



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

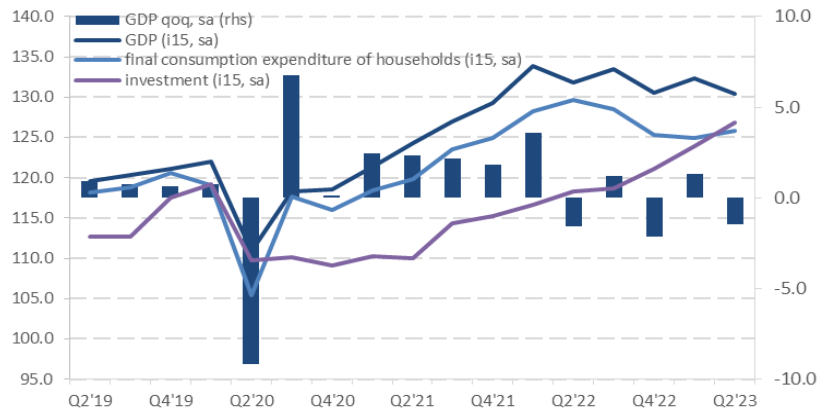
November 2023

### THE MOST IMPORTANT INFORMATION

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

According to revised data, in the second quarter of 2023 GDP decreased by 1.4% (qoq, sa) after a 1.3% increase in the previous quarter. Household consumption increased slightly (qoq, sa) after three consecutive quarters of decline, its level was still lower than a year ago. Consumer demand was negatively affected by among others high inflation and higher nominal NBP rates. On the other hand, investments proved to be resistant to unfavourable macroeconomic conditions (uncertainty, higher nominal interest rates) and have remained in the upward trend since the third quarter of 2021.



**Contributions to Polish GDP growth**

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

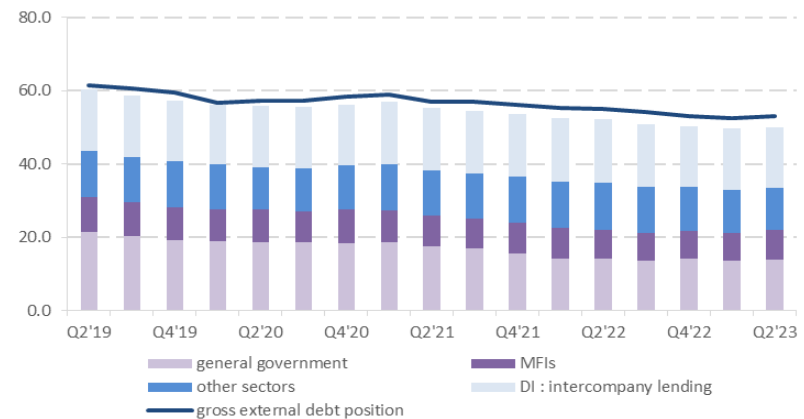
In the second quarter of 2023 GDP was 0.6% (py) lower than a year earlier. Household consumption was 2.8% lower than in the second quarter of 2022 while investment 10.5% higher. Contribution of inventories was strongly negative (-3.0 pp). Weaker dynamics of domestic demand weighted on imports growth and in consequence net exports positive contribution to GDP growth amounted to 2.1 pp.



**Polish gross external debt position**

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

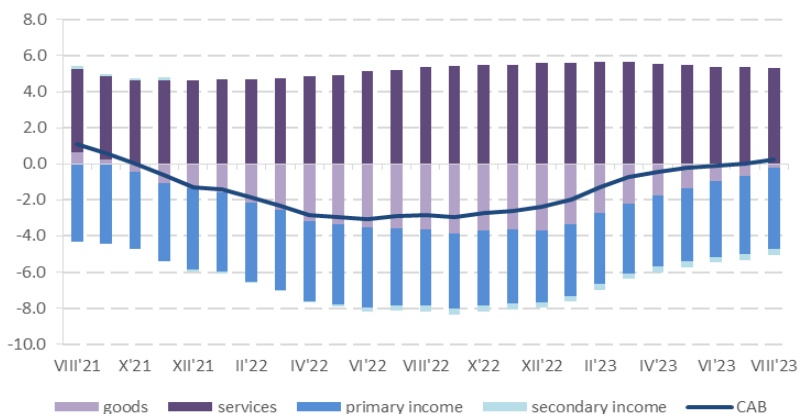
At the end of the second quarter of 2023, gross external debt reached EUR 371.0bn (53.0% of GDP) and was EUR 16.8bn higher than in the previous quarter. The share of general government sector debt in total debt increased slightly to 26.5%. At the end of August 2023 official reserve assets reached EUR 167.5bn 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, according to preliminary data, Poland's C/A balance was positive and amounted to 0.3% of GDP (in 12-month terms). Goods balance recorded eight monthly surplus in a row, mainly due to weak imports dynamics. In August five out of six main imports categories, recorded a decline compared to the previous year, especially fuels and intermediate goods. The upward trend continued in imports of transportation equipment (mainly new passenger cars). The trade in goods balance was favourably influenced by improvement in terms of trade accompanied by a decline in transaction prices. This positive trend was partially offset by slight deterioration of primary income balance.

