

INSTANT COMMENT

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GDP growth lowest in three years

GDP growth in 3Q16 reached 2.5% y/y, much below market consensus. We still do not know the breakdown of growth, which will be released at the end of November, but we suspect that three effects may be responsible for the lower than expected reading: (1) deterioration of net exports, (2) weaker than expected improvement in private consumption, despite new child subsidies, (3) revision of the data for 2015 (higher base effect). The stat office informed earlier that it had raised 2015 GDP growth from 3.6% to 3.9% but we still do not know what was the quarterly path after revision – in today's release the quarterly data for 2015 have not been adjusted. We will have more detailed picture of the situation on November 30. The higher base effect could have some importance, but it is not explaining the fact that the seasonally adjusted GDP growth reached 0.2% q/q in third quarter, after 0.8% in Q2 and -0.1% in Q1.

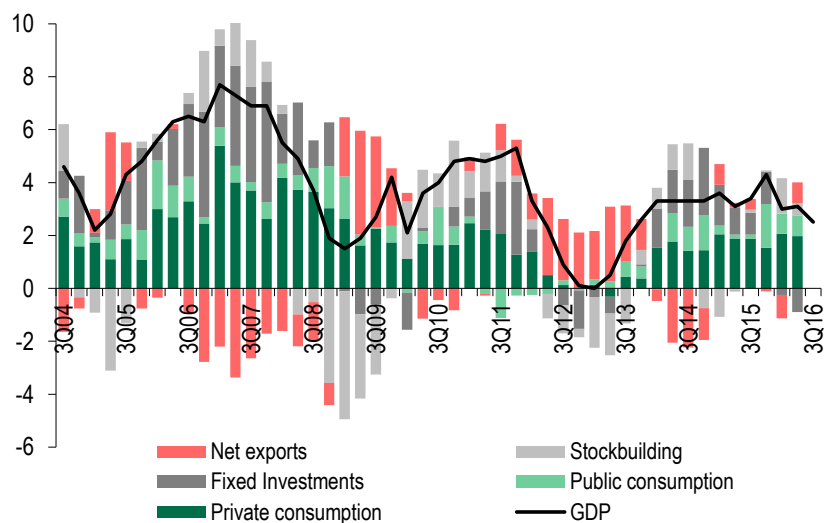
Overall, another very disappointing piece of news from Polish economy suggests that the slowdown is more severe than expected. Moreover, the fourth quarter may not be any better if private consumption and investments do not recover sharply. Probably, another wave of downward revisions of GDP growth forecasts for Poland is coming.

GDP growth and its components (%YoY)

	2013	2014	2015	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
GDP	1.4	3.3	3.9	3.6	3.1	3.4	4.3	3.0	3.1	2.5
Domestic demand	-0.6	4.7	3.4	2.9	3.0	3.0	4.5	4.1	2.4	2.6**
Total consumption	0.8	2.8	3.0	2.8	2.5	2.6	4.5	3.4	3.5	4.1**
Private consumption	0.3	2.6	3.2	3.1	3.1	3.1	3.0	3.2	3.3	4.2**
Public consumption	2.2	4.9	3.5	1.8	0.8	0.9	8.7	4.4	4.4	4.0**
Gross accumulation	-5.8	12.8	4.9	3.4	4.9	4.8	4.5	8.1	-2.3	-3.3**
Fixed investment	-1.1	10.0	6.1	11.8	5.8	4.4	4.4	-1.8	-4.9	-5.0**
Net export *	1.9	-1.3	0.6	0.8	0.2	0.4	-0.1	-0.9	0.8	-0.1**

* contribution to GDP growth (percentage points); ** BZ WBK estimates

GDP growth and its main components (% YoY)



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