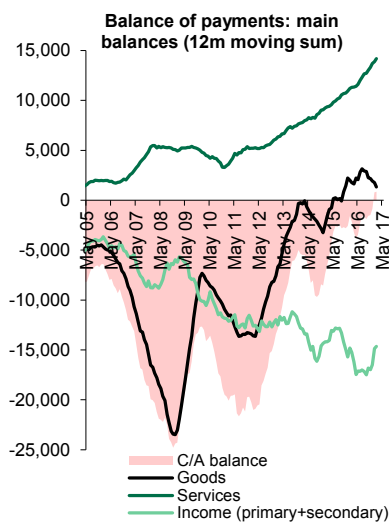


INSTANT COMMENT

14 July 2017

Current account balance below forecasts

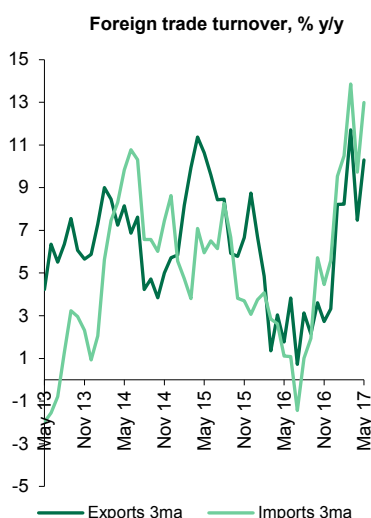
Polish May current account balance was at -€179mn versus our forecast of +€609mn and market consensus at +€335mn. Surprise versus our forecast was generally due to lower readings in all balances, especially on the primary income balance. Trade data showed a major acceleration in exports and imports, to 14.5% y/y and 19.1% from 1.4% and 3.3%, respectively. This was achieved mostly thanks to positive working day effect. In our view, exports and imports will continue to grow at a healthy rate this year, yet imports will be more dynamic. 12-month rolling current account deficit increased to 0.5% of GDP, the highest level since June 2016.



Polish May current account balance was at -€179mn versus our forecast of +€609mn and market consensus at +€335mn.

Surprise versus our forecast was generally due to lower readings in all balances, especially on the primary income balance, which showed a deficit of €1.4bn. We were expecting a better result because of stronger inflow of EU funds (€487mn vs €284mn in May), but this effect was offset by higher outflows, in our view mostly related to dividend payments (over €800mn). Trade data showed a major acceleration in exports and imports, to 14.5% y/y and 19.1% from 1.4% and 3.3%, respectively. This was achieved thanks to positive working day effect and improving economic conditions in the Western Europe, e.g. in Germany. In our view, exports and imports will continue to grow at a healthy rate this year, yet imports will be more dynamic. Results of services were also positive, with 13.9% growth rate of exports and balance at +€1.5bn (all-time high).

12-month rolling current account deficit increased to 0.5% of GDP, the highest level since June 2016.



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