

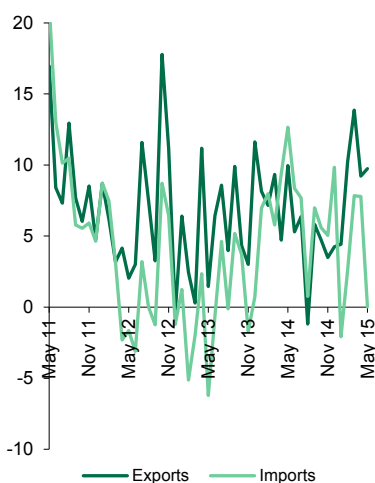
INSTANT COMMENT

14 July 2015

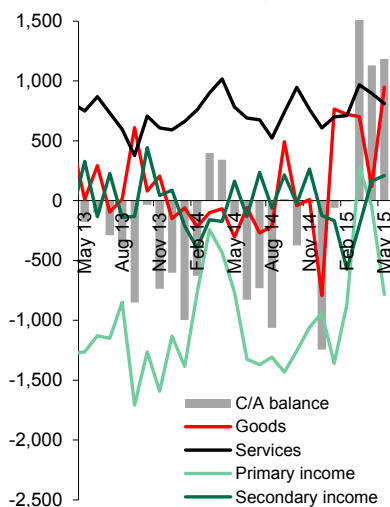
Highest trade surplus ever

Polish balance of payments data for May surprised well to the upside. The C/A surplus reached €1.2bn vs. our and market forecast at €400mn. The 12-month rolling C/A deficit stands now at only 0.1% of GDP, the lowest since the comparable data is available. Exports reached €14.1bn (+9.7% YoY) and imports amounted to €13.2bn (flat YoY, strongly below the consensus). The foreign trade surplus reached €946mn and was the highest since the comparable data is available. In our view, the weak volume of imports in May could have resulted from one-off effects and in the following months we will see stronger pace of growth, supported by robust domestic demand. We also expect rapid growth in exports due to the recovery in the euro zone. In 3Q and 4Q the current account may turn negative again, but the entire year may close with a surplus. The data did not affect the market.

Foreign trade turnover, % YoY



Current account, EURm



Polish balance of payments data for May surprised well to the upside. The C/A surplus reached €1.2bn vs. our and market forecast at €400mn. The 12-month rolling C/A deficit stands now at only 0.1% of GDP, the lowest since the comparable data is available.

Exports reached €14.1bn (+9.7% YoY), roughly in line with market estimates. Imports amounted to €13.2bn (flat YoY) and this was the main source of the surprise as the market consensus was at €14bn. The foreign trade surplus reached €946mn and was the highest since the comparable data is available. Weak imports are surprising given the decent consumption demand in Poland confirmed by the Polish 1Q GDP data as well as by the retail sales and retail trade turnover in 2Q. According to the NBP statement, weak imports were mainly driven by the lower value of the imported oil, lower imports of components by the automobile industry and lower purchases of drugs and clothing. It is worth to notice that the average monthly oil price in May and in April was roughly the same.

In our view, the weak volume of imports in May could have resulted from one-off effects and in the following months we will see pace of growth slightly below 10%YoY, supported by strong domestic demand. We also expect rapid growth in exports due to the recovery in the euro zone. Poland's Statistical Office data on foreign trade have confirmed a recovery in exports to the main Polish trade partners.

Other elements of the current account were more or less in line with our expectations: services balance surplus showed €811mn, primary income balance deficit was equal to €784mn and secondary income balance surplus amounted to €211mn.

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