

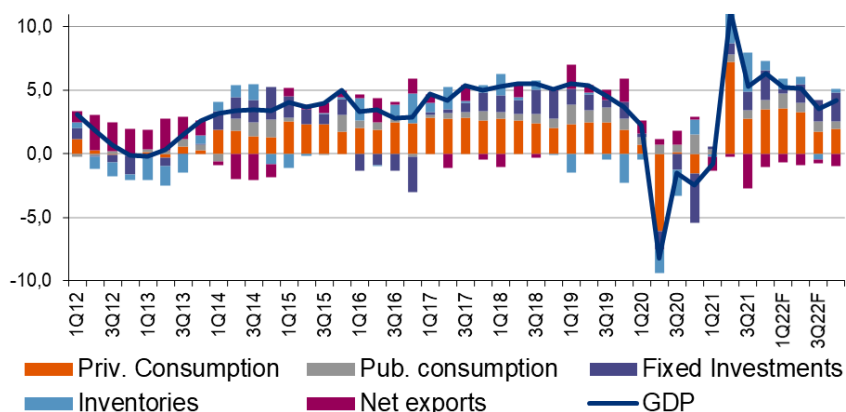
Poland: Strong GDP growth in 3Q21

GDP in 3Q21 increased by 5.3% YoY. In quarter-on-quarter terms, it accelerated to 2.3% from 1.8% in 2Q21. Growth was driven by two engines: industry and services



On the demand side, we see a further improvement in investment, especially in the private sector, although public outlays will remain subdued in this cycle. The negative contribution of net exports stood at -2.7pp, which has not been seen since 2007. We expect negative export to diminish in 2022, as the European economy does not need much for a strong rebound once supplies of semiconductors from Asia improve. Polish exports would also benefit from that development.

GDP structure in Poland



In the second half of this year, Poland had the best-performing economy in the region. The Czech Republic suffered from supply-side disruptions, while Romania was affected by low vaccination rates and pandemic restrictions.

We are maintaining our earlier GDP growth projection of 5.4% in 2021 as a whole. In 2022, we see a slight decline in GDP growth to 4.5%, due to the negative inflation shock which limited the effect of the strong growth of disposable incomes over recent years.

We assume new fiscal impulses in 2022-23 should significantly mitigate the slowdown, but on the other hand, will also fuel high inflation. Therefore, we see the terminate NBP interest rates at least at 3%. NBP should resume tightening after some break in 1H22. In 2H22 high core CPI is likely to sound a warning about the risk of persistent inflation.

Author

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

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