

## Poland: Strong production output in March

Poland's industrial sector maintained a decent rate of activity in March, despite a slowdown in Germany and the eurozone. Still, GDP in the first quarter should moderate due to weaker contributions from construction and transportation



Construction of the 'Warsaw Hub', Poland

Industrial production decelerated in March from 6.9% to 5.6% year-on-year, which was still above the market consensus of 4.5%. Sector performance remains decent, given negative calendar effects and a lower contribution from mining and utilities. The difference in working days subtracted two percentage points from the headline figure, with the seasonally-adjusted rate coming in at 7.8% YoY.

Strong manufacturing output is related to the extraordinary performance of transport equipment producers (37.2% YoY), which should not be repeated in the coming months. Activity in export segments remained solid – production of electrical equipment expanded in March by 15.4% YoY, with electronics and computer equipment up by 9.6% YoY. Also, areas closely linked to the construction sector achieved decent results.

Despite a strong manufacturing performance, we still expect GDP to moderate in 1Q19 from 5.3%

to 4.2-4.4%YoY. Construction and transportation sectors should provide much lower contributions compared to the previous quarter. We also expect some moderation in retail & wholesale trade.