

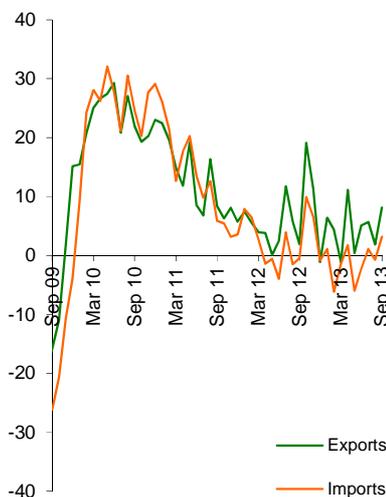
# INSTANT COMMENT

12 November 2013

## Trade balance in surplus, current account in red

Current account deficit in September was higher than forecast and reached €1024m, although in the trade balance there was a record surplus (almost €700m), while export growth accelerated to 8.1%YoY, still outpacing imports (3.2%YoY). In our view, the data confirmed economic recovery in Poland, in which exports still plays a dominant role, although importance of domestic demand is also gradually rising. The data also support our forecast of GDP growth, predicting acceleration in Q3 clearly above 1.5%YoY.

Foreign trade turnover, % YoY

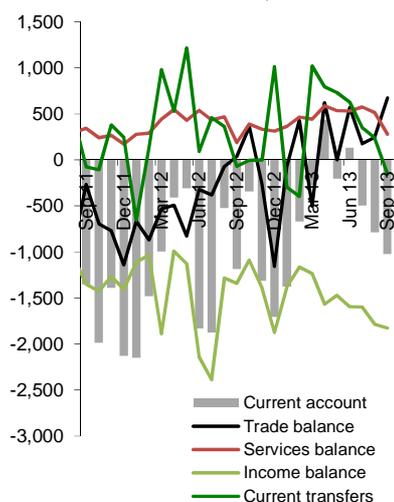


Current account balance recorded a deficit of €1.02bn in September vs. market consensus at -€822m and our forecast at -€694m. This was the deepest deficit since January 2013, though smaller than recorded exactly a year ago.

Interestingly, the trade balance was very close to our expectations and reached a surplus of €673m. This is the highest trade surplus not only this year, but also since comparable data is available (January 2000). Pace of growth of exports clearly accelerated in September (to 8.1%YoY) fuelled by a revival of external demand and also due to positive impact of number of working days as well as low base effect from the last year. Imports also rebounded (to 3.2%YoY) but here the room for more visible improvement is limited by still relatively weak domestic demand. We expect that despite some gradual recovery of domestic demand seen in next quarters, the exports will continue to outperform imports and thus the trade balance (that in 3Q reached +€1.1bn, just like in 2Q) will remain in positive territory in coming quarters.

The current account deficit widened despite strong trade surplus due to deterioration of services account (€259m), current transfers (-€151m) and income account (-€1.8bn). In the two former cases, this was probably a transitory deterioration, due to seasonal issues and pattern of EU transfers' inflow. More permanent is the trend of deteriorating income account, which implies that even with trade balance turning persistently into surplus it will be difficult to remove the current account deficit in Poland.

Current account, EURm



Summing up, even though September's balance of payments data delivered a negative surprise, showing deeper current account deficit, they still show quite positive situation in Polish foreign trade, and in general in economy. Balance of goods and services in Q3 was only slightly lower than the record-high surplus seen in Q2, and reached €2.5bn (vs. only €0.7bn in 3Q 2012). This shows that net exports still had a significant positive impact on GDP growth in third quarter of this year.

### ECONOMIC ANALYSIS DEPARTMENT:

ul. Marszałkowska 142. 00-061 Warszawa fax +48 22 586 83 40

email: [ekonomia@bzwbk.pl](mailto:ekonomia@bzwbk.pl)

Web site: <http://www.bzwbk.pl>

Maciej Reluga (Chief Economist) +48 22 534 18 88

Piotr Bielski +48 22 534 18 87

Agnieszka Decewicz +48 22 534 18 86

Marcin Luzziński +48 22 534 18 85

Marcin Sulewski +48 22 534 18 84

### TREASURY SERVICES:

Poznań +48 61 856 5814/30

Warszawa +48 22 586 8320/38

Wrocław +48 71 369 9400

---

This publication has been prepared by Bank Zachodni WBK S.A. for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. Information presented in the publication is not an investment advice. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Forecasts or data related to the past do not guarantee future prices of financial instruments or financial results. Bank Zachodni WBK S.A., its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Bank Zachodni WBK S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Bank Zachodni WBK S.A. entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication. Additional information is available on request. Please contact Bank Zachodni WBK S.A. Rates Area, Economic Analysis Department, ul. Marszałkowska 142, 00-061 Warsaw, Poland, phone +48 22 534 18 88, email [ekonomia@bzwbk.pl](mailto:ekonomia@bzwbk.pl), <http://www.bzwbk.pl>.