

Polish industry recovers in January

Poland's industrial output recovered after a poor December reading. Export industries continue to outpace those focused on the internal market, underlining their resilience to the euro area industrial slump



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Limited recovery after December

Seasonally unadjusted Polish industrial production expanded by 1.1% YoY beating the consensus of -0.3% YoY. This recovery comes after a lacklustre December and an extended holiday period.

Low seasonally unadjusted growth figure result from one less working day than a year ago. The seasonally adjusted figure reveals growth at 3.5%YoY - a similar level to that seen in 4Q19 (3.8% YoY).

Export sectors continues to outperform

The details show that trends seen in the previous months hold – export industries fare relatively good, while those oriented towards the domestic market show gradual deterioration.

Export sectors such as the manufacturing of other transport equipment, computers, electronic and optical products, or electrical equipment retained solid momentum. Polish companies continue to benefit from solid euro area domestic demand. This makes Poland relatively resilient to the euro area industrial slump, or potential coronavirus impact, as long as internal demand in Europe remains resilient to multiplier effects.

January industrial output was also lowered by electricity, gas, steam and air conditioning supply – a result of a warm winter.

We estimate 1Q20 GDP growth will be close to 4Q19 numbers but may dip below 3% in the latter part of the year.

We maintain our full-year GDP growth forecast of 3% YoY.

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