

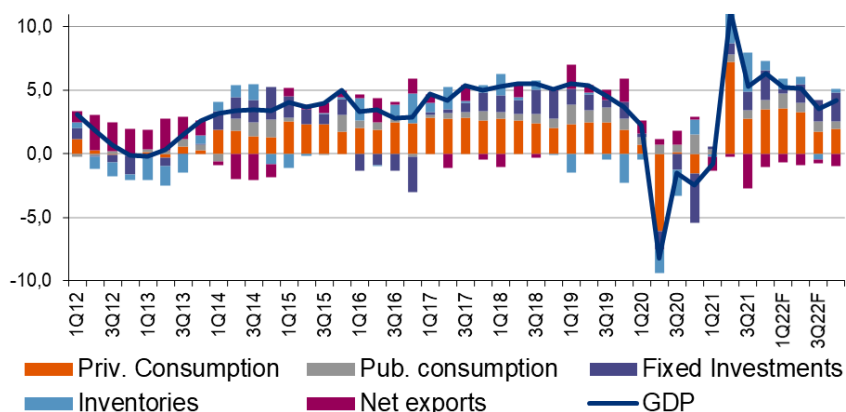
## Poland: Strong GDP growth in 3Q21

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.

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