



State budget borrowing requirements' financing plan and its background

3rd Quarter 2024

July 2024

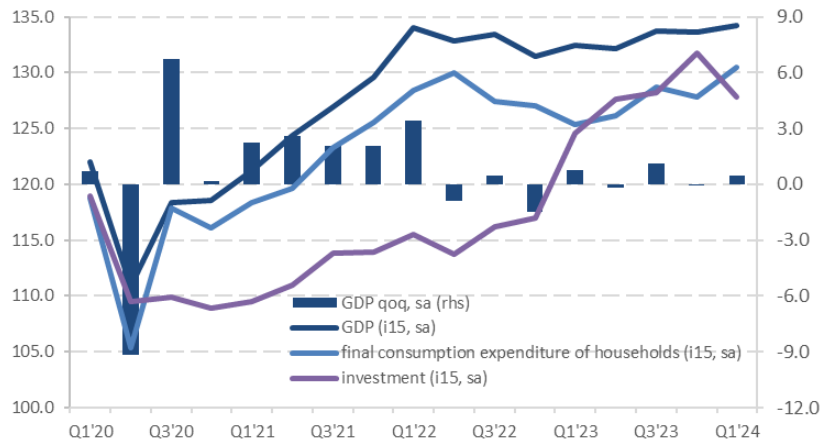
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I. MACROECONOMIC SITUATION

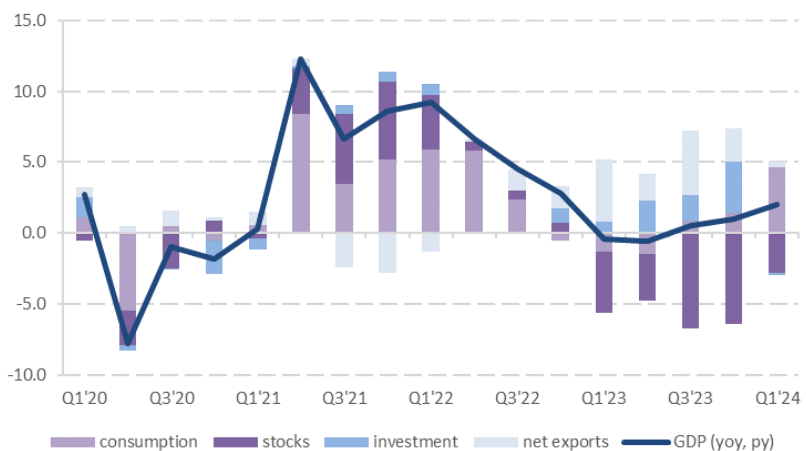
Gross domestic product of Poland
constant prices, seasonally adjusted data (sa)
source: GUS, Eurostat

In the first quarter of 2024, GDP increased by 0.5% (qoq, sa), after stabilizing a quarter earlier. Household consumption increased significantly (by 2.1%), after a decline in the previous quarter. However, investments - after a year and a half of uninterrupted growth - decreased by 3.0% (qoq, sa).



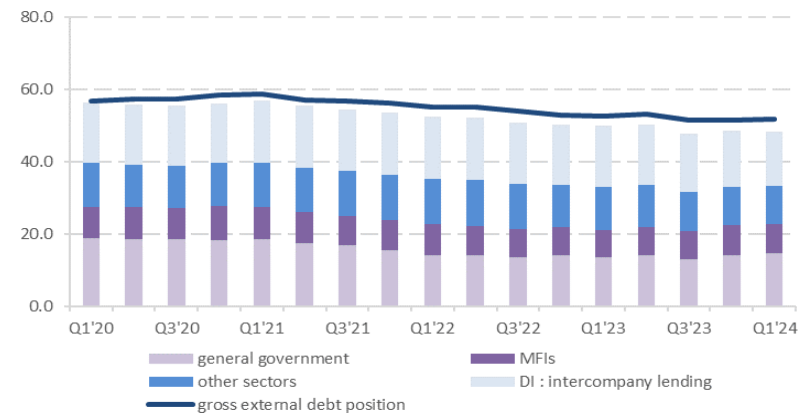
Contributions to Polish GDP growth
average prices of the previous year (py), yoy
source: GUS, MoF own calculation

The annual change in GDP recorded in the first quarter of 2024 (2.0%, py) was higher than that observed in previous quarters. The annual dynamics of private consumption also improved (104.6), supported by a high nominal increase in household disposable income and significantly lower inflation. However, investments decreased on annual basis. Public consumption recorded very high annual dynamics (the effect of high wage growth in the public sector). Net exports had only a slightly positive contribution to GDP growth (0.4 pp), with generally low (annual) dynamics of trade turnover. However, inventories had a significantly negative contribution to GDP growth, although to a lesser extent than in the individual quarters of 2023 (-2.8 percentage points).



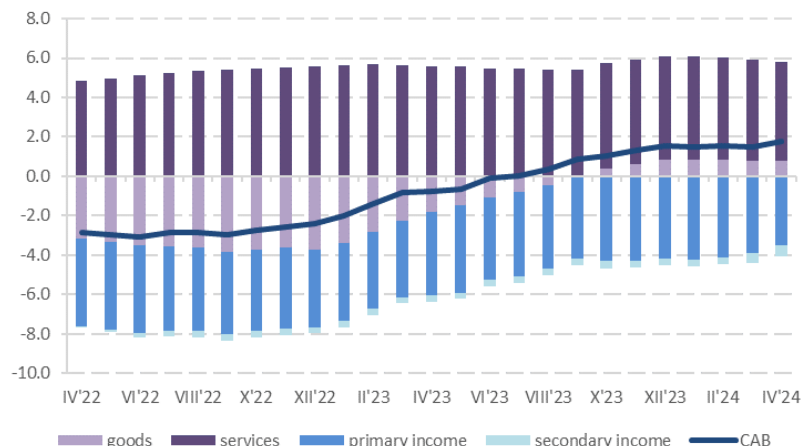
Polish gross external debt position
percent of GDP
source: NBP, GUS, MoF own calculation

At the end of the first quarter of 2024 gross external debt reached EUR 400.2bn (51.7% of GDP) and was EUR 11.9bn higher than in the previous quarter. The share of general government sector debt in total debt increased to 28.4%. At the end of April 2024 official reserve assets reached EUR 192.4bn and remained broadly adequate, covering nearly 6 months of imports.



