



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

1st quarter 2024

January 2024

### THE MOST IMPORTANT INFORMATION

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

Since the beginning of 2023, GDP in Poland has been on an upward trend (qoq, sa). In the third quarter of 2023, economic activity surged by 1.5%, following a 0.3% increase in the previous quarter. Household consumption growth (qoq, sa) accelerated and its level was slightly higher than a year ago. According to our estimates, consumer demand was supported by positive dynamics of real disposable income of households (due to among others good situation on the labour market, high wage growth and lower inflation) accompanied by clear improvement in consumer confidence. Investments proved again 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. On the other hand the decline in foreign trade turnover, especially imports deepened significantly.

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

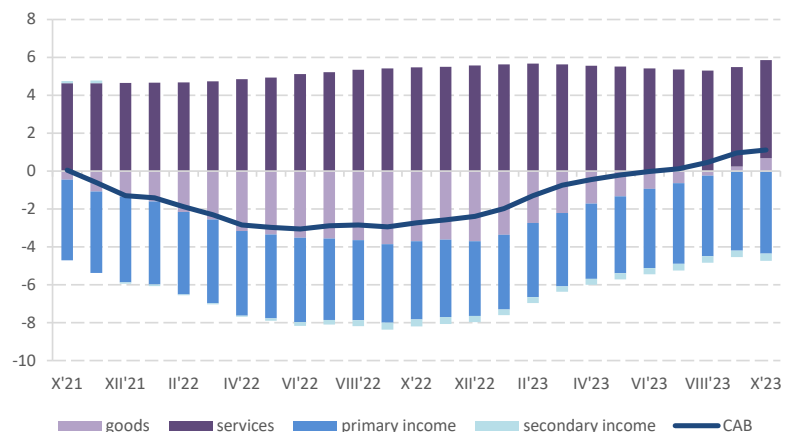
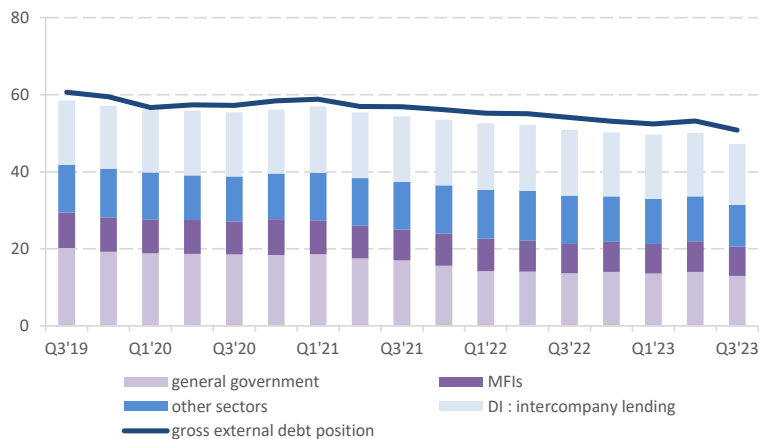
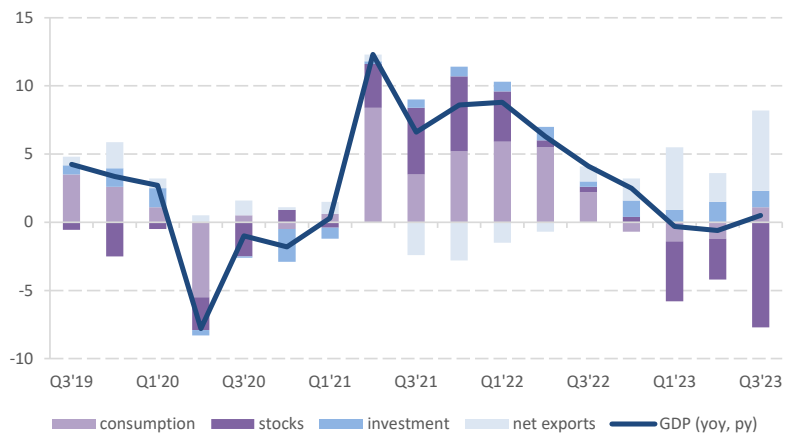
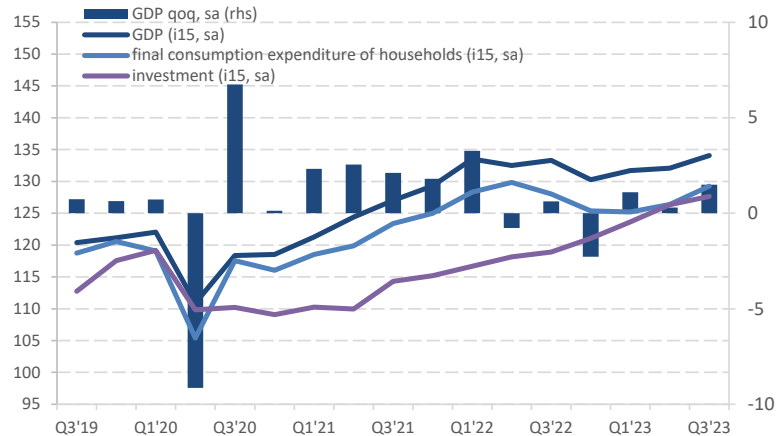
In the third quarter of 2023 GDP was 0.5% (py) higher than a year earlier. Household consumption and investment were respectively 0.8% and 7.2% higher than in the third quarter of 2022. Contribution of inventories was strongly negative (-7.7 pp). Weaker dynamics of domestic demand weighted on imports growth and in consequence net exports positive contribution to GDP growth amounted to 5.9 pp.

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

At the end of the third quarter of 2023 gross external debt reached EUR 367.4bn (50.8% of GDP) and was EUR 4.9bn lower than in the previous quarter. The share of general government sector debt in total debt decreased to 25.6%. At the end of October 2023 official reserve assets reached EUR 165.9bn 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 October, taking into account new quarterly data, Poland's C/A balance was positive and amounted to 1.1% of GDP (in 12-month terms). Goods balance recorded surplus for the tenth month in a row, mainly due to a large reduction in the negative balance in fuels, intermediate and capital goods. In recent months this was accompanied by a deterioration in nominal trade dynamics (yoy, both exports and imports) influenced by the weakening of external and domestic demand and a decline in transaction prices.

