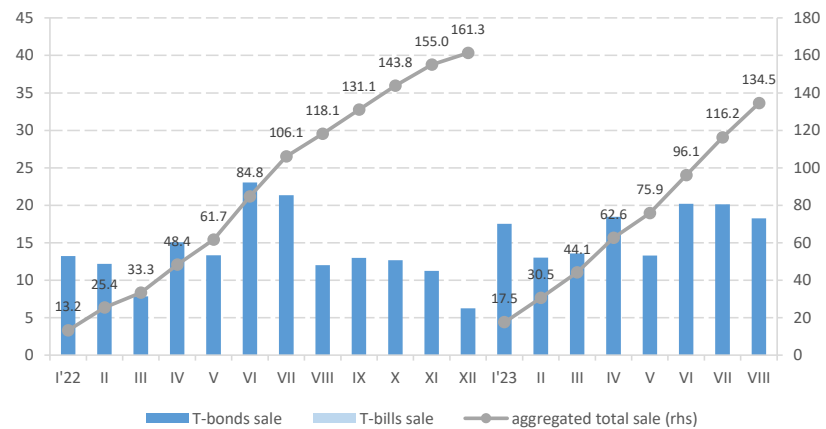
- PS0123: PLN 11.3bn (35% of the issuance),
- OK0423: PLN 1.4bn (6% of the issuance),
- DS1023: PLN 7.7bn (29% of the issuance),
- WZ0124: PLN 6.8bn (29% of the issuance),
- PS0424: PLN 2.4bn (7% of the issuance),
- WZ0524: PLN 4.6bn (18% of the issuance),
- OK0724: PLN 0,7bn (4% of the issuance).



**Sale of domestic TS in 2022 and 2023**

settlement date, nominal amount, PLN bn

In the period of I-VIII 2023 aggregated total sale of T-bonds amounted to PLN 134.5bn versus PLN 118.1bn in the same period of 2022. T-bills were not sold.

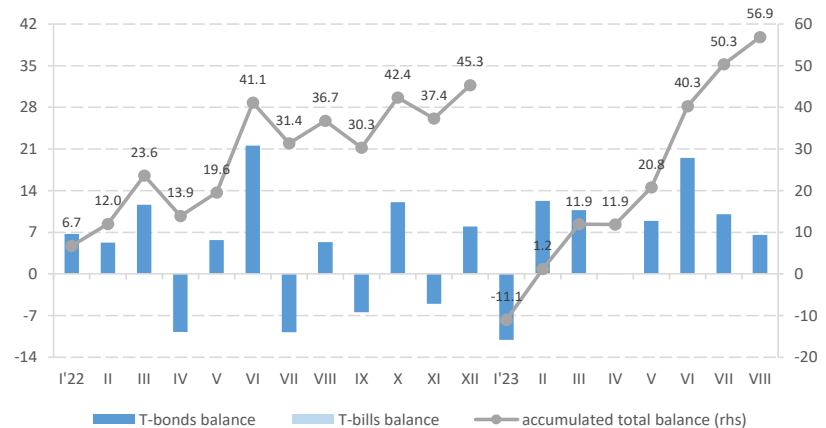


**Balance of domestic TS in 2022 and 2023**

settlement date, nominal amount, PLN bn

In the period of I-VIII 2023 indebtedness in T-bonds increased by PLN 56.9bn versus increase of PLN 36.7bn in the same period of 2022. There was no indebtedness in T-bills.

The figures also include the amounts of T-bonds issued and transferred by the Minister of Finance on the basis of other acts than the Public Finance Act.

