

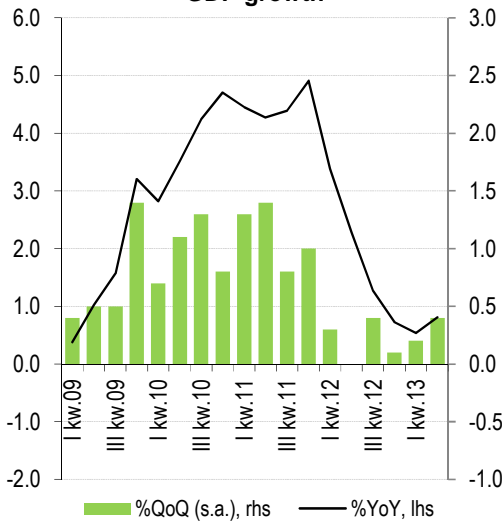
# Instant comment

## Economic growth bottoming out

14 August 2013

In line with our expectations, Poland's GDP expanded in 2Q 2013 by 0.8%YoY. These data together with more and more positive signals from both domestic and global economies, published in recent weeks, support our baseline scenario of gradual economic rebound.

**GDP growth**



Pace of GDP growth accelerated in 2Q to 0.8%YoY (in line with our forecast and slightly below market consensus) from 0.5%YoY in 1Q. Seasonally adjusted GDP growth advanced by 0.4%QoQ vs. 0.2%QoQ in 1Q and 0.1%QoQ in 4Q2012 (after slight upward revision of last few quarters). Today's data confirm our hypothesis that Polish economy has already passed the bottom of the slowdown and the scenario of a recession or even prolonged stagnation is getting less likely. In the following quarters we expect to see a continuation of moderate-paced economic recovery. Apart from the pace of GDP growth, its structure is also important, however we will not see the detailed until 30 August. Taking into account other available statistical information it is likely that the key for acceleration of economic growth was improvement in foreign trade – according to our estimate the change in “net exports” was responsible for ca. 2 pct. points of GDP growth in 2Q. At the same time, the domestic demand was probably still in contraction, mainly due to falling investments.

Once again the GDP data proved to be completely at odds with earlier predictions of the CSO president Janusz Witkowski. Please recall that in the middle of July Witkowski warned against rising doubts if GDP growth in 2Q remained at least at the level seen in 1Q (0.5%YoY). Earlier, at the end of December 2012, CSO president predicted that in 4Q2012 GDP growth was not lower than in 3Q. Actually, it turned out that economic growth slowed down considerably – from 1.3% to 0.7%YoY. In our view, the head of Central Statistical Office should never play economic forecasting, even if he is more successful than Witkowski.

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