

## Polish GDP grows 5.1% in 2018

Polish GDP growth came in just above the 5% consensus figure year-on-year, according to initial estimates. Growth structure was a bigger surprise with net trade being neutral despite strong internal demand and weaker euro activity



Source: Shutterstock

### Household consumption slowed compared with 2017

Household consumption slowed in 2018 to 4.5% year-on-year vs. 4.9% a year earlier. Assuming no revisions to previous quarters this suggests the 4Q18 figure will be 4.0% YoY (vs. 4.5% a quarter earlier). Given moderating wages we'd look for further deceleration this year. But given a fiscal stimulus planned for this year, which could even add 1 percentage point to overall GDP growth, household spending dynamics should remain close to 4% YoY.

# 5.1%

Polish GDP growth, YoY 2018

Strong growth in internal demand

Higher than expected

## Private investment likely subdued in 4Q18

Investment recovery was also weaker than we anticipated – rising to 7.3% YoY from 3.9%; we were expecting a little more. This suggests the 4Q18 growth at 6.5% YoY, down from 9.9% a quarter earlier. Given very high EU funds payments to beneficiaries (suggesting robust public investments) in the year-end, this suggests poor private capital outlays in late 2018. Given declining spending plans of local governments, we remain sceptical of further public investment recovery this year. Private outlays are dubious as well, given external uncertainty (e.g. US trade policy) and shaky sentiment in the euro area.

## Neutral net trade despite the Eurozone slowdown

Neutral net trade contribution to 2018 growth indicates a strong positive contribution in 4Q18 – surprising given poor PMI export orders over the period and further euro area downturn. This year, net trade contribution is most likely going to be negative (we estimate -0.4pp). So far there are no clear signs on recovery in the euro area and 2019 internal demand should remain reasonably strong (given the fiscal stimulus), encouraging imports.

Hence 2019 growth is expected to slow to 3.6% YoY despite the impending fiscal stimulus. The data, particularly internal demand - somewhat less buoyant than expected - supports a neutral NBP stance.

### Author

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).