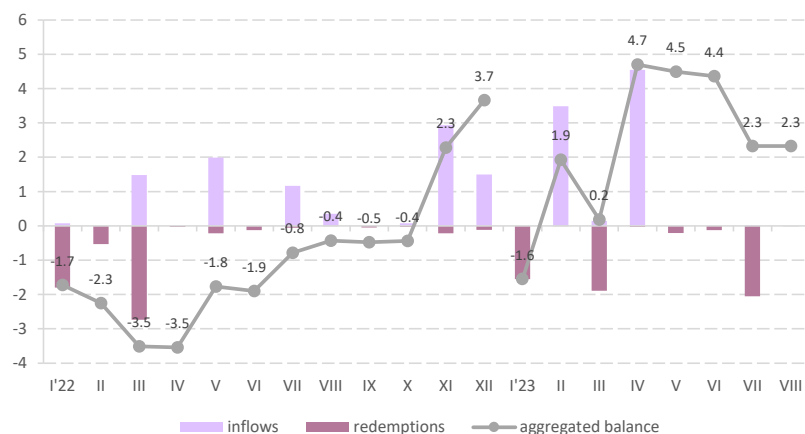


**External financing in 2022 and 2023**

bonds issued on foreign markets and loans received from IFIs, settlement date, EUR bn

Net financing on foreign markets in the period of I-VIII 2023 was positive and amounted to EUR 2.3bn, which resulted from:

- positive balance of T-bonds issuance of EUR 2.7bn,
- negative balance of loans incurred from IFIs at the level of EUR 0.4bn.

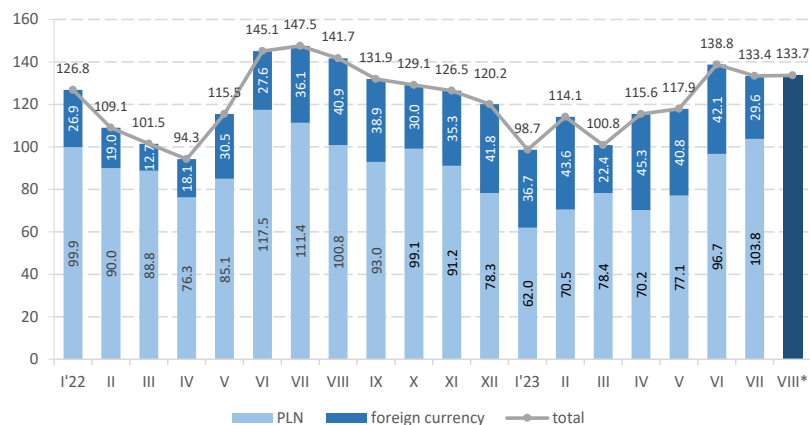


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Funds in PLN and foreign currency on the budgetary accounts at the end of month

funds financing the borrowing needs, PLN bn

At the end of August 2023 there was the equivalent of PLN 133.7bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

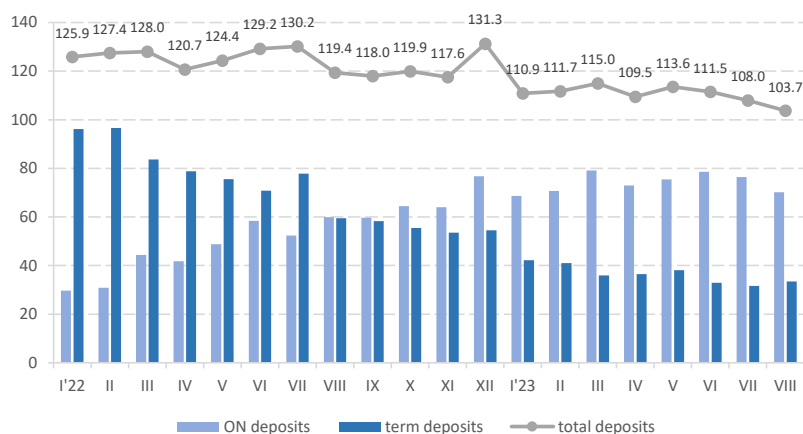


\* Estimated data.

