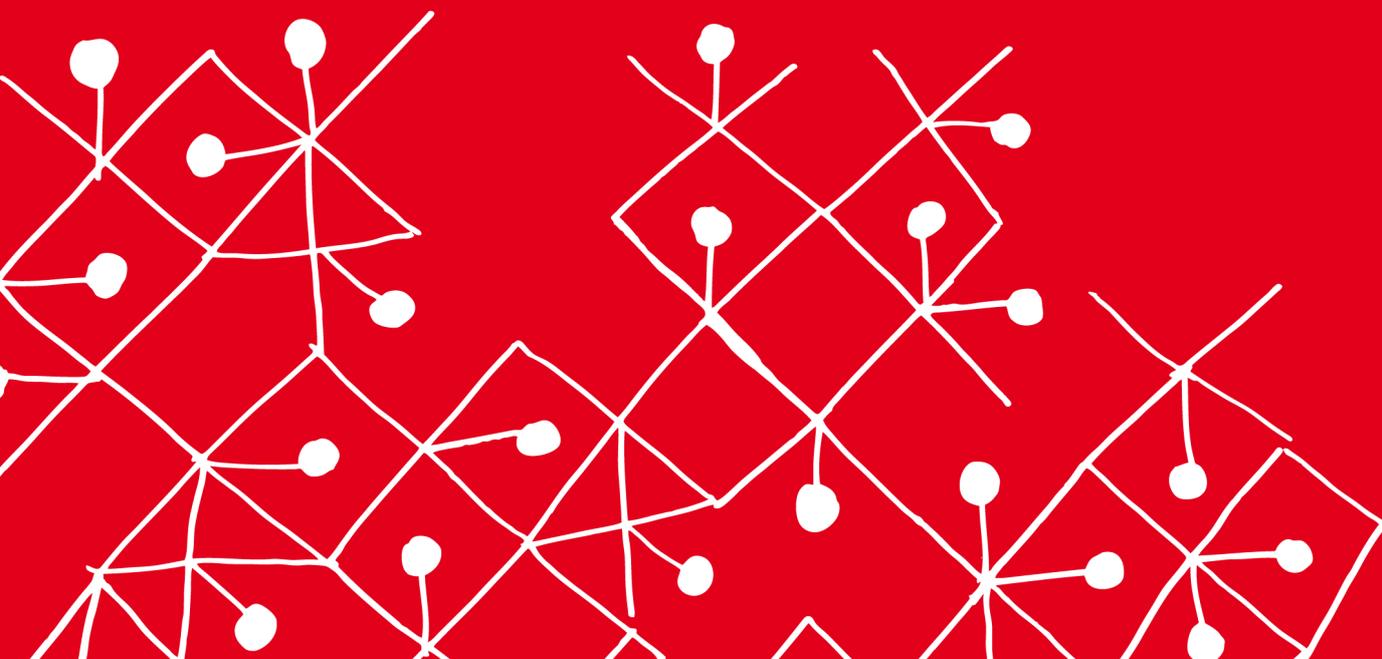


Polska



Poland's economy grew 4 percent in Q1, beating expectations

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WARSAW, May 16 (Reuters) - Poland's annual economic growth accelerated to 4 percent in the first quarter, the fastest pace in over a year and ahead of analysts' expectations, confirming a rebound in the European Union's largest eastern member.

Analysts said the acceleration was driven by a pick-up in investment and gains in consumption that were supported by record-low unemployment and new child benefit payments introduced last year.

In quarterly terms, growth slowed to 1.0 percent from a revised 1.7 percent in the last three months of 2016, a first estimate of gross domestic product released by the statistics office on Tuesday showed.

"We believe growth was driven by strong consumption (4.6-4.8 percent year-on-year) and a significant acceleration in investment (plus 3-4 percent)," economists at mBank said.

Investment declined throughout last year, partly due to lower inflows of European Union aid.

Critics of the right-wing Law and Justice (PiS) party government, which came to power in late 2015, had said the fall in investment was due to domestic policy unpredictability.

The PiS launched a child benefit programme in 2016 worth about 1 percent of GDP and passed legislation to reduce the retirement age starting from late 2017, but has improved tax collection as well.

The party also overhauled legislation on the constitutional court -- a move criticised by the European Union executive as a threat to the rule of law in Poland -- to made it harder for judges to block new laws.

"In the first quarter we had a rise in investment connected with the launch of public investment financed from EU funds," said Urszula Krynska, economist at Bank Millennium.