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

In April 2024, taking into account new quarterly data, Poland's C/A surplus increased to 1.8% of GDP (in 12-month terms). Yearly imports dynamics for the second month in a row was slightly higher than exports dynamics. In addition both dynamics improved significantly compared to March, which to a large extent was the result of a reversal of calendar effects. Primary income deficit in relation to GDP decreased (monthly deficit in April 2023 was much deeper than this year) but remained the main source of the negative contribution to the external balance. Capital account surplus amounted to 0.7% of GDP increasing positive net lending/net borrowing (2.5% of GDP).

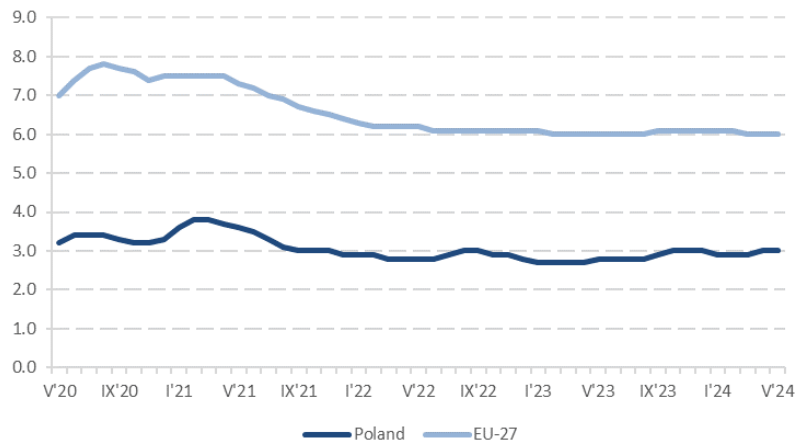


I. MACROECONOMIC SITUATION

Harmonised unemployment rate

percent, seasonally adjusted data
source: Eurostat

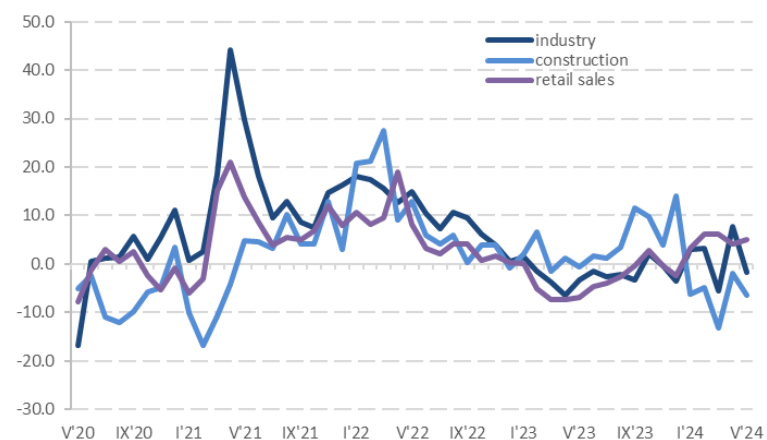
The harmonized unemployment rate (sa) amounted to 3.0% in May 2024 and it was at the same level as in the previous month and by 0.2 pp. higher than a year earlier. It was by 0.3 pp. higher than the historically lowest level recorded in January - April 2023. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (6.0% and 6.4%, respectively). In May 2024, among the EU countries, it was lower than in Poland only in Czechia.



Monthly indicators of the real sector

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

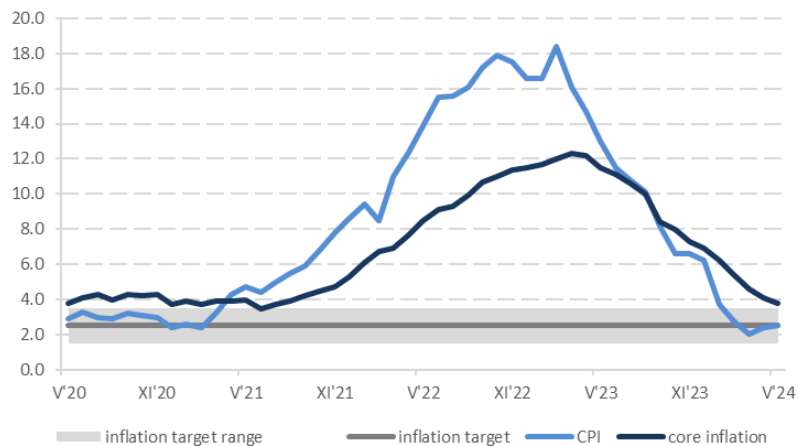
In May 2024 industrial production i.a. due to a lower number of working days was 1.7% lower than a year ago (nsa). The data were below market expectations. Construction production was by 6.5% (nsa) lower than a year ago. The data were below market expectations. Retail sales was by 5.0% (nsa) higher than a year ago. The data were close to market expectations.



Inflation

percent, yoy
source: GUS, NBP

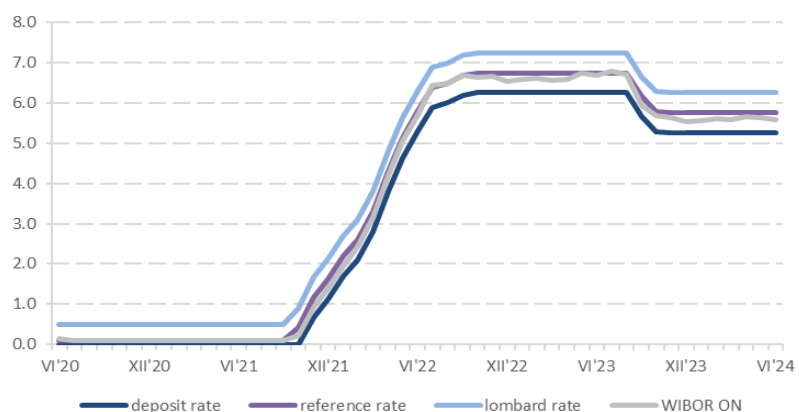
In May 2024 CPI inflation rate increased to 2.5% (yoy) reaching the NBP inflation target. The annual rate of food and non-alcoholic beverages prices amounted to 1.6% and energy prices were at the previous year's level (0,0% yoy). Core inflation decreased again to 3.8%. According to preliminary data in June CPI rate increase to 2.6%. In May producer prices were lower than a year before by 7.0%. The very low annual dynamics is related to the statistical base effect as well as the former drop of commodity prices on international markets and the strengthening of the zloty.



