

Poland: Production rebound in September. Outlook gloomy

Industrial production recovered in September. Ongoing negative Eurozone sentiment and problems in the construction and energy-intensive sectors suggest further deceleration in 4Q.



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Industrial production dynamics recovered from -1.3% to 5.6% YoY, above the market consensus (4.7%). The seasonally adjusted figure increased from 1.7% to 3.5% YoY. The Statistical Office statement suggests a relatively balanced structure – the biggest increase in production came from "other transportation equipment" (44.1%). Many export-oriented branches performed well, including automotive production, electrical equipment, and consumer electronics. A negative contribution came from the coke and petroleum refining category (-5.9%) – the 2nd consecutive drop here and possibly related to production disruption. We also see some slowdown in sectors linked to construction and energy-intensive activities, suggesting further deceleration in production dynamics in 4Q.

The sector outlook remains negative. In 3Q overall production expanded by 3.4% YoY, 1.4ppt lower than in 2Q. The biggest risk is linked to the German and Eurozone slowdown, especially if a potential recession hits these labour markets and so consumption. For producers focused on

the local market, energy-intensive sectors such as metallurgy and activities related to construction are at greatest risk.

After today's reading we still see 4.1% YoY GDP growth in 3Q, relying mainly on private consumption. The weaker construction performance suggests a diminished contribution from investments.