

Poland's economy - in brief



Polish GDP growth in 2017 may exceed 3.5pct y/y – says Deputy PM Mateusz Morawiecki
Poland may enjoy over 3.5% year on year GDP growth in 2017, thanks to a clear acceleration in investments, still strong consumption and public spending as well as rising exports, deputy PM, Finance and Development Minister Mateusz Morawiecki told TV audience.

"We will attain growth perhaps even exceeding 3.5%," Morawiecki said for public news channel TVP Info of 2017 prospects. Investments will be growing faster than last year and VAT receipts will be higher than in 2016, he also said. "VAT receipts will be higher, I hope, by at least PLN 10 billion," he said.

The comments followed a flash estimate of Q4 2016 GDP growth at 2.7% y/y, above the Q3 rate of 2.5%. Poland built its 2017 budget on 3.6% GDP growth.

Poland approves development plan

Poland wants to increase the average household income in Poland to 76-80% of the EU average by 2020 and to 100% by 2030 thanks to the implementation of the responsible development plan, approved by the government. The plan, currently comprising of some 180 initiatives (concrete investments and general legislative solutions) should limit income gaps between the country's regions and reduce the percentage of persons at risk of poverty and social exclusion to 20% in 2020 and 17% in 2030.

The government wants to spend some PLN 1.5 trillion on investments (from EU funds, state enterprises and international institutions) and wants to mobilize another PLN 600 billion in investments from private firms.

Poland's consumer prices in January rise 1.8pct y/y

Poland's January consumer prices were up 1.8% year on year after a 0.8% y/y increase in December and versus expectations for a 1.7% y/y increase, Central Statistical Office (GUS) said in a statement. Month on month, January consumer prices were up 0.4% vs. 0.3% increase expected. The reading is slightly above the expectations and consensus due to a higher growth of food prices, Bank Millennium Chief Economist Grzegorz Maliszewski said. The data confirm that the inflation jump is of an external, supply-side character. Net inflation seems to remain stable, he added.

He also said that the reading does not change expectations for the CPI growth path. "We still expect a peak around 2% at the turn of Q1 and Q2", he said.

The data is neutral for the Monetary Policy Council, according to Maliszewski. The acceleration of inflation does not raise the council's concerns as it is caused by supply factors.

Poland's inflation seen up to 2.0pct y/y in February

Poland's inflation will likely accelerate further to 2.0% year on year in February after a 1.8% y/y reading in January, Development Ministry economists said in a comment to the Central Statistical Office (GUS) data. Month on month, prices are seen rising by 0.1% in February after growing by 0.4% month on month in January.

This slowdown would come mainly due to the expected m/m stabilization of fuel prices, while foods price should increase further.

Polish industrial output rises by 9.0pct y/y in January

Poland's industrial output increased by 9.0% year on year in January versus 7.3% y/y growth expected in the PAP Polish news agency consensus survey, but fell by 1.9% from the prior month, the Central Statistical Office (GUS) said.

Analysts surveyed by PAP Polish news agency had expected a monthly decline of 3.8%.

Polish seasonally adjusted industrial output in January was up by 4.1% y/y and down by 0.2% month on month, versus 3.9% y/y and 1.6% m/m increase in December.

Producer prices were up by 4.1% y/y in January vs. 3.7% growth expected in the PAP consensus survey, and were up by 0.3% m/m vs. 0.2% increase expected, GUS also said.

On the retail sales front, January numbers also beat expectations. Poland's January retail sales rose by 11.4% against the prior year period, on 22.1% monthly decline. The PAP analyst survey had shown consensus expectations for annual growth of 7.9% and a monthly decline of 24.6%.

Poland expected to spot EUR 3.4bn trade surplus in 2017

Poland is expected to record a EUR 3.4 billion trade surplus this year versus EUR 4.76 billion surplus recorded in 2016, Ministry of Development analysts said.

Exports are expected to reach EUR 190.4 billion, up from EUR 183.63 billion in 2016, while imports should rise to EUR 187.0 billion from EUR 178.87 billion last year, the experts said.

Polish fuel prices rise

Average retail gasoline price increased by PLN 0.05 to PLN 4.76 per liter and price of diesel edged up by PLN 0.02 to PLN 4.63/litre in the week ending on February 16, Reflex brokerage said. LPG prices bucked the trend and edged down by PLN 0.01 to PLN 2.22/liter.

Polish fuel prices will remain in a side trend as long as crude oil prices remain roughly stable, Reflex said.

Source: The Warsaw Voice