
IX. SUMMARY

IRG SGH barometer

In the 2nd quarter of 2021 the IRG SGH barometer (BARIRG) increased by 10.7 pts to -4.5 pts, and is now 31.1 pts up from the respective year 2020 figure. The increase of BARIRG marks the economy's way back to health. Usually, the barometer is negative in the second quarters but higher than in the first ones, due to seasonal recovery that follows wintertime slowdown. However, in the 2nd quarter of 2020 economic activity and business confidence were overshadowed by the COVID-19 pandemic and administrative restrictions imposed on many industries. As the pandemic has recently dimmed, the economy bounced back with the impetus augmented by the recovery which typically comes up at this time of a year.

Agriculture

In the 2nd quarter of 2021 the agricultural confidence indicator (IRGAGR) increased by 4.7 pts to -5.9 pts. It is now higher than one year ago by 12.5 pts, and 6.2 pts up from the second-quarters mean of the last 20 years. The quarterly improvement was due to seasonal factors, while the increase of the indicator on the annual basis is the so-called base effect, resulting from the very low figure recorded in the 2nd quarter of 2020, which was caused by the COVID-19 pandemic. Changes in all indicators of agricultural activity that are monitored under the survey programme (such as purchases of fertilizers, nutritive fodder and plant protection products, investment in machinery and buildings, among others) increase, however, the rise in the balances is rather of seasonal nature. Farmers expect agricultural production and their income to grow in the next quarter.

Manufacturing industry

In the 2nd quarter of 2021 the Polish economy faced a shock due to administrative restrictions imposed on economic activity in order to combat the COVID-19 pandemic. Though the state of the pandemic is still bearing down on the economy, the manufacturing industry has managed to rebound into recovery. The industrial confidence indicator (ICI) and the majority of the survey balances have been on the rise since the end of 2020. Most of them are positive now. The indicator increased by 3.7 pts in April, 3.6 pts in May, and again by 5.4 pts in June to the value of 10.5 pts. Since March, 2021 it gained 12.7 pts in total, and is now 29.8 pts up from the respective year 2020 figure. The upward trend has been sustained for 14 months, and is expected to continue over the next ones.

Construction

Due to the 3rd wave of the COVID-19 pandemic and the very cold spring, the performance of the construction industry in the 2nd quarter was significantly below expectations. The construction confidence indicator (CCI) remained negative at -0.4 points. It is 12.4 points higher than one quarter ago, and 35.9 pts up from the respective year 2020 figure. The main striking result of the survey is the sharp increase in prices of construction services that grew for the second time in a row, following a rise in production cost – as many as 55.4% of the surveyed construction firms reported high prices of raw materials to be the main factor limiting their production activity (33.2% in the 1st quarter).

Trade

Business situation in the trade sector improved in the 2nd quarter of 2021. The IRG SGH trade confidence indicator (IRGTRD) quarterly increased by 1.4 pts to 6.0 pts. It is now 34.8 pts up from the respective year 2020 figure, and higher by 6.8 pts than the first quarters' average over the last ten years (which amounts to -0.8 pts). The surveyed firms assessed their general economic situation as good. They expect their trading activity to increase over the next two quarters.

Banking

In the 1st quarter of 2021 situation in the banking sector improved. The IRG SGH banking confidence indicator (IRGBAN) increased by 45.9 pts to 5.0 pts. It is now 26.3 pts up from the respective year 2020 figure. The increase was due to a rise in the banks' profits, the result on banking operations and employment. The surveyed banks expect their activity to decline in the 2nd quarter of 2021, and the leading indicator equals to -7.2 pts.

Households

Consumer confidence in the 2nd quarter of 2021 substantially improved. The IRG SGH consumer confidence indicator (CSI) increased quarterly by 10.5 pts to -17.7 pts. It is 32.5 up from the respective last year figure, however, it remains lower than the pre-COVID-19-crisis levels (by ca. 10 pts). All components of the indicator grew. Consumers expect their financial situation, saving capacity and general economic situation in the country to improve (the respective survey balances rose by 3.4, 1.8 and 14.1 pts). They are also less anxious about losing their jobs (the balance declined by 2.8 pts). It is worth noting that the recovery of confidence is taking place in conditions of high inflation rates. The survey balance of current costs of living increased for the third quarter in a row: 59% of the respondents claimed that prices had got much higher.