

Poland's GDP growth composition improves in first quarter

First-quarter GDP growth in Poland came in at 3.2% YoY, with visible improvements in the composition. Private consumption remains the main economic driver, but fixed investment rebounded, balancing and diversifying domestic demand growth. With GDP growth expanding above 3%, Poland is still positioned as a key growth leader among EU countries



A more balanced structure of domestic demand growth provides an encouraging sign for Poland's economy this year

First-quarter economic growth confirmed at 3.2% YoY

In this year's first quarter, the Polish economy expanded by 3.2% year-on-year after an increase of 3.4% YoY, as confirmed by the StatOffice. When looking at the GDP data from the expenditure side, household consumption growth eased to 2.5% YoY from 3.5% YoY in the previous quarter, while public consumption slowed to 2.0% YoY (vs 7.6% YoY in 2024's fourth quarter).

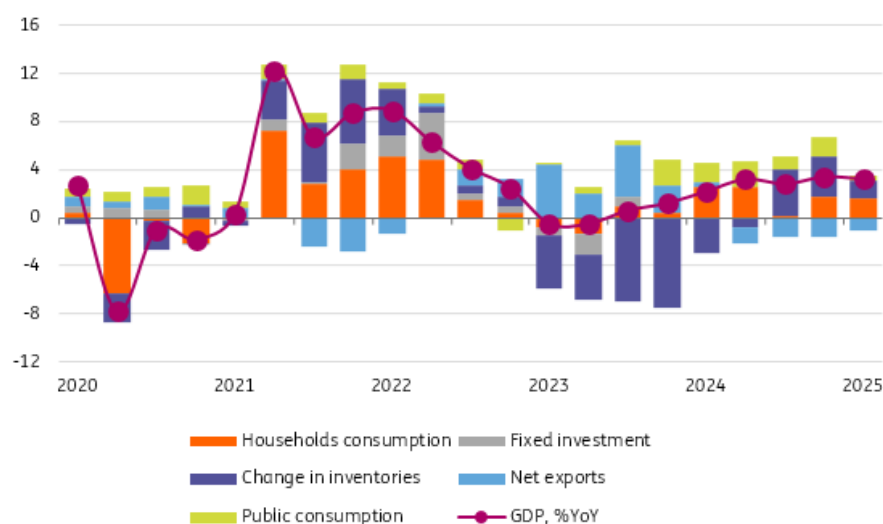
Despite the continued weakness of investment outlays by large enterprises, total fixed investment bounced back, rising by 6.3% YoY after a decline of 6.9% YoY in last year's fourth quarter. This suggests a strong rebound in public investment – possibly military and/or infrastructural outlays. A change in inventories contributed 1.5ppt to annual GDP growth, while net exports subtracted

1.1ppt.

Gross value added rose by 2.2% YoY vs 2.5% YoY in the previous quarter. Data on value added indicates a solid performance for sectors dominated by services: professional, scientific and technical activities (6.6% YoY), transportation and storage (4.1% YoY) and accommodation and catering (3.4% YoY). Construction rebounded slightly (0.8% YoY) for the first time since the fourth quarter of 2023, which may have been driven by public investments.

Fixed investment rebounded in 1Q25 in Poland

GDP, %YoY, perc. points.



Source: GUS, ING.

Domestic demand composition more balanced

The beginning of 2025 brought positive shifts in the GDP growth composition. The Polish economy is still expanding off the back of domestic demand (4.6% YoY), while the weakness of external demand is translating into a negative contribution from net exports.

In the first quarter, Poland's exports increased by a mere 1.1% YoY, while imports rose by 3.5% YoY. The composition of domestic demand was more balanced, though, as continued consumption growth was accompanied by stronger investment activity. Despite the slow execution of projects financed by the Recovery and Resilience Fund (RRF), investment has started rising, which bodes well for the remainder of 2025, when RRF projects should accelerate.

Poland set to remain an EU growth leader in 2025

With economic growth above 3%, Poland continues to outperform other countries across Central and Eastern Europe and other EU economies. We expect economic growth in 2025 to exceed 3%, with the upcoming quarters likely to bring a further strengthening of investment activity. A more balanced structure of domestic demand growth is a positive sign, as the economy relies more on domestic sources of growth than in 2024.

For details on Poland's presidential elections, you can find our latest analysis [here](#)

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