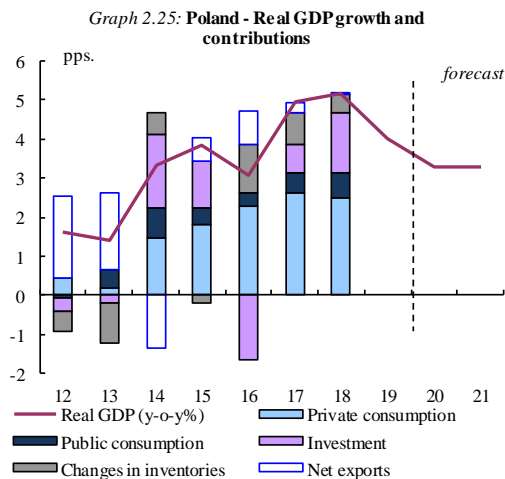


## 2.25. POLAND

Economic growth remained buoyant in 2019. Real GDP is estimated to have increased by 4.0%, driven by domestic demand, in particular investment. Both export and import dynamics slowed over the year, reflecting less favourable global world trade developments. Economic sentiment indicators have weakened since the last months of 2019, but remain around their long-term averages.

Private consumption growth is expected to remain strong in 2020, fuelled by favourable labour market developments, fiscal stimulus and strong consumer confidence. Further wage increases are expected to support private consumption, even though higher inflation is set to weigh on household purchasing power. Private investment increased strongly in 2019, but its growth is set to level off over the forecast horizon against the background of remaining investment barriers. At the same time, high capacity utilisation is set to be an important factor strengthening private investment, especially machinery and equipment investment.

The dynamics of both exports and imports are set to gradually slow, but imports are forecast to grow more quickly than exports due to the strength of domestic demand. Net exports are expected to have a neutral impact on GDP growth in 2020. Overall, real GDP growth is forecast to ease to 3.3% in both 2020 and 2021. Risks to this outlook are broadly balanced and mainly related to domestic investment trends.



Having averaged 2.1% in 2019, HICP inflation is projected to rise to 2.7% in 2020 and 2.5% in 2021. Prices of food and services are expected to be the main factors pushing inflation higher than in the previous five years. Electricity prices are forecast to increase sharply in 2020 due to regulatory changes, while the assumed declining path of global oil prices is expected to keep inflation contained.