NBP interest rates

percent, end of period
source: NBP, Refinitiv

In June 2024, the Monetary Policy Council left NBP interest rates unchanged for the eighth month in a row. Reference rate was kept at 5.75%, lombard rate at 6.25%, while the deposit rate remained at 5.25%. The Council stated that the decision was driven by uncertainty as to inflation, related in particular to the impact of fiscal and regulatory policies on price developments, as well as the pace of economic recovery in Poland and labour market conditions.



II. STATISTICAL DATA

	Unit	2022 Q04	2023 Q01	Q02	Q03	Q04	2024 Q01
GDP							
Gross domestic product	YoY	2.8	-0.4	-0.6	0.5	1.0	2.0
	QoQ SA	-1.5	0.8	-0.2	1.1	0.0	0.5
Final consumption expenditure of the households sector	YoY	1.2	-1.8	-2.9	0.8	0.0	4.6
	QoQ SA	-0.3	-1.3	0.6	2.0	-0.7	2.1
Final consumption expenditure of the general government sector	YoY	-6.0	-1.1	1.1	2.5	7.5	10.9
	QoQ SA	-7.5	7.5	1.3	1.2	1.0	1.9
Gross fixed capital formation	YoY	4.9	6.0	16.5	11.3	15.8	-1.8
	QoQ SA	0.7	6.4	2.5	0.4	2.8	-3.0
Exports of goods and services	YoY	4.5	6.0	-0.6	4.5	3.6	0.5
	QoQ SA	-0.3	1.9	-2.8	6.0	-1.1	-1.3
Imports of goods and services	YoY	1.6	-1.0	-3.5	-2.9	-0.5	-0.1
	QoQ SA	-1.8	-1.4	-1.1	1.2	0.4	-0.5
Gross value added	YoY	3.4	0.8	1.0	1.1	1.7	1.7
	QoQ SA	-2.1	1.4	0.2	1.1	0.3	0.3
Contribution to GDP growth							
Final consumption expenditure of the households sector	pp	0.6	-1.1	-1.7	0.5	0.0	2.7
Final consumption expenditure of the general government sector	pp	-1.1	-0.2	0.2	0.4	1.4	1.9
Gross fixed capital formation	pp	1.0	0.8	2.3	1.8	3.6	-0.2
Changes in inventories	pp	0.7	-4.3	-3.3	-6.7	-6.4	-2.8
Balance of trade turnover	pp	1.6	4.4	1.9	4.5	2.4	0.4
Gross value added	pp	2.9	0.8	0.9	0.9	1.6	1.6
GDP structure							
Final consumption expenditure of the households sector	% of GDP	50.4	60.0	57.4	58.8	49.7	61.8
Final consumption expenditure of the general government sector	% of GDP	19.2	17.1	18.3	18.4	20.4	19.0
Gross fixed capital formation	% of GDP	21.9	12.9	15.8	16.8	24.4	12.5
Changes in inventories	% of GDP	6.0	2.2	0.2	-0.9	-0.2	-0.4
Exports of goods and services	% of GDP	59.5	64.3	60.6	55.4	52.1	55.8
Imports of goods and services	% of GDP	57.9	57.5	53.2	49.7	47.3	49.7
Balance of payments							
	Unit	2023 M12	2024 M01	M02	M03	M04	M05
Goods: exports (EUR)	YoY	-6.2	-3.3	1.8	-8.5	5.5	-
Goods: imports (EUR)	YoY	-10.6	-4.6	1.7	-7.6	5.7	-
Current account balance ¹⁾	% of GDP	1.6	1.5	1.5	1.5	1.8	-
Balance on goods ¹⁾	% of GDP	0.8	0.9	0.9	0.8	0.8	-
Official Reserve Assets	EUR m	175 402.9	175 161.1	173 252.8	187 795.6	192 399.8	191 803.6
Inflation							
Consumer Price Index (CPI)	YoY	6.2	3.7	2.8	2.0	2.4	2.5
Core inflation (CPI excluding food and energy prices)	YoY	6.9	6.2	5.4	4.6	4.1	3.8
Producer Price Index (PPI)	YoY	-6.9	-10.6	-10.0	-9.9	-8.5	-7.0
Production							
Sold production of industry ²⁾	YoY	-3.5	2.9	3.3	-5.6	7.8	-1.7
	MoM SA	0.5	0.6	-0.2	-5.2	6.3	-2.1
Construction and assembly production ²⁾	YoY	14.0	-6.2	-4.9	-13.3	-2.0	-6.5
	MoM SA	14.5	-16.2	0.9	-3.7	2.3	0.1
Manufacturing PMI	SA	47.4	47.1	47.9	48.0	45.9	45.0
Households and labour market							
Retail sales ²⁾	YoY	-2.3	3.2	6.1	6.1	4.1	5.0
Average paid employment in enterprise sector	YoY	-0.1	-0.2	-0.2	-0.2	-0.4	-0.5
	MoM	0.0	0.3	-0.1	-0.1	0.0	-0.2
Average monthly gross wages and salaries in enterprise sector (real)	YoY	3.2	8.8	9.9	9.8	8.7	8.7
	MoM	4.6	-3.7	2.4	5.2	-2.7	-3.4
Harmonised unemployment rate (Eurostat)	%, SA	3.0	2.9	2.9	2.9	3.0	3.0
<small>1) Data in 12-month terms 2) Constant prices. Data for units in which the number of employed persons exceeds 9 persons Source: Statistics Poland, NBP, Eurostat, S&P Global, MoF calculation based on NBP, Statistics Poland data</small>							
State Treasury debt							
	Unit	2023 M11	M12	M01	2024 M02	M03	M04
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 309 350.8	1 346 199.4	1 364 987.3	1 383 018.1	1 430 341.8	1 445 547.6
Domestic debt	face value, PLN m	1 026 288.1	1 042 416.7	1 061 222.7	1 081 179.6	1 097 764.9	1 096 300.5
	%	78.4	77.4	77.7	78.2	76.7	75.8
Foreign debt	face value, PLN m	283 062.7	303 782.7	303 764.6	301 838.4	332 576.9	349 247.1
	%	21.6	22.6	22.3	21.8	23.3	24.2
Public debt (domestic definition)							
	Unit	2022 Q04	2023 Q01	Q02	Q03	Q04	2024 Q1
Public debt (acc. to the place of issue criterion)	face value, PLN m	1 209 497.9	1 209 817.2	1 241 612.6	1 275 306.2	1 328 087.6	1 416 918.8
Domestic debt	face value, PLN m	896 575.4	898 137.2	925 382.1	954 964.4	998 763.1	1 058 968.1
	%	74.1	74.2	74.5	74.9	75.2	74.7
Foreign debt	face value, PLN m	312 922.5	311 679.9	316 230.5	320 341.8	329 324.5	357 950.6
	%	25.9	25.8	25.5	25.1	24.8	25.3
General Government debt (EU definition)							
General Government debt	face value, PLN m	1 512 772.7	1 532 406.7	1 581 806.5	1 624 395.8	1 691 147.8	1 771 816.8

