

## Poland: Impressive rebound in construction in January

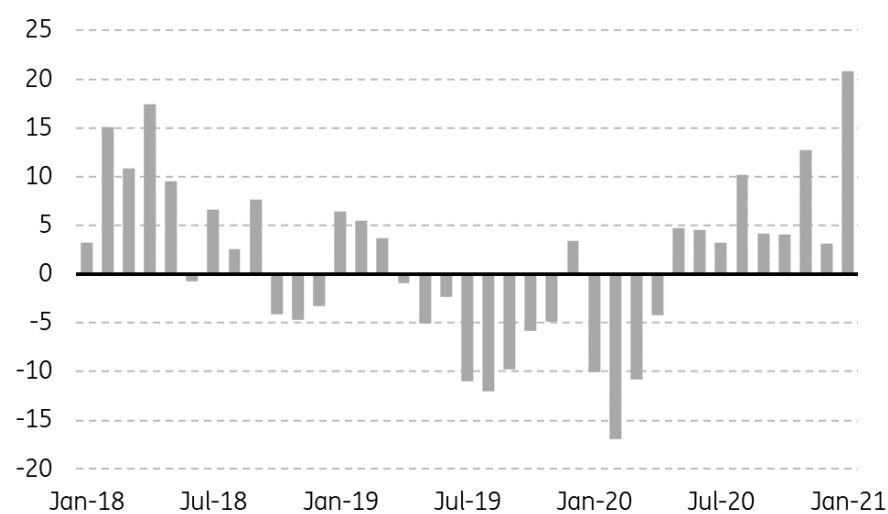
January figures on the real economy (industry, retail, construction) suggest buoyant economic growth in Poland at the beginning of 2022. The chances of seeing 7% GDP in 1Q22 are rising. The MPC will continue its monetary tightening cycle. Another 50bps rate hike is expected in March. The main NBP policy rate should increase to 4.50% by the end of 2022



Construction of the 'Warsaw Hub', Poland

Retail sales increased by 10.6% year-on-year in January (consensus: 10.5%, ING BSK: 13.0%). Sales of motor vehicles remained in the doldrums (-13.5%YoY). Sales of fuel declined as well (-1.5% YoY). Impressive growth was observed in clothing and footwear (97.7% YoY) amid a low reference base from January 2021 when shopping centres were closed due to the pandemic. In January, sales of goods were 6.8% above pre-pandemic levels (February 2020) but still 2.4% short of the pre-pandemic trend. The consumption boom continued in early 2022 despite sharp price increases. The implied retail sales deflator increased to 8.5% YoY from 8.2% YoY in December.

## Construction growth, YoY, in %



Construction output soared 20.8% YoY in January, well above the market consensus of 4.3% and our forecast of 12%. This suggests a solid recovery in private investment as construction of buildings jumped up by 39% YoY. Double-digit growth (14.7%YoY) was recorded in specialised construction activity, while growth of civil engineering works expanded by a moderate 7.6% YoY.

Today's data suggests an impressive recovery in private investment, accompanied by modest growth in public investment. The acceleration of the latter will depend on the faster absorption of EU funds, which requires the National Recovery Fund to be unlocked.

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