

21 September 2021

Economic Comment

Construction recovery, sales a bit stronger

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Retail sales rose by 5.4% y/y vs. market expectations at 5.3% and our 6.8% forecast, following the July 3.9% print that had been a disappointment. Holiday travels may have affected negatively the result. In SA terms the August print was 0.4% stronger than the previous, disappointing one, which should be considered a solid outcome, but also suggests a moderation of the pace at which the consumption of goods is recovering. Construction production rose 10.2% y/y in August, at the fastest rate since April 2019, beating market consensus (7.5%) and our forecast (8.0%). It seems that the data herald the long-awaited recovery in the public investments in infrastructure. Housing market activity remains high.

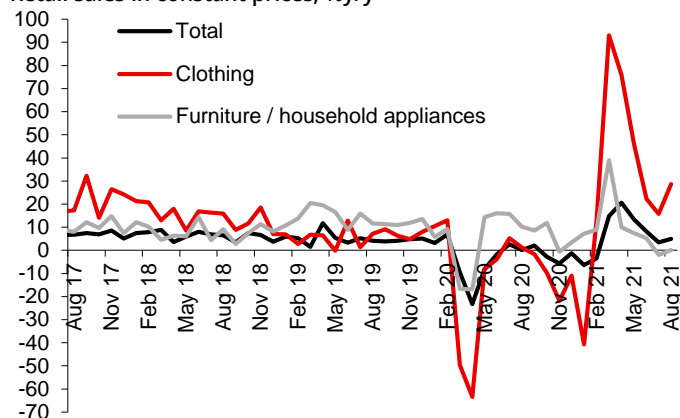
Some rebound in retail sales

In August, retail sales in constant prices rose by 5.4% y/y vs. market expectations at 5.3% and our 6.8% forecast, following the July 3.9% print that had been a disappointment.

Food and fuel purchases looked particularly weak at -1.3% y/y and -2.3% y/y respectively – both categories were also more than 4% weaker than in the same month of 2019. We cannot rule out that this might be a consequence of spending holidays abroad by many Poles. Strong sales growth was seen in shoes and clothes, but another category which shops are located in shopping malls: furniture, household appliances and consumer electronics, did not see much y/y growth in sales.

In SA terms the August print was 0.4% stronger than the previous, disappointing one, which – similar to the August industrial output data – should be considered solid, but also suggests a moderation of the pace at which the consumption of goods is recovering.

Retail sales in constant prices, %/y/y



Source: GUS, Santander

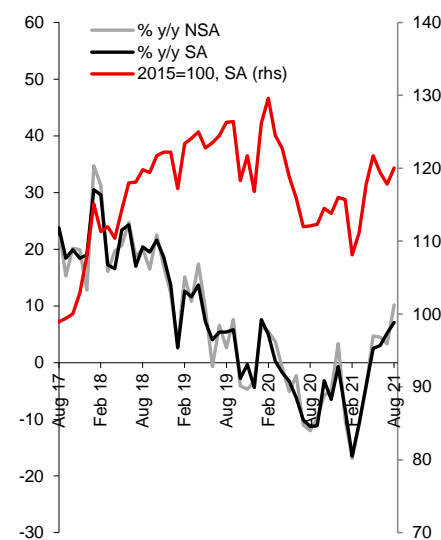
Retail sales deflator rose further to 5.0% y/y in August vs. 4.8% in July and from 0.0% at the start of this year.

Pickup in construction activity

Construction production rose 10.2% y/y in August, at the fastest rate since April 2019, beating market consensus (7.5%) and our forecast (8.0%). While to some extent the improvement in y/y growth resulted from the higher number of working days (+1) and a low base effect, as in 2020 construction sector reacted to the pandemic crisis with a lag, the data also signals some pickup in real activity in the sector underway. The seasonally adjusted output rose 1.6% m/m and 7.1% y/y.

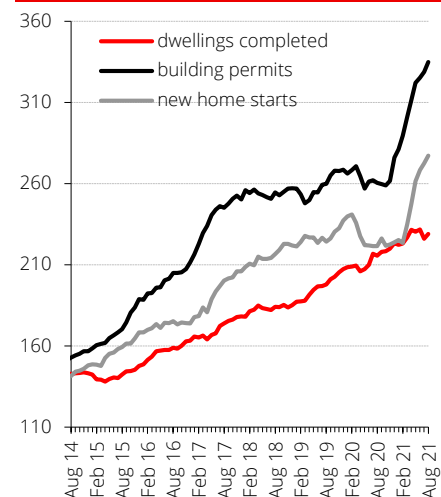
Data show the biggest output rise in companies dealing with specialised construction work (28.7% y/y, highest in 43 months), improvement in civil engineering (6.8% y/y, highest since early 2020), and smallest rise in construction of buildings (0.4%).

Construction output in Poland



Source: GUS, Santander

Housing market statistics, 12M sums in thousands



Source: GUS, Santander

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It seems that the data herald the long-awaited recovery in the public investments in infrastructure. The output of investment-type production increased 9.0% y/y, the most since April 2019.

Housing market activity remains high

On the housing market, the number of finished flats rose by 17.5% y/y, the number of building permits was up by 29.0% y/y and the number of house starts up by 23.7% y/y. This means that the running projects indicator (12M permits minus 12M finished) keeps climbing quite sharply and is at the highest level since 2008.

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