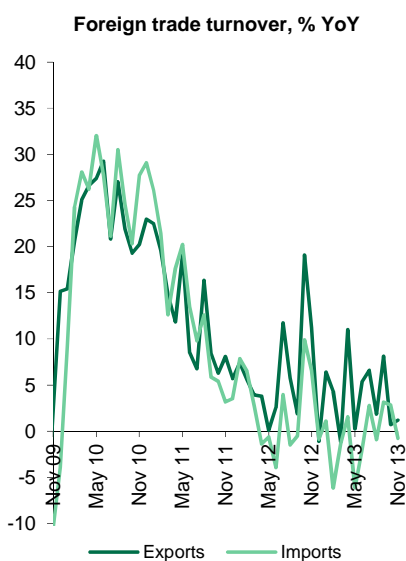


INSTANT COMMENT

17 January 2014

Current account deficit lower than expected

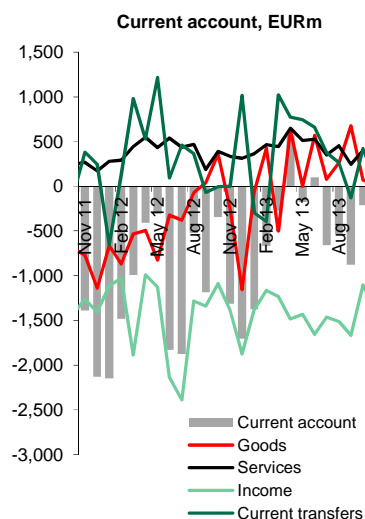
Current account deficit widened in November to €984m from €213m in October. Higher deficit resulted from seasonal effects, but was lower than predicted by us and by the market, mainly due to low imports. Cumulative 12M current account deficit fell at the end of November to 1.7% of GDP and we expect that a downward trend will be continued in the following months. The data did not affect the financial market.



Current account balance in November reached -€984m and was better than expected by us (-€1200m) and by the market consensus (-€1092m). Widening of deficit as compared to September (-€213m) resulted, among others, from lower surplus in current transfers and higher income deficit. However, those elements are typical for this part of the year and did not surprise. Cumulative current account deficit for the last 12 months narrowed to 1.7% of GDP from 3.8% in November 2012.

Export was close to our estimates and reached €1.36bn (+1.2%YoY) while imports disappointed (€13.6bn, decline by 0.8%YoY). As a result, the trade balance was marginally positive (€7m) while we anticipated a deficit. Remaining elements of the current account were close to our estimates – services account showed a surplus of €343m, income account a deficit of €1394m and transfers were positive by €60m.

We expect exports to outperform imports as well in coming months and this will support the process of reduction of imbalance on Polish current account. However, gradual improvement in domestic private consumption and investment should improve imports in a few quarters time.



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