

Strong start to the quarter for Polish industry

Despite challenging conditions in Europe, the start of the fourth quarter has been very promising for the Polish industry. Production rebounded in October, both on a seasonally adjusted monthly basis and in annual terms



Poland's industrial production increased by 4.7% year-on-year in October, surpassing both the consensus and our expectations (ING: 3.0% YoY, consensus: 1.6%), following a decline of 0.4% YoY in September (revised down from -0.3%). Seasonally adjusted output was 3.9% higher than in September, indicating a strong rebound, although we do not rule out one-off effects, particularly in the "other transport equipment" category.

The industrial recovery was indicated by a slight improvement in the domestic PMI in manufacturing and a more favourable distribution of working days (one more working day than in October 2023). However, the industry still struggles with low external demand from European countries. This was confirmed by weak PMI readings for the entire eurozone and Germany on Friday, and [today's Ifo barometer in Germany](#).

Regarding the main industrial groupings, three out of four rebounded in October, including

manufacturing, which increased by 5.0% YoY after a decline of 0.5% in September (the exception was a decline in “mining and quarrying”). Looking at a more detailed breakdown, increases were recorded in 24 of 34 industrial divisions, most notably in the production of “other transport equipment” (36.5% YoY, this includes production of ships, railway rolling stock, aircraft, and military equipment), “computers and electronics” (15.0%), “furniture” (13.6%), and “cars” (6.0%). Declines were noted in, among others, the “repair and maintenance of machinery” (-16.6%), “coal and lignite mining” (-16.5%), and the “production of electrical equipment” (-4.6%). The data suggests strong growth in the production of durable consumer goods and decent growth in the production of investment goods.

In October, producer price deflation persisted, but the PPI index decline of 5.2% YoY was shallower than expected (ING: -5.5% YoY, consensus: -5.6%), following a decline of 6.2% YoY in September (revised up from -6.3%). Compared to September, prices increased by 0.4% MoM.

Industrial data indicates that the investment boost from EU funds is slowly gaining momentum. We estimate that this year, beneficiaries will receive up to PLN 15 billion from the National Recovery Plan (around PLN 7 billion has been allocated so far, according to the ministry), and in 2025 it could be as much as PLN 60 billion (plus structural funds). This should support the revival of private investments. We do not expect significant support from external demand, particularly from Germany. Increasing competition from China and probable US tariffs are bad news for German industry.

Author

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

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