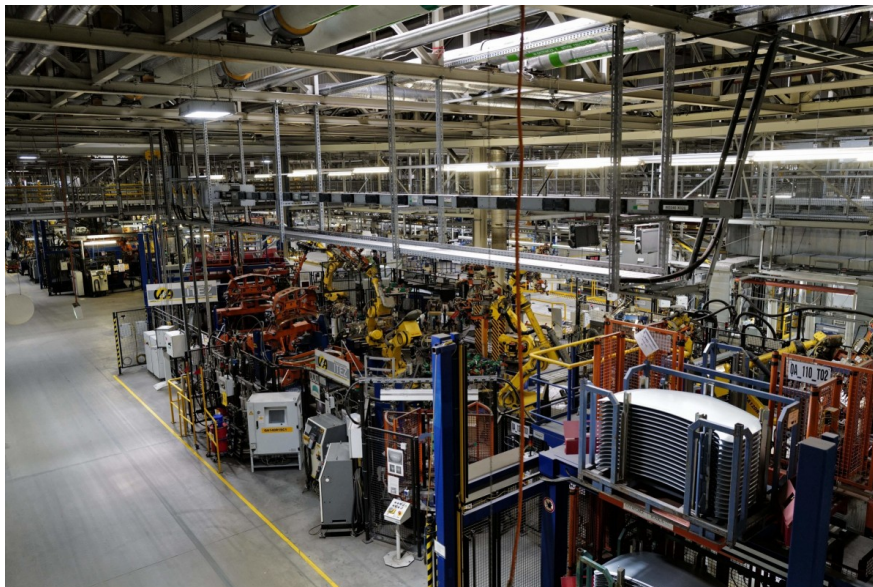


Poland's industrial production disappoints in January

Poland's industrial production remains sluggish due to continued shocks from the war in Ukraine. Export-oriented sectors found some respite though from reduced pressure in global supply chains and lower natural gas prices in January



Opel factory in Gliwice, Poland

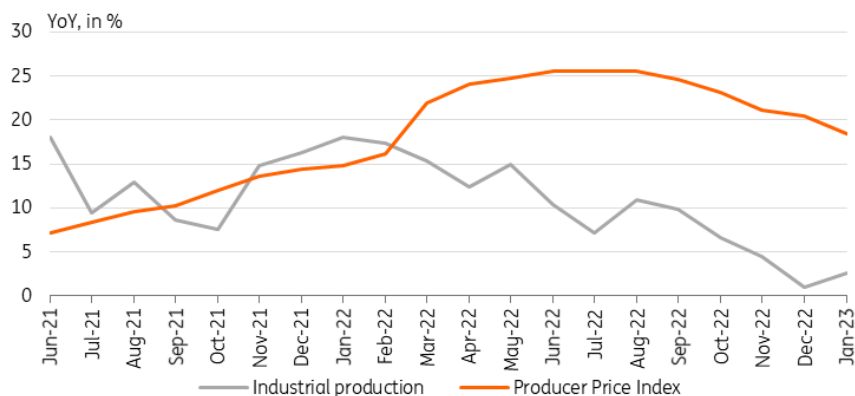
Industrial production grew by 2.6% year-on-year in January, clearly below our forecast and the consensus estimate of 4.0%, although stronger than the 1.0% YoY rate seen in December. Manufacturing continues to benefit from improving global supply chains, supporting production in some industries (including automotive, electrical equipment, and machinery). Solid increases have also been seen in the production of pharmaceuticals, food, textiles and clothing. The year-on-year acceleration was also supported by a favourable pattern of working days. Deep declines were seen in chemicals, metals, computer and wood manufacturing, but partly due to the high reference base in these industries from a year ago.

Producer prices remain on a downward trend and, in line with consensus, growth slowed to 18.5% YoY from 20.5% YoY in December. On a monthly basis, however, PPI prices accelerated to 0.8% MoM from 0.6% in December, indicating the persistence of producer inflation. Of the four main categories reported by the Polish CSO, month-on-month increases were recorded in three of them

(mining, electricity/gas/steam and water supply/wastewater), while manufacturing prices fell 0.4% MoM compared with a 0.6% decline a month earlier.

Today's data confirms expectations of a weakening in economic activity in the first quarter and a gradual easing of pressure on producer prices, linked to a fall in wholesale energy prices, mainly natural gas, due to the mild winter and a decline in gas demand in Europe.

Industrial production and producer prices, YoY change, in percent



Source: CSO data.

Author

Leszek Kasek

Senior Economist

leszek.kasek@ing.pl

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.