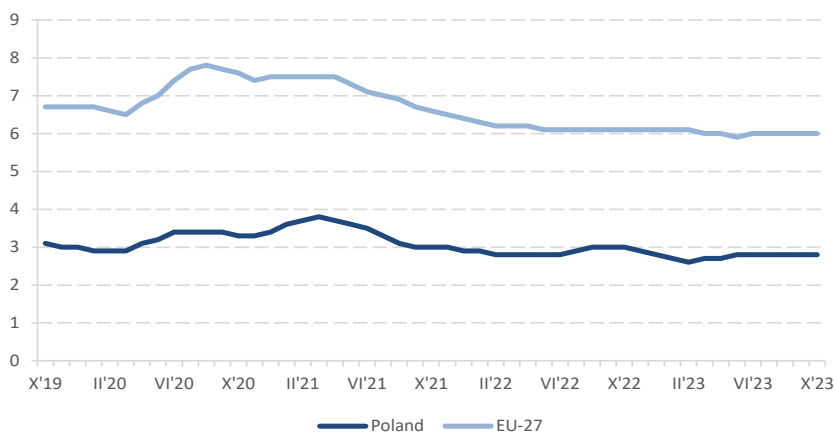


# I. MACROECONOMIC SITUATION

## Harmonised unemployment rate

percent, seasonally adjusted data  
source: Eurostat

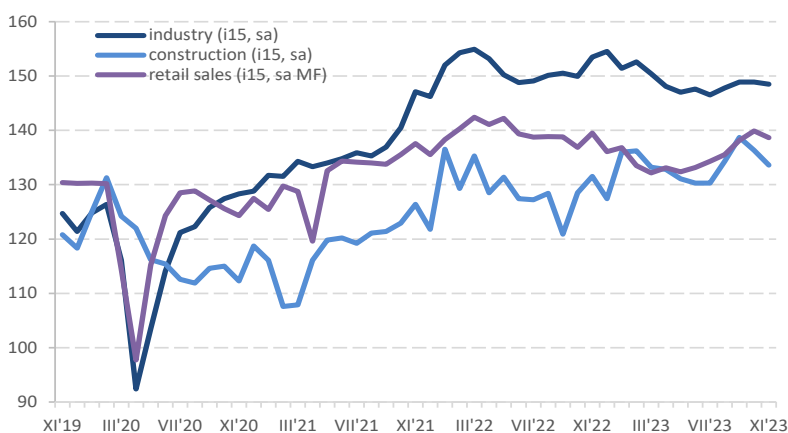
The harmonized unemployment rate (sa) amounted to 2.8% in October 2023 and it was at the same level as in five previous months and by 0.2 pp. lower than a year earlier. It was by 0.2 pp. higher than the historically lowest level recorded in February 2023. The unemployment rate in Poland is currently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

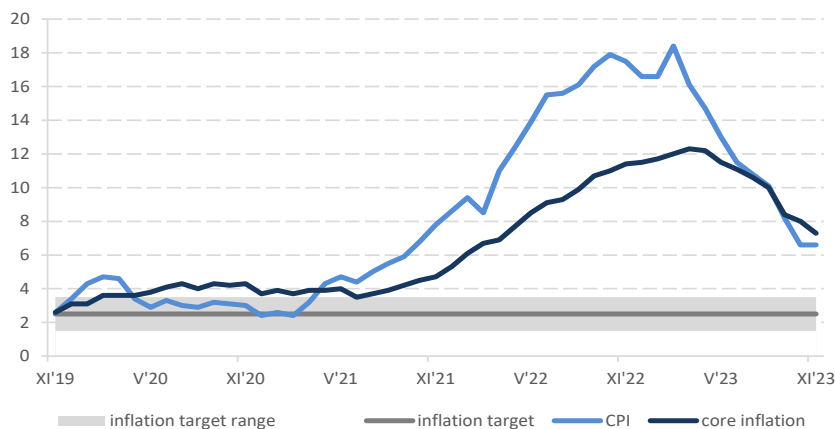
In November 2023 industrial production decreased by 0.3% (mom, sa) and was 0.7% lower than a year ago (nsa). Data were below market expectations. Construction production decreased second time in a row (mom, sa). Its level was by 3.9% (nsa) higher than a year ago. Data were below market expectations. Retail sales decreased after rising in the previous five months (mom, sa). The sales level was by 0.3% (nsa) lower than a year ago. Data were below market expectations.



## Inflation

percent, yoy  
source: GUS, NBP

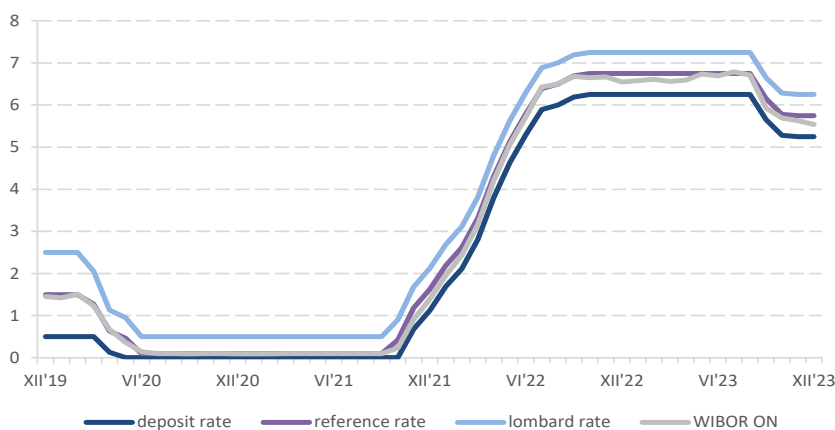
After few months of rapid decline, in November 2023 CPI inflation rate stabilised at the level of 6.6% (yoy). Annual rate of food and non-alcoholic beverages prices as well as core inflation noted a marked drop (both to 7.3%) while energy prices pace of growth rose to 3.2% (yoy). In November producer prices were lower than a year before by 4.7% and since February 2023 this pace lowered by 24.8 pp. Decline of PPI index was mainly caused by the drop of commodity prices on international markets and strengthening of the zloty.



