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Economic Comment

Sales much better than in September

Grzegorz Ogonek, +48 22 534 19 23, grzegorz.ogonek@santander.pl

In October, Poland real retail sales growth surged from 3.6% y/y to 7.8% vs market consensus at 5.8%. This is yet another publication for October – after output and wages – that surprised positively after the disappointing September. A rebound in auto sales was recorded, but other categories also showed strong results. Business sentiment indexes for November showed a significant and broad-based rise.

Retail sales recovery

In October, Poland real retail sales growth surged from 3.6% y/y to 7.8% vs market consensus at 5.8%. This is yet another publication for October – after output and wages – that surprised positively after the disappointing September. This might have been thanks to such generic factors like working days and some shift in economic activity between the two months.

The headline figure beat expectations also thanks to revival of auto sales. We thought it would take longer for car dealers to overcome the issue of new EU exhaust emissions standard (it depressed sales in September). Durables have also shown a strong growth rate, 8.7% y/y, albeit c11% had been recorded on average between June and August.

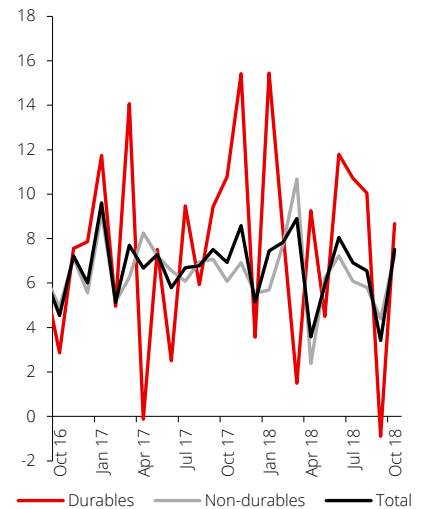
Non-durable goods sales accelerated from 4.4% y/y to 7.3%, its fastest pace since March.

We feel private consumption could stick to c5% y/y growth in 4Q, while detailed GDP data for 3Q will be released in late November.

Broad-based business sentiment improvement

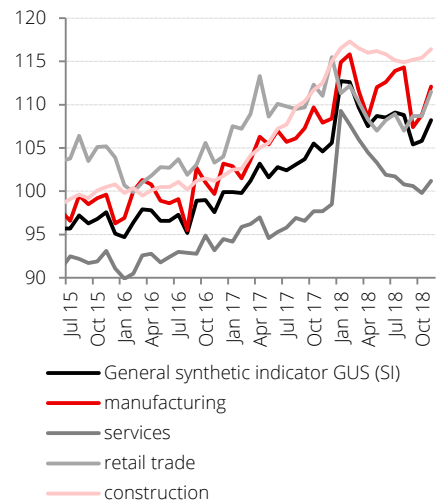
In November, business sentiment indexes showed a significant and broad-based rise. In all sectors covered, indexes advanced above readings seen in the previous two months – the ones that had suggested the economy was already slowing down. Manufacturing new orders index also recovered after poor performance seen in the previous two months. In case of retail trade, November's reading was the highest since February while a sub-index showed that sales are expected to hold high in the months to come.

Retail sales in main categories (% y/y)



Source: Stats Office, Santander Bank Polska

Sectoral business sentiment indicators



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Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa

email: ekonomia@santander.pl

website: skarb.santander.pl

Piotr Bielski + 48 22 534 18 87

Marcin Luźniński + 48 22 534 18 85

Grzegorz Ogonek + 48 22 534 19 23

Konrad Soszyński + 48 22 534 18 86

Marcin Sulewski, CFA + 48 22 534 18 84

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