

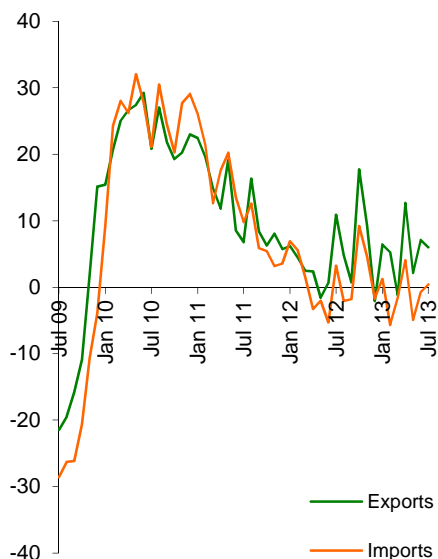
# Instant comment

## This time current account deficit

11 September 2013

In July current account balance was negative at -€178m while the market expected a surplus. Deterioration versus June was due to lower inflow of funds from the EU. Exports reached €13bn, slightly less than we expected while imports met our forecast at €12.7bn. Trade balance was positive for the fourth month in a row. Overall, trends in foreign trade are in line with our scenario of decent growth of exports amid stagnation of imports. Today's data did not trigger any visible market reaction.

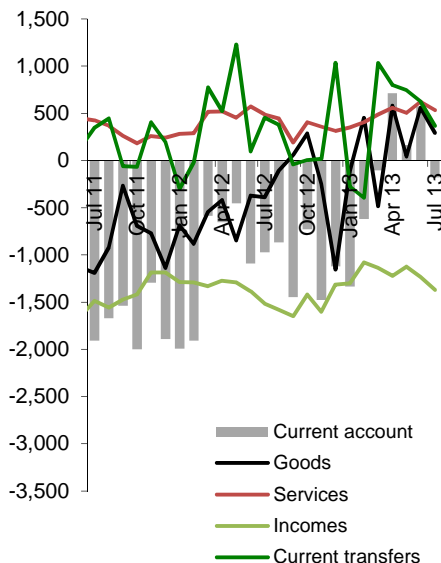
Foreign trade turnover, % YoY



Current account balance was in red in July, recording a deficit of €178m, after three months of surplus and expectations for another month of positive balance. Our estimate and median market forecast were both at +€58m. Deterioration of current account balance as compared to June (+€574m) resulted mainly from lower inflow of EU funds recorded in the current transfers balance (in July the surplus was €368m versus €626m in June). Current account gap was much lower than in the corresponding period of last year, so the 12-month cumulative deficit fell to 1.7% of GDP and was the lowest since 2000, i.e. since comparable data is available. The coverage of 12M current account deficit by inflow of long-term capital (net FDI and EU funds) reached 169% and was the highest in history.

The release of current account balance was slightly weaker than we expected mainly due to lower exports (€13bn vs. €13.2bn anticipated by us). Still, exports still perform quite well (they increased by 6%YoY in July) and in our opinion this momentum will be sustained in coming months. Imports were close to our forecast and reached €12.7bn (+0.4%YoY, meaning that the stagnation continues). Surplus in trade balance reached €293m, so a positive number was recorded for the fourth month in a row. We anticipate exports will be higher than imports in coming months though it is possible that imports accelerate amid pick up of domestic demand.

Current account, EURm



**Maciej Reluga Chief Economist** +48 22 534 1888

**Piotr Bielski** +48 22 534 1887

**Marcin Luziński** +48 22 534 1885

Email: ekonomia@bzwbk.pl

**Agnieszka Decewicz** +48 22 534 1886

**Marcin Sulewski** +48 22 534 1884

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