#### Consolidation of public finance sector liquidity management

PLN bn

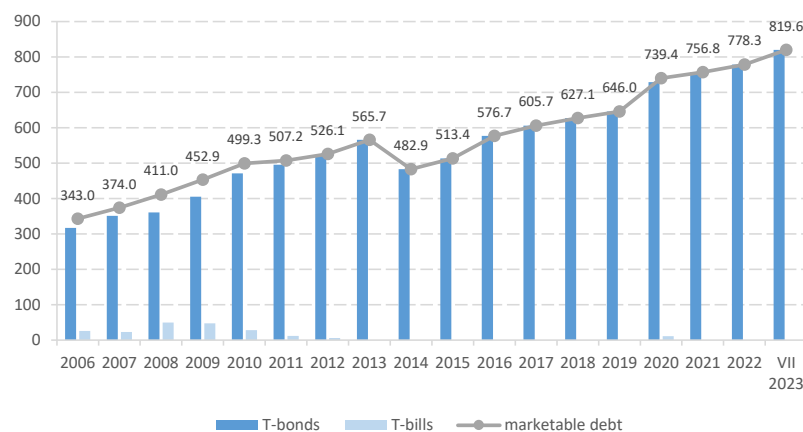
At the end of August 2023 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 103.7bn, of which PLN 33.5bn was as term deposits and PLN 70.2bn on ON deposits.



#### Structure of domestic marketable debt

PLN bn

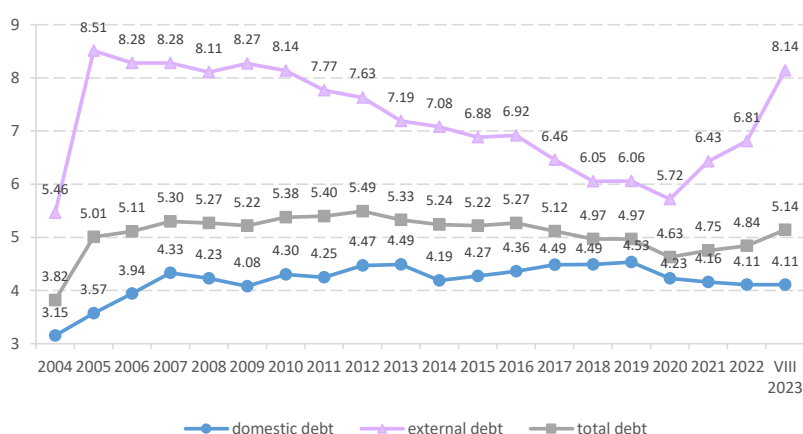
At the end of August 2023 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 819.6bn comparing to PLN 778.3bn at the end of 2022.



#### Average maturity

years

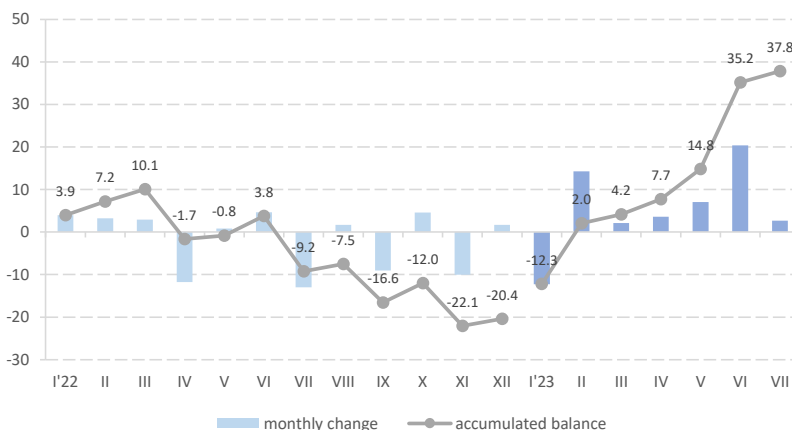
At the end of August 2023 the average maturity of domestic debt amounted to 4.11 years (at the end of 2022 it was also 4.11 years). The average of total debt amounted to 5.14 years (4.84 years at the end of 2022).



**Change of debt in the domestic TS held by banks**

PLN bn

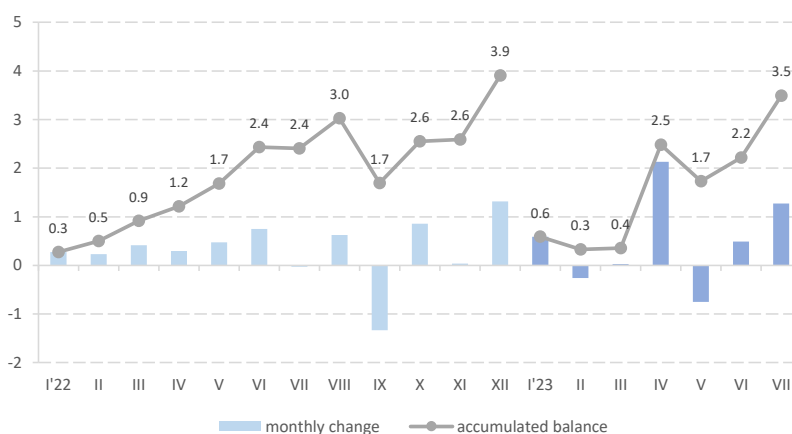
In I-VII 2023 there was an increase of debt by PLN 37.8bn comparing to PLN 9.2bn decrease during the same period of 2022. Banks' holdings reached the level of PLN 465.9bn.



