

