

INSTANT COMMENT

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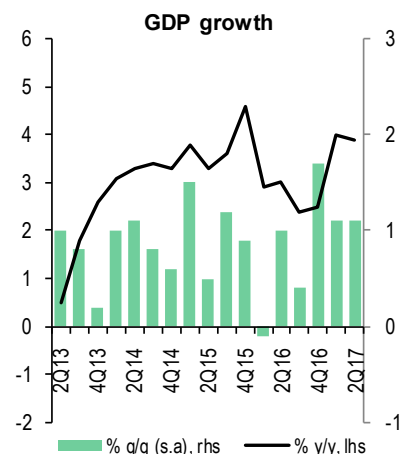
GDP growth still near 4% y/y

GDP growth in 2Q17 reached 3.9% y/y, and 1.1% q/q after seasonal adjustment, following the corresponding 4.0% y/y and 1.1% q/q in 1Q17. The result was slightly above expectations and we think it was a very good reading, confirming that economic growth momentum in Poland remains strong. The flash estimate does not show the breakdown of growth but we may suspect that the main engine was still the private consumption, rising by nearly 5% y/y and buoyed by healthy income growth, while investments have probably started picking up (we expect at least 3% y/y fixed investment rise in 2Q). While export is also booming, it has been outpaced by imports, so the net foreign trade balance deteriorated in 2Q (according to balance of payments data, the balance of goods and services in 2Q was lower by PLN6.3bn than a year ago) and thus the net exports' contribution to GDP growth was slightly negative, in our view. The GDP growth in the second quarter was almost exactly in line with the latest central bank's projection, so it should not affect the monetary policy outlook, in our view. In the coming quarters, consumption growth may decelerate slightly, but investments should continue recovering. We maintain the view that GDP growth should reach almost 4% on average this year.

GDP growth and its components (% y/y)

	2014	2015	2016	2Q16	3Q16	4Q16	1Q17	2Q17
GDP	3.3	3.8	2.7	3.0	2.4	2.5	4.0	3.9
Domestic demand	4.7	3.3	2.4	1.9	2.7	1.7	4.1	4.3**
Total consumption	2.8	2.8	3.6	3.5	4.0	3.1	3.9	3.9**
Private consumption	2.6	3.0	3.8	3.4	4.1	4.5	4.7	4.7**
Public consumption	4.1	2.4	2.8	4.2	3.8	-0.2	1.0	1.0**
Gross accumulation	12.8	4.9	-1.8	-5.0	-2.2	-1.6	5.2	6.5**
Fixed investment	10.0	6.1	-7.9	-4.5	-6.7	-9.8	-0.4	3.4**
Net export *	-1.4	0.6	0.3	1.2	-0.3	0.8	0.1	-0.2**

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



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