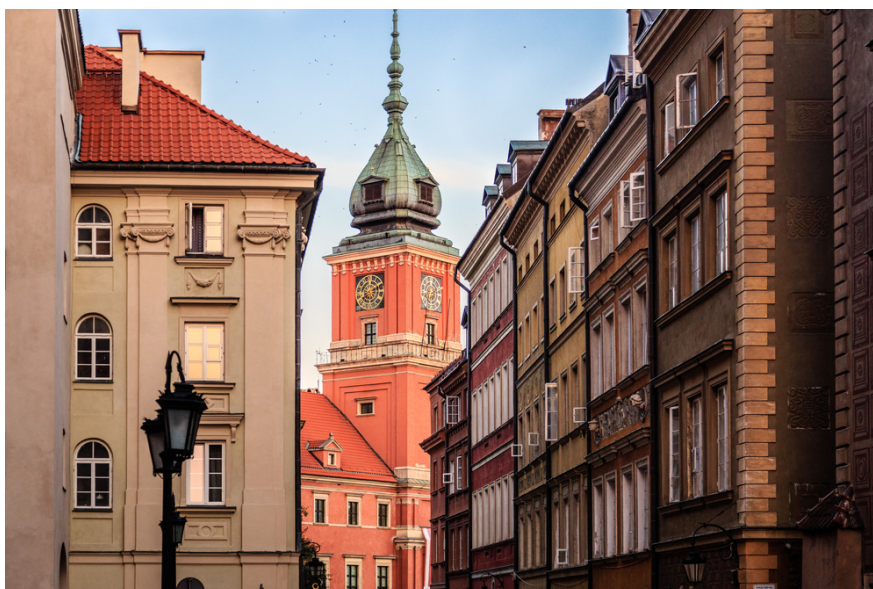


## Polish GDP weaker due to consumption and inventories

GDP growth in 4Q was slightly higher compared to the flash estimate. The detailed breakdown shows weak investment growth and major drag from inventories



Source: Shutterstock

According to the second reading, GDP growth in 4Q was slightly higher at 3.2% compared to the flash estimate (3.1%).

The full breakdown published by the statistical office for the first time shows, private consumption outlays decelerated from 3.9% to 3.3%YoY, in line with expectations. Investment growth stabilised at 4.9%YoY, while the earlier annual reading suggested a stronger figure (c. 7.5%YoY).

Net exports surprised on the upside with positive 1.1pp contribution. Finally, inventories were a major drag, lowering the headline dynamics by 1.3pp.

Looking ahead we expect GDP growth to stabilise in the first quarter close to 3%YoY while consumption growth should hover around the same levels.

We also expect net exports contribution to increase growth and inventories to become neutral. On the other hand investment dynamics are likely to fall further to approximately 2%YoY in 1Q20, given the weak public spending.

Given the coronavirus epidemic and activity in March, the risk to our forecast are clearly tilted to the downside.