## NBP interest rates

percent, end of period  
source: NBP, Refinitiv

In December 2023, the Monetary Policy Council left NBP interest rates unchanged for the second 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 adjustment in the NBP interest rates introduced in recent months (a total 1 pp. cut over September and October 2023), and by uncertainty about a future course of fiscal and regulatory policies and their impact on inflation.



## II. STATISTICAL DATA

	Unit	2022 Q02	Q03	Q04	2023 Q01	Q02	Q03
<b>GDP</b>							
Gross domestic product	YoY	6.3	4.1	2.5	-0.3	-0.6	0.5
	QoQ SA	-0.8	0.6	-2.3	1.1	0.3	1.5
Final consumption expenditure of the households sector	YoY	8.5	2.9	1.0	-2.0	-2.8	0.8
	QoQ SA	1.2	-1.4	-2.1	-0.1	1.0	2.3
Final consumption expenditure of the general government sector	YoY	3.8	3.0	-6.2	-0.3	2.2	3.3
	QoQ SA	0.6	0.1	-9.0	10.6	1.0	1.0
Gross fixed capital formation	YoY	6.5	2.5	5.6	6.8	10.5	7.2
	QoQ SA	1.3	0.6	1.8	2.1	2.2	1.0
Exports of goods and services	YoY	6.7	9.8	4.5	3.8	-3.2	-11.0
	QoQ SA	2.8	1.7	-0.7	-0.5	-3.6	-6.2
Imports of goods and services	YoY	8.7	8.2	1.6	-3.2	-6.8	-20.3
	QoQ SA	2.1	1.0	-2.1	-3.5	-2.3	-13.9
Gross value added	YoY	6.3	4.4	3.1	0.9	0.8	0.8
	QoQ SA	-0.7	1.0	-2.5	1.6	0.5	1.6
<b>Contribution to GDP growth</b>							
Final consumption expenditure of the households sector	pp	4.8	1.6	0.5	-1.3	-1.6	0.5
Final consumption expenditure of the general government sector	pp	0.7	0.6	-1.2	-0.1	0.4	0.6
Gross fixed capital formation	pp	1.0	0.4	1.2	0.9	1.5	1.2
Changes in inventories	pp	0.5	0.4	0.4	-4.4	-3.0	-7.7
Balance of trade turnover	pp	-0.7	1.1	1.6	4.6	2.1	5.9
Gross value added	pp	5.4	3.8	2.7	0.8	0.6	0.8
<b>GDP structure</b>							
Final consumption expenditure of the households sector	% of GDP	59.4	57.9	50.4	59.8	57.3	59.2
Final consumption expenditure of the general government sector	% of GDP	18.4	18.0	19.1	17.3	18.5	18.7
Gross fixed capital formation	% of GDP	15.3	16.1	22.1	12.7	16.2	16.8
Changes in inventories	% of GDP	3.6	5.8	5.9	2.3	0.3	-1.5
Exports of goods and services	% of GDP	65.9	63.0	59.6	63.7	59.2	55.4
Imports of goods and services	% of GDP	63.6	61.9	58.1	56.7	52.5	49.7
<b>Balance of payments</b>							
	Unit	2023 M06	M07	M08	M09	M10	M11
Goods: exports (EUR)	YoY	4.0	0.0	-2.3	-4.2	1.6	-
Goods: imports (EUR)	YoY	-5.8	-7.4	-11.9	-14.7	-8.4	-
Current account balance <sup>1)</sup>	% of GDP	0.0	0.1	0.5	1.0	1.1	-
Balance on goods <sup>1)</sup>	% of GDP	-0.9	-0.6	-0.2	0.2	0.7	-
Official Reserve Assets	EUR m	166 802.8	164 831.2	167 517.7	169 696.4	165 896.6	170 904.8
<b>Inflation</b>							
Consumer Price Index (CPI)	YoY	11.5	10.8	10.1	8.2	6.6	6.6
Core inflation (CPI excluding food and energy prices)	YoY	11.1	10.6	10.0	8.4	8.0	7.3
Producer Price Index (PPI)	YoY	0.3	-2.1	-2.9	-2.7	-4.2	-4.7
<b>Production</b>							
Sold production of industry <sup>2)</sup>	YoY	-1.1	-2.3	-1.9	-3.3	1.9	-0.7
	MoM SA	0.4	-0.7	0.9	0.7	0.0	-0.3
Construction and assembly production <sup>2)</sup>	YoY	1.6	1.1	3.5	11.5	9.8	3.9
	MoM SA	-0.6	0.0	3.0	3.3	-1.7	-2.0
Manufacturing PMI	SA	45.1	43.5	43.1	43.9	44.5	48.7
<b>Households and labour market</b>							
Retail sales <sup>2)</sup>	YoY	-4.7	-4.0	-2.7	-0.3	2.8	-0.3
Average paid employment in enterprise sector	YoY	0.2	0.1	0.0	0.0	-0.1	-0.2
	MoM	-0.1	0.0	-0.2	-0.1	0.0	0.0
Average monthly gross wages and salaries in enterprise sector (real)	YoY	0.4	-0.3	1.7	2.0	5.8	4.9
	MoM	2.1	2.2	-1.6	0.6	1.9	1.0
Harmonised unemployment rate (Eurostat)	%, SA	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>							
<b>State Treasury debt</b>							
	Unit	2023 M05	M06	M07	M08	M09	M10
State Treasury debt (acc. to the place of issue criterion)	face value, PLN m	1 266 579.5	1 277 476.1	1 271 360.0	1 278 076.6	1 306 127.3	1 297 015.2
Domestic debt	face value, PLN m	966 523.6	984 906.5	991 051.8	993 645.7	1 009 415.7	1 013 333.0
	%	76.3	77.1	78.0	77.7	77.3	78.1
Foreign debt	face value, PLN m	300 055.8	292 569.7	280 308.3	284 430.9	296 711.6	283 682.1
	%	23.7	22.9	22.0	22.3	22.7	21.9
<b>Public debt (domestic definition)</b>							
	Unit	2022 Q02	Q03	Q04	2023 Q01	Q02	Q03
Public debt (acc. to the place of issue criterion)	face value, PLN m	1 175 336.9	1 181 504.9	1 209 495.8	1 209 830.5	1 241 622.8	1 275 307.4
Domestic debt	face value, PLN m	887 989.3	875 322.0	896 573.3	898 150.8	925 392.7	954 965.7
	%	66.5	65.3	67.5	68.2	67.8	68.9
Foreign debt	face value, PLN m	287 347.6	306 182.9	312 922.5	311 679.7	316 230.1	320 341.8
	%	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	1 453 467.9	1 479 605.1	1 512 153.6	1 531 803.7	1 581 202.2	1 623 206.6

Source: MoF

### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### Gross borrowing requirements in 2024 as of December 31 2023, PLN bn

Prefinancing of the 2024 State budget borrowing requirements reached the level of ca. 25%. The final level will be known following the closure of the budget year 2023.

