



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

November 2022

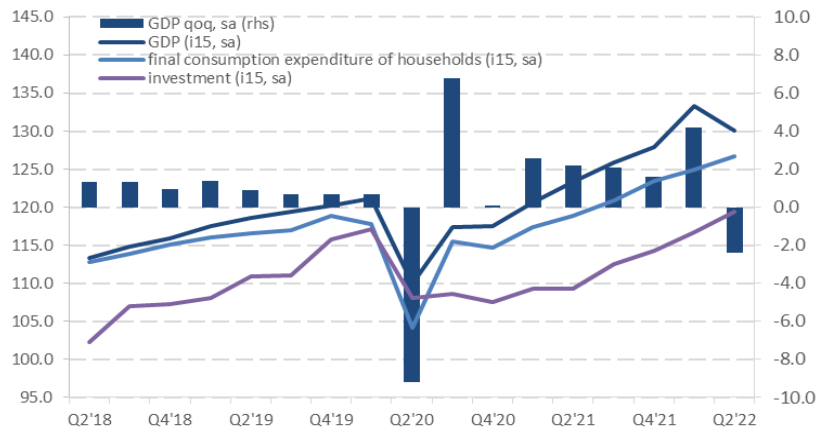
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**Gross domestic product of Poland**

constant prices, seasonally adjusted data (sa)  
source: GUS, Eurostat

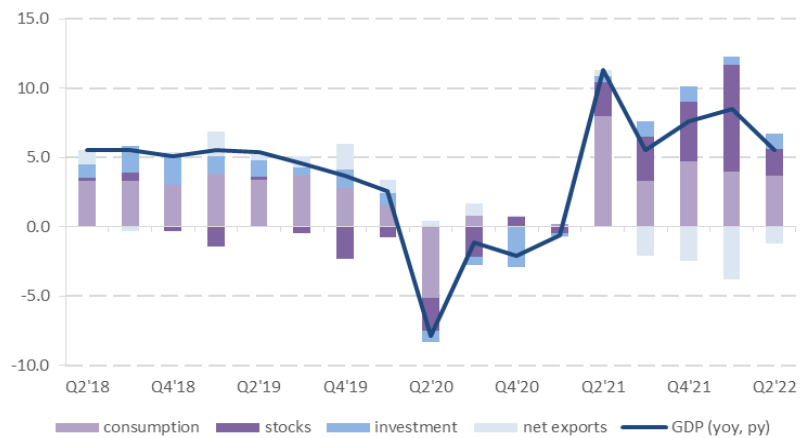
In the second quarter of 2022, taking into account revised data, Poland's GDP contracted by 2.4% (qoq, sa) following however buoyant growth in the first quarter of 2022, which amounted to 4.2%. Short-term outlook is subject to high uncertainty concerning effects of Russian aggression against Ukraine, disruptions in global supply chains, prices of commodities, especially energy and agriculture and economic situation in Germany - our main trading partner.



**Contributions to Polish GDP growth**

average prices of the previous year (py), yoy  
source: GUS, MoF own calculation

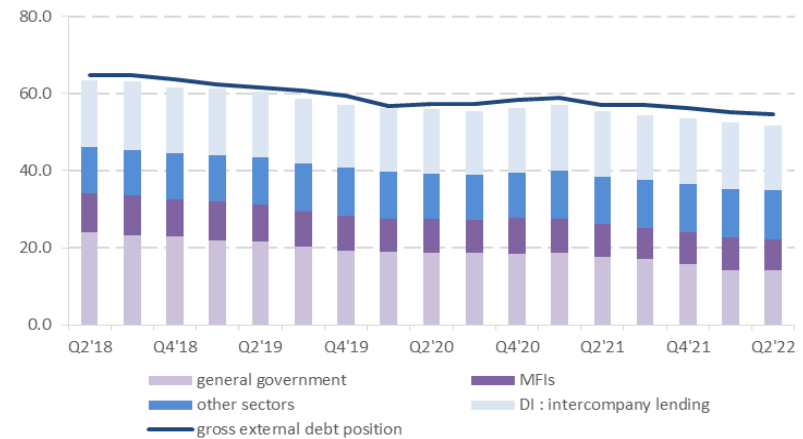
In the second quarter of 2022 GDP was 5.8% (py) higher than a year earlier. Revised data confirmed that the key factor behind the slowdown in yearly dynamics was lower (but still positive) contribution of inventories (1.8 percentage points vs. 6.7pp in the previous quarter). Investment went up by 6.6%, while households consumption increased by 6.4% (yoy). Due to still higher annual dynamics of imports than exports, net exports had a negative contribution to GDP growth, however slightly lower from previous estimates (-0.7pp).



**Polish gross external debt position**

percent of GDP  
source: NBP, GUS, MoF own calculation

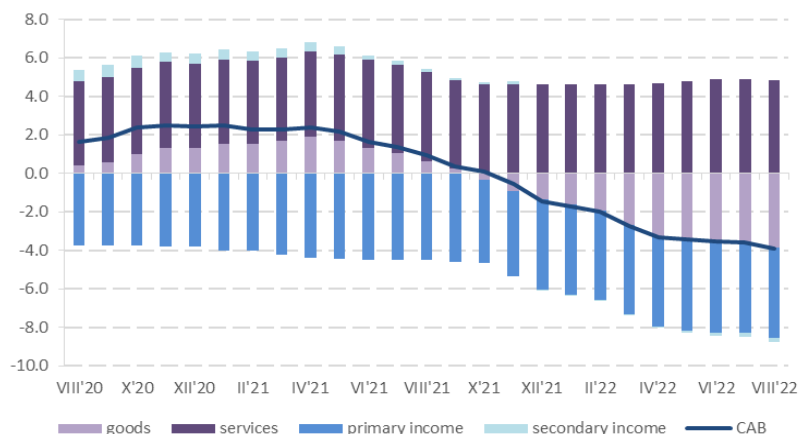
At the end of the second quarter of 2022 gross external debt reached EUR 334.6bn (54.7% of GDP) and was EUR 7.9bn higher than in the previous quarter. The share of general government sector debt in total debt decreased slightly to 25.8%. At the end of August 2022 official reserve assets reached EUR 155.1bn 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 August 2022, according to preliminary data, current account deficit increased to 3.9% of GDP (in 12-month terms). Growth of exports was supported by among others increase of external sale in automotive industry and growing fuel supplies to Ukraine. On the other hand, increase in the volume and price of imported energy commodities (including a large increase in the imports of coal in August) supported total imports. C/A deficit was fully covered by long term capital i.e. inflow of direct investments of non-residents and inflow of EU structural funds classified on capital account.

