

# Economic Comment

## Business and consumer mood keep improving

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In July all sectoral business sentiment indicators improved, with both the current assessment and the expectations sub-indexes rising across the board. Industry expectations index is already back to pre-pandemic level. Consumer sentiment also kept improving in all aspects. Views on current and future own financial situation as well as on overall economic situation are already less negative than during the last two downturns. The July sentiment indexes support the view of V-shaped economic rebound.

### Further broad recovery of business sentiment

In July all sectoral business sentiment indicators improved, with both the current assessment and the expectations sub-indexes rising across the board. The m/m improvement in the current assessment of business environment was stronger than in June, while the expectations part improved less than previously.

In industry, the expectations index (combining opinions on future output, orders, financial situation, etc) has already climbed to pre-covid levels (to 6M average up to Feb'20). On the other hand, the overall index for retail trade remains the weakest since 2004 in SA terms (ex three previous readings), despite the significantly stronger-than-expected results of retail sales in May and June.

Around 40% of industrial companies kept indicating the pandemic has serious or even life-threatening consequences for their business (40.3% in July vs 42.9% in June), for the most-stricken horeca sector the number improved in July to 51% from 75.4%. The y/y drop in purchasing activity and new order flows was shown at -11 to -15% for industry, construction and retail trade vs -22 to -37% indicated in the April poll.

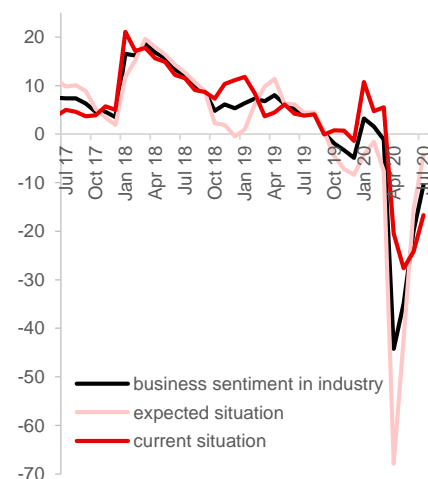
The July set of business sentiment indicators extends the list of recent data releases that suggest the V-shaped recovery continues.

### Consumers already fear less than during previous downturns

In July consumer sentiment kept improving in Poland in all aspects. Views on current and future own financial situation as well as on overall economic situation are already less negative than during the global financial crisis and the 2012-2013 slowdown. Consumers are now also more open to making major purchases than during these previous downturns. However, the survey results suggest a strong and growing willingness to save, which might soon flatten the rebound of retail sales, once the demand overhang accumulated during the lockdown period is gone.

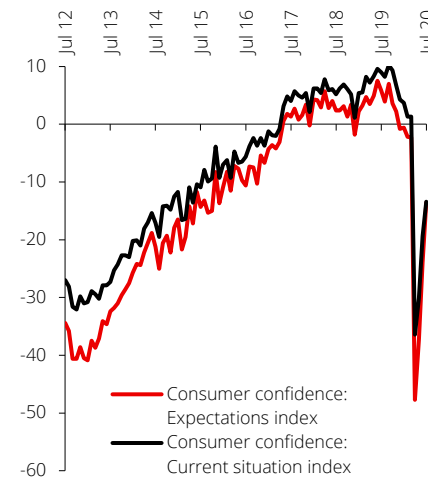
The share of consumers considering the pandemic a high threat to their financial situation shrank further to less than 15% while 40% indicated this is small or no threat at all. The worries subside slower when it comes to pandemic as a risk to one's health: c.22% consider this a high threat vs c.30% saying this is small or no threat at all. In July only 6.5% of the employed saw high risk of losing a job or closing a business due to the pandemic while more than 40% indicated no such risk at all (in April the shares were 19% and 20% respectively).

### GUS business sentiment indicators



Source: GUS, Santander

### GUS consumer sentiment indicators



Source: GUS, Santander

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