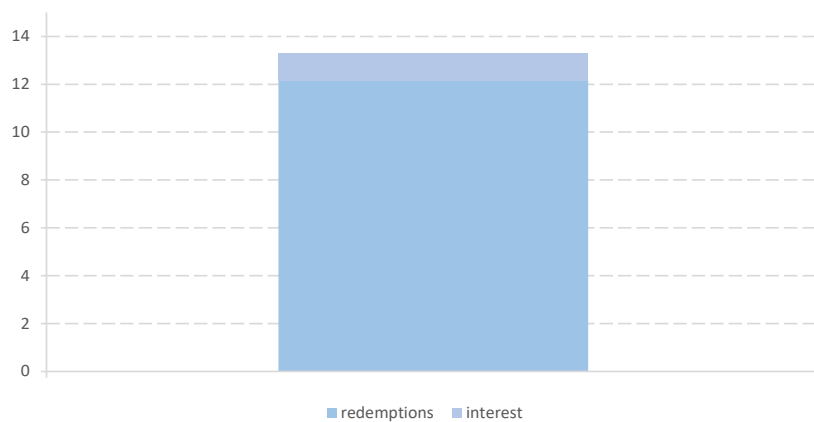
Gross borrowing requirements  
Total: PLN 449.0 bn, of which:



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

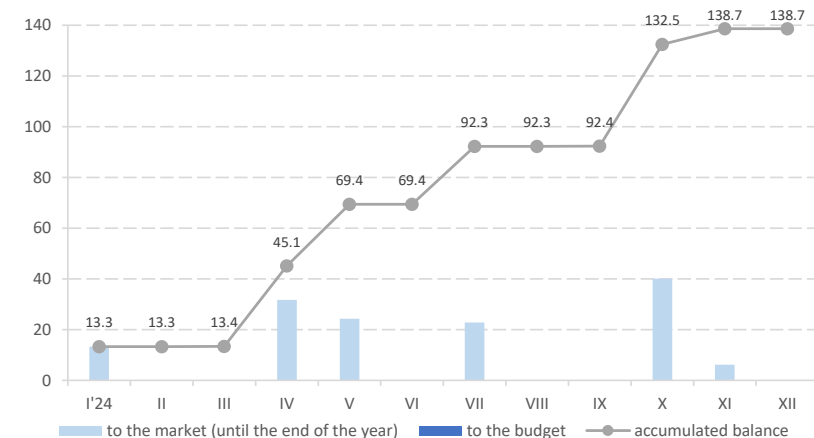
Value of funds transferred from the State budget to the market in January 2024 shall amount to PLN 13.3bn, of which:

- TS redemptions: PLN 12,1bn,
- interest payments: PLN 1.2bn.



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

As of December 31 2023, to the end of the 2024 year, the funds to be transferred to the market shall amount to PLN 138.7bn.

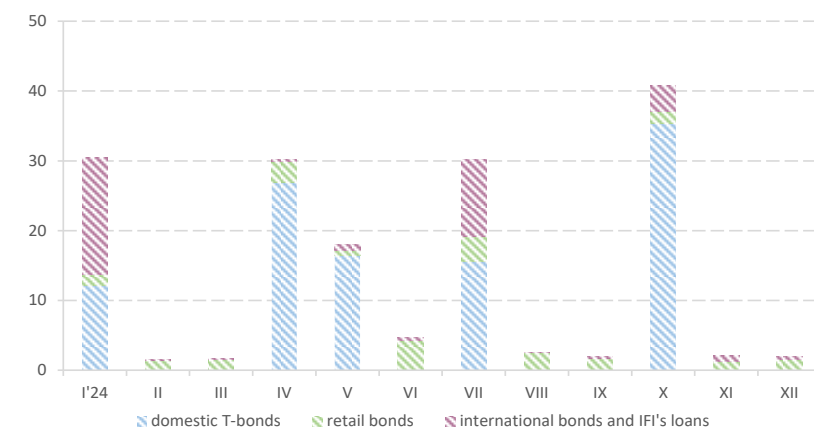


\*figures include sale, redemptions and interest payments on wholesale T-securities; monthly financing plans will depend on market situation and feedback from investors thus the detailed schedule of monthly flows to budget in the following months is not presented.

#### 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 2024 (as of December 31, 2023), is equal to PLN 166.1bn, including:

- T-bonds: PLN 106.4bn,
- T-retail bonds: PLN 24.7bn,
- bonds and loans incurred on foreign markets: PLN 35.0bn.