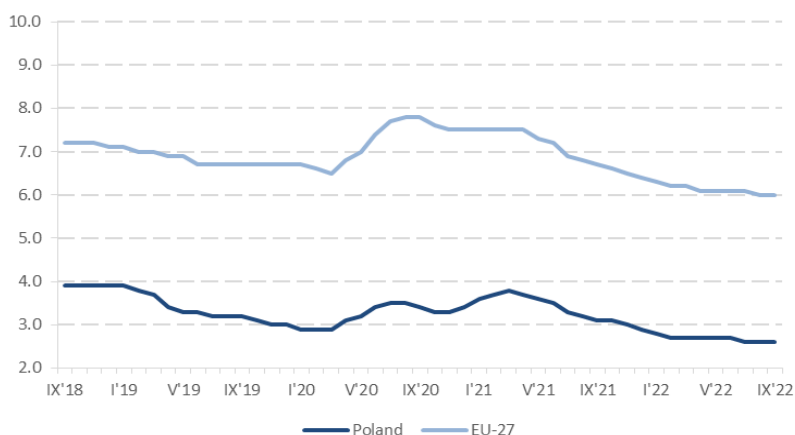


# I. MACROECONOMIC SITUATION

## Harmonised unemployment rate

percent, seasonally adjusted data  
source: Eurostat

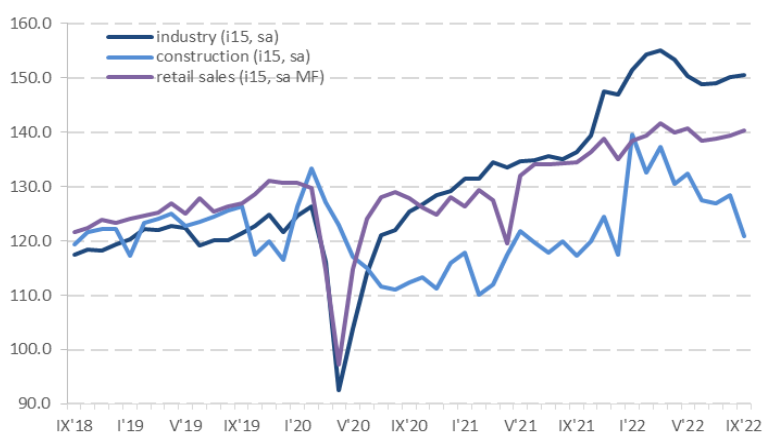
The harmonized unemployment rate (sa) amounted to 2.6% in September 2022 and it was at the same level as in two previous months and by 0.5pp lower than a year earlier. Thus it remained at historically low level. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (6.0% and 6.6%, respectively). Among the EU countries, only in the Czech Republic it 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

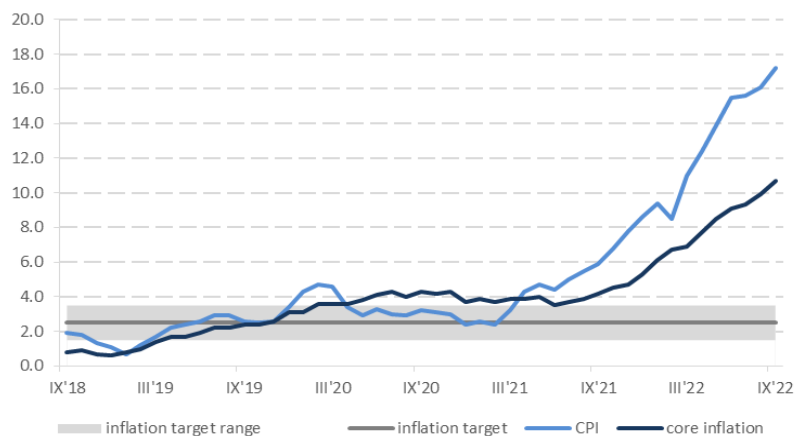
In September 2022 industrial production increased by 0.3% (mom, sa) and was 9.8% higher than a year ago (nsa). Data were above market expectations. Construction production decreased by 5.9% following unexpected growth (by 1.1%) in the previous month. As a result its level was 0.3% (nsa) higher than a year ago. Data were much below expectations. Retail sales increased the third time in row (mom, sa MF). The sales level was 4.1% (nsa) higher than in the previous year. Data were a bit lower than market expectations.



## Inflation

percent, yoy  
source: GUS, NBP

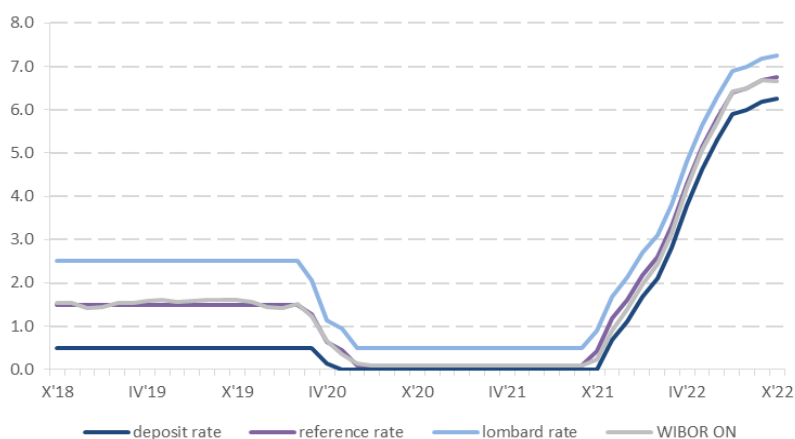
In September 2022 inflation rate increased to 17.2% yoy. Annual rate of food prices again increased considerably (to 19.3%). Energy prices rose to 34.9% (yoy) and core inflation (CPI excluding food and energy prices) increased to 10.7%. According to preliminary data in October inflation rate rose to 17.9%. Data were close to market expectations. Because of high commodity prices and supply disruptions, producer prices also rose considerably. In September they were higher than a year before by 24.6%.