Source: MoF

III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Gross borrowing requirements in 2024 as of June 30, 2024, PLN bn

Financing of the State budget borrowing requirements at the level of 75% (acc. to the Budget Act) was a result of:

- T-bond sale on domestic market: PLN 131.7bn,
- switch auctions in 2024: PLN 26.5bn,
- T-bond sale on foreign markets: PLN 47.2bn,
- loans incurred from European Union (RRF): PLN 15.5bn,
- loans incurred from IFIs: PLN 0.3bn,
- - switch auctions in 2023: PLN 29,4bn,
- - and higher financial resources at the end of 2023: PLN 87.3bn.

Outflows of funds related to domestic marketable T-securities transfers in July plan as of June 30, 2024, PLN bn

Value of funds transferred from the State budget to the market in July shall amount to PLN 19.3bn, of which:

- TS redemptions: PLN 10.7bn,
- interest payments: PLN 8.7bn.

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

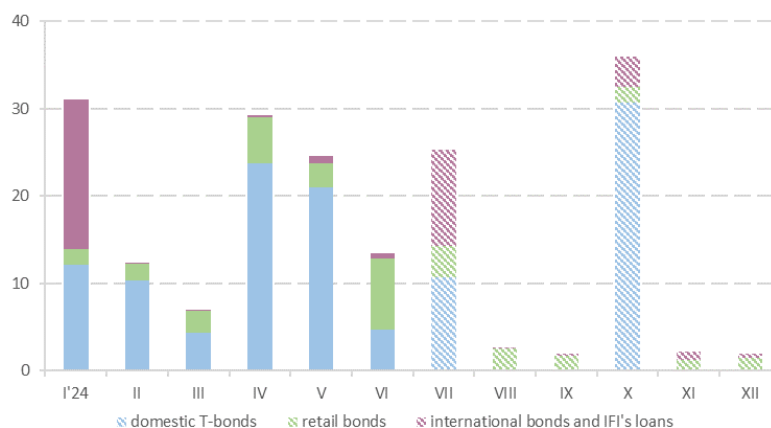
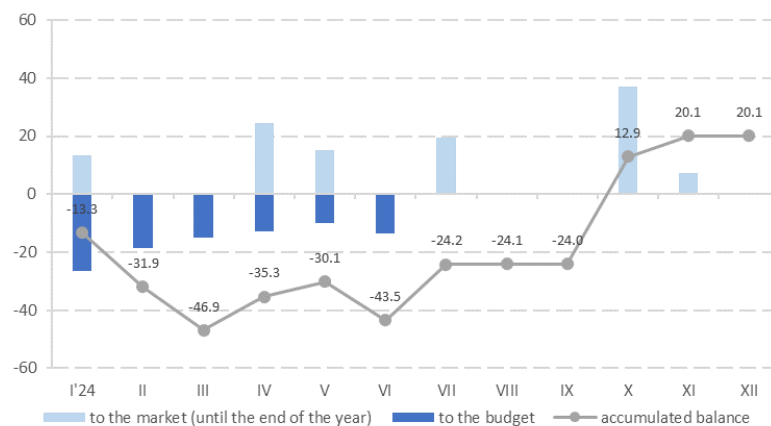
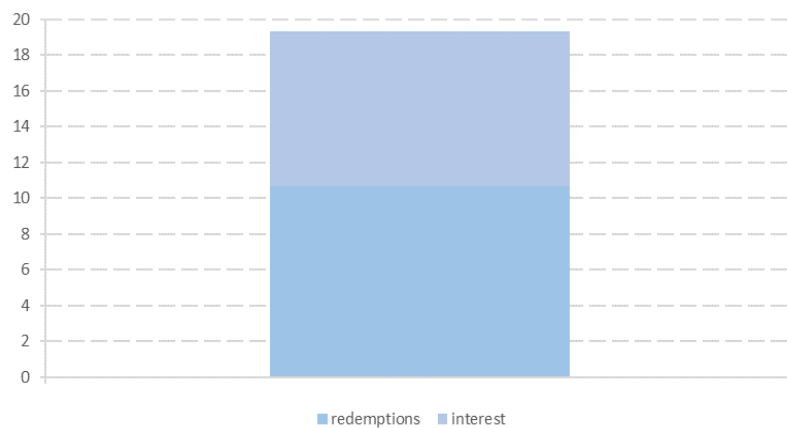
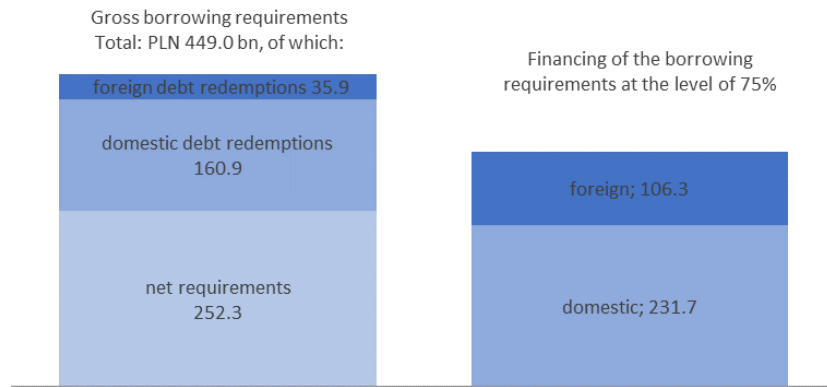
As of June 30 2024, to the end of the 2024 year the funds to be transferred to the market shall amount to PLN 63.6bn.

*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 budget in the following months is not presented.

State Treasury debt redemptions in 2024 as at the end of month, nominal amount, PLN bn

The nominal amount of debt to be redeemed in 2024 (as of June 30, 2024), is equal to PLN 70.0bn, including:

- T-bonds: PLN 41.4bn,
- T-retail bonds: PLN 12.3bn,
- bonds and loans incurred on foreign markets: PLN 16.3bn.

