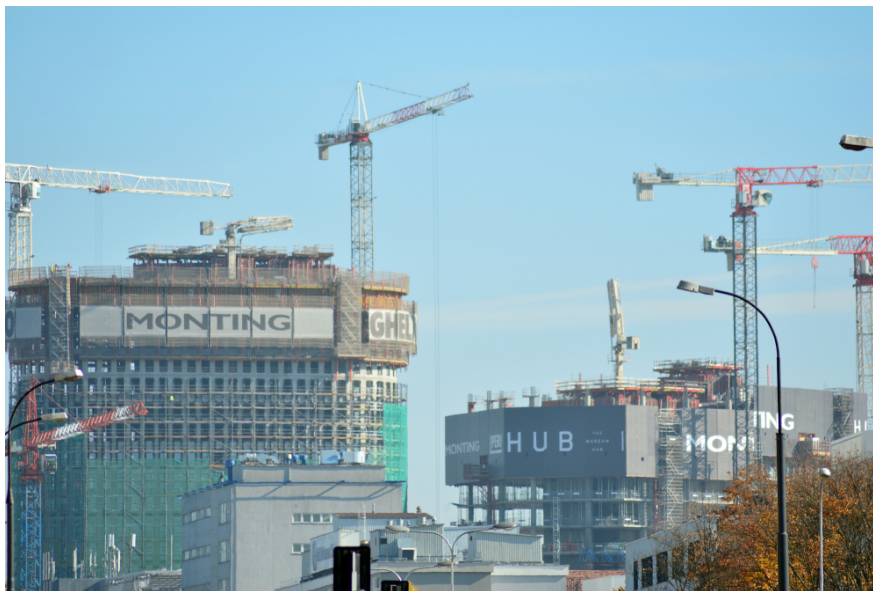


Poland: Industry gearing up before second wave of pandemic

Industrial output in October grew by 1.0%, down from 5.9% year-on-year in September. The recovery after the first Covid-19 wave has faded, but production is still 1.2% higher than in February. This reflects a recovery in global manufacturing and a generous fiscal package domestically



Construction of the 'Warsaw Hub', Poland

1%

Production growth in October in Poland (YoY)

In line with market expectations

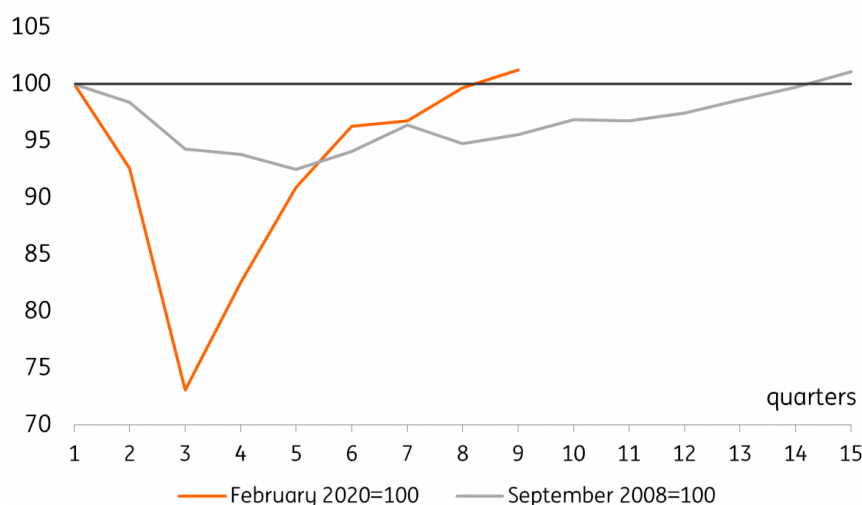
As expected

Covid impact to be less severe than before

On a monthly basis (seasonally adjusted) industrial production grew 1.6%, down from 3.0% a month prior. Industry is yet to suffer the impact of the second Covid-19 wave and new restrictions. This should occur in November and December, but to a lesser extent than in services.

Our index gauging restrictions and mobility in Poland indicates that the Covid-19 impact is stronger compared to the 2Q20 average. However, we expect the impact of the pandemic on industry to be substantially less severe than in the spring. New restrictions, both globally and domestically, primarily impact services requiring direct personal interactions. The authorities are trying not to disrupt production chains, as reflected in the relatively upbeat industrial sentiment. The economic recovery in Asia also offers support. We estimate that the scale of the GDP downturn in 4Q20 should reach half to one third that seen in 2Q20, as the economy remains supported by robust spending.

Speed of industrial production recovery after the 2008 and 2020 crises



The slowdown in industrial production in October primarily reflects one working day less than a year prior. Nonetheless, production of durable consumer goods retained a strong performance (7.8% YoY), but was still weaker compared to September (21.2% YoY). Production of energy related and investment goods declined in year-on-year terms (respectively by 7.8 and 1.4%). The decline of the latter indicates that domestic investment demand is weak and is unlikely to recover before the second half of next year.

Author

Rafal Benecki

Chief Economist, Poland

rafal.benecki@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 <http://www.ing.com>.