## NBP interest rates

percent, end of period  
source: NBP, Refinitiv

In October 2022, the Monetary Policy Council kept NBP interest rates on hold, in a surprise move that followed eleven successive hikes. 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. The Council assessed, that the hitherto significant monetary policy tightening and the expected economic activity growth slowdown will contribute to curbing demand growth in the Polish economy, which will support a decline in inflation towards the NBP inflation target.



## II. STATISTICAL DATA

	Unit	2021	2021	2021	2021	2022	2022
		Q01	Q02	Q03	Q04	Q01	Q02
<b>GDP</b>							
Gross domestic product	YoY	0.2	12.2	6.5	8.5	8.6	5.8
	QoQ SA	2.6	2.2	2.1	1.6	4.2	-2.4
Final consumption expenditure of the households sector	YoY	-0.3	13.0	4.9	8.5	6.7	6.4
	QoQ SA	2.4	1.2	1.7	2.2	1.2	1.4
Final consumption expenditure of the general government sector	YoY	3.9	5.8	4.4	5.6	0.3	0.6
	QoQ SA	1.2	1.3	0.5	0.8	-0.1	0.8
Gross fixed capital formation	YoY	-4.2	2.0	4.1	3.8	4.7	6.6
	QoQ SA	1.6	0.0	3.0	1.5	2.1	2.3
Exports of goods and services	YoY	7.2	32.0	8.0	6.3	4.2	5.2
	QoQ SA	1.9	1.2	0.5	3.4	-0.6	1.8
Imports of goods and services	YoY	6.4	35.2	13.9	12.8	9.4	6.9
	QoQ SA	2.7	3.2	2.8	2.9	0.3	0.9
Gross value added	YoY	0.0	11.5	6.6	8.5	8.4	5.6
	QoQ SA	2.6	1.8	1.9	1.7	3.0	-1.0
<b>Contribution to GDP growth</b>							
Final consumption expenditure of the households sector	pp	-0.2	7.3	2.9	4.2	4.0	3.6
Final consumption expenditure of the general government sector	pp	0.6	1.2	0.8	1.2	0.0	0.1
Gross fixed capital formation	pp	-0.5	0.3	0.7	0.9	0.6	1.0
Changes in inventories	pp	-0.4	2.9	4.5	4.8	6.7	1.8
Balance of trade turnover	pp	0.7	0.5	-2.4	-2.6	-2.7	-0.7
Gross value added	pp	0.0	10.1	5.6	7.5	7.3	4.8
<b>GDP structure</b>							
Final consumption expenditure of the households sector	% of GDP	59.3	56.2	57.0	50.2	59.7	58.5
Final consumption expenditure of the general government sector	% of GDP	17.9	18.4	17.8	20.7	16.9	17.9
Gross fixed capital formation	% of GDP	13.0	15.5	16.8	21.8	12.6	15.6
Changes in inventories	% of GDP	3.1	3.0	5.6	5.8	10.0	4.6
Exports of goods and services	% of GDP	59.0	60.3	56.4	56.4	61.6	65.3
Imports of goods and services	% of GDP	53.1	54.5	54.5	55.7	61.6	62.9
<b>Balance of payments</b>							
	Unit	2022	2022	2022	2022	2022	2022
		M04	M05	M06	M07	M08	M09
Goods: exports (EUR)	YoY	18.2	26.9	21.3	19.0	24.8	-
Goods: imports (EUR)	YoY	36.4	32.5	26.6	20.6	28.2	-
Current account balance <sup>1)</sup>	% of GDP	-3.3	-3.4	-3.5	-3.6	-3.9	-
Balance on goods <sup>1)</sup>	% of GDP	-3.3	-3.4	-3.6	-3.7	-3.8	-
Official Reserve Assets	EUR m	143 952.0	145 703.5	147 712.0	154 137.5	155 103.0	154 202.8
<b>Inflation</b>							
Consumer Price Index (CPI)	YoY	12.4	13.9	15.5	15.6	16.1	17.2
Core inflation (CPI excluding food and energy prices)	YoY	7.7	8.5	9.1	9.3	9.9	10.7
Producer Price Index (PPI)	YoY	24.1	24.7	25.6	25.5	25.5	24.6
<b>Production</b>							
Sold production of industry <sup>2)</sup>	YoY	12.4	14.9	10.4	7.1	10.9	9.8
	MoM SA	-1.2	-2.0	-0.9	0.1	0.7	0.3
Construction and assembly production <sup>2)</sup>	YoY	9.0	13.0	6.0	4.1	5.9	0.3
	MoM SA	-4.9	1.4	-3.6	-0.4	1.1	-5.9
Manufacturing PMI	SA	52.4	48.5	44.4	42.1	40.9	43.0
<b>Households and labour market</b>							
Retail sales <sup>2)</sup>	YoY	19.0	8.2	3.2	2.0	4.2	4.1
Average paid employment in enterprise sector	YoY	2.8	2.4	2.2	2.3	2.4	2.3
	MoM	0.2	-0.1	0.1	0.2	-0.1	-0.1
Average monthly gross wages and salaries in enterprise sector (real)	YoY	1.6	-0.3	-2.2	0.2	-3.0	-2.3
	MoM	-2.5	-5.0	0.9	2.9	-3.7	0.0
Harmonised unemployment rate (Eurostat)	%, SA	2.7	2.7	2.7	2.6	2.6	2.6
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							
<b>State Treasury debt</b>							
	Unit	2022	2022	2022	2022	2022	2022
		M03	M04	M05	M06	M07	M08
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 148 171.3	1 153 767.6	1 168 355.0	1 198 783.9	1 192 004.6	1 204 118.1
Domestic debt	face value, PLN m	895 722.3	899 905.8	910 660.4	935 266.7	919 089.2	929 963.6
	%	78.0	78.0	77.9	78.0	77.1	77.2
Foreign debt	face value, PLN m	252 448.9	253 861.8	257 694.6	263 517.2	272 915.4	274 154.6
	%	22.0	22.0	22.1	22.0	22.9	22.8
<b>Public debt (domestic definition)</b>							
	Unit	2021	2021	2021	2021	2022	2022
		Q01	Q02	Q03	Q04	Q01	Q02
Public debt (acc. to the place of issue criterion)	face value, PLN m	1 152 282.2	1 152 289.1	1 160 738.2	1 148 579.0	1 137 106.8	1 175 320.7
Domestic debt	face value, PLN m	845 843.4	855 430.0	858 651.6	859 054.7	860 633.7	887 973.1
	%	73.4	74.2	74.0	74.8	75.7	75.6
Foreign debt	face value, PLN m	306 438.9	296 859.0	302 086.6	289 524.2	276 473.1	287 347.6
	%	26.6	25.8	26.0	25.2	24.3	24.4
<b>General Government debt (EU definition)</b>							
General Government debt	face value, PLN m	1 389 977.4	1 402 163.1	1 418 823.4	1 410 499.6	1 415 769.6	1 453 456.9