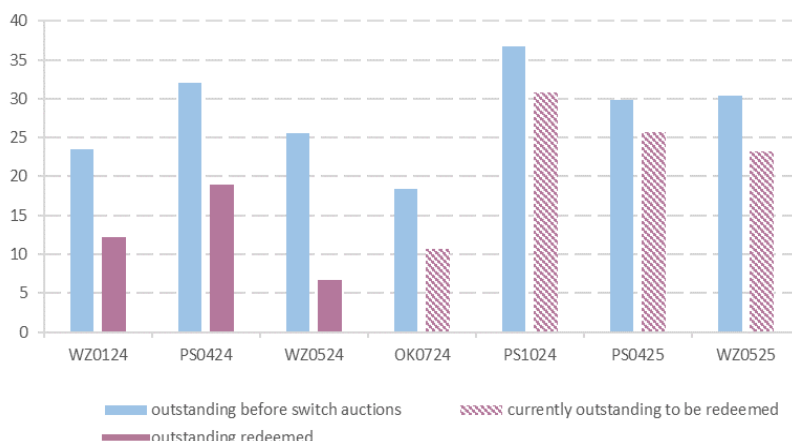


Reducing refinancing risk connected with redemptions of domestic TS maturing in 2024

as of June 30, 2024, nominal amount, PLN bn

Buy-back of T-bonds maturing in 2024 and in 2025 (by switch):

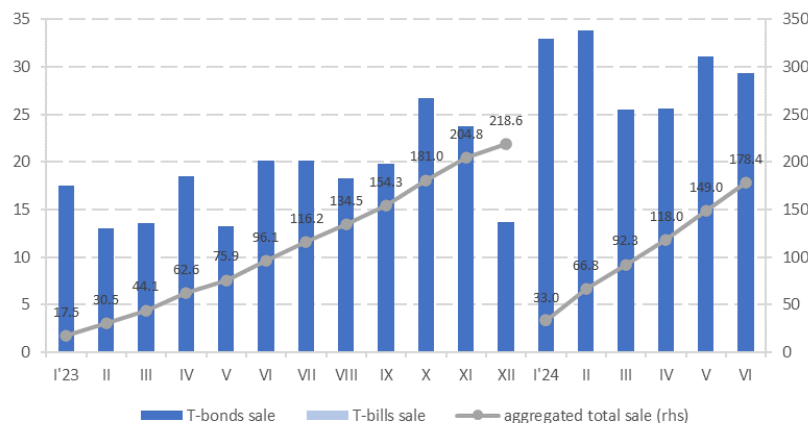
- WZ0124: PLN 11.3bn (48% of the issuance),
- PS0424: PLN 13.1bn (41% of the issuance),
- WZ0524: PLN 18.9bn (74% of the issuance),
- OK0724: PLN 7.7bn (42% of the issuance),
- PS1024: PLN 6.0bn (16% of the issuance),
- PS0425: PLN 4.2bn (14% of the issuance),
- WZ0525: PLN 7.2bn (24% of the issuance).



Sale of domestic TS in 2023 and 2024

settlement date, nominal amount, PLN bn

In the period of I-VI 2024 aggregated total sale of T-bonds amounted to PLN 178.4bn versus PLN 96.1bn in the same period of 2023. T-bills were not sold.



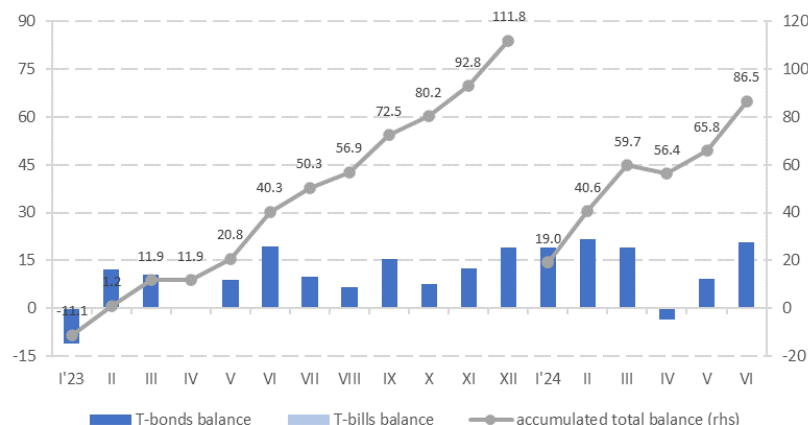
Balance of domestic TS in 2023 and 2024

settlement date, nominal amount, PLN bn

In the period of I-VI 2024 indebtedness in:

- T-bonds increased to PLN 86.5bn versus increased of PLN 40.3bn in the same period of 2023,
- 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.

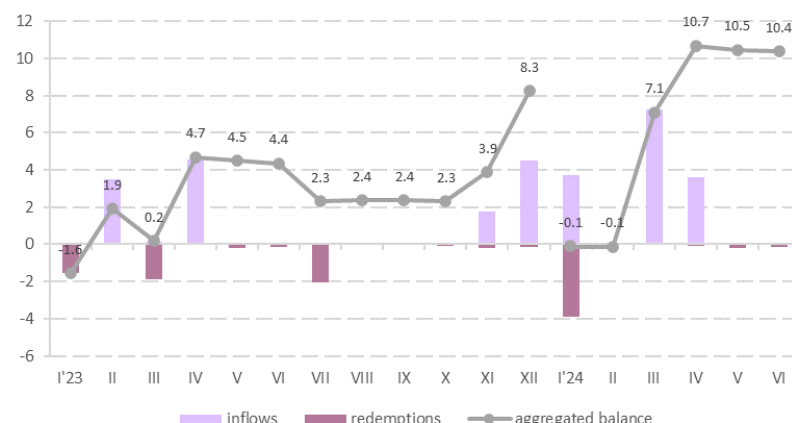


External financing in 2023 and 2024

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

Net financing on foreign markets in the period of I-VI 2024 was positive and amounted to EUR 10.4bn, which resulted from:

- positive balance of T-bonds issuance of EUR 7.1bn,
- negative balance of loans incurred from IFIs at the level of EUR 0.4bn,
- positive balance of loans incurred from European Union (RRF) at the level of EUR 3.6bn.



