

## Polish exports performance bodes well for EU demand

The solid performance of the manufacturing export sector is a good sign for the EU. After a weak 1Q18, external demand seems to reinvigorate



Source: Shutterstock

# 7.1%

## Industrial Production

Seasonally adjusted figure (%YoY)

Better than expected

Industrial production slowed down in May from 9.3% year on year to 5.4%YoY, close to our forecast and above the consensus expectations of 3.6%YoY.

On a seasonally adjusted basis, the GUS (central statistical office) announced an improvement to 7.1%YoY from 5.9%YoY. Export sectors performed well – manufacturing of machinery expanded by 21%YoY, other transportation vehicles including railways, trains, and boats by 10%YoY, electrical

equipment by 7.3%YoY.

Data from the Polish manufacturing sector provides evidence that external demand did not stagnate after all, despite worries after a relatively soft 1Q18 in the Eurozone.

**20.8** Construction Output  
(%YoY)  
Better than expected

The solid expansion was also visible in the construction sector – production expanded in May from 19.7%YoY to 20.8%YoY. The major contribution was due to public investments – civil engineering constructions increased by 36.8%YoY. Also, real estate sector is in good shape – building construction expanded in double-digits figure (16.6%YoY) for the second consecutive month.

All in all today's data remain consistent with solid GDP expansion in 2Q18 – we expect modest deceleration from 5.2%YoY to 4.6%YoY.