

## Poland: Disappointing industrial production

Industrial production came in well below expectations in December. While the growth structure excludes spillover from Eurozone economies, weaker construction and industrial activity means 4Q GDP growth should be below 3.5%



Wind power plant factory, Szczecin, Poland

Industrial production growth increased from 1.4% YoY to 3.8% in December, still well below market consensus (6.4%). After seasonal adjustment, growth dynamics dropped from 5.4% to 2.1% YoY. The evidence is quite puzzling – and statistical office comment highlights the better performance of export branches when compared to producers focused on the local market. Stronger growth dynamics were also reported in industrial groups connected with the construction sector. Weakness may be related to lower activity in the last week of the month – due to a greater number of vacations around the Christmas break.

Weak industrial activity in December suggests GDP growth should be lower than 3.5% YoY and, based on currently available information, we estimate 3.2% YoY growth. On the other hand, the industrial sector should stabilize in coming months. Our models still suggest that average 1Q growth for this part of the economy should be comparable to 4Q (3.8% YoY) or even slightly higher.

