

## General situation of the Polish economy

According to the latest data in 3<sup>rd</sup> Q 2020 Poland's GDP increased by 7.9% qoq (seasonally adjusted). In annual terms GDP was 1.5% lower (non-seasonally adjusted). These estimates confirm that after deep declines in Q2 (GDP contracted by 8.4% year over year), Q3 brought a significant rebound in socio-economic activity.

**Compared to other EU economies, Poland is still in the lead in terms of GDP dynamics. In Q3 2020, according to Eurostat methodology, Poland's GDP decreased by 1.8% (year over year, seasonally adjusted). It was the second best result among the countries for which data are available.** Only Lithuania recorded a slightly smaller decline (1.6%). In the EU as a whole, GDP declined by 4.2% in Q3, and in the euro zone by 4.3%.

In Q3 2020 total consumption grew by 1% (year over year), with public consumption increasing by 3.4% and household consumption was 0.4% higher than a year ago.

As a result of reintroduced restrictions, including partial closure of shopping malls in November, retail sales were lower by 5.3% both year over year and month over month. In January-November 2020, sales declined by 3.1% year over year.

**In November the industry was much better than expected.** Industrial production sold in November 2020 was 5.4% higher year over year. The highest growth was recorded in the production of electrical equipment (24.5%), computers, electronic and optical products (15.5%) and motor vehicles, trailers and semi-trailers (14.5%).

Construction and assembly production (constant prices) in November 2020 was 4.9% lower year over year (-7.1% seasonally adjusted) and 0.6% higher than in October 2020. In January-November 2020, production declined by 2.8%.

**PMI index in the industrial sector indicates a slight increase in economic activity in Poland. In December, PMI rose from November's level (50.8) to 51.7 points.** The index remains above 50 points (separating recession from growth) for the sixth month in a row.

Despite the difficult global trade situation, **foreign demand proved to be the main driver of GDP growth in Q3 2020** (with a contribution of +1.7 percentage points). Exports of goods and services increased by 2% and imports declined by 1%.

For the 11 months of 2020, Poland's exports of goods decreased on an annual basis by 1.4% (EUR 217.1 billion), while import was 6% lower (EUR 205.7 billion). **The trade surplus reached about EUR 11.4 billion, and was EUR 10.1 billion higher than the year before.**

Prices of consumer goods and services in December 2020 were higher by 2.4% year over year and 0.1% month over month. For the first time since May 2019, CPI is below the immediate inflation target (2.5%). In 2020 prices grew by 3.4% year over year.

In December, the registered unemployment rate was 6.2%, which means that compared to November 2020, there was an increase by 0.1 percentage point. This is much lower than originally expected. The least optimistic forecasts assumed an increase in the unemployment rate even to the level of 8-10% at the end of 2020. According to preliminary data from the Ministry of Development, Labour and Technology, at the end of December 2020 the number of persons unemployed was 1.046 million and compared to the end of November 2020 increased by 21.1 thousand (2.1%).