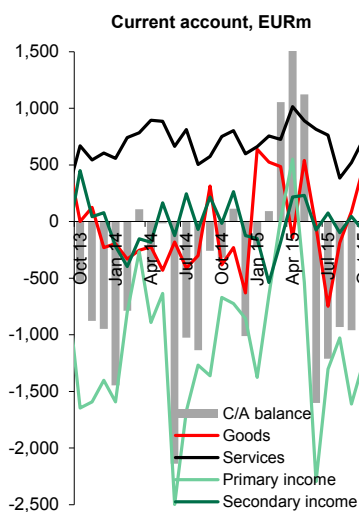


INSTANT COMMENT

14 December 2015

Current account deficit below expectations

Current account deficit fell in October to €113mn and was much smaller than the market and we expected (€595mn and €1214mn, respectively). The main source of surprise was a sharp drop in imports that amounted to €14.9bn (-2.8% YoY) vs. consensus at €15.6bn which lead to the trade surplus (€483mn). Such low imports could suggest a significant fall in the domestic demand, but the other indicators did not show that this has happened. Low imports could be in our view a one-off and the coming months should show a gradual increase in imports, coherent with rising consumption demand. Pace of the M3 money supply growth reached 9.8% YoY in November. Acceleration vs. October was due to faster growth of the total deposits (PLN11.5bn MoM).



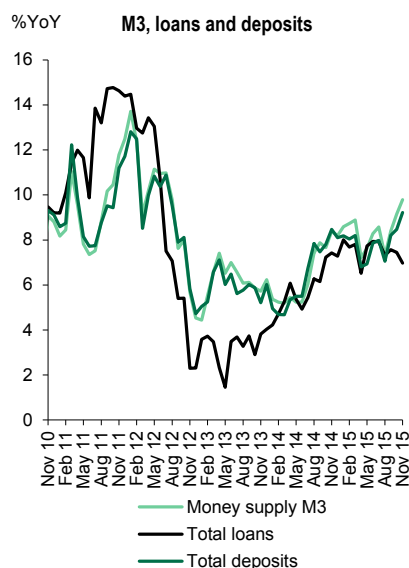
Lower imports reduces C/A deficit

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The remaining elements of balance of payments were roughly in line with our estimates – exports rose 3% YoY to €15.3bn, the services surplus reached €727mn, balance of primary incomes was at -€1241mn while deficit in the secondary incomes reached €82mn. We expect exports to grow c10% YoY in the quarters to come but imports could grow faster which will lead in our view to deeper C/A deficit.

M3 grows at a sound pace

Pace of the M3 money supply growth reached 9.8% YoY and 1.1% MoM in November after it rose to PLN1134.6bn. Acceleration vs. October was due to faster growth of the total deposits (PLN11.5bn MoM) – +PLN6.6bn (+1.1% MoM) in the case of households and +PLN5.6bn (+2.4% MoM). On the liabilities side, pace of loans growth accelerated slightly to c7% YoY on, among others, c11% YoY rise in the households loans.



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