

## Poland's sluggish recovery continues as consumption sees a gradual rebound

Data from Polish industry and construction saw a serious surprise to the downside in March, and retail sales growth was less spectacular than we had expected. We're revising our first quarter GDP forecast down to 1.5% YoY from 2.3% previously, but we still see 3% economic growth in 2024 on the back of a continued improvement in household consumption

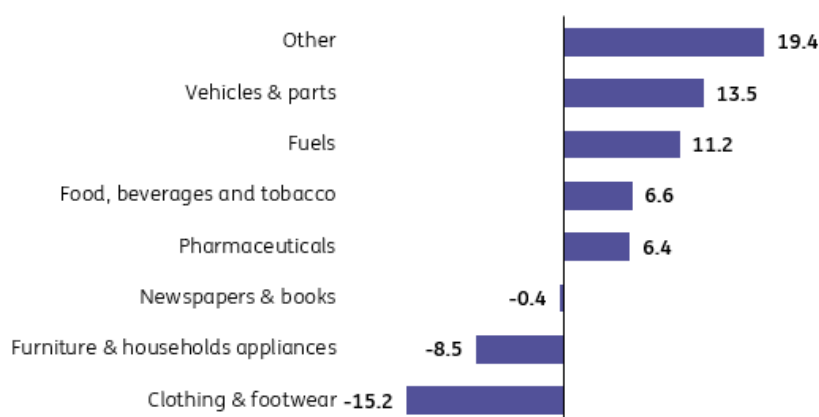


Shoppers in Gdansk, Poland

Retail sales rose by 6.1% year-on-year in March (ING: 10.0%, consensus: 6.7%), following an increase of 6.1% YoY in February. The seasonally adjusted data points to a decline of 0.2% month-on-month, which is a disappointment. However, we should keep in mind that this followed an impressive 2.9% MoM increase in February. The largest sales increases were in the 'other' category, which includes sales in large chain stores (19.4% YoY) and car sales (13.5% YoY), although for the latter the annual growth rate slowed markedly in March (after an increase in February of 26.6% YoY). Declines in sales of durable goods other than autos continued. The decline in textiles, clothing and footwear (-15.2% YoY) was shallower than in the previous month, but continued for furniture, consumer electronics and household appliances (-8.5% YoY).

## Durable goods sales still subdued

Retail sales, %YoY

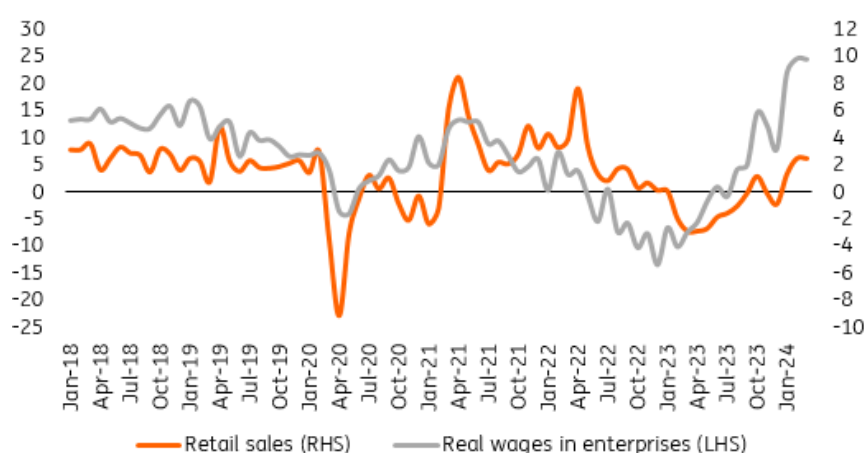


Source: GUS.

Real wage growth in the corporate sector has been running close to double digits in recent months and at the highest level since the end of the 90s, contributing to robust real income growth. We also expected spending to be buoyed by Easter shopping, but the data presents rather a slow recovery in consumption. On a monthly basis, sales increased by 14.2%, a similar rate to March 2023 (14.0% MoM) despite more a favourable calendar and income growth.

## Sales growth lags behind wages rebound

%YoY



Source: GUS, ING.

Disappointing March industrial production and construction output data – as well as weaker-than-expected retail sales data – led us to revise our first quarter GDP growth forecast for 2024 down to 1.5% YoY from the 2.1% YoY expected so far. For 2024 as a whole, we still see economic growth of 3% on the back of a recovery in consumer demand, driven by a robust recovery in real disposable

household income. While the rebound in consumption has been rather moderate so far, retail sales of goods increased by around 5.0% YoY in the first quarter of this year, compared to a decline of 0.5% YoY in the fourth quarter of 2023.

The scenario of a recovery in private consumption is materialising, albeit at a moderate pace, and Poles are slowly moving away from their austerity mindset. We are also seeing a rebound in global industry – but unfortunately, German industry is still lagging behind as today's manufacturing PMI showed. We assume that the economic recovery will eventually gain momentum in the remainder of the year, so we're sticking to our GDP forecast of around 3% for the entirety of 2024.

## Authors

### Rafal Benecki

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

### Adam Antoniuk

Senior Economist

[adam.antoniuk@ing.pl](mailto:adam.antoniuk@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>.