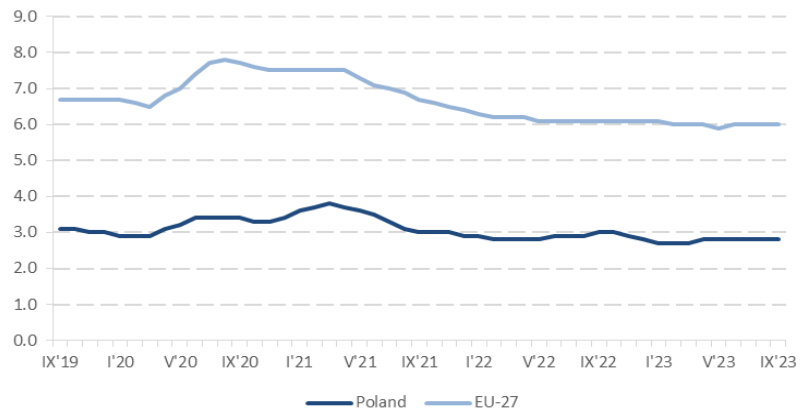


## I. MACROECONOMIC SITUATION

### Harmonised unemployment rate

percent, seasonally adjusted data  
source: Eurostat

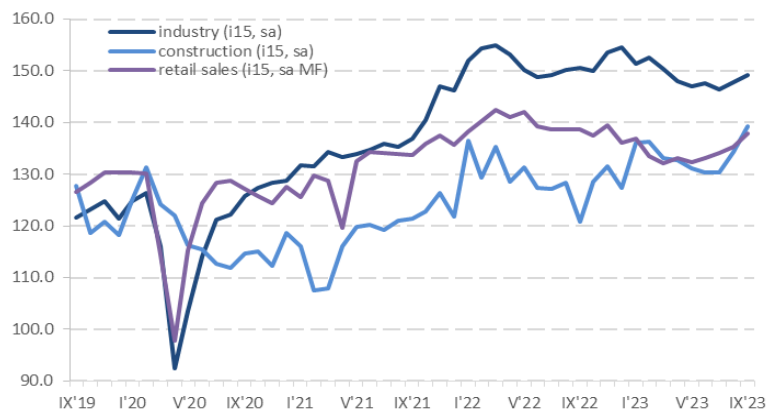
The harmonized unemployment rate (sa) amounted to 2.8% in September 2023 and it was at the same level as in five previous months and by 0.2 pp. lower than a year earlier. It was by 0.1 pp. higher than the historically lowest level recorded in January-March 2023. The unemployment rate in Poland is currently clearly lower than the average in the EU-27 and the euro area (6.0% and 6.5%, respectively). In September 2023, among the EU countries, only in the Czech Republic the unemployment rate was lower than in Poland and in Malta it was at the same level as in Poland.



### Monthly indicators of the real sector

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

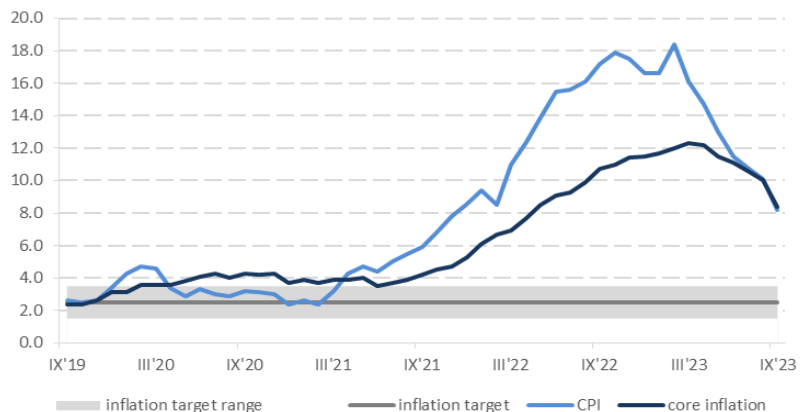
In September 2023 industrial production increased by 0.9% (mom, sa) and was 3.1% lower than a year ago (nsa). Data were slightly above market expectations. Construction production increased by 3.7% (mom, sa). Its production level was by 11.5% (nsa) higher than a year ago. The data were well above market expectations. Retail sales increased the fourth time in a row (mom, sa MoF). The sales level was by 0.3% (nsa) lower than a year ago. The data were above market expectations.



### Inflation

percent, yoy  
source: GUS, NBP

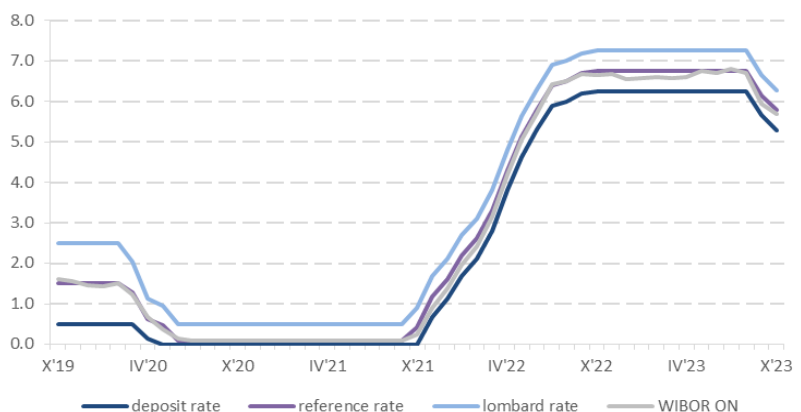
In September 2023, just like in previous months, inflation rate decreased significantly and achieved one-digit level at 8.2% (yoy). Fall in inflation rate was caused both by the statistical effect of significant price increase a year before and by price drop just in September (mom). Annual rate of food prices were higher by 10.4% (yoy), energy by 4.1% and core inflation diminished to 8.4%. In October according to preliminary data inflation decreased to 6.5% (i.e. slightly below market expectations). In September producer prices were lower than a year before by 2.8% and in the last seven months this pace lowered by 21 percentage points. Decline of PPI index was mainly connected with drop of commodity prices on international markets and previous strengthening of the zloty.



### NBP interest rates

percent, end of period  
source: NBP, Refinitiv

In October 2023, the Monetary Policy Council cut NBP's interest rates by 0.25 percentage points. Reference rate was reduced to 5.75%, lombard rate to 6.25%, while the deposit rate was set at 5.25%. The cut followed September's decision to reduce rates by 0.75 percentage points. According to the post-meeting press release the Council assessed that incoming data confirm weak demand and cost pressure in the economy as well as reduced inflation pressure amongst the weakened external economic conditions.



