

25 January 2021

# Economic Comment

## December surge of industrial output

Grzegorz Ogonek, +48 609 224 857, [grzegorz.ogonek@santander.pl](mailto:grzegorz.ogonek@santander.pl)

Polish industrial output rose by 11.2% y/y in December, much more than had been expected (market consensus at 8.7% y/y, our forecast 8.3%). It was also striking how broad-based the rebound was. With all December readings from the Polish economy coming above forecasts we see a chance of 4Q GDP falling by less than 3% y/y and less than 1% q/q (in SA terms).

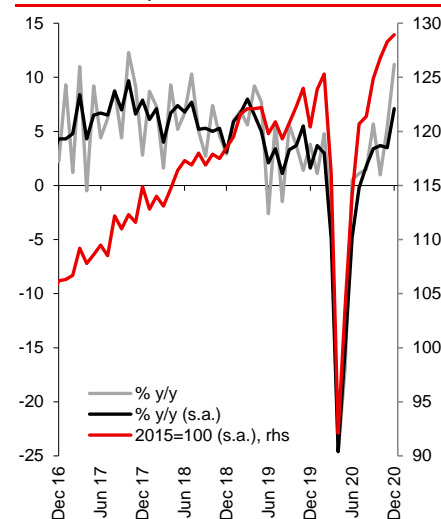
Polish industrial output rose by 11.2% y/y in December, much more than had been expected (market consensus at 8.7% y/y, our forecast 8.3%). While much of this print was caused by favourable calendar effects, the seasonally adjusted reading was also very strong at 7.1% y/y, up from 3.5% and compared to c.3% y/y on average in the last months before the pandemic. What is also striking is how broad-based the rebound was: Polish durable consumption goods sector saw a rise in output of 30.2% y/y, but sectors like intermediate goods (17.3% y/y vs 9.4% previously) and capital goods (9.8% y/y vs 7.3% previously) also showed improved results. Even the mining sector registered the best month in terms of output growth in the whole 2020 - in fact it was the only one with positive y/y growth.

Production of electronics and electrical equipment as well as textiles were all up 39% y/y, while at the same time some industries failed to increase output y/y (e.g. tobacco products, oil refining).

We see a possibility of some moderation of Polish industrial output results at the start of 2021. December was still quite strong in Europe as far as economic activity is concerned judging by soft indicators like PMIs, which have however eased in January. The end of the Brexit transition period with the turn of the year might have also boosted demand for Polish industrial goods in late 2020 and reduced orders for early 2021. The temporary opening of shopping malls in Poland (closed again in the last days of December) may have had a similar effect. What is more, European car manufacturers signalled delayed shipments of components from Asia causing bottlenecks which may also impact demand for car parts from Poland, an important part of the country's deliveries to the EU.

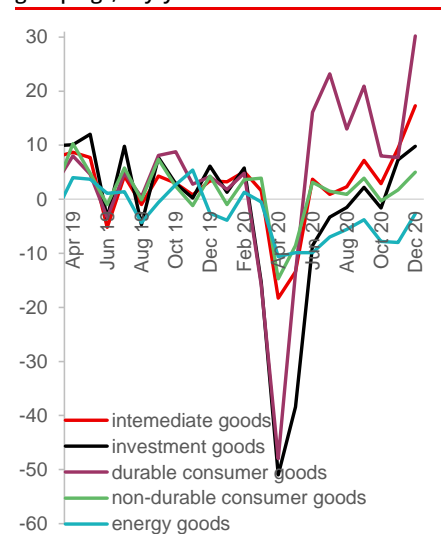
With all December readings from the Polish economy coming above forecasts (construction output, retail sales, employment, wages) we see a chance of 4Q GDP falling by less than 3% y/y. The seasonally adjusted q/q growth could be higher than -1% we indicated earlier, and it now seems even possible there was no q/q GDP decline at all in 4Q. The preliminary GDP for 2020 due Friday, 29 January will provide the first rough estimate of economic growth in 4Q.

### Industrial output



Source: GUS, Santander

### Industrial output by main industrial groupings, % y/y



Source: GUS, Santander

### Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa  
 email: [ekonomia@santander.pl](mailto:ekonomia@santander.pl)  
 website: [santander.pl/en/economic-analysis](http://santander.pl/en/economic-analysis)  
 Piotr Bielski +48 22 534 18 87  
 Marcin Luźniński +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](mailto:ekonomia@santander.pl), <http://www.santander.pl>.*