**Change of debt in the domestic TS held by insurance companies**

PLN bn

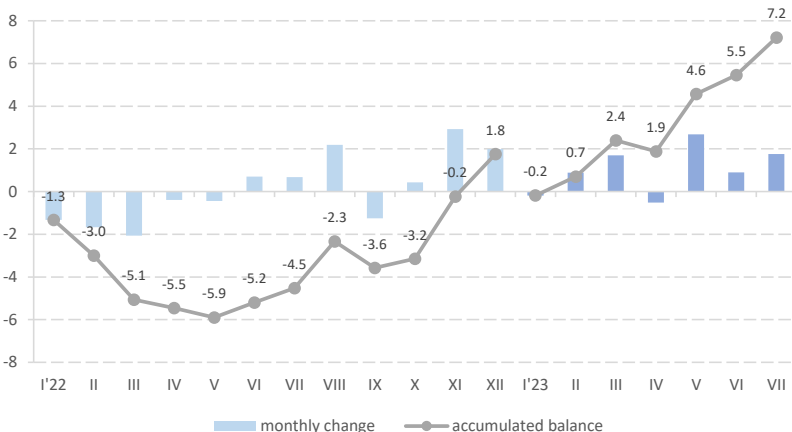
In I-VII 2023 there was an increase of debt by PLN 3.5bn comparing to PLN 2.4bn increase during the same period of 2022. Insurance companies' holdings reached the level of PLN 63.1bn.



**Change of debt in the domestic TS held by investment funds**

PLN bn

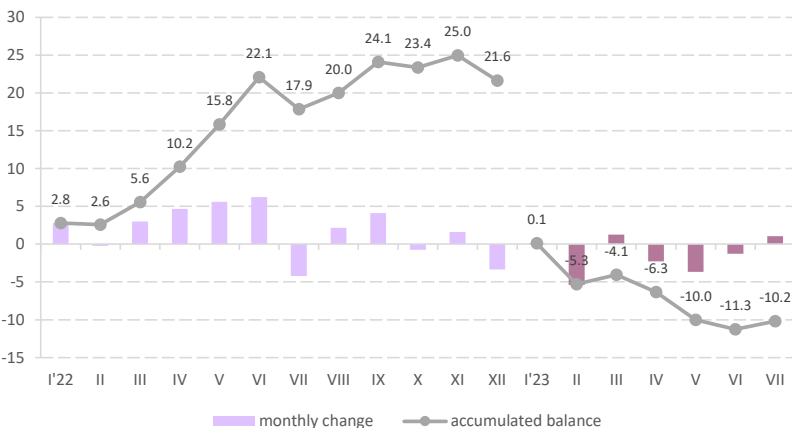
In I-VII 2023 there was an increase of debt by PLN 7.2bn comparing to PLN 4.5bn decrease during the same period of 2022. Investment funds' holdings reached the level of PLN 54.3bn.



**Change of debt in the domestic TS held by foreign investors**

PLN bn

In I-VII 2023 there was a decrease of debt by PLN 10.2bn comparing to PLN 17.9bn increase during the same period of 2022. Foreign investors' holdings reached the level of PLN 136.0bn.