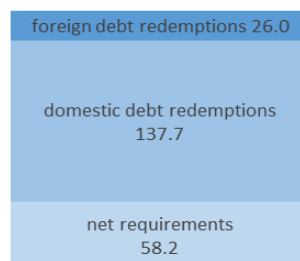
Source: MoF

### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Gross borrowing requirements in 2022 as of October 31, 2022, PLN bn

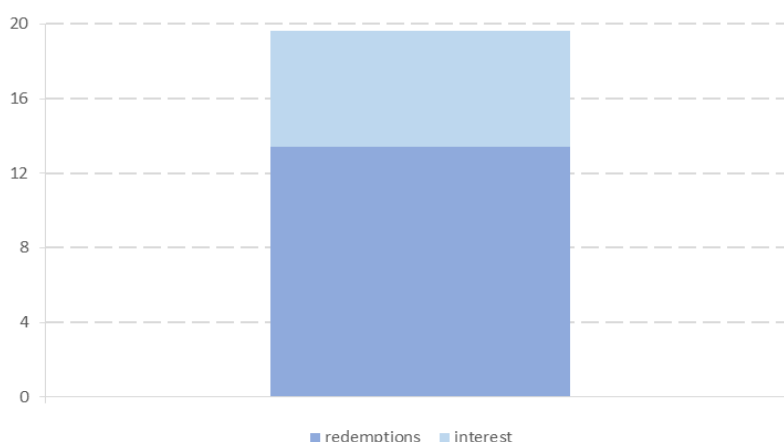
The State budget borrowing requirements for 2022 (acc. to the Budget Act) have been fully funded.

Gross borrowing requirements  
Total: PLN 222.0 bn, of which:



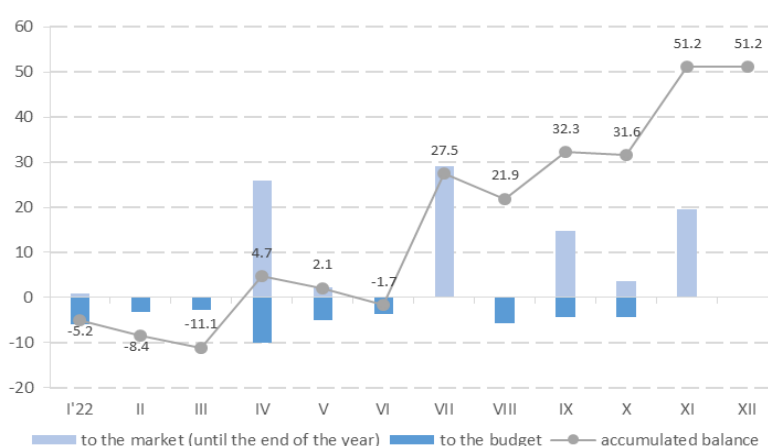
#### Flows of funds into the market related to domestic T-securities transfers in November as of October 31, 2022, PLN bn

Value of funds transferred from the State budget to the market in November shall amount to PLN 19.6bn, of which:  
- TS redemptions: PLN 13.4bn,  
- interest payments: PLN 6.2bn.



#### Flows of funds between the domestic market and the budget\* as at the end of month, PLN bn

As of October 31 2022, to the end of the year the funds to be transferred to the market shall amount to PLN 19.6bn.

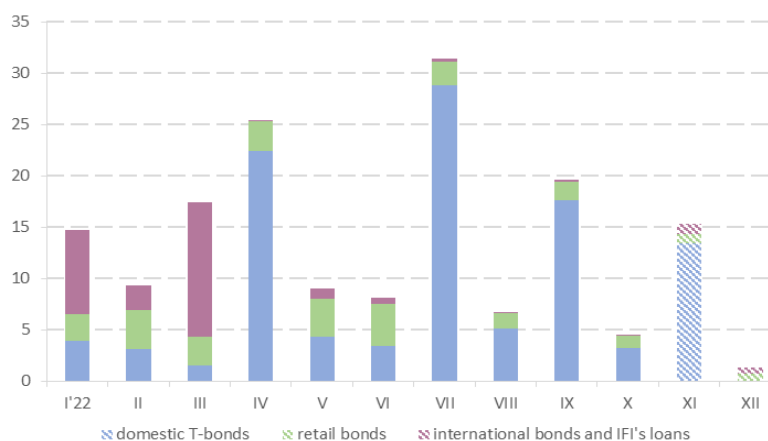


\* Figures include sale, redemptions and interest payments on wholesale T-securities; monthly financing plans will depend on market situation and feedback from investors, thus the detailed schedule of monthly flows to the budget to the period of October to the end of 2022 is not presented.

#### State Treasury debt redemptions in 2022 as at the end of month, nominal amount, PLN bn

The nominal amount of debt to be redeemed in 2022 (as of October 31, 2022), is equal to PLN 16.6bn, including:

- T-bonds: PLN 13.4bn,
- T-retail bonds: PLN 1.6bn,
- bonds and loans incurred on foreign markets: PLN 1.6bn.