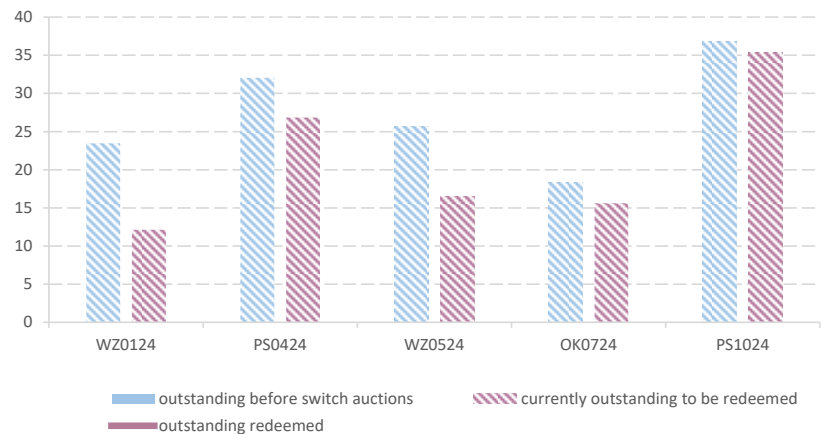


**Reducing refinancing risk connected with redemptions of domestic TS maturing in 2024**

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

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

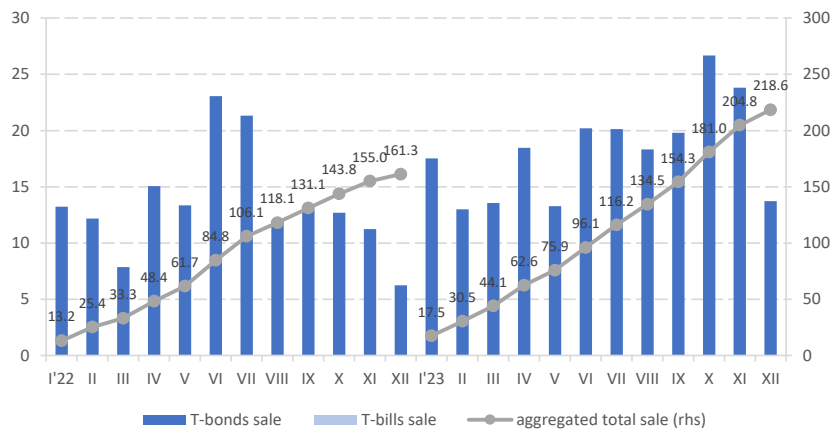
- WZ0124: PLN 11.3bn (48% of the issuance),
- PS0424: PLN 5.2bn (16% of the issuance),
- WZ0524: PLN 9.2bn (36% of the issuance),
- OK0724: PLN 2.8bn (15% of the issuance),
- PS1024: PLN 1.4bn (4% of the issuance).



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

settlement date, nominal amount, PLN bn

In the period of I-XII 2023 aggregated total sale of T-bonds amounted to PLN 218.6bn versus PLN 161.3bn in the same period of 2022. T-bills were not sold.



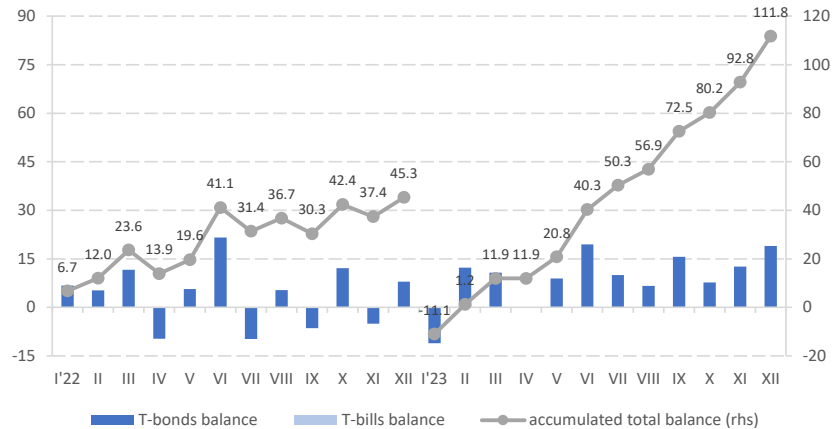
**Balance of domestic TS in 2022 and 2023**

settlement date, nominal amount, PLN bn

In the period of I-XII 2023 indebtedness in:

- T-bonds increased to PLN 111.8bn versus increase of PLN 45.3bn in the same period of 2022,
- 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.

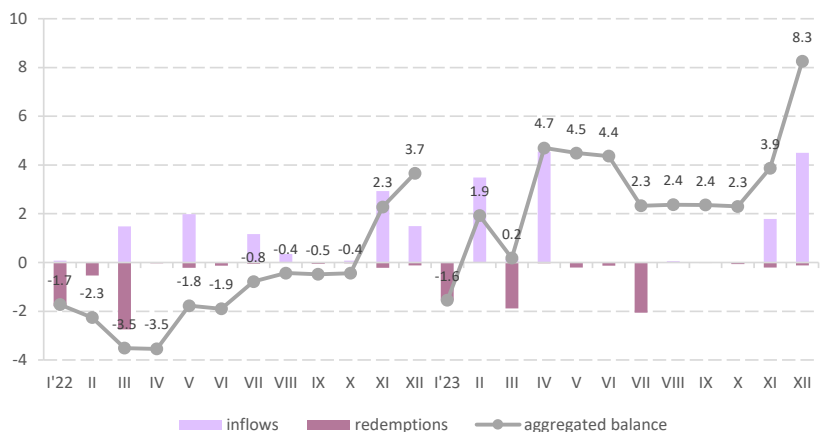


**External financing in 2022 and 2023**

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

Net financing on foreign markets in the period of I-XII 2023 was positive and amounted to EUR 8.3bn, which resulted from:

- positive balance of T-bonds issuance of EUR 4.5bn,
- negative balance of loans incurred from IFIs at the level of EUR 0.7bn.
- positive balance of loans incurred from European Union (RRF) at the level of EUR 4.5bn.

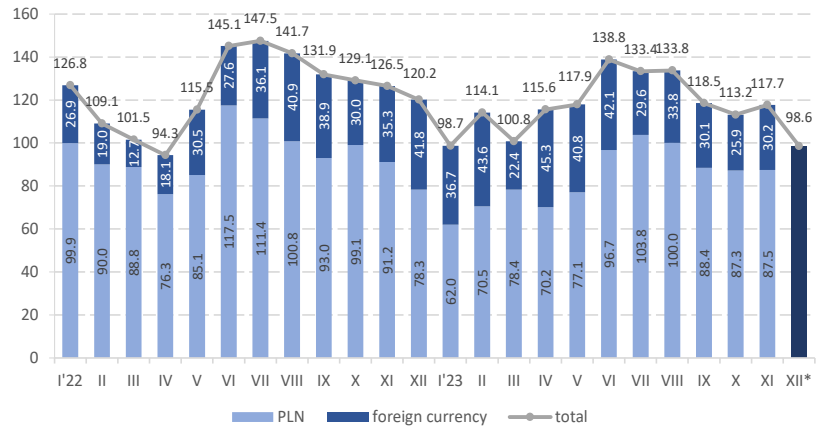


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

#### 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 December 2023 there was the equivalent of PLN 98.6bn on the budgetary accounts. The funds ensure liquidity in borrowing needs financing.