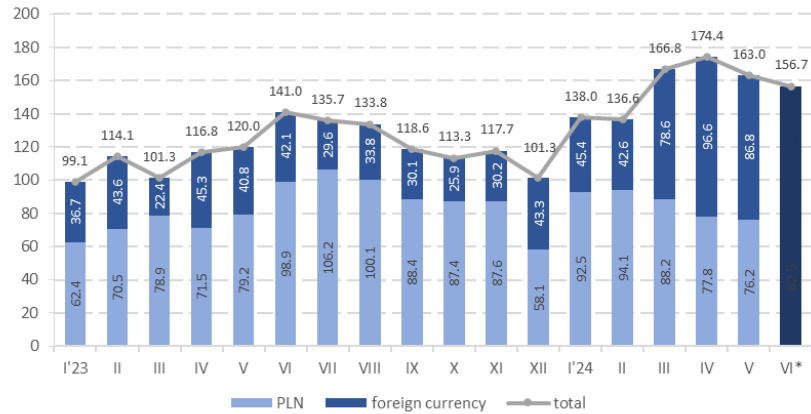
III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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 June 2024 there was the equivalent of PLN 156.7bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

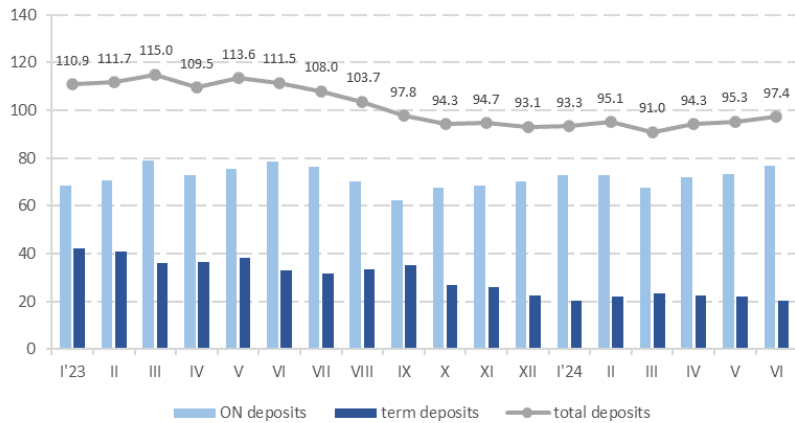
* Estimated data.



Consolidation of public finance sector liquidity management

PLN bn

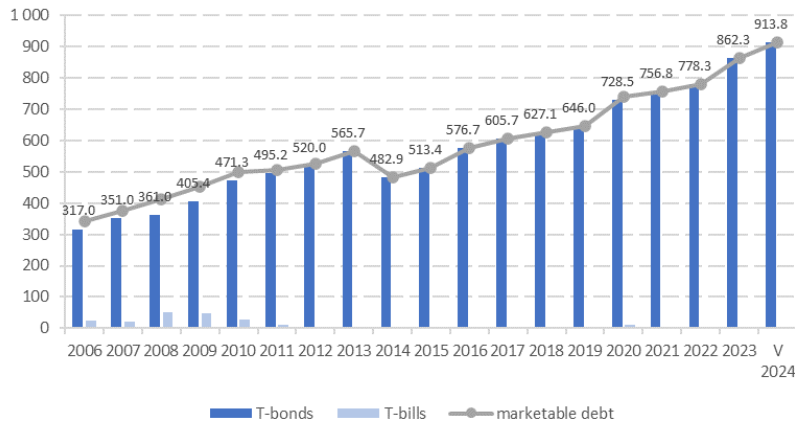
At the end of June 2024 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 97.4bn, of which PLN 20.5bn was as term deposits and PLN 76.9bn on ON deposits.



Structure of domestic marketable debt

PLN bn

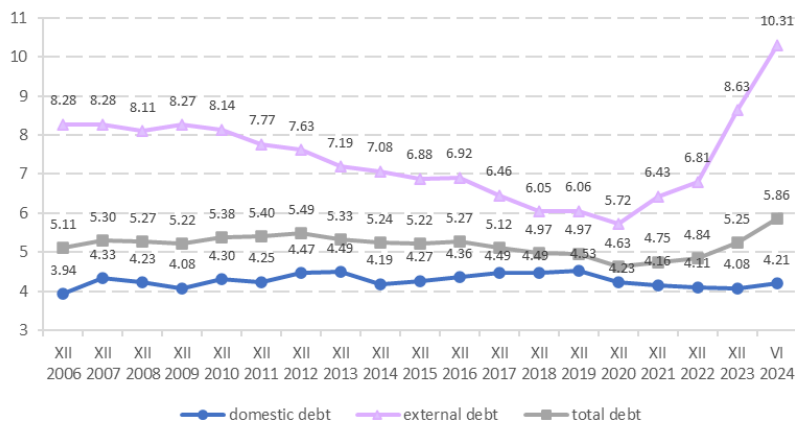
At the end of May 2024 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 913.8bn comparing to PLN 862.3bn at the end of 2023.



Average maturity

years

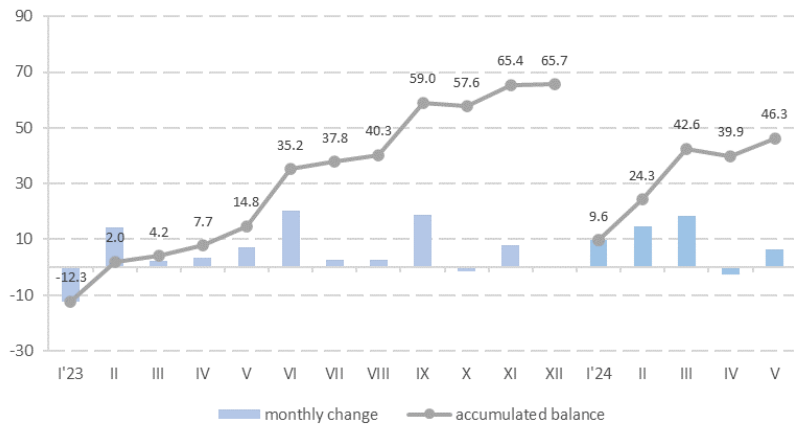
At the end of June 2024 the average maturity of domestic debt amounted to 4.21 years (while at the end of 2023 it was 4.08 years). The average of total debt amounted to 5.86 years (5.25 years at the end of 2023).



