

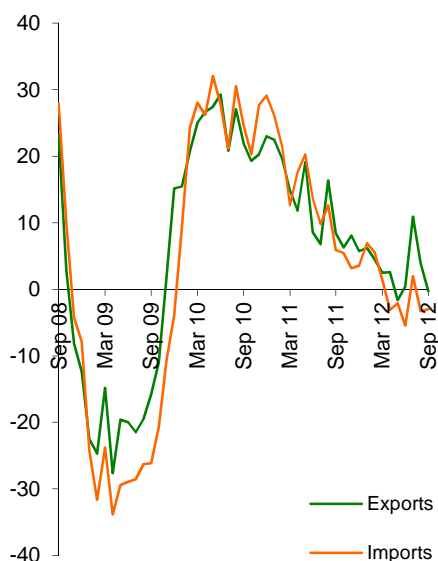
# Instant comment

## Surplus in trade, deficit in current account

12 November 2012

In September exports and imports were slightly below expectations. Both categories recorded a decline on an annual basis. Due to a stronger deceleration of imports, the trade balance showed a surplus. Despite positive trade balance, the current account deficit increased considerably amid deterioration of balances in services, income and current transfers. September's data on foreign trade turnover confirm continuation of economic slowdown.

Foreign trade turnover, % YoY

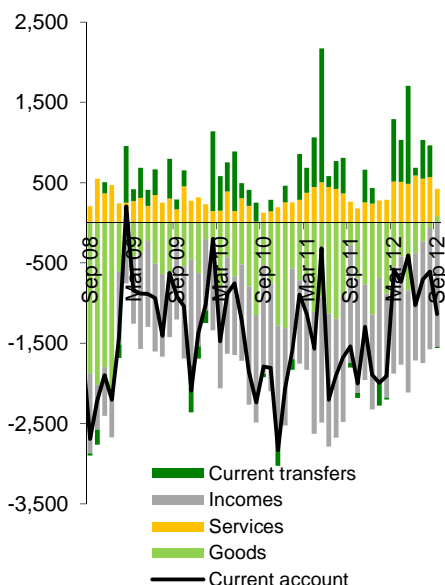


In September the foreign trade volume proved to be lower than expected. Exports reached €12.58bn (versus market consensus at €12.77bn and our forecast at €12.97bn) and declined by 0.3%YoY, while imports reached €12.49bn (market forecast at €12.50bn, our forecast €12.90bn), lower by 3.0%YoY. Just like we expected, there was some marginal trade surplus (€84m, for the first time since 2005) due to stronger deceleration of imports amid weaker domestic demand.

Balance of services surprised on the negative side and amounted to a mere +€338m (by more than €200m less than in August). Balance of incomes proved to be higher than we expected and showed €1.54bn. Current transfers balance was negative (-€17m) due to low inflow of funds from the European Union. Due to these three positions the current account deficit increased to from €609m to €1137m in spite of the trade balance reaching a surplus.

On the financial account it is worth to notice high inflow of foreign portfolio capital into Polish debt securities (over €2bn). Due to weak inflow of EU funds and low inflow of FDI, the ratio of coverage of the gap on the current account by long-term capital declined from 117% to 104%.

Current account, EURm



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