

## Growth rebounds in Poland as the economy recovers

Poland's GDP grew by 0.4% year-on-year in the third quarter, following two consecutive quarters of YoY declines, according to flash estimates. Today's data indicates a turning point in the economy, and we expect further improvement in economic activity over the coming quarters



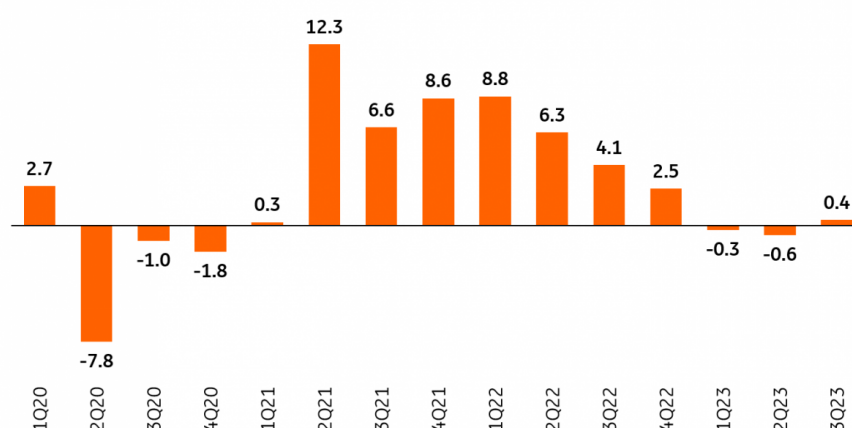
Shoppers in Turun, Poland

Seasonally-adjusted data shows an increase of 1.3% quarter-on-quarter growth in Poland, following a 0.3% increase in the second quarter of this year (revised from -1.4%).

The full report – including the growth structure – will be published on 30 November. Based on the available data, we estimate that the third quarter of 2023 brought a noticeably shallower decline in private consumption than in the first half of the year. Investment continued to grow solidly (the biggest positive surprise in the 2023 GDP data), concentrated in large companies. The change in inventories probably had a less negative impact on the annual GDP growth rate than in previous quarters, but the process of reducing inventories continued. Balance of payments data suggests that foreign trade continued to positively impact the annual change in GDP.

## Poland's GDP started recovering

Gross domestic product, %YoY



Source: GUS.

We expect the receding supply shock and continued disinflation to support the recovery in consumption, which will be the engine of the economy in the coming quarters. We forecast GDP growth to be close to 2% YoY in 4Q23 and around 0.4% for the whole year. In 2024, we expect economic growth to accelerate to 2.5-3.0%.

Given the pro-inflationary structure of GDP growth next year dominated by consumption, the Monetary Policy Committee will be cautious about further interest rate cuts. At the same time, with a persistently negative output gap and the current level of monetary policy restrictiveness, we should witness further disinflation, albeit at a slower pace than in recent months. Our baseline scenario assumes that interest rates will remain at their current level (5.75%) until the end of 2024.

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