

Polish construction weakens in November due to harsh weather

In November, construction output rose by 3.9% YoY, noticeably weaker than in October (9.8%) and the consensus of 7.2%. This was most likely a result of less favourable weather conditions, including snowfall as well as temperatures which have been markedly lower than a year earlier. Housing remains robust



Construction workers in Warsaw, Poland

Poor weather affected industries typically associated with public investment, such as civil engineering (up by 5.3% year-on-year, compared to 17.6% a month earlier). Specialised construction performance also deteriorated substantially (down 5.6% YoY after a 7.1% increase). Such a strong deterioration is most likely a temporary effect, and the weather has improved in December. The situation in infrastructure construction will also be supported in the coming months by good prospects for the rapid release of EU funds, including the Recovery and Resilience Fund. Without this, we would have seen a decline in the inflow of European funds relative to 2023.

On the other hand, building construction was strong. Despite the weaker weather, the category grew by 10.7% YoY (versus only 1.1% a month ago). We expect building construction to continue improving over the coming months. This is the result of a significant uptick in demand for real estate, which is linked to the low-cost mortgages program. According to the stat office's data, the

number of housing units under construction has been gradually increasing since the bottom in the summer of this year.

Author

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@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>.