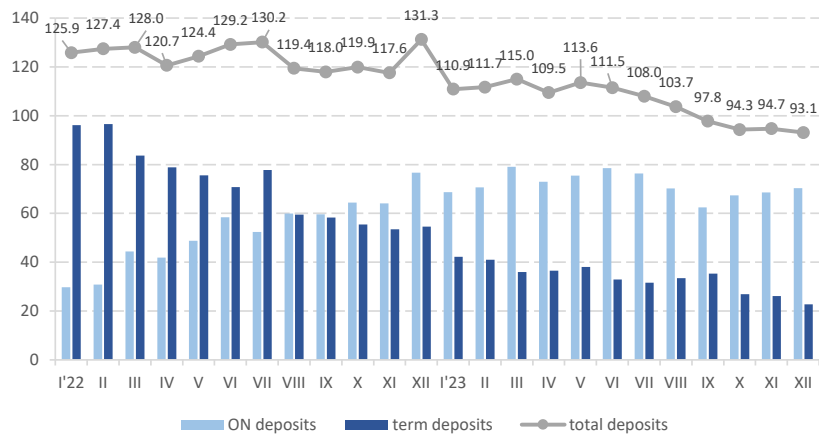


\* Estimated data.

#### Consolidation of public finance sector liquidity management

PLN bn

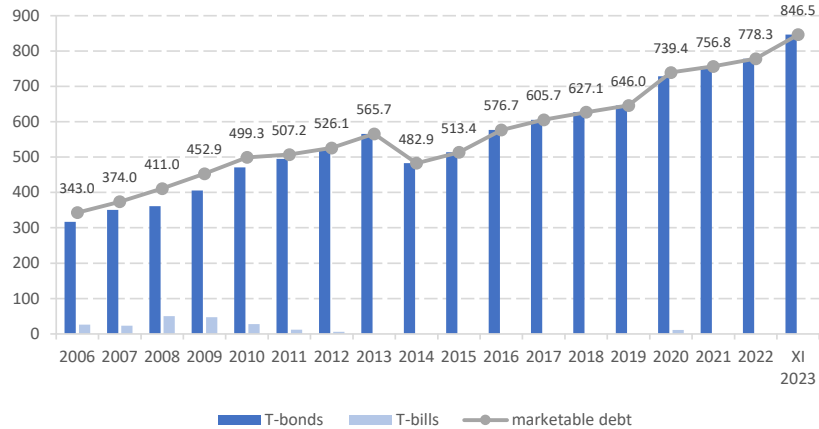
At the end of December 2023 funds accumulated within the consolidation of public finances liquidity management amounted to PLN 93.1bn, of which PLN 22.7bn was as term deposits and PLN 70.3bn on ON deposits.



#### Structure of domestic marketable debt

PLN bn

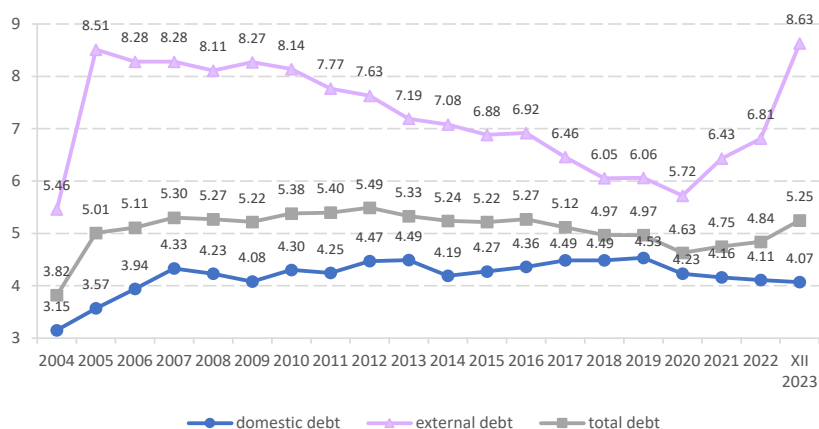
At the end of November 2023 the marketable domestic debt after consolidation within the State Treasury amounted to PLN 846.5bn comparing to PLN 778.3bn at the end of 2022.



#### Average maturity

years

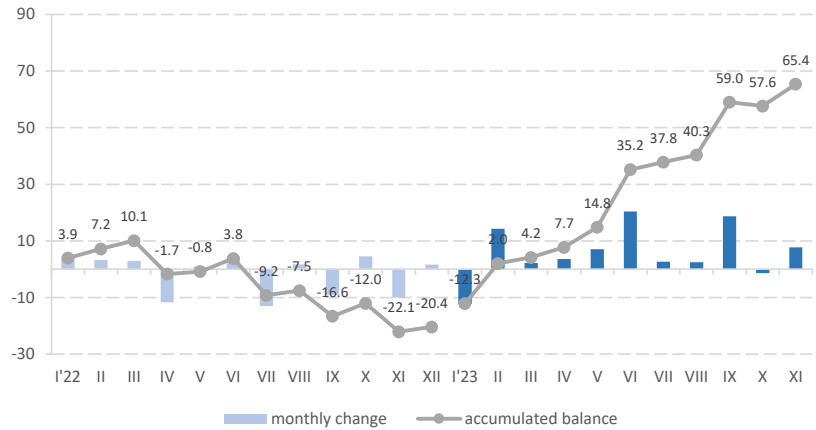
At the end of December 2023 the average maturity of domestic debt amounted to 4,07 years (while at the end of 2022 it was 4,11 years). The average of total debt amounted to 5,25 years (4,84 years at the end of 2022).



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

PLN bn

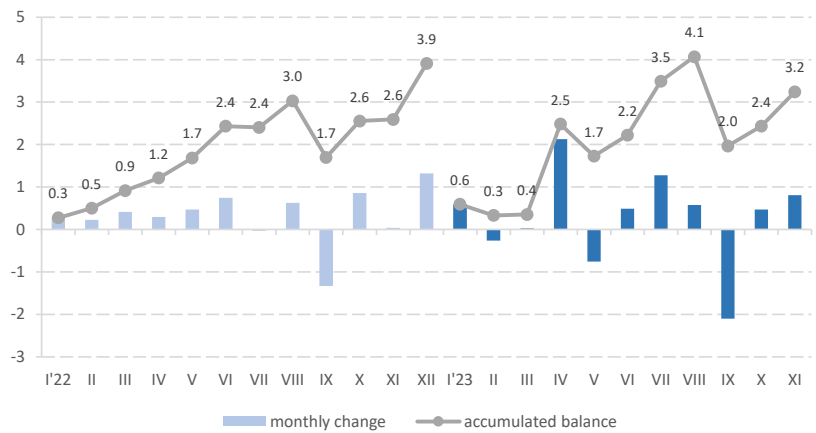
In the period of I-XI 2023 there was an increase of debt by PLN 65.4bn comparing to PLN 22.1bn increase during the same period of 2022. Banks' holdings reached the level of PLN 493.5bn.