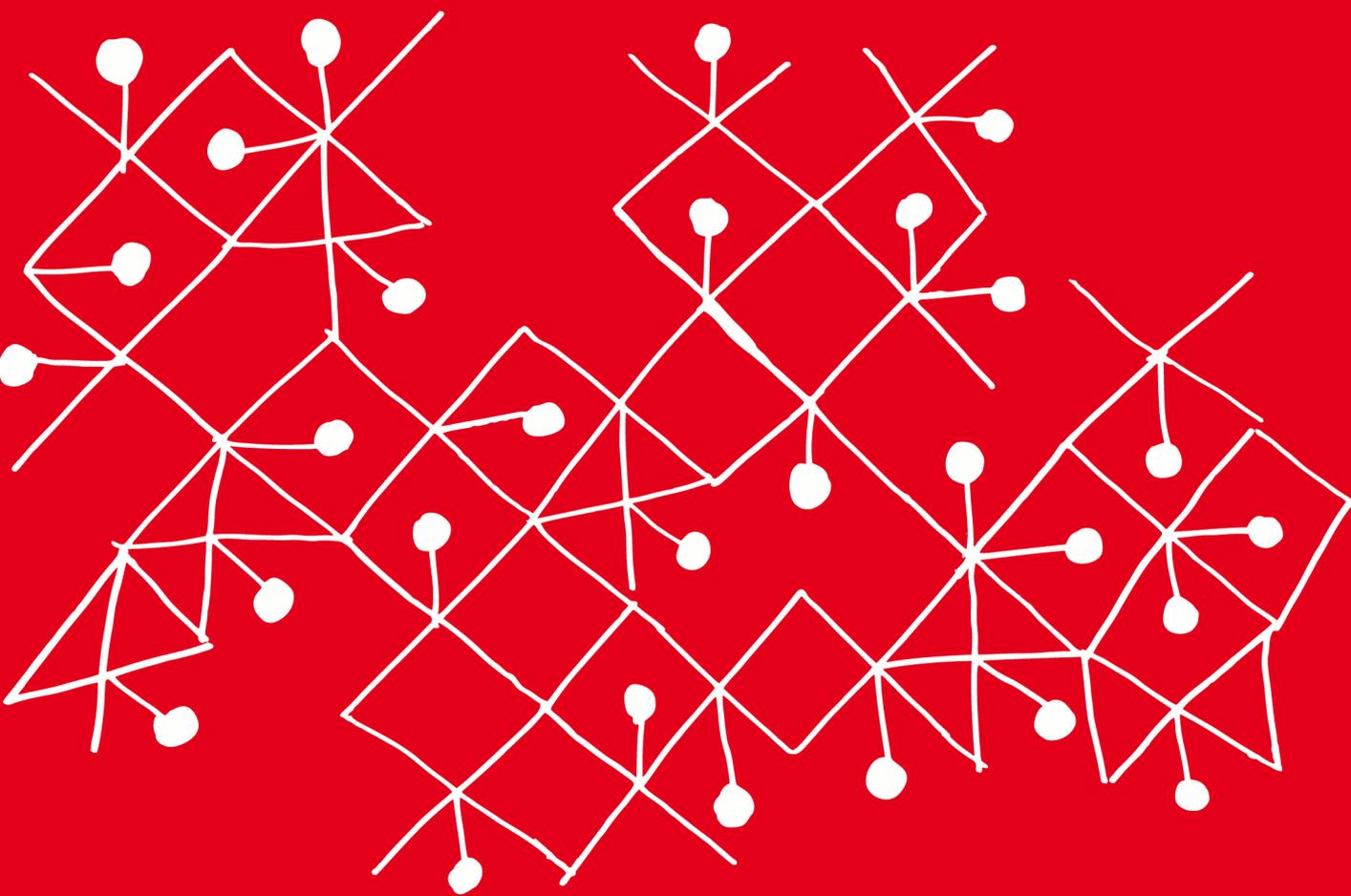
In 2016, annual growth slowed to 2.8 percent as investment fell by 7.9 percent. The government expects a pick up to 3.6 percent this year.

"The data confirm a clear acceleration of Poland's economic growth this year," Deputy Prime Minister Mateusz Morawiecki said in a statement, adding that it was particularly important that families were benefiting from the growing economy.

Data published earlier this year showed value-added tax (VAT) revenues rose by about 40 percent in the first quarter, while fast growth in Polish industrial and construction output and retail sales in March prompted at least four commercial banks to raise their GDP forecasts.

On Friday, rating agency Moody's revised the outlook on its A2 rating back to stable from negative.

Reuters, 16 May 2017



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