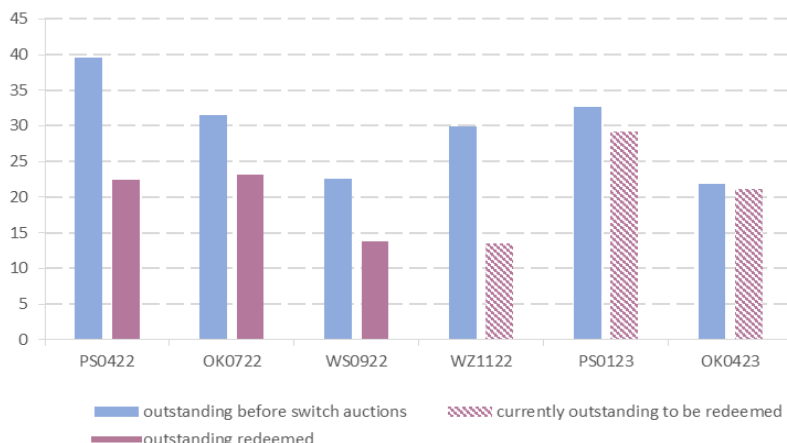


**Reducing refinancing risk connected with redemptions of domestic TS maturing in 2022 and 2023**

as of October 31, 2022, nominal amount, PLN bn

Buy-back of T-bonds maturing in years 2022 and 2023 (by switch):

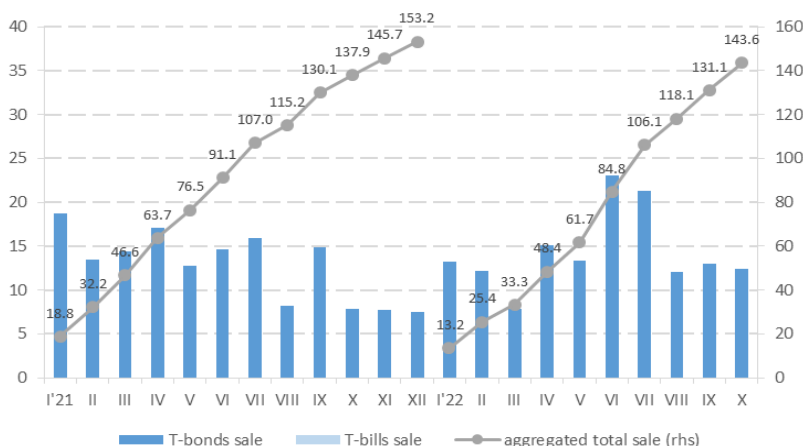
- PS0422: PLN 17.1bn (43% of the issuance),
- OK0722: PLN 8.2bn (26% of the issuance),
- WS0922: PLN 8.7bn (39% of the issuance),
- WZ1122: PLN 16.5bn (55% of the issuance),
- PS0123: PLN 3.5bn (11% of the issuance),
- OK0423: PLN 0.7bn (3% of the issuance).



**Sale of domestic TS in 2021 and 2022**

settlement date, nominal amount, PLN bn

In the period of I-X 2022 aggregated total sale of T-bonds amounted to PLN 143.6bn versus PLN 137.9bn in the same period of 2021.



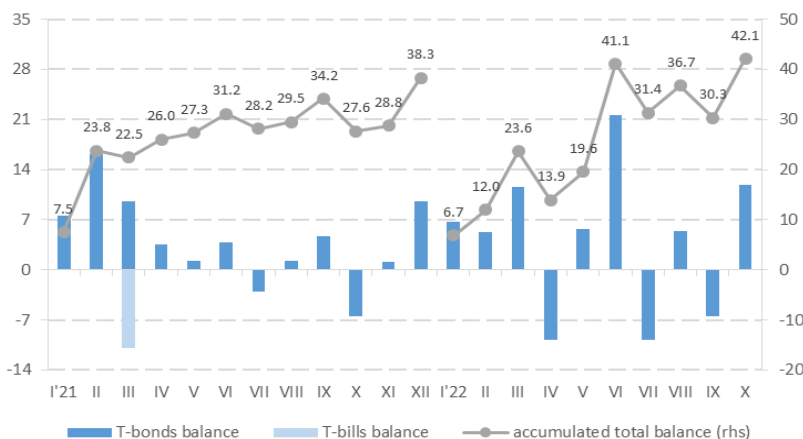
**Balance of domestic TS in 2021 and 2022**

settlement date, nominal amount, PLN bn

In the period of I-X 2022 indebtedness in:

- T-bonds increased by PLN 42.1bn versus increase of PLN 38.6bn in the same period of 2021,
- T-bills remained the same versus decrease of PLN 10.9bn in the same period of 2021.

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

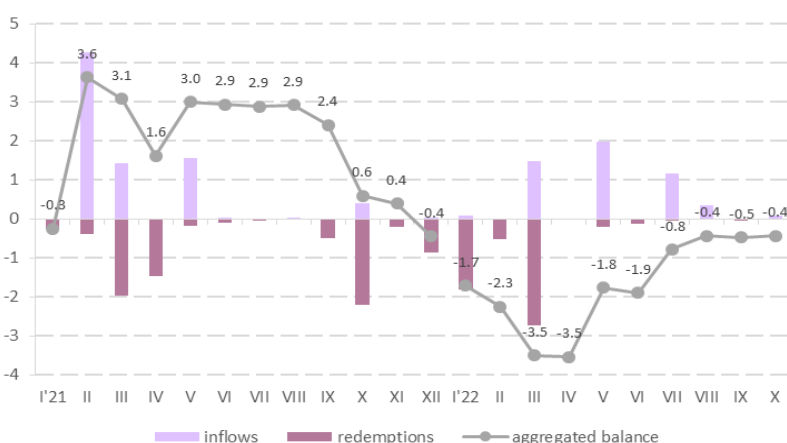


**External financing in 2021 and 2022**

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

Net financing on foreign markets in the period of I-X 2022 was negative and amounted to EUR 0.4bn, which resulted from:

- negative balance of T-bonds issuance of EUR 2.7bn,
- positive balance of loans incurred from IFIs at the level of EUR 0.8bn,
- positive balance of instrument SURE of EUR 1.5bn.