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

PLN bn

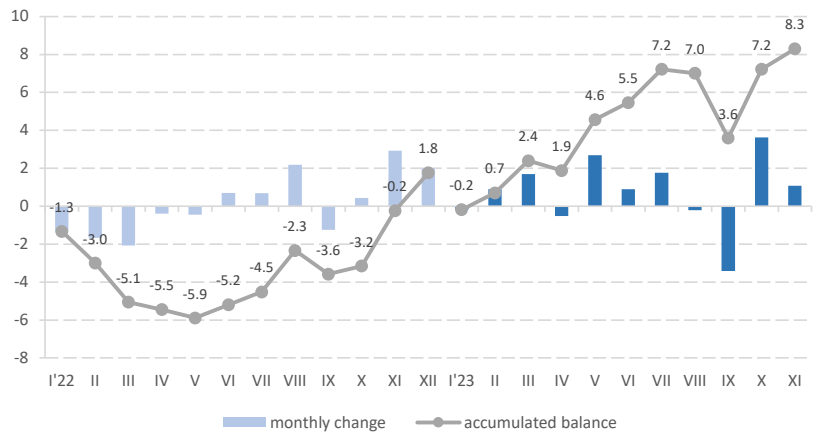
In the period of I-XI 2023 there was an increase of debt by PLN 3.2bn comparing to PLN 2.6bn increase during the same period of 2022. Insurance companies' holdings reached the level of PLN 62.8bn.



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

PLN bn

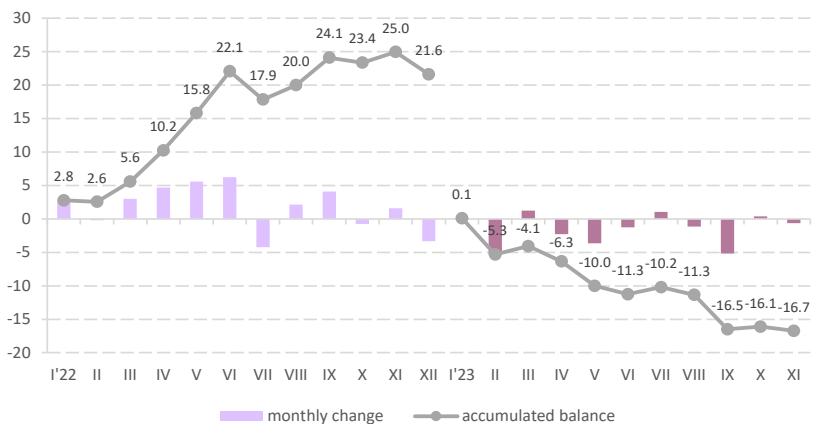
In the period of I-XI 2023 there was an increase of debt by PLN 8.3bn comparing to PLN 0.2bn decrease during the same period of 2022. Investment funds' holdings reached the level of PLN 55.4bn.



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

PLN bn

In the period of I-XI 2023 there was a decrease of debt by PLN 16.7bn comparing to PLN 25.0bn increase during the same period of 2022. Foreign investors' holdings reached the level of PLN 129.5bn.



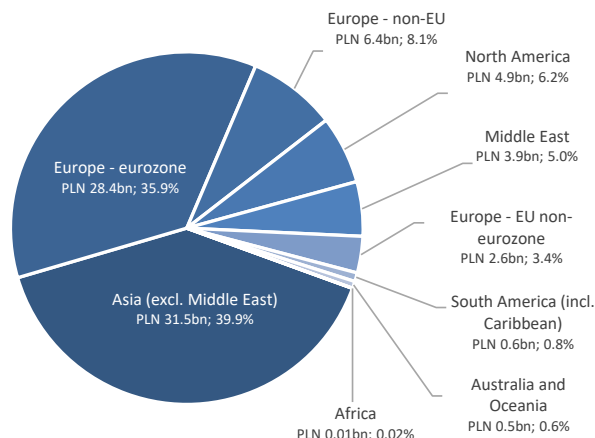


### III. BACKGROUND OF BORROWING REQUIREMENTS' FINANCING

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

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

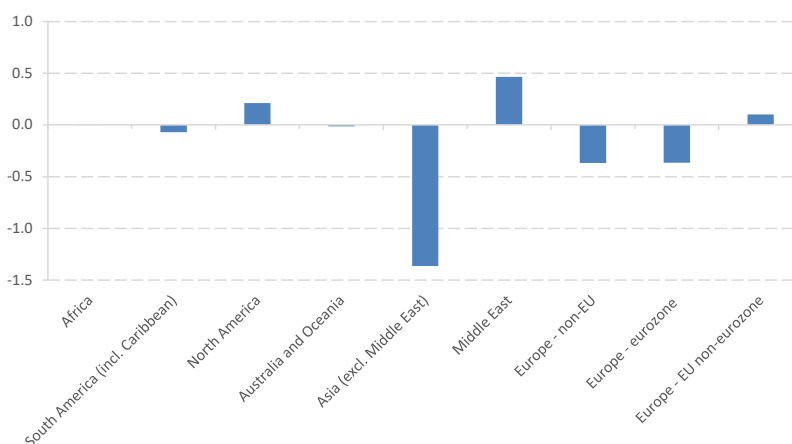
The non-residents' share in the domestic Treasury securities market decreased by PLN 0.6bn in November 2023. The foreign investors' portfolio amounted to PLN 129.5bn, which constituted 13.5% share in total debt in TS (13.8% in the previous month).