## II. STATISTICAL DATA

	Unit	2022 Q01	Q02	Q03	Q04	2023 Q01	Q02
<b>GDP</b>							
Gross domestic product	YoY	8.8	6.3	4.1	2.5	-0.3	-0.6
	QoQ SA	3.6	-1.5	1.2	-2.1	1.3	-1.4
Final consumption expenditure of the households sector	YoY	8.8	8.5	2.9	1.0	-2.0	-2.8
	QoQ SA	2.6	1.1	-0.9	-2.5	-0.3	0.8
Final consumption expenditure of the general government sector	YoY	2.7	3.8	3.0	-6.2	-0.3	2.2
	QoQ SA	0.9	0.6	0.2	-9.1	10.6	0.9
Gross fixed capital formation	YoY	5.1	6.5	2.5	5.6	6.8	10.5
	QoQ SA	1.3	1.3	0.4	2.0	2.3	2.4
Exports of goods and services	YoY	6.2	6.7	9.8	4.5	3.8	-3.2
	QoQ SA	1.0	2.8	1.7	-0.7	-0.5	-3.6
Imports of goods and services	YoY	9.3	8.7	8.2	1.6	-3.2	-6.8
	QoQ SA	0.9	2.1	1.1	-2.1	-3.5	-2.3
Gross value added	YoY	8.9	6.3	4.4	3.1	0.9	0.8
	QoQ SA	4.2	-1.7	1.1	-2.3	3.6	-2.3
<b>Contribution to GDP growth</b>							
Final consumption expenditure of the households sector	pp	5.3	4.8	1.6	0.5	-1.3	-1.6
Final consumption expenditure of the general government sector	pp	0.6	0.7	0.6	-1.2	-0.1	0.4
Gross fixed capital formation	pp	0.7	1.0	0.4	1.2	0.9	1.5
Changes in inventories	pp	3.7	0.5	0.4	0.4	-4.4	-3.0
Balance of trade turnover	pp	-1.5	-0.7	1.1	1.6	4.6	2.1
Gross value added	pp	7.8	5.4	3.8	2.7	0.8	0.6
<b>GDP structure</b>							
Final consumption expenditure of the households sector	% of GDP	61.3	59.4	57.9	50.4	59.8	57.3
Final consumption expenditure of the general government sector	% of GDP	17.4	18.4	18.0	19.1	17.3	18.5
Gross fixed capital formation	% of GDP	12.5	15.3	16.1	22.1	12.7	16.2
Changes in inventories	% of GDP	7.1	3.6	5.8	5.9	2.3	0.3
Exports of goods and services	% of GDP	62.8	65.9	63.0	59.6	63.7	59.2
Imports of goods and services	% of GDP	62.1	63.6	61.9	58.1	56.7	52.5
	Unit	2023 M04	M05	M06	M07	M08	M09
<b>Balance of payments</b>							
Goods: exports (EUR)	YoY	1.5	3.8	3.5	0.2	-2.2	-
Goods: imports (EUR)	YoY	-9.8	-5.3	-6.0	-7.3	-12.3	-
Current account balance <sup>1)</sup>	% of GDP	-0.5	-0.2	-0.1	0.0	0.3	-
Balance on goods <sup>1)</sup>	% of GDP	-1.7	-1.3	-1.0	-0.7	-0.2	-
Official Reserve Assets	EUR m	162 022.5	165 176.1	166 802.8	164 831.2	167 517.7	169 680.6
<b>Inflation</b>							
Consumer Price Index (CPI)	YoY	14.7	13.0	11.5	10.8	10.1	8.2
Core inflation (CPI excluding food and energy prices)	YoY	12.2	11.5	11.1	10.6	10.0	8.4
Producer Price Index (PPI)	YoY	6.2	2.8	0.3	-2.1	-2.9	-2.8
<b>Production</b>							
Sold production of industry <sup>2)</sup>	YoY	-6.0	-2.8	-1.1	-2.3	-1.9	-3.1
	MoM SA	-1.5	-0.7	0.4	-0.7	0.9	0.9
Construction and assembly production <sup>2)</sup>	YoY	1.1	-0.6	1.6	1.1	3.5	11.5
	MoM SA	-0.3	-1.3	-0.6	0.0	3.0	3.7
Manufacturing PMI	SA	46.6	47.0	45.1	43.5	43.1	43.9
<b>Households and labour market</b>							
Retail sales <sup>2)</sup>	YoY	-7.3	-6.8	-4.7	-4.0	-2.7	-0.3
	MoM	0.1	-0.1	-0.1	0.0	-0.2	-0.1
Average paid employment in enterprise sector	YoY	0.4	0.4	0.2	0.1	0.0	0.0
	MoM	-1.7	-3.4	2.1	2.2	-1.6	0.6
Average monthly gross wages and salaries in enterprise sector (real)	YoY	-2.2	-0.7	0.4	-0.3	1.7	2.0
	MoM	-1.7	-3.4	2.1	2.2	-1.6	0.6
Harmonised unemployment rate (Eurostat)	%, SA	2.8	2.8	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>							
	Unit	2023 M03	M04	M05	M06	M07	M08
<b>State Treasury debt</b>							
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 240 853.6	1 256 204.8	1 266 579.5	1 277 476.1	1 271 360.0	1 278 076.6
Domestic debt	face value, PLN m	953 234.2	953 625.1	966 523.6	984 906.5	991 051.8	993 645.7
	%	76.8	75.9	76.3	77.1	78.0	77.7
Foreign debt	face value, PLN m	287 619.4	302 579.7	300 055.8	292 569.7	280 308.3	284 430.9
	%	23.2	24.1	23.7	22.9	22.0	22.3
	Unit	2022 Q01	Q02	Q03	Q04	2023 Q01	Q02
<b>Public debt (domestic definition)</b>							
Public debt (acc. to the place of issue criterion)	face value, PLN m	1 137 020.3	1 175 336.9	1 181 504.9	1 209 495.8	1 209 849.6	1 241 597.5
Domestic debt	face value, PLN m	860 547.2	887 989.3	875 322.0	896 573.3	898 170.0	925 367.4
	%	66.5	65.3	67.5	68.2	67.8	68.9
Foreign debt	face value, PLN m	276 473.1	287 347.6	306 182.9	312 922.5	311 679.6	316 230.1
	%	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	1 415 681.9	1 453 467.9	1 479 605.1	1 512 153.6	1 531 831.6	1 581 164.3