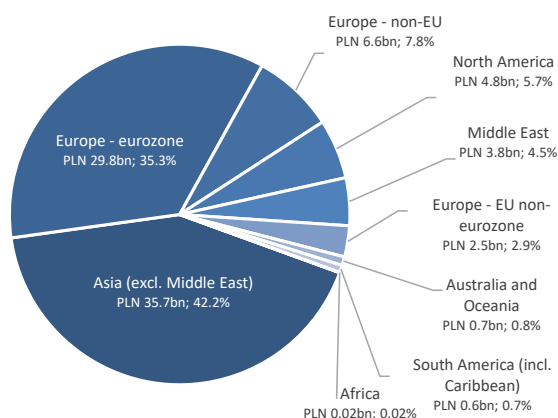


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Geographical distribution of the domestic TS held by non-residents

as of July 31, 2023, the chart presents data excluding omnibus accounts

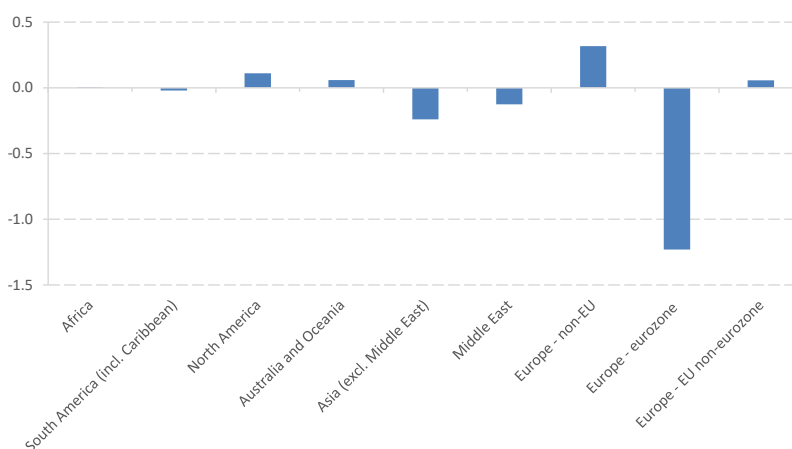
The non-residents' share in the domestic Treasury securities market increased by PLN 1.1bn in July 2023. The foreign investors' portfolio amounted to PLN 136.0bn, which constituted 14.8% share in total debt in TS (14.9% in the previous month).



#### Change of debt in the domestic TS held by non-residents by regions

change in July 2023, mom, PLN bn, the chart presents data excluding omnibus accounts

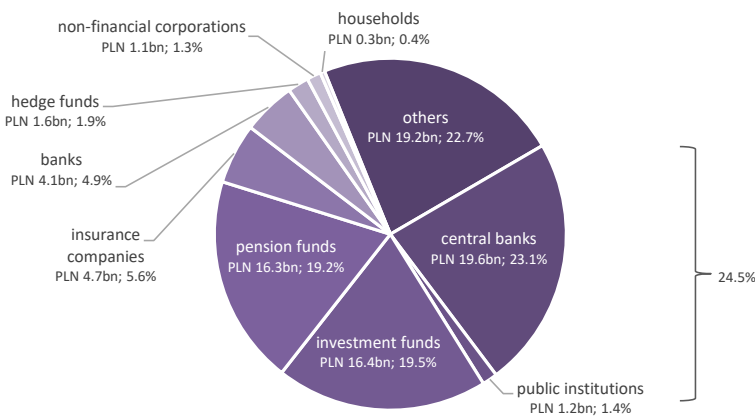
In July 2023 the highest increase was recorded by investors from Europe, non-EU countries (PLN 0.3bn), while the highest decrease was noted by investors from eurozone (PLN 1.2bn).



#### Institutional distribution of the domestic TS held by non-residents

as of July 31, 2023, the chart presents data excluding omnibus accounts

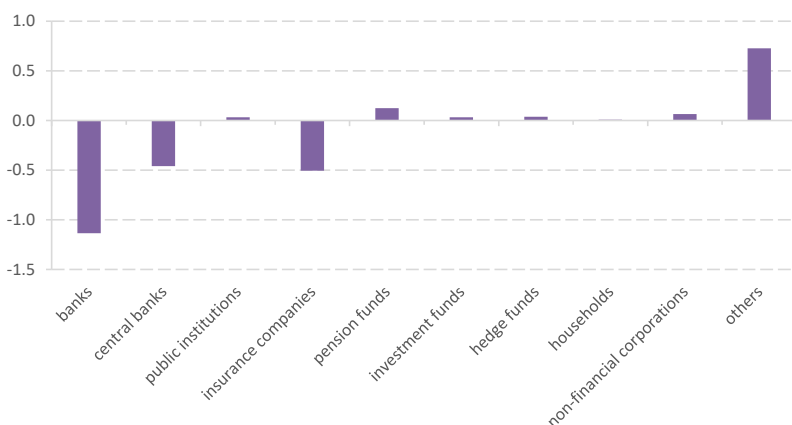
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 24.5% at the end July 2023.



