

# Poland

## GDP growth stronger than expected in Q3, as signalled by PMI data

### Key findings

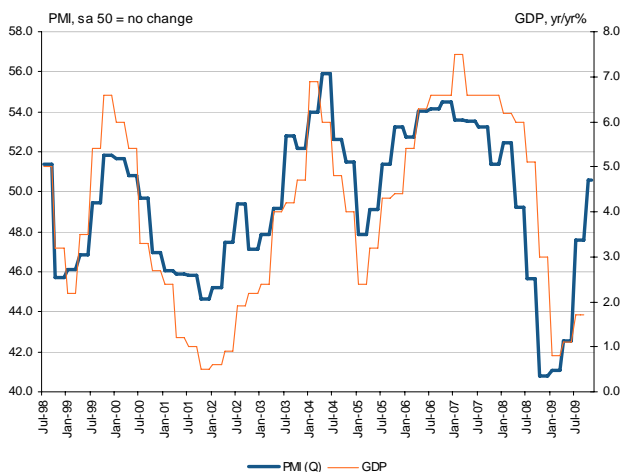
- **Third quarter GDP growth of 1.7% yr/yr beats market consensus.**
- **Manufacturing PMI provided clue that forecasts were too pessimistic.**
- **2009 GDP set to be revised up.**

### Polish economy grew faster than expected

The latest official data covering the Polish economy turned out better than expected by economists, but was in line with the positive signal provided by manufacturing PMI data (compiled by Markit for HSBC).

The annual rate of growth in gross domestic product (GDP) accelerated to 1.7%, from 1.1% in Q2. This was the fastest rate of expansion since Q4 2008. As previously suggested in our commentary note of 19 November<sup>1</sup>, the consensus expectation of 1.3% for Q3 as polled by Reuters proved too pessimistic when viewed alongside the strength of PMI data over the period.

**Chart 1: Poland Manufacturing PMI vs NBP GDP**



The PMI survey has a good track record against official GDP. Since the PMI survey began in June 1998, the headline PMI measured as a quarterly average has exhibited a correlation of 0.81 with the official annual rate of change in quarterly GDP. Over time, an Output Index reading of 50 is consistent with an annual rate of expansion of 4.3%.

### November PMI adds to picture of strengthening recovery

PMI survey data covering the Polish manufacturing sector are released well in advance of comparable official figures. The November survey findings, released 1 December, showed that manufacturing business conditions improved, ending a downturn that lasted a year-and-a-half. The headline HSBC Poland Manufacturing PMI<sup>®</sup> posted a record one-month gain in points terms in November, rising steeply from 48.8 to 52.4. Any figure greater than 50.0 represents an overall improvement in business conditions. The latest reading was the highest since March 2008.

The PMI surveys showed that production rose at the strongest rate for over two years, while jobs showed the slowest decline in the current period of labour retrenchment. Firms also raised their charges for the first time in over a year as pricing power improved.

### Outlook improves

Following the third quarter GDP figures, the Deputy Prime Minister and Economy Minister, Waldemar Pawlak, suggested that the economy could grow by 2% over 2009 as a whole. By coming in above expectations, the latest PMI figures should encourage further upward revisions to analysts' GDP estimates for this year and next. The latest International Monetary Fund (IMF) estimate for Polish GDP growth in 2009 of 1.0%, released in October, now looks out of date and too pessimistic. But it still compares favourably with the

<sup>1</sup> [http://www.markit.com/assets/en/docs/commentary/markit-economics/nov%2009/Poland\\_IP\\_09-11-19.pdf](http://www.markit.com/assets/en/docs/commentary/markit-economics/nov%2009/Poland_IP_09-11-19.pdf)

---

trend for Central & Eastern Europe<sup>2</sup> as a whole, which the IMF currently expects to contract by 5%. Poland was the only EU country to avoid recession during the global economic crisis, owing mainly to its large domestic market.

**Forthcoming data:**

17 December: Polish industrial production (November)

4 January: Poland Manufacturing PMI (December)

---

<sup>2</sup> Central and Eastern Europe composed of 15 countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Hungary, Latvia, Lithuania, Former Yugoslav Republic of Macedonia, Montenegro, Poland, Romania, Serbia, and Turkey.

---

## Trevor Balchin

### Economist

Markit

Tel: +44 1491 461 065

Email: [trevor.balchin@markit.com](mailto:trevor.balchin@markit.com)

For further information, please visit [www.markit.com](http://www.markit.com)

The intellectual property rights to this report provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.