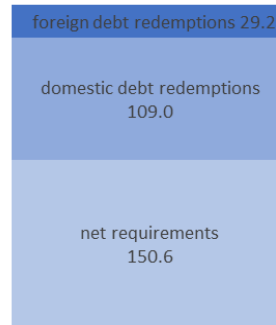
Source: MoF

### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Gross borrowing requirements in 2023 as of October 31, 2023, PLN bn

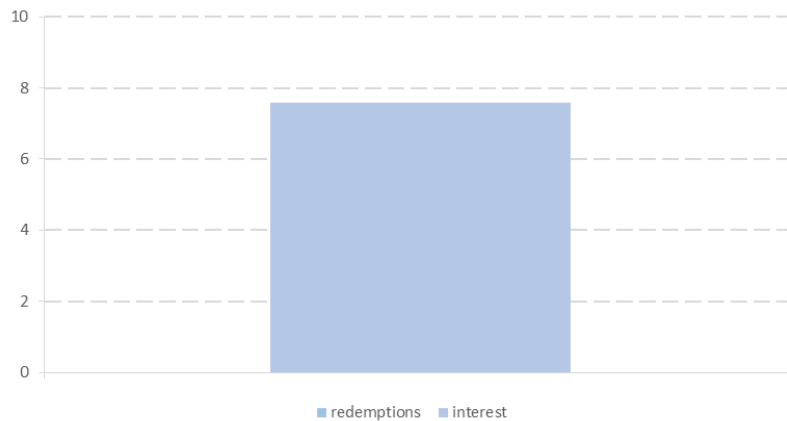
The State budget borrowing requirements for 2023 (acc to the amended Budget Act) have been fully funded.

Gross borrowing requirements  
Total: PLN 288.8 bn, of which:



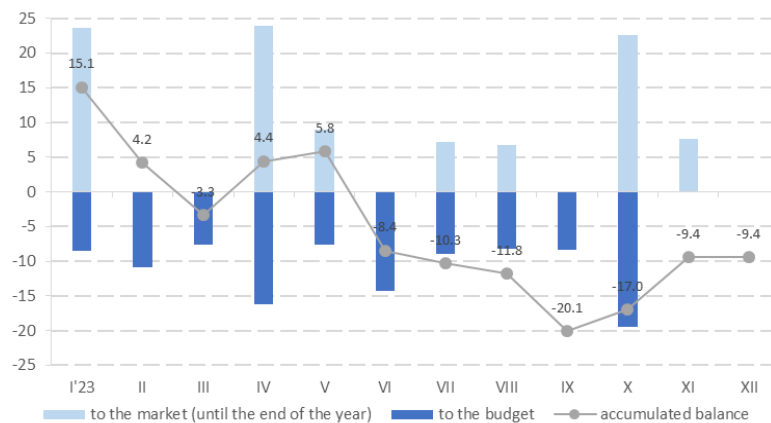
#### Outflows of funds related to domestic marketable T-securities transfers in November plan as of October 31, 2023

Value of funds transferred from the State budget to the market in November shall amount to PLN 7.6bn (interest payments).



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

As of October 31 to the end of the 2023 the funds to be transferred to the market shall amount to PLN 7.6bn.

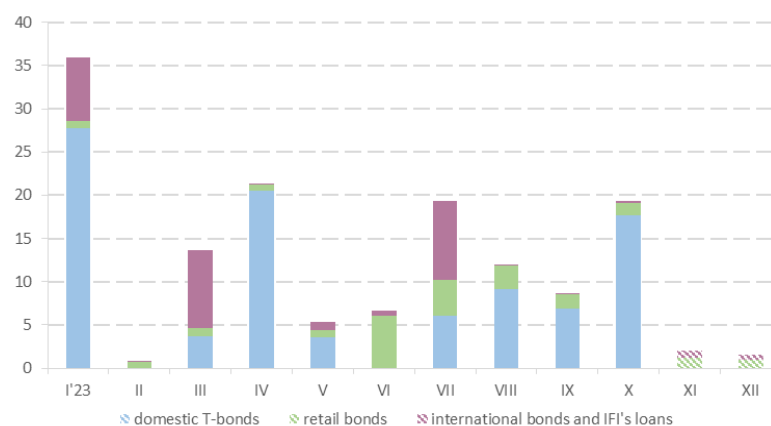


\*figures include sale, redemptions and interest payments on wholesale T-securities; monthly financing plans will depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.

#### State Treasury debt redemptions in 2023 as at the end of month, nominal amount, PLN bn

The nominal amount of debt to be redeemed in 2023 (as of October 31, 2023), is equal to PLN 3.7bn, including:

- T-bonds: PLN 0.0bn,
- T-retail bonds: PLN 2.2bn,
- bonds and loans incurred on foreign markets: PLN 1.5bn.

