

## Poland: Solid activity data, cloudy outlook

Industrial production outperformed expectations in April. Still, a drop in new orders (especially exports) is alarming



Source: Shutterstock

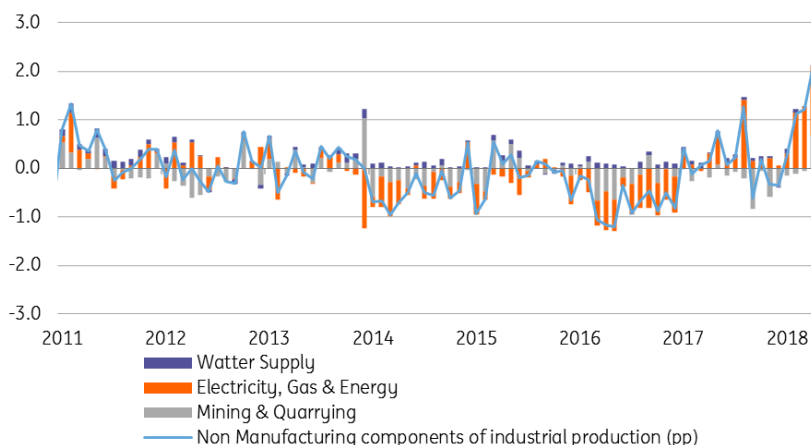
# 9.3

 Industrial production (%YoY)

Better than expected

Industrial production accelerated from 1.8% year on year to 9.3% (slightly above market consensus 8.5%YoY). On a seasonally-adjusted basis, the improvement was small, with the headline figure accelerating from 5.1%YoY to 5.9%YoY. The official statistics office GUS highlighted a recovery in the export sector after a soft March, with machinery accelerating by 17%YoY and furniture manufacturing by 14.9%YoY. Sentiment in construction-led segments (production of base metals and non-metallic minerals like concrete etc.) showed above-average growth. Finally, a solid contribution came from the mining and utilities sectors (total contribution was close to 2pp).

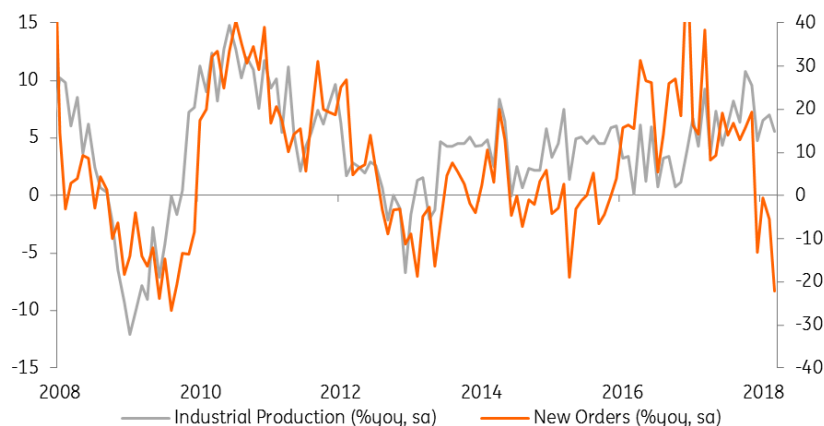
## Strong contribution of mining and utilities sector



Source: GUS

Looking ahead, we expect a moderation in industry. In recent months, there has been a strong deceleration in the new orders portfolio including external demand. The slowdown in demand growth raises doubts about sentiment in Eurozone economies.

## Drop of new orders is alarming



Source: GUS

Construction output increased from 16.2%YoY to 19.7%YoY but missed the median call of 24.8%YoY. Growth in the civil engineering category came in at 22%YoY (vs. 30%+YoY in 1Q18) due to delays in infrastructure investments. Data underlines the solid performance of the real estate sector with building construction growing by 30.6%YoY.

**4.6** GDP growth (%YoY) in 2Q18 - ING forecast

Today's data is consistent with a moderation of GDP growth in 2Q18. We expect a deceleration from 5.1%YoY to approximately 4.6%YoY.