

## Polish industry remains immune to the German slowdown

Growth of industrial production in April reached nearly 10% and overall performance remains decent. Expect benign moderation of GDP growth in 2Q due to weak external demand



Cars on a German Autobahn

Polish industrial production accelerated in April from 5.6% to 9.2% year on year, slightly above consensus expectations of 8.7% and supported by the calendar effect.

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According to the central statistical office (GUS), seasonally adjusted numbers decreased from 7.8% to 6.8%. The underlying structure remains balanced and we see a strong contribution both from export-oriented sectors and construction-related branches. Furthermore, GUS highlighted the extraordinary growth of the FMCG sector related to the Easter holiday.

Overall, the Polish industrial sector remains immune to the German slowdown. We expect a

modest deceleration of production in 2Q from 6.8% to approximately 5.5-6%, as strong consumption and domestic demand should support industrial activity.

Similarly, we expect benign moderation of GDP dynamics in 2Q from 4.6% to 4.3%YoY due to weaker external demand. The net export contribution should deteriorate, while domestic demand is expected to remain solid. We forecast stable consumption at 4.2%YoY and solid growth of investment close to 7%YoY.