Change of debt in the domestic TS held by banks

PLN bn

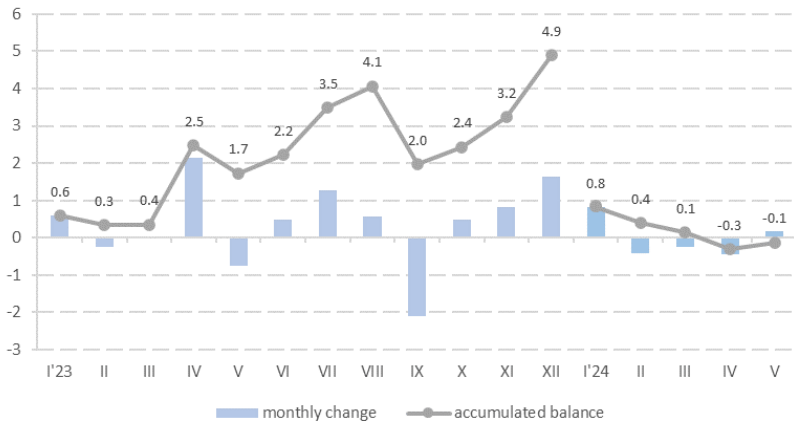
In the period of I-V 2024 there was an increase of debt by PLN 46.3bn comparing to PLN 14.8bn increase during the same period of 2023. Banks' holdings reached the level of PLN 540.1bn.



Change of debt in the domestic TS held by insurance companies

PLN bn

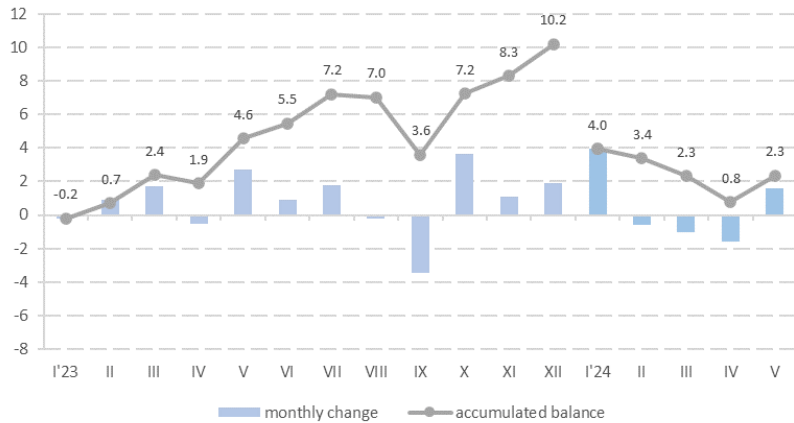
In the period of I-V 2024 there was a decrease of debt by PLN 0.1bn comparing to PLN 1.7bn increase during the same period of 2023. Insurance companies' holdings reached the level of PLN 64.4bn.



Change of debt in the domestic TS held by investment funds

PLN bn

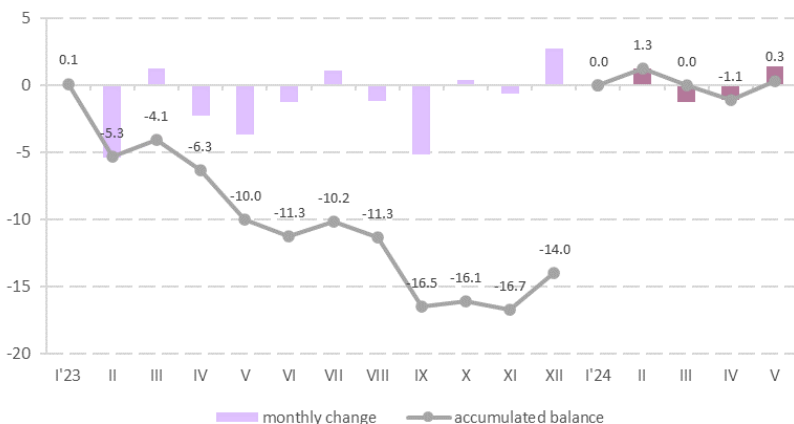
In the period of I-V 2024 there was an increase of debt by PLN 2.3bn comparing to PLN 4.6bn increase during the same period of 2023. Investment funds' holdings reached the level of PLN 59.6bn.



Change of debt in the domestic TS held by foreign investors

PLN bn

In the period of I-V 2024 there was an increase of debt by PLN 0.3bn comparing to PLN 10.0bn decrease during the same period of 2023. Foreign investors' holdings reached the level of PLN 132.5bn.

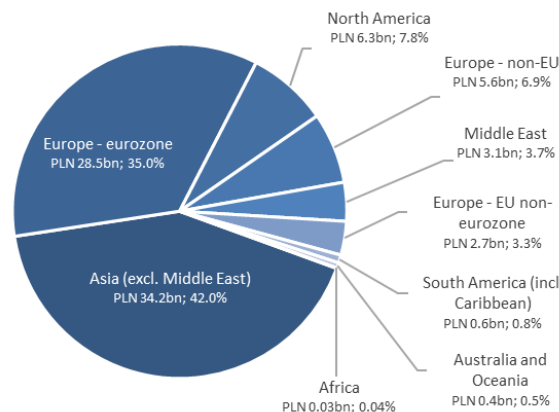


III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

Geographical distribution of the domestic TS held by non-residents

as of May 31, 2024, the chart presents data excluding omnibus accounts

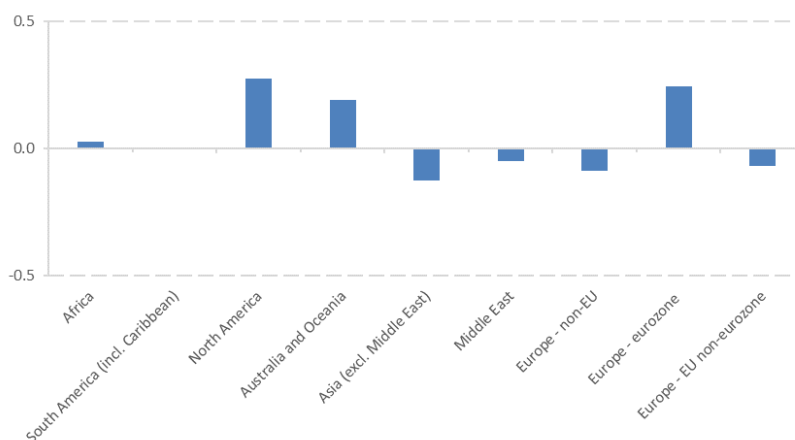
The non-residents' share in the domestic Treasury securities market increased by PLN 1.4bn in May 2024. The foreign investors' portfolio amounted to PLN 132.5bn, which constituted 12.7% share in total debt in TS (same as 12.7% in the previous month).