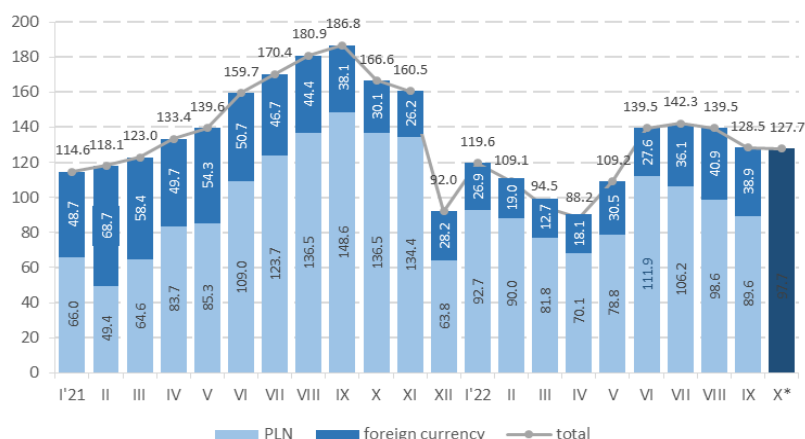


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### 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 October 2022 there was the equivalent of PLN 127.7bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

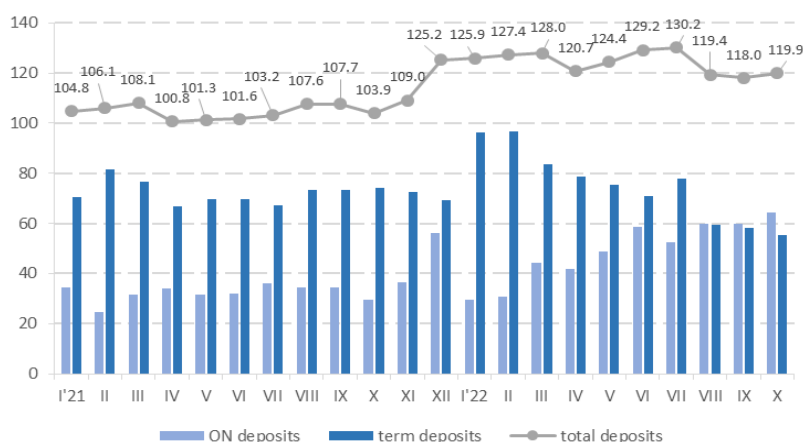


\* Estimated data.

#### Consolidation of public finance sector liquidity management

PLN bn

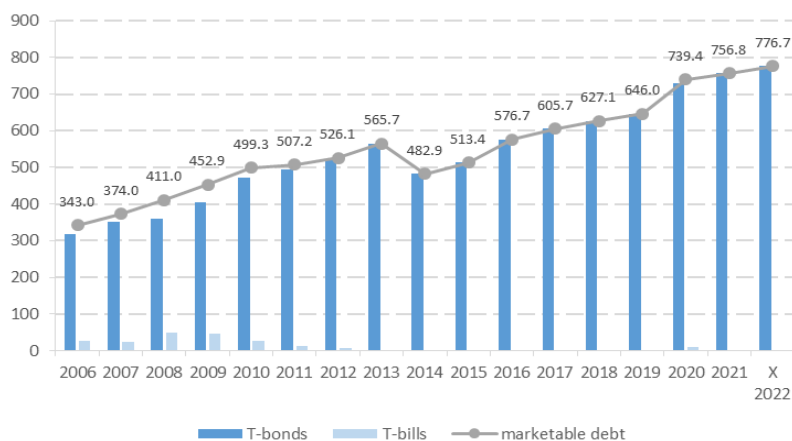
As a result of consolidation of public finances liquidity management there were PLN 119.9bn funds accumulated at the end of October 2022, of which PLN 55.5bn was as term deposits and PLN 64.5bn on ON deposits.



#### Structure of domestic marketable debt

PLN bn

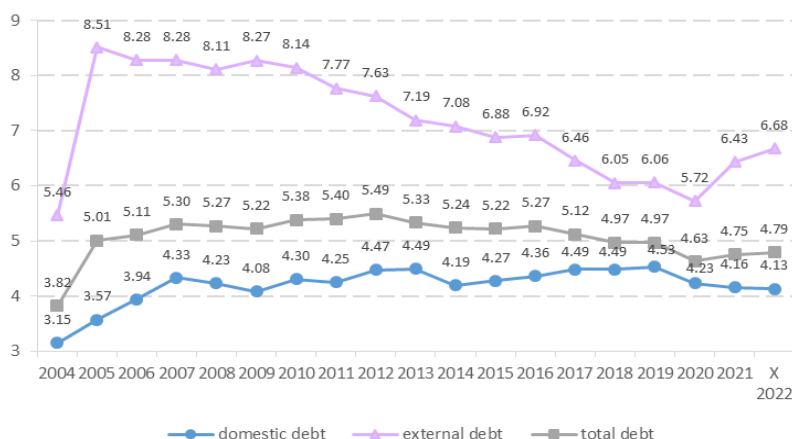
At the end of October 2022 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 776.7bn comparing to PLN 756.8bn at the end of 2021.



#### Average maturity

years

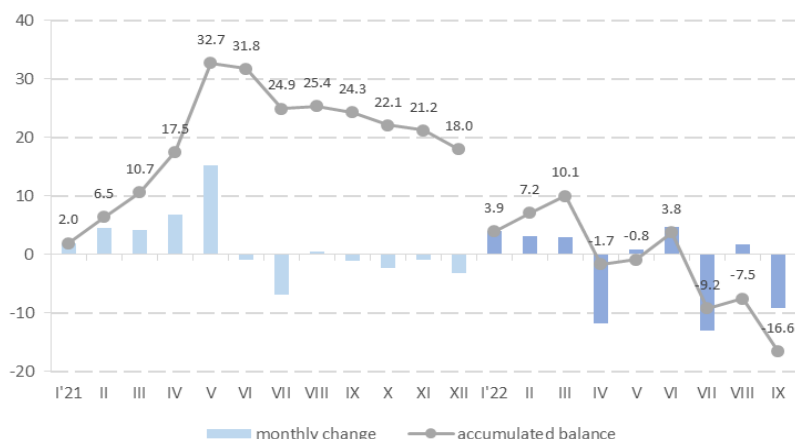
At the end of October 2022 the average maturity of domestic debt amounted to 4.13 years (at the end of 2021 4.16 as well). The average of total debt amounted to 4.79 years (4.75 years at the end of 2021).



