

Poland's industrial recovery led by automotive sector

Latest positive industrial production numbers from Poland beat the consensus forecast despite less favourable calendar effects than in June. A strong recovery in the auto sector is largely responsible



Workers at a car factory in Poznan in Poland

1.1%

Polish industrial production (YoY)

Consensus: -2.0% YoY

Better than expected

July's Polish industrial production increased by 1.1% YoY, beating the consensus (-2.0% YoY) and the Jun reading (0.5%YoY), despite less favourable calendar effects than the previous month. This is largely down to a strong recovery in the automotive sector, with figures jumping from -15.2 to 0.6% YoY.

In June there were two more working days compared to 2019, the effect was absent in July. Hence the calendar-adjusted industrial production numbers increased from -4.9% to 0.2% YoY.

Recovery among export-oriented businesses wasn't as strong as the PMI would suggest. While automotive scored an impressive recovery, production of electric appliances, for example, slowed from 16.9 to 7.1% YoY. Still, a sharp rise in export orders reported in the PMI suggests a more broad-based recovery among exporters in the months to come. Production of foodstuffs slowed as well (from 6.3 to 3.3% YoY), suggesting that the impact of deferred demand from the lockdown period is fading.

Industrial activity, alongside labour market developments, underlines that the recovery after the first Covid-19 wave continues faster than expected. While this is a major argument for a stable monetary policy, the National Bank of Poland has other concerns. These are chiefly PLN remaining stronger compared to past crises, and very weak credit activity (and potentially investments). As such we don't exclude further easing, despite solid domestic activity.

Author

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.