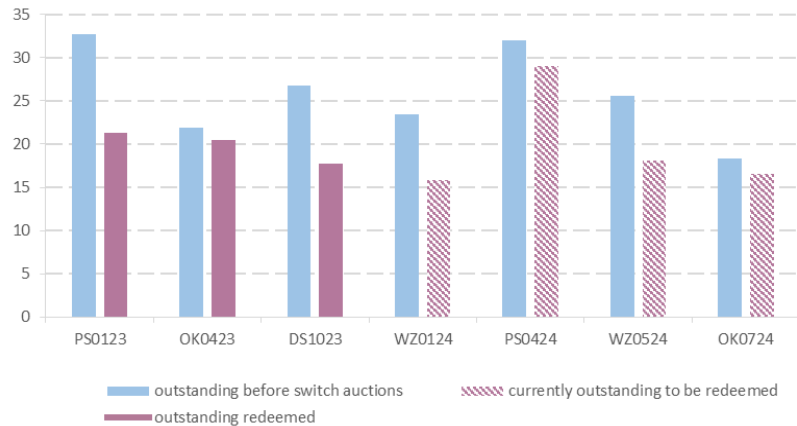


**Reducing refinancing risk connected with redemptions of domestic TS maturing in 2023 and 2024**

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

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

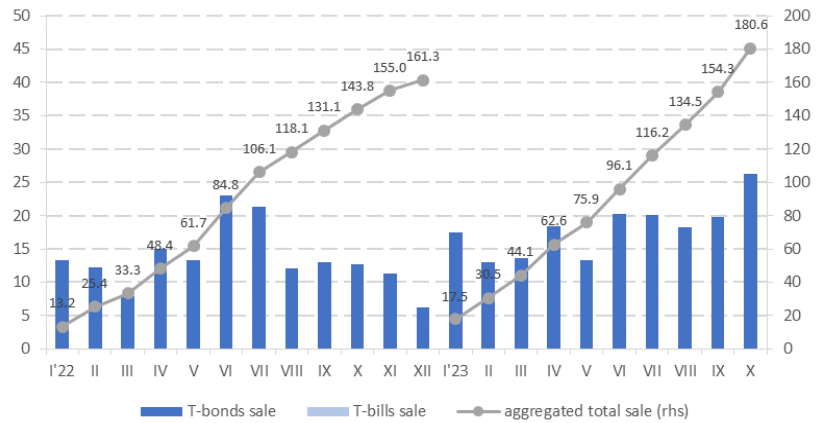
- PS0123: PLN 11.3bn (35% of the issuance),
- OK0423: PLN 1.4bn (6% of the issuance),
- DS1023: PLN 9.1bn (34% of the issuance),
- WZ0124: PLN 7.7bn (33% of the issuance),
- PS0424: PLN 3.0bn (9% of the issuance),
- WZ0524: PLN 7.5bn (29% of the issuance),
- OK0724: PLN 1.9bn (10% of the issuance).



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

settlement date, nominal amount, PLN bn

In the period of I-X 2023 aggregated total sale of T-bonds amounted to PLN 180.6bn versus PLN 143.8bn in the same period of 2022. T-bills were not sold.

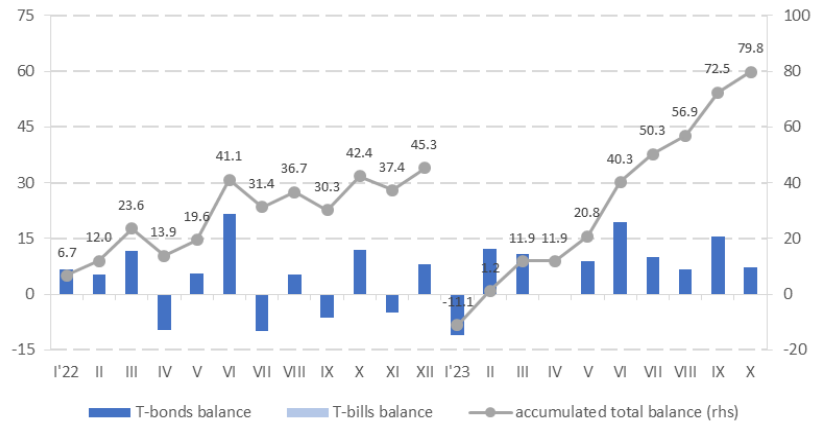


**Balance of domestic TS in 2022 and 2023**

settlement date, nominal amount, PLN bn

In the period of I-X 2023 indebtedness in T-bonds increased by PLN 79.8bn versus increase of PLN 42.4bn 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.

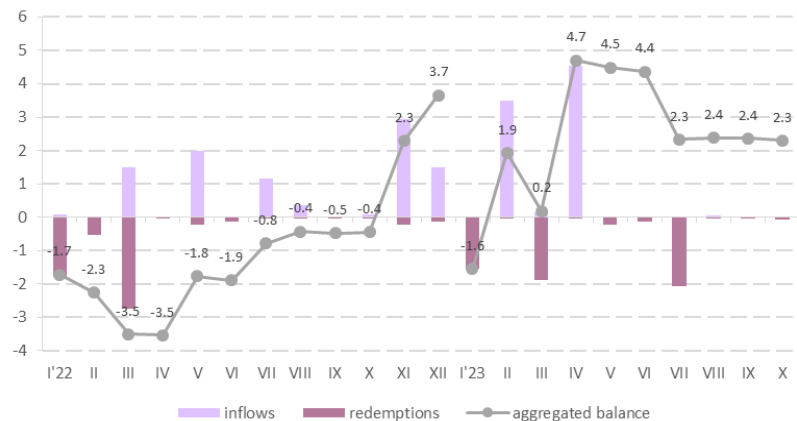


**External financing in 2022 and 2023**

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

Net financing on foreign markets in the period of I-X 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.