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

PLN bn

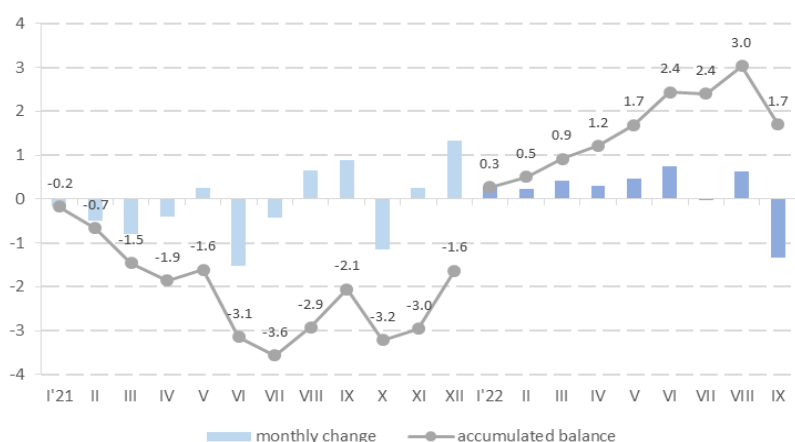
In the period of I-IX 2022 there was a decrease of debt by PLN 16.6bn comparing to PLN 24.3bn increase during the same period of 2021. Banks' holdings reached the level of PLN 431.9bn.



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

PLN bn

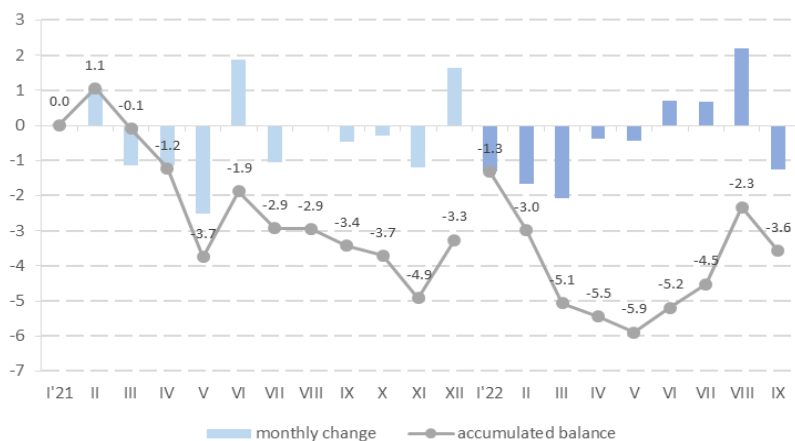
In the period of I-IX 2022 there was an increase of debt by PLN 1.7bn comparing to PLN 2.1bn a decrease during the same period of 2021. Insurance companies' holdings reached the level of PLN 57.4bn.



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

PLN bn

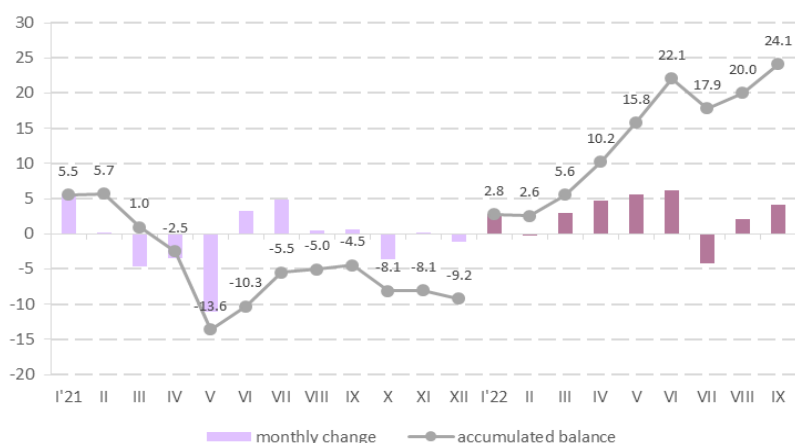
In the period of I-IX 2022 there was a decrease of debt by PLN 3.6bn comparing to PLN 3.4bn a decrease during the same period of 2021. Investment funds' holdings reached the level of PLN 41.7bn.



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

PLN bn

In the period of I-IX 2022 there was an increase of debt by PLN 24.1bn comparing to PLN 4.5bn a decrease during the same period of 2021. Foreign investors' holdings reached the level of PLN 148.7bn.



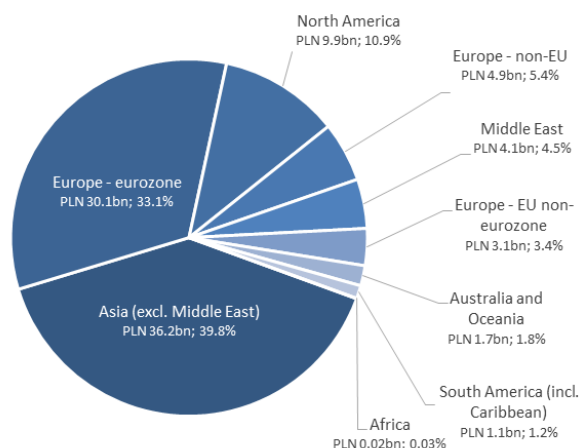


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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

as of September 30, 2022, the chart presents data excluding omnibus accounts

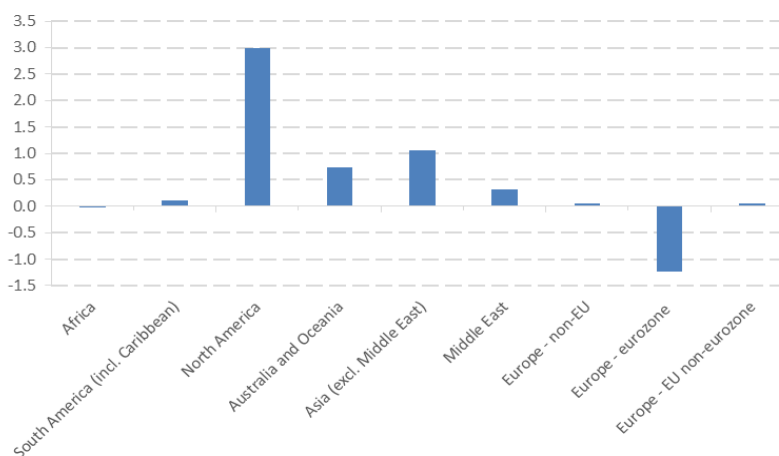
The non-residents' share in the domestic Treasury securities market increased by PLN 4.1bn in September 2022. The foreign investors' portfolio amounted to PLN 148.7bn, which constituted 17.5% share in total debt in TS (16.9% in the previous month).