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

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

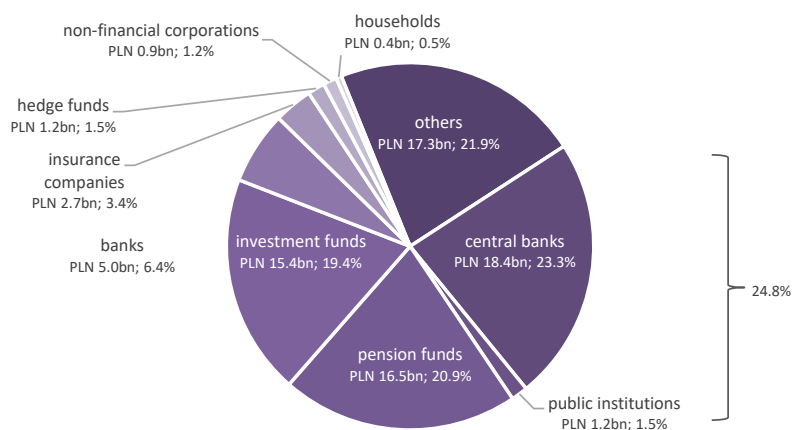
In November 2023 the highest increase was noted by investors from Middle East (PLN 0.5bn). The highest decrease was noted by investors from Asia, excl. Middle East, (PLN 1.4bn).



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

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

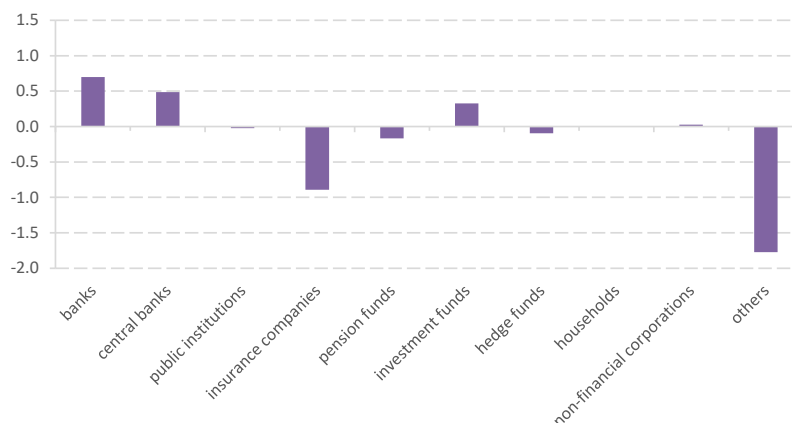
Institutional structure of domestic TS held by non-residents, as well as geographical distribution, is well-diversified. The central banks and public institutions' share in foreign holdings amounted to 24.8% at the end of November 2023.



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

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

In November 2023 the highest increase was recorded by investors banks (PLN 0.7bn), while the highest decrease was noted by investors classified as "others" (PLN 1.8bn).



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

*change in November 2023, PLN bn*

Central banks and public institutions' involvement increased by PLN 0.5bn in November 2023. In the period from the end of January 2018 to the end of November 2023 portfolios of those entities decreased by PLN 22.7bn.



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

*as of November 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	13 760.4	22.7%
Luxembourg	9 307.2	15.4%
Netherlands	9 182.3	15.2%
United States	4 468.2	7.4%
United Kingdom	4 281.4	7.1%
Ireland	3 723.7	6.1%
Germany	3 524.0	5.8%
France	1 946.3	3.2%
Switzerland	1 618.3	2.7%
Singapore	1 260.3	2.1%
Denmark	946.3	1.6%
Czech Republic	739.9	1.2%
United Arab Emirates	713.7	1.2%
Bulgaria	665.9	1.1%
Cayman Islands	578.7	1.0%
Others	3 834.9	6.3%
<b>Total</b>	<b>60 551.6</b>	<b>100.0%</b>

**Comment**

**Jurand Drop, Secretary of State, MoF**

*31-12-2023*

[...] The auction calendar for 2024 generally provides for three bond auctions a month. Depending on the budget and market situation, these will be sale or exchange auctions. We are planning three sales auctions in January, while in February and March we assume that one auction a month will be a switch auction. We do not plan any Treasury bill auctions in January. In November indebtedness in domestic Treasury securities increased by PLN 12.5bn. The indebtedness towards domestic banks increased by PLN 7.8bn towards domestic non-banking sector by PLN 5.4bn, while involvement of foreign investors decreased by PLN 0.6bn.

**General assumptions**

- T-bond auctions are planned according to the announced yearly issuance calendar
- offer of Treasury bonds on the domestic market will depend on the budget and market situation, as well as 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 the budget situation,
- the announced plan may be modified subject to the market situation.

**Offer of T-bonds on the domestic market**

- **sale auctions:**  
seven auctions, total supply PLN 40.0-55.0bn, the structure of the sold T-bonds will be subject to the market situation.
- **switch auctions:**  
two auctions - subject to the budget and market situation, securities offered to repurchase would be T-bonds maturing in 2024.

**Offer of T-bills**

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

**Foreign financing**

- possible issuance of bonds on the international markets,
- possible loans from International Financial Institutions up to EUR 0.4bn.

**T-bond sale auctions**

Auction date	Settlement date	Series	Planned offer (PLN m)*
5 January 2024	9 January 2024	OK0426 / WS0429 / DS1029 / WZ1129 / DS1033	4,000-8,000
23 January 2024	25 January 2024	OK0426 / WS0429 / WZ1129 / DS1033 / possible other T-bonds	5,000-10,000
29 January 2024	31 January 2024	OK0426 / WS0429 / WZ1129 / DS1033 / possible other T-bonds	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 auctions**

T-bond switching auctions are not planned.

**T-bill auctions**

Sale auctions of Treasury bills are not planned.

**Offer on the retail market**

T-bond	Issue price	Coupon
OTS0424 3-month	100.00 PLN (100.00 PLN for rolling-over)	Fixed: 3.00%
ROR0125 1-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.00%); 6.15% in the first coupon period
DOR0126 2-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (NBP reference rate + 0.50%); 6.40% in the first coupon period
TOS0127 3-year	100.00 PLN (99.90 PLN for rolling-over)	Fixed: 6.50%
COI0128 4-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.25%); 6.65% in the first coupon period
EDO0134 10-year	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 1.50%); 6.90% in the first coupon period
ROS0130 family bonds 6-year	100.00 PLN	Floating (inflation rate + 1.75%); 6.85% in the first coupon period
ROD0136 family bonds 12-year	100.00 PLN	Floating (inflation rate + 2.00%); 7.15% in the first coupon period