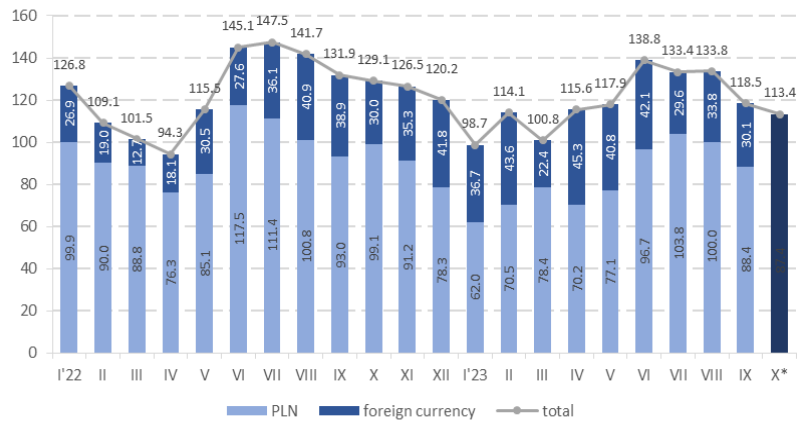


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### 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 October 2023 there was the equivalent of PLN 113.4bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

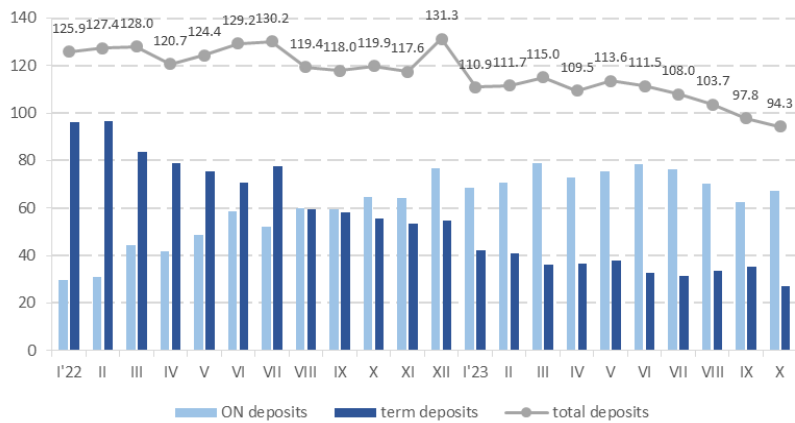


\* Estimated data.

#### Consolidation of public finance sector liquidity management

PLN bn

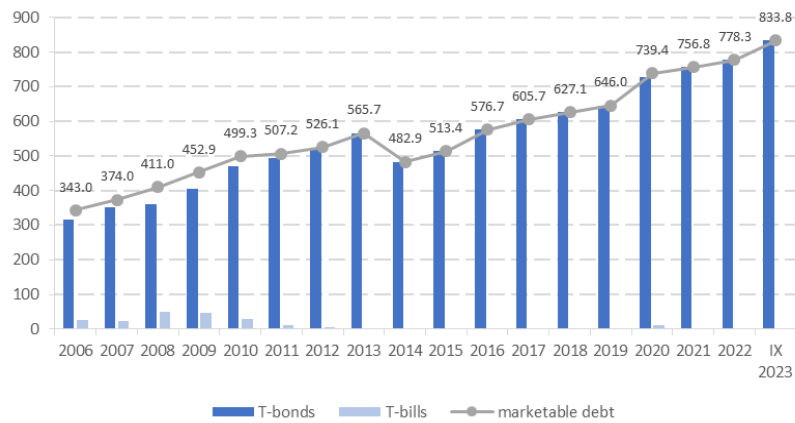
At the end of October 2023 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 94.3bn, of which PLN 26.9bn was as term deposits and PLN 67.4bn on ON deposits.



#### Structure of domestic marketable debt

PLN bn

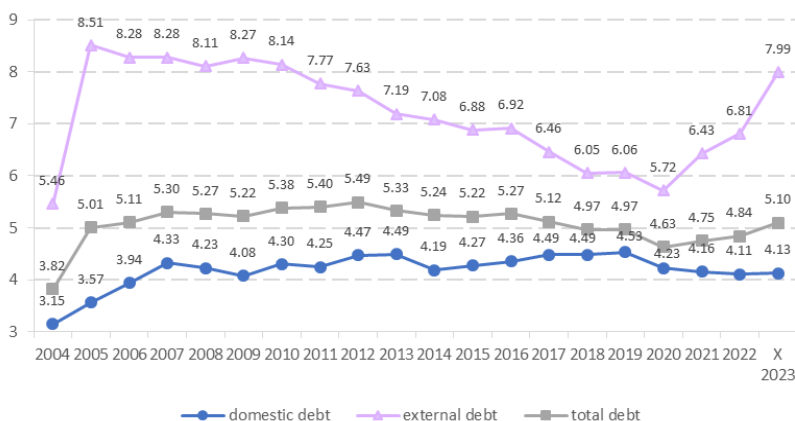
At the end of September 2023 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 833.8bn comparing to PLN 778.3bn at the end of 2022.



#### Average maturity

years

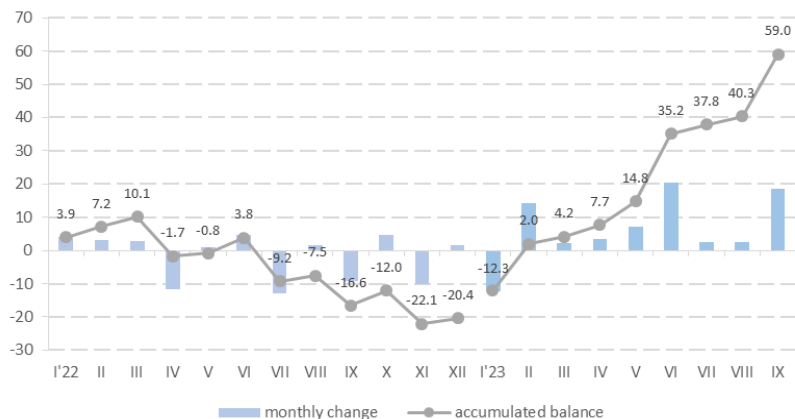
At the end of October 2023 the average maturity of domestic debt amounted to 4.13 years (at the end of 2022 it was 4.11 years). The average of total debt amounted to 5.10 years (4.84 years at the end of 2022).