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

change in May 2024, mom, PLN bn, the chart presents data excluding omnibus accounts

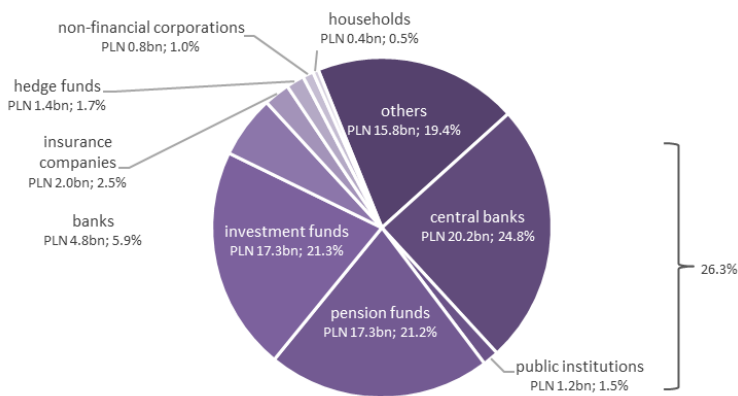
In May 2024 the highest increase was noted by investors from North America (PLN 0.3bn). The highest decrease was noted by investors from Asia (excl. Middle East) (PLN 0.1bn).



Institutional distribution of the domestic TS held by non-residents

as of May 30, 2024, the chart presents data excluding omnibus accounts

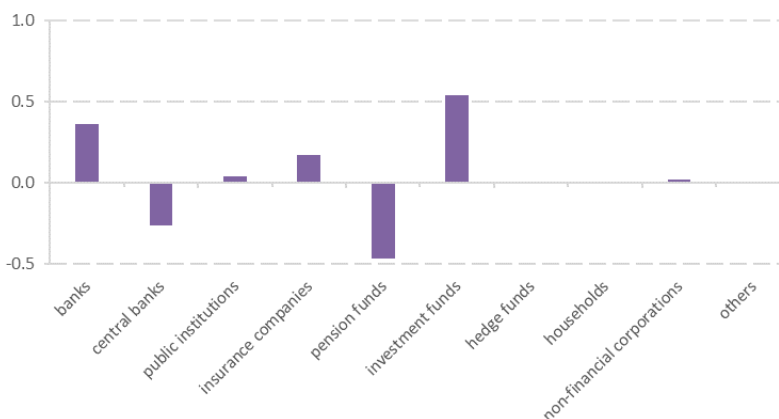
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 26.3% at the end of May 2024.



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

change in May 2024, mom, PLN bn, the chart presents data excluding omnibus accounts

In May 2024 the highest increase was recorded by investments funds (PLN 0.5bn), while the highest decrease was noted by pension funds (PLN 0.5bn).



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

change in May 2024, PLN bn

Central banks and public institutions' involvement decreased by PLN 0.2bn in May 2024. In the period from the end of January 2018 to the end of May 2024 portfolios of those entities decreased by PLN 20.1bn.



Structure of non-residents' holdings in TS by countries

as of May 31, 2024, 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	14 431.0	23.6%
Luxembourg	9 847.4	16.1%
Netherlands	8 783.1	14.4%
United States	5 701.1	9.3%
Germany	4 381.1	7.2%
United Kingdom	3 229.3	5.3%
Ireland	3 100.9	5.1%
Switzerland	1 832.8	3.0%
France	1 474.2	2.4%
Denmark	870.8	1.4%
Singapore	844.3	1.4%
Czech Republic	808.8	1.3%
Bulgaria	698.4	1.1%
Others	5 200.1	8.5%
Total	61 203.3	100.0%

Comment

Jurand Drop, Undersecretary of State, MoF

30-06-2024

At the end of June, financing of the State budget borrowing requirements was at the level of 75%. We estimate there was the equivalent of ca. PLN 150.0bn on the budgetary accounts at the end of a month.

Two sales auctions and one switching auction are planned in July. No Treasury bill auctions are planned.

In May 2024, the indebtedness in Treasury securities on the domestic market increased by PLN 9.4bn. The involvement of domestic banks increased by PLN 6.4bn and domestic non-bank investors increased by PLN 1.6bn, while foreign investors indebtedness increased by PLN 1.4bn.

General assumptions

- T-bond auctions are planned according to the announced yearly issuance calendar,
- offer of T-bonds on the domestic market will depend on the budget and market situation as well as the consultations with investors,
- auctions of Treasury bills will be held within the confines of the State budget liquidity management,
- foreign financing will be determined by the situation on the international financial market and the domestic market as well as by budget conditions,
- the announced plan may be modified subject to the market situation.

Offer of T-bonds on the domestic market

- **sale auctions:**
five auctions, total supply PLN 25.0-45.0 bn, the structure of the sold T-bonds will be subject to the market situation,
- **switch auctions:**
three auctions - securities offered to repurchase will be T-bonds maturing in 2024 and in 2025.

Offer of T-bills

Detailed information on the offer of T-bills will be presented in the monthly issuance plans.

Foreign financing

- possible loans from International Financial Institutions up to EUR 0.4 bn.

V. SUPPLY PLAN OF TREASURY SECURITIES IN JUNE 2024

T-bond sale auctions

Auction date	Settlement date	Series	Planned offer (PLN m)*
23 July 2024	25 July 2024	OK0426 / PS0729 / WZ1129 / DS1034 / IZ0836 / possible other T-bond	5,000-10,000
29 July 2024	31 July 2024	OK0426 / PS0729 / WZ1129 / DS1034 / IZ0836 / possible other T-bond	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)
10 July 2024 / 12 July 2024	OK0426 / PS0729 / WZ1129 / DS1034 / IZ0836 possible other T-bond	PS1024	30,748
		PS0425	25,728
		WZ0525	23,243

T-bill auctions

Sale auctions of Treasury bills are not planned.

Offer on the retail market

T-bond	Issue price	Coupon
OTS1024 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR0725 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 5.95% in the first coupon period
DOR0726 2-year	100.00 PLN (99.85 PLN for rolling-over)	Floating (NBP reference rate + 0.35%); 6.15% in the first coupon period
TOS0727 3-year	100.00 PLN (99.80 PLN for rolling-over)	Fixed: 6.20%
COI0728 4-year	100.00 PLN (99.70 PLN for rolling-over)	Floating (inflation rate + 1.50%); 6.55% in the first coupon period
EDO0734 10-year	100.00 PLN (99.60 PLN for rolling-over)	Floating (inflation rate + 2.00%); 6.80% in the first coupon period
ROS0730 family bonds 6-year	100.00 PLN	Floating (inflation rate + 2.00%); 6.75% in the first coupon period
ROD0736 family bonds 12-year	100.00 PLN	Floating (inflation rate + 2.50%); 7.05% in the first coupon period