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

change in September 2022, mom, PLN bn, the chart presents data excluding omnibus accounts

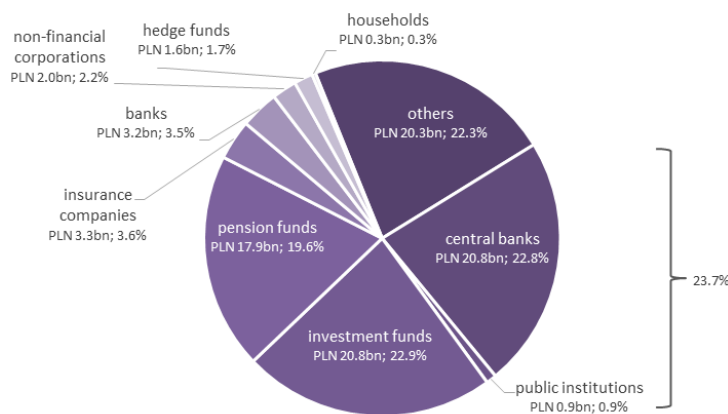
In September 2022 the highest increase was recorded by North America investors (PLN 3.0bn), while the highest decrease was noted by Eurozone investors (PLN 1.2bn).



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

as of September 30, 2022, the chart presents data excluding omnibus accounts

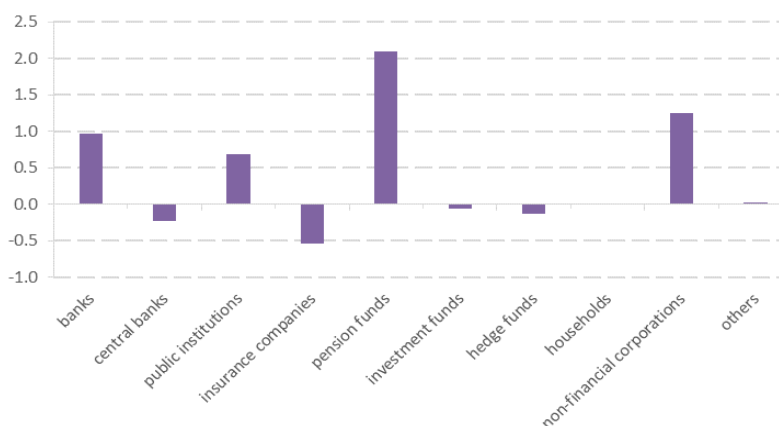
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 23.7% at the end September 2022.



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

change in September 2022, mom, PLN bn, the chart presents data excluding omnibus accounts

In September 2022 the highest increase was recorded by pension funds (PLN 2.1bn), while the highest decrease was noted by Insurance companies (PLN 0.5bn).



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

*change in September 2022, PLN bn*

Central banks and public institutions' involvement increased by PLN 0.5bn in September 2022. In the period from the end of January 2018 to the end of September 2022 portfolios of those entities decreased by PLN 20.0bn.



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

*as of September 30, 2022, 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	15 731.4	22.4%
Luxembourg	9 856.1	14.0%
United States	8 937.6	12.7%
Netherlands	7 477.7	10.6%
Ireland	6 259.2	8.9%
Germany	3 882.4	5.5%
United Kingdom	3 181.3	4.5%
Switzerland	1 604.9	2.3%
Denmark	1 584.0	2.3%
Australia	1 486.9	2.1%
France	1 474.4	2.1%
United Arab Emirates	1 067.5	1.5%
Canada	910.5	1.3%
Cayman Islands (the)	829.1	1.2%
Singapore	729.7	1.0%
Bulgaria	708.8	1.0%
Others	4 494.9	6.4%
<b>Total</b>	<b>70 216.5</b>	<b>100.0%</b>

**Comment**

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

*31-10-2022*

(...)

In November one T-bond switching auction and one T-bond sale auction are planned. T-bill auction is not planned.

In September indebtedness in domestic Treasury securities decreased by PLN 6.4bn. The involvement of domestic banks decreased by PLN 9.1bn and domestic non-banks investors by PLN 1.4bn, while the involvement of foreign investors increased by PLN 4.1bn.

## IV. SUPPLY PLAN OF TREASURY SECURITIES IN NOVEMBER 2022

### T-bond sale auction

Auction date	Settlement date	Series	Planned supply (PLN mln)
23-Nov-2022	25-Nov-2022	OK0724 / WZ1127 / PS0728 / DS0432 / WZ0533 / possible other T-bonds	3,000-6,000

### T-bond switching auction

Auction date / settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)*
3-Nov-2022 / 7-Nov-2022	OK0724 / WZ1127 / PS0728 / DS1030 / DS0432 / WZ0533	WZ1122	12,650
		PS0123	29,089
		OK0423	21,131
		DS1023	25,082

\* After settlement of auction held on November 3, 2022.

### T-bill auctions

Sale auctions of Treasury bills are not planned.

### Offer on the retail market

T-bond	Issue price	Coupon
OTS0223 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR1123 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 6.75% in the first coupon period
DOR1124 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.10%); 6.85% in the first coupon period
TOS1125 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 6.85%
COI1126 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.00%); 7.00% in the first coupon period
EDO1132 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%); 7.25% in the first coupon period
ROS1128 family bonds 6-year	100.00 PLN	Floating (inflation rate + 1.50%); 7.20% in the first coupon period
ROD1134 family bonds 12-year	100.00 PLN	Floating (inflation rate + 1.75%); 7.50% in the first coupon period