

## Poland: 4Q GDP drop confirmed; 2020 fall a tad shallower

The GDP drop in 4Q20 was confirmed at 2.8% year-on-year (-0.7% quarter-on-quarter after seasonal adjustment). For the whole of 2020, GDP in Poland contracted by 2.7% YoY, a little better than the 2.8% fall initially estimated by the statistics office



Source: Shutterstock

# -2.8%

GDP in 4Q20 (YoY)

In line with the flash estimate

As expected

The structure of 4Q20 GDP is broadly in line with our estimates. The decline in investment deepened to -10.9% YoY from -9% in 3Q20. Private consumption fell by 3.2% YoY vs. 0.4% growth in 3Q20. Surprisingly, the contribution to GDP growth from net exports was low, only +0.4ppts in 4Q20 compared to +1.7ppts in 3Q20. The balance of payments data suggested much

better results. It was offset by inventories (+0.6ppts to GDP in 4Q20 vs -2.3ppts in 3Q20). Both net exports and inventories are among the most frequently revised categories in the national accounts. Together, their contribution to GDP growth in 4Q20 was close to our estimates.

In terms of GDP creation, industry stands out. The real growth of value added in industry accelerated in 4Q20 to 4.8% YoY compared to +2.9% in 3Q20 and -11.8% in 2Q20.

We remain cautious about 1Q21 prospects. We are reiterating our forecast for a slight QoQ GDP contraction in this period. For the whole of 2021, we maintain our GDP growth forecast at 4.5% YoY, for now, although downside risks remain.

In January, industry reported good results. Construction and retail sales fared worse. With the easing of trade restrictions in February, sentiment improved in retail and services. Industrial sentiment continues to look relatively good.

But we are facing another wave of Covid-19 in Poland and we have to deal with the effects of prolonged restrictions in Europe. The vaccination in Europe still remains relatively slow, three times slower than in the USA. The low supply of vaccines has not yet been resolved. Yesterday, AstraZeneca announced that it will deliver only 40 million doses of vaccine to the EU in 1Q21, rather than the 80 million doses suggested in January.

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