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## Economic Comment

### Growth rate high, but disappointing breakdown

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Polish GDP rose 5.7% in 2021 after -2.5% in 2020. The result was slightly below our expectations (5.8%). The annual data allowed us to estimate the performance of the final quarter (under assumption that the previous quarters have not been revised). It implies that GDP growth in 4Q21 reached 7.2% y/y (vs. 5.3% in 3Q and our forecast 7.5% y/y). Seasonally adjusted GDP growth was probably slightly above 1% q/q. Private consumption advanced by 8.0% y/y, which we see as a disappointing result as it suggests that the seasonally adjusted q/q growth was close to zero or even negative. Investments rose almost 12% y/y, which is a bit less than we predicted, but still a solid result. The biggest contributor to GDP growth in 4Q was stockbuilding, which added more than 4pp. In turn, net exports deducted c.3pp.

Overall, we find the GDP data somewhat disappointing. While the headline growth rate looks fine, the growth breakdown does not bode well going forward. Especially the weak result of consumption. We expect some slowdown in the following quarters, mainly due to weaker global expansion and tighter local monetary policy.

Polish GDP rose 5.7% in 2021 after -2.5% in 2020. The result was slightly below our expectations (5.8%). Private consumption increased 6.2%, investments by 8.0% (after -3.0% and -9.0%, correspondingly, in 2020). Gross value added increased 5.3% after 2.8% drop in 2020. Manufacturing was up 14.1%, construction 1.2%, and trade 5.9%.

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#### GDP growth and its components (% y/y)

|                     | 2019 | 2020  | 2021   | 1Q21 | 2Q21 | 3Q21 | 4Q21** |
|---------------------|------|-------|--------|------|------|------|--------|
| GDP                 | 4.7  | -2.5  | 5.7    | -0.8 | 11.2 | 5.3  | 7.2    |
| Domestic demand     | 3.6  | -3.4  | 8.2    | 0.3  | 12.4 | 8.6  | 11.4   |
| Total consumption   | 4.5  | -1.1  | 4.8    | 0.3  | 10.3 | 3.7  | 5.5    |
| Private consumption | 4.0  | -3.0  | 6.2    | 0.1  | 13.1 | 4.7  | 8.0    |
| Public consumption  | 6.5  | 4.9   | 1.2**  | 1.6  | 3.0  | 0.8  | 0.0    |
| Gross accumulation  | 0.3  | -12.1 | 23.3** | 0.4  | 21.9 | 33.8 | 30.3   |
| Fixed investment    | 6.1  | -9.0  | 8.0    | 1.7  | 5.6  | 9.3  | 11.8   |
| Stock building *    | -1.3 | -0.7  | 2.7**  | -0.2 | 2.8  | 3.7  | 4.2    |
| Net export *        | 1.3  | 0.6   | -1.9   | -1.1 | -0.2 | -2.7 | -3.4   |

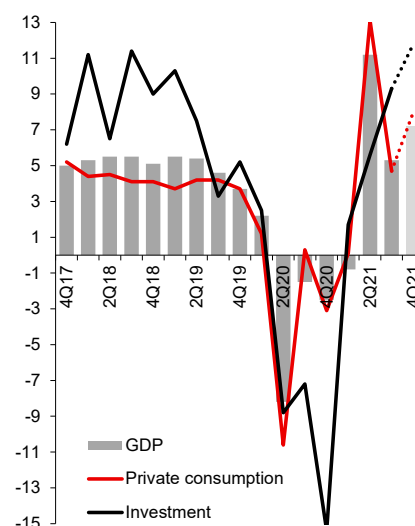
\* contribution to GDP growth (percentage points); \*\* Santander estimate

Source: GUS, Santander

On the supply side the GDP data showed good results for industry (+14.2% y/y in 4Q) and construction (+5.5% y/y) while value added in trade looked poor (8.0% y/y, most likely leading to a q/q decline in SA terms).

Overall, we find the GDP data somewhat disappointing. While the headline growth rate looks fine, the growth breakdown does not bode well going forward. Especially the weak result of consumption. We expect some slowdown in the following quarters, mainly due to weaker global expansion and tighter local monetary policy.

Polish GDP growth, % y/y

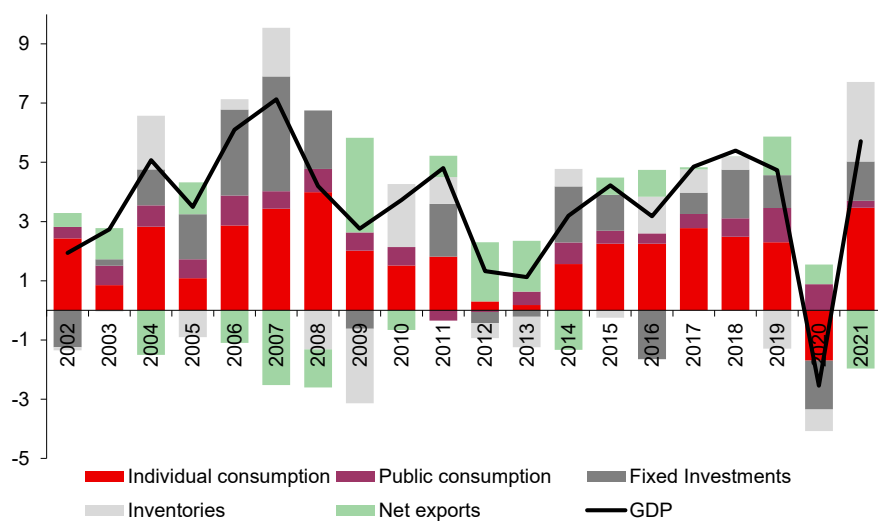


Source: GUS, Santander

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### GDP growth breakdown (% y/y)



Source: GUS, Santander

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