Bank Zachodni WBK

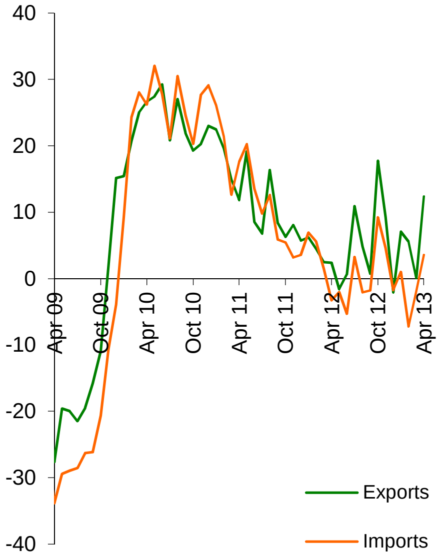
Instant comment

Exports surprise to the upside

17 June 2013

Data about April's balance of payments showed significant rise in exports, which accelerated to 12.3%YoY. Imports rose 3.6%YoY, which was roughly in line with our forecast. As a result, trade and current account balances posted surpluses. We think that April's data were affected by one-off factors. However, we predict a gradual improvement in foreign trade in the coming months, which will be positive for GDP growth.

Foreign trade turnover, % YoY



Balance of payments data for April surprised on the upside. Current account balance showed a surplus of €468m (we predicted €20m, market consensus was at -€150m), which was possible thanks to positive balances in trade of goods (€601m), services (€545m), current transfers (€795m), and a negative income balance (-€1473m). While the first three accounts were roughly in line with our predictions, the size of surplus in trade of goods was a clear surprise (improvement from -€273m in March). This was caused mainly by high exports, amounting to €13.3bn, which implies 12.3%YoY growth (we expected €12.7m, which was still above median market forecast). According to information from the NBP, the sizeable growth was fuelled mainly by higher exports of food and transport equipment. Imports rose by 3.6%YoY, reaching €12.7bn, which was roughly in line with our forecasts (€12.6bn).

These data give hope for further improvement of situation in exporting sector and support our forecast of slight pick-up of GDP growth in 2Q. However, in our opinion this release should not be interpreted as a sign of sudden acceleration of improvement in Polish foreign trade. April's result remained probably under effect of one-off factors, like for example number of working days (this was also supporting industrial output) or a recovery after very weak March (in total, exports increased by 6%YoY in March-April as compared to 6.3%YoY-growth in January-February). We anticipate exports to grow by 5-10%YoY in the remainder of the year while imports will remain rather subdued. We estimate that 12-monht current account deficit narrowed to 2.8% of GDP, the lowest level since March 2006. This ratio is expected to be narrowing further later in the year.

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