#### Change of debt in the domestic TS held by non-residents by institutions

change in July 2023, mom, PLN bn, the chart presents data excluding omnibus accounts

In July 2023 the highest increase was recorded by investors from category Others (PLN 0.7bn), while the highest decrease was noted by banks (PLN 1.1bn).



**Change of debt in domestic TS held by non-resident central banks and public institutions**

change in July 2023, PLN bn

Central banks and public institutions' involvement decreased by PLN 0.4bn in June 2023. In the period from the end of January 2018 to the end of June 2023 portfolios of those entities decreased by PLN 20.9bn.



**Structure of non-residents' holdings in TS by countries**

as of July 31, 2023, excluding omnibus accounts and central banks, countries with more than 1% share

Countries	Outstanding in nominal value (PLN m)	Share in non-residents holdings
Japan	16 270.3	25.1%
Luxembourg	10 016.1	15.4%
Netherlands (the)	8 678.2	13.4%
Ireland	4 619.4	7.1%
United Kingdom	4 393.5	6.8%
United States	4 220.7	6.5%
Germany	3 889.4	6.0%
Switzerland	1 694.6	2.6%
Singapore	1 691.4	2.6%
France	1 676.4	2.6%
Denmark	1 056.5	1.6%
United Arab Emirates (the)	846.6	1.3%
Czech Republic (the)	712.3	1.1%
Australia	635.8	1.0%
Others	4 545.3	7.0%
<b>Total</b>	<b>64 946.4</b>	<b>100.0%</b>

**Comment**

**Sebastian Skuza, Secretary of State, MoF**

31-08-2023

The level of financing of the State budget borrowing requirements is ca. 94% (acc. to the amended Budget Act) and the balance of funds on budget accounts is approx. PLN 130bn. In September one switching auction and one T-bond sale auctions are planned. At the sale auction, it is possible to issue a new NZ bond with an interest rate based on the WIRON index. In July 2023 indebtedness in domestic Treasury securities increased by PLN 10.0bn. The involvement of domestic banks increased by PLN 2.7bn, domestic non-banks investors by PLN 6.3bn and foreign investors by PLN 1.1bn.

## V. SUPPLY PLAN OF TREASURY SECURITIES IN SEPTEMBER 2023

### T-bond sale auctions

Auction date	Settlement date	Series	Planned offer (PLN m)*
27 September 2023	29 September 2023	OK1025 / WZ1128 / WS0429 / DS1033 possible series of NZ type with coupon based on WIRON index	4,000-8,000

*\*The final offer and the supply will be announced 2 days before the auction, taking into account the market situation and consultations with investors.*

*After the auction bonds will be offered within additional sale at a minimum accepted clean price.*

### T-bond switching auction

Auction date / settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)
12 September 2023/ 14 September 2023	OK1025 / WZ1128 / WS0429 / DS1033 / WS0447	DS1023	19,082
		WZ0124	16,644
		PS0424	29,659
		WZ0524	21,037
		OK0724	17,702

### T-bill auctions

Sale auctions of Treasury bills are not planned.

### Offer on the retail market

T-bond	Issue price	Coupon
OTS1223 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR0924 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 6.75% in the first coupon period
DOR0925 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.10%); 6.85% in the first coupon period
TOS0926 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 6.85%
COI0927 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.00%); 7.00% in the first coupon period
EDO0933 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%); 7.25% in the first coupon period
ROS0929 family bonds 6-year	100.00 PLN	Floating (inflation rate + 1.50%); 7.20% in the first coupon period
ROD0935 family bonds 12-year	100.00 PLN	Floating (inflation rate + 1.75%); 7.50% in the first coupon period