

Encouraging start to Poland's second quarter

While economic growth eased slightly in 1Q25 after a solid 4Q24, we find some encouraging signs in the April data, suggesting the second quarter brought some improvements. GDP growth in 2025 in excess of 3% still looks a safe forecast. However, the expected rebound in fixed investment is likely to come later than previously expected



Warsaw's market square

In the first quarter of 2025, Poland's GDP rose by 3.2% YoY, slightly below the 3.4% YoY posted in 4Q24. The momentum also decelerated with 1Q25 economic growth at 0.7% QoQ (SA) after 1.3% QoQ in 4Q24. Construction output in particular surprised to the downside, signalling that the expected rebound in fixed investment is lagging. That is to some extent associated with the slow implementation of projects financed from the Recovery and Resilience Fund (RRF). So far, authorities have spent just PLN20bn (only PLN10bn in 2025) from PLN109bn (€25bn) grants assigned to Poland. On top of that, the country has access to PLN149bn (€34.5bn).

More optimistic signs come from other parts of the economy. Manufacturing output is improving, which may be a signal of recovering export demand. At the same time, April retail sales surprised to the upside, rising twice as high as the market consensus. Economists expected a jump in sales due to the Easter effect, which was indeed visible in the food sales data, but demand for durable

goods continued improving as well.

All in all, the beginning of 2Q25 brings encouraging signals that GDP growth accelerates, but we remain cautious in our assessment for the year as a whole and still see economic growth this year at 3.2%. Stronger demand for Polish exports and firmer domestic demand for durable goods may turn out to be temporary, as businesses and households may bring forward purchase decisions in order to avoid potentially higher prices of products after potential increases in global tariffs.

What is more, the uncertainty linked to the outlook for global trade amid the shaky and unstable tariff policy of the new U.S. administration under President Trump may also weigh down on business and household confidence over the medium term. Nevertheless, we see room for optimism and Poland is likely to remain an economic growth leader in the European Union in 2025 as well, following strong performance in the recent years.

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