

## Strong end to last year paves the way for 3.7% growth in Poland in 2026

Poland's economy grew by 4.0%YoY in the final quarter of 2025 on the back of buoyant consumption and a fixed investment bounce-back. Despite a turbulent start to 2026 (harsh weather, surge in geopolitical risks), full-year growth should match our forecast of 3.7%. We think expectations of above-4% growth in 2026 are overly optimistic



Despite a turbulent start to 2026, including harsh winter weather, Poland remains on track for 3.7% full-year growth

### Consumption remains the main driver of economic growth

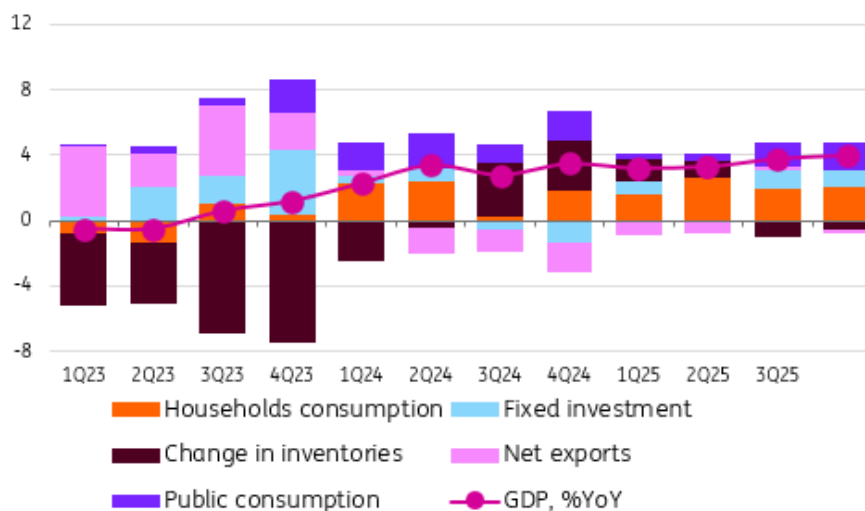
The Polish StatOffice confirmed its preliminary estimate of GDP growth in 4Q25 at 4.0% year-on-year. In quarterly terms, growth accelerated slightly – to 1.0% quarter-on-quarter, up from 0.9% QoQ in 3Q25. After a strong end to 2025, we expect some moderation in growth momentum at the beginning of 2026, although for the entire year we still forecast a solid expansion of 3.7%.

GDP growth in the final months of last year was again driven by domestic demand, which expanded by 4.3% YoY, following a 3.7% YoY increase in 3Q25. The condition of private consumption improved once again after a softer third quarter. In 4Q25, households' consumption rose by 4.2% YoY. The rapid slowdown in inflation curbed the slowdown in real disposable income growth, helping to sustain spending.

Public consumption also continued to expand at an impressive pace, rising by 7.3% YoY, i.e. more than 7% for the second consecutive quarter. The strong growth in current public expenditure, combined with rising public investment, suggests that the fiscal imbalance remained high in 2025. We estimate the general government deficit last year was close to 7% of GDP.

## Robust GDP growth in late 2025

GDP, %YoY



Source: GUS, ING.

## Investment continues to grow, but mainly public

Fixed investment increased by 4.7% YoY in 4Q25, after 7.1% YoY growth in 3Q25. Public investment remains an important driver of overall growth, while private sector investment activity is still subdued. Falling interest rates and the accumulation of projects under the National Recovery Plan (KPO) should support overall investment growth in 2026, although the geopolitical environment is becoming increasingly complex (Ukraine, the Middle East), undermining private corporates' propensity to invest.

Changes in inventories subtracted 0.6 percentage points from annual GDP growth in 4Q25.

## Exports growth fails to keep pace with imports growth

A mild deterioration in the foreign trade balance reduced annual GDP growth in 4Q25 by 0.2 percentage points. Exports of goods and services increased by 7.7% YoY, but imports grew even faster, rising by 8.7% YoY. The increase in foreign trade turnover may be linked to rising re-exports, including goods imported from China.

Data from Statistics Poland show that imports from China rose by more than 11% nominally last year (in PLN). Further acceleration in investment and the delivery of previously ordered military equipment will boost import growth in 2026, although the scale of the deterioration in the trade balance should remain contained.

## Investment is likely to accelerate this year, but overall GDP growth to remain below 4%

Last year was another in which economic growth was driven primarily by private consumption (3.7%). Consumers were supported by a faster-than-expected decline in inflation, which offset the ongoing slowdown of nominal incomes and sustained consumption growth despite a persistently elevated propensity to save. Although investment grew by 4.3% after a 0.9% decline in 2024, the rebound was smaller than suggested by our own forecasts and those of the market at the beginning of last year. Implementation of KPO projects has been delayed, and their main concentration will occur in 2026, when the grant part of the EU's Recovery and Resilience Facility (RRF) expires.

We estimate that GDP growth eased at the beginning of this year, and in 1Q26 we expect growth in the range of 3.6-3.8% YoY. Contributing factors include adverse weather conditions at the beginning of the quarter (particularly reflected in construction activity but also seen in industry) and growing uncertainty about the conflict in Iran. A potential rise in crude oil prices – if significant and sustained – may not only push inflation slightly higher but could also constrain economic growth. The ongoing war in Ukraine undermines private businesses' propensity to invest, and the conflict in Iran could impact this too. So the overall negative impact of geopolitical risks for domestic growth and private investment may turn out to be more severe than previously projected.

We continue to forecast GDP growth this year at 3.7%, and view projections suggesting GDP growth above 4% as overly optimistic.

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