

INSTANT COMMENT

14 February 2018

Schroedinger's GDP

GDP growth in the final quarter of 2017 reached 5.1% y/y, according to the flash publication. The full-year data released earlier (4.6%) implied the 4Q reading between 5.1% and 5.3% y/y, and the market consensus according to Bloomberg was 5.2%. Thus, the data is not a big surprise and should be market neutral, in our view. The flash release does not include more detailed information about the growth breakdown, but the full-year data implied there was a sharp rebound in fixed investments in 4Q17 (to almost 12% y/y), persistently strong consumption growth (c.5% y/y) and roughly neutral impact of net exports.

Interestingly, GDP growth was above and below 5% at the same time, as in seasonally adjusted terms it slowed to 4.3% in 4Q17 from 5.2% in 3Q17, after 1.0% q/q increase. It is still a very decent result, yet we do not fully understand what made the gap between seasonally adjusted and unadjusted GDP growth so large (highest since 2013). Especially that in the previous quarters the situation was similar but the gap had the opposite sign (unadjusted growth was below seasonally adjusted).

We see some risk that the final estimate of 4Q17 GDP growth could be revised slightly lower, as the data about foreign trade released earlier this week showed much higher than expected trade deficit in 4Q17. It is possible that the statistical office has not taken this information into account yet.

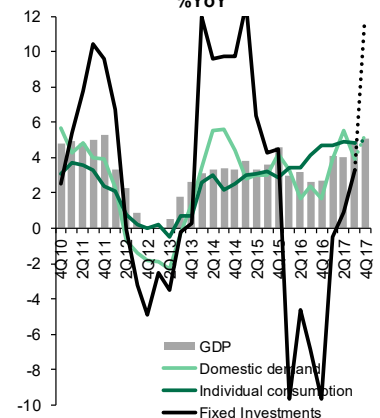
We still expect Polish economy to grow around 4.3% in 2018, due to extremely supportive external environment and strong domestic demand.

GDP growth and its components (% y/y)

	2015	2016	2017	4Q16	1Q17	2Q17	3Q17	4Q17
GDP	3.8	2.9	4.6	2.7	4.1	4.0	4.9	5.1
Domestic demand	3.3	2.2	4.7	1.7	3.9	5.5	3.9	5.2**
Total consumption	2.8	3.4	4.2	3.0	3.7	4.2	4.1	5.0**
Private consumption	3.0	3.9	4.8	4.7	4.7	4.9	4.8	5.0**
Public consumption	2.4	1.7	2.6**	-1.4	0.5	2.1	1.9	5.0**
Gross accumulation	4.9	-1.9	6.4	-1.6	5.1	11.6	3.3	6.0**
Fixed investment	6.1	-7.9	5.4	-9.7	-0.5	0.9	3.3	11.8**
Net export *	0.6	0.7	0.1**	1.1	0.4	-1.3	1.1	0.0**

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

GDP growth and its components, %YoY



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Additional information is available on request. Please contact Bank Zachodni WBK S.A. Financial Management Division, Economic Analysis Department, al. Jana Pawła II 17, 00-854, Warsaw, Poland, phone +48 22 534 18 87, email ekonomia@bzwbk.pl, <http://www.bzwbk.pl>.

ECONOMIC ANALYSIS DEPARTMENT:

al. Jana Pawła II 17, 00-854, Warszawa fax +48 22 586 83 40

email: ekonomia@bzwbk.pl

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

Piotr Bielski +48 22 534 18 87

Marcin Luziński +48 22 534 18 85

Grzegorz Ogonek +48 22 534 19 23

Konrad Soszyński +48 22 534 18 86

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