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

PLN bn

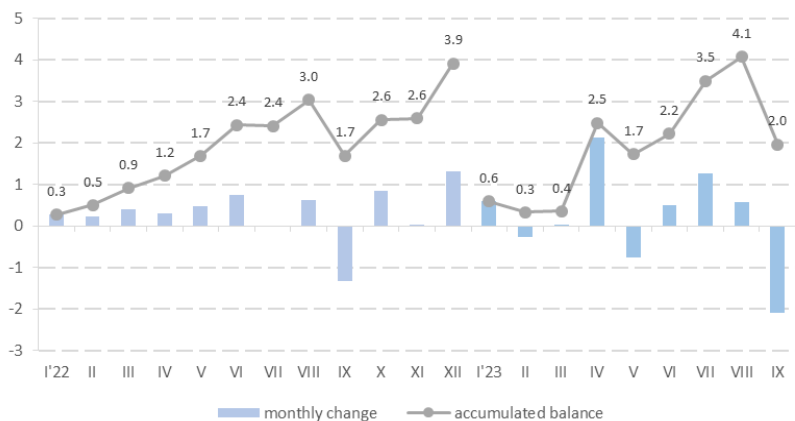
In I-IX 2023 there was an increase of debt by PLN 59.0bn comparing to PLN 16.6bn decrease during the same period of 2022. Banks' holdings reached the level of PLN 487.1bn.



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

PLN bn

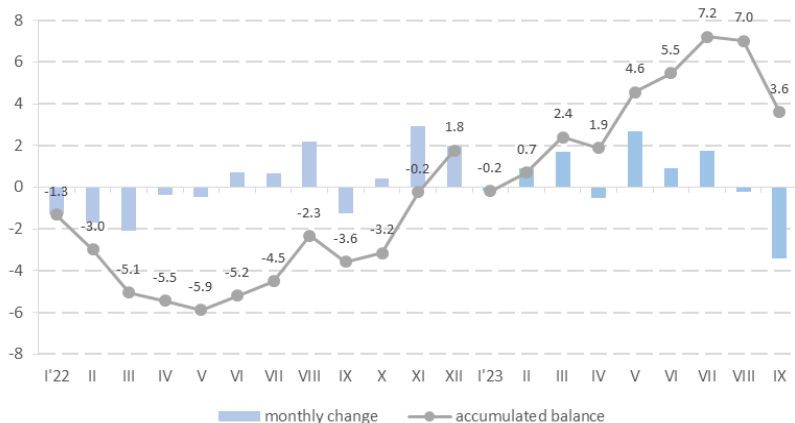
In I-IX 2023 there was an increase of debt by PLN 2.0bn comparing to PLN 1.7bn increase during the same period of 2022. Insurance companies' holdings reached the level of PLN 61.6bn.



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

PLN bn

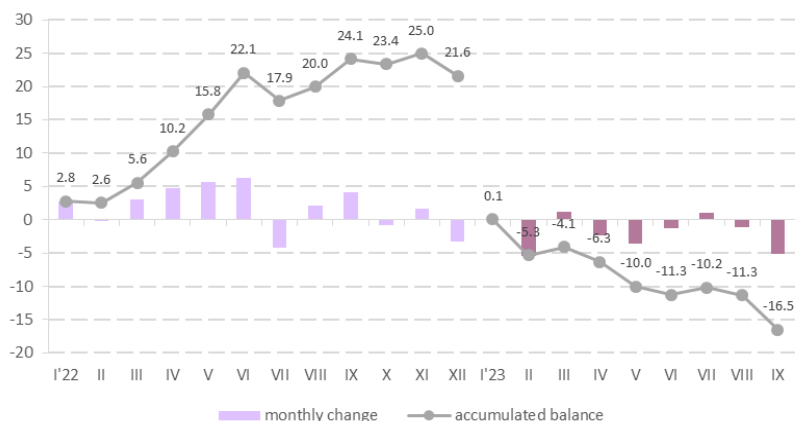
In I-IX 2023 there was an increase of debt by PLN 3.6bn comparing to PLN 3.6bn decrease during the same period of 2022. Investment funds' holdings reached the level of PLN 50.7bn.



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

PLN bn

In I-IX 2023 there was a decrease of debt by PLN 16.5bn comparing to PLN 24.1bn increase during the same period of 2022. Foreign investors' holdings reached the level of PLN 129.7bn.



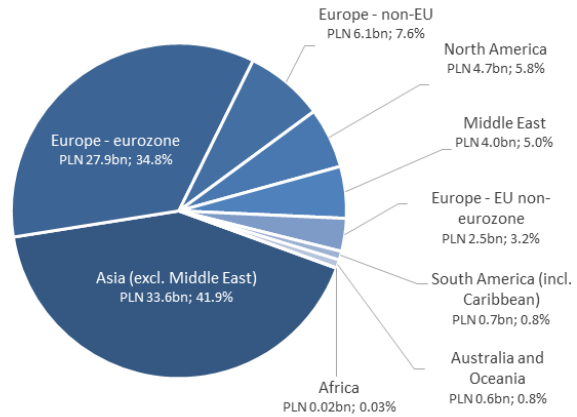


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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

as of September 30, 2023, the chart presents data excluding omnibus accounts

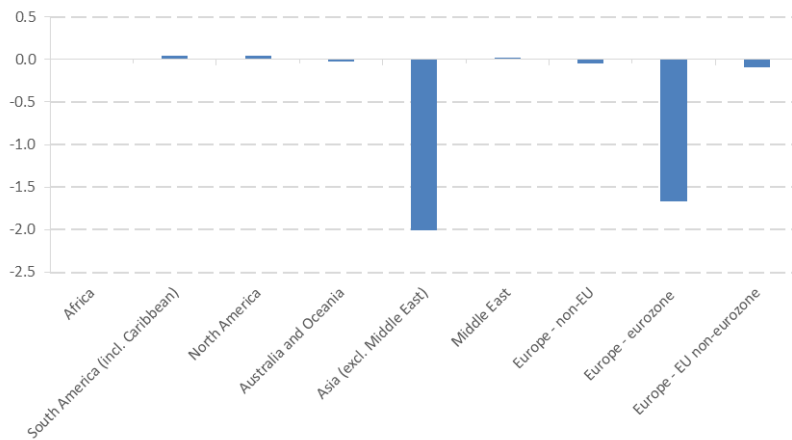
The non-residents' share in the domestic Treasury securities market decreased by PLN 5.1bn in September 2023. The foreign investors' portfolio amounted to PLN 129.7bn, which constituted 13.9% share in total debt in TS (14.7% in the previous month).



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

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

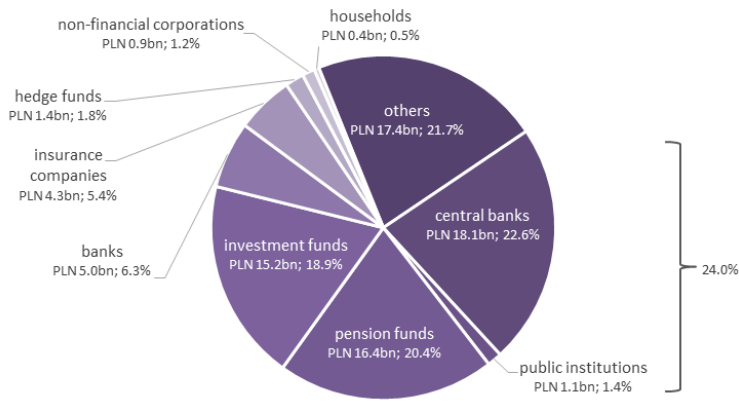
In September 2023 the highest decrease was noted by Asia (excl. Middle East) (PLN 2.0bn).



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

as of September 30, 2023, the chart presents data excluding omnibus accounts

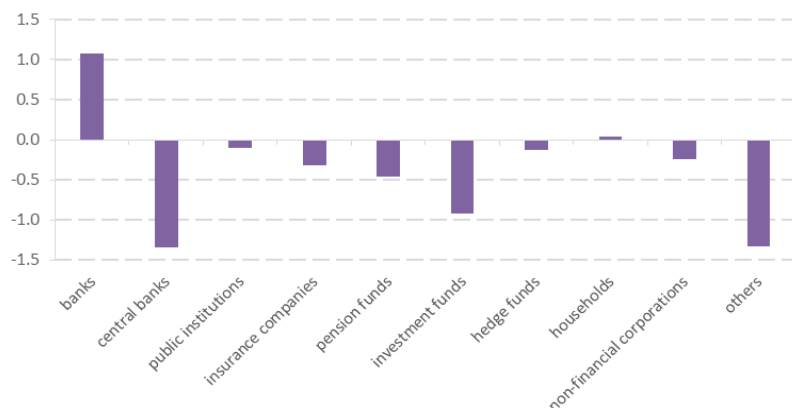
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 24.0% at the end September 2023.



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

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

In September 2023 the highest increase was recorded by bank (PLN 1.1bn), while the highest decrease was noted by central banks (PLN 1.3bn).



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

*change in September 2023, PLN bn*

Central banks and public institutions' involvement decreased by PLN 1.4bn in September 2023. In the period from the end of January 2018 to the end of September 2023 portfolios of those entities decreased by PLN 22.4bn.



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

*as of September 30, 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	15 561.9	25.1%
Luxembourg	9 398.8	15.2%
Netherlands (the)	8 972.2	14.5%
United States	4 117.3	6.6%
United Kingdom (the)	3 933.3	6.3%
Germany	3 902.3	6.3%
Ireland	3 448.1	5.6%
Singapore	1 816.9	2.9%
Switzerland	1 640.4	2.6%
France	1 309.1	2.1%
United Arab Emirates (the)	1 023.5	1.6%
Denmark	1 006.1	1.6%
Czech Republic (the)	700.4	1.1%
Bulgaria	631.9	1.0%
Cayman Islands (the)	618.2	1.0%
Others	3 954.6	6.4%
<b>Total</b>	<b>62 035.1</b>	<b>100.0%</b>

**Comment**

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

*31-10-2023*

By the end of October, this year's gross borrowing requirements of the state budget according to the amended Budget Act had been fully financed. We estimate that the balance of funds in budget accounts is approximately PLN 113 billion. The level of prefinancing of next year's gross borrowing requirements, resulting from early repurchases of bonds carried out at switch auctions, is approximately 5%.

One Treasury bond sale auctions and one switch auction are planned for November. No TS switch auctions nor T-bill auctions are planned.

In September indebtedness in domestic Treasury securities increased by PLN 15.6bn. The involvement of domestic banks increased by PLN 18.7bn and involvement of domestic non-banking sector by PLN 2.1bn, while involvement of foreign investors decreased by PLN 5.2bn.

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

### T-bond sale auctions

Auction date	Settlement date	Series	Planned offer (PLN m)*
28 November 2023	30 November 2023	OK1025 / WZ1128 / WS0429 / DS1033 possible other T-bond of WS type	5,000-10,000

*\*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)
15 November 2023/ 17 November 2023	OK1025 / WZ1128 / WS0429 / DS1033 / WS0437	WZ0124	15,803
		PS0424	29,085
		WZ0524	18,114
		OK0724	16,524
		PS1024	36,779

### T-bill auctions

Sale auctions of Treasury bills are not planned.

### Offer on the retail market

T-bond	Issue price	Coupon
OTS0224 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR1124 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 6.25% in the first coupon period
DOR1125 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.50%); 6.50% in the first coupon period
TOS1126 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 6.60%
COI1127 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%); 6.75% in the first coupon period
EDO1133 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%); 7.00% in the first coupon period
ROS1129 family bonds 6-year	100.00 PLN	Floating (inflation rate + 1.75%); 6.95% in the first coupon period
ROD1135 family bonds 12-year	100.00 PLN	Floating (inflation rate + 2.00%); 7.25% in the first coupon period