

19 March 2020

Economic Comment

Industry was set to recover?

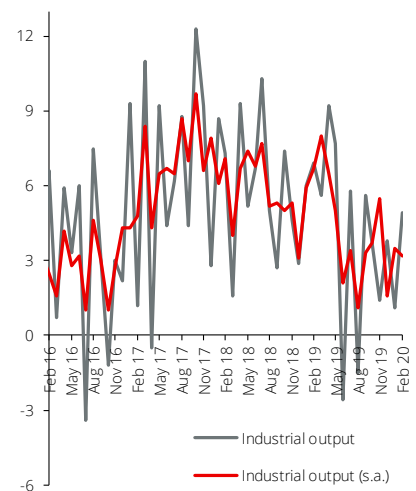
Marcin Luziński, +48 22 534 18 85, marcin.luzinski@santander.pl

Industrial output growth accelerated to 4.9% y/y in February from 1.1% y/y in January. Seasonally adjusted numbers showed a growth by 3.2% y/y versus 3.5% y/y in January. The numbers came out strong, above the market consensus (2.0% y/y). It seems that the Polish industry was getting started to follow an upward path at the start of 2020, unfortunately the Coronavirus spread is very likely to hinder that recovery. In the months to come, we are expecting a strongly negative impact of the epidemic on the economic growth.

Industrial output growth accelerated to 4.9% y/y in February from 1.1% y/y in January. Seasonally adjusted numbers showed a growth by 3.2% y/y versus 3.5% y/y in January. The numbers came out strong, above the market consensus (2.0% y/y). Actually, industrial output surprised to the upside for the second time in a row, with a strong rise in export-oriented sectors and recovering output of intermediate goods (+5.2% y/y), which were the main laggard in 2H19. Declines were recorded in clothing and textiles which are heavily dependent on supplies from China, but we wouldn't blame this on Coronavirus effects yet – clothing output has been recording negative growth rates since 4Q19.

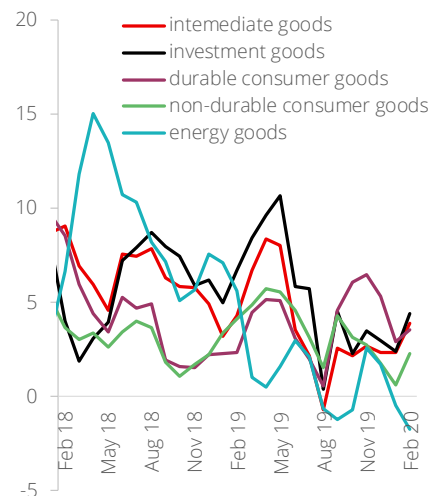
It seems that the Polish industry was getting started to follow an upward path at the start of 2020, unfortunately the Coronavirus spread is very likely to hinder that recovery. We are looking forward to see March output numbers with the first effects of lockdowns. These could be mixed, as e.g. car output in Poland was shut down almost completely (10% of total industry), but food industry is reportedly operating at increased capacity (15% of total industry). In the months to come, however, we are expecting a strongly negative impact on the economic growth.

Industrial output, % y/y



Source: GUS, Santander

Industrial output by sectors, % y/y, 3 ma



Source: GUS, Santander

Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
 email: ekonomia@santander.pl
 website: santander.pl/en/economic-analysis
 Piotr Bielski +48 22 534 18 87
 Marcin Luziński +48 22 534 18 85
 Wojciech Mazurkiewicz +48 22 534 18 86
 Grzegorz Ogonek +48 22 534 19 23
 Marcin Sulewski, CFA +48 22 534 18 84

This publication has been prepared by Santander Bank Polska S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. Information presented in the publication is not an investment advice. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. Santander Bank Polska S.A. its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Santander Bank Polska S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Santander Bank Polska S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.

Additional information is available on request. Please contact Santander Bank Polska S.A. Financial Management Division, Economic Analysis Department, al. Jana Pawła II 17, 00-854 Warsaw, Poland, phone +48 22 534 18 87, email ekonomia@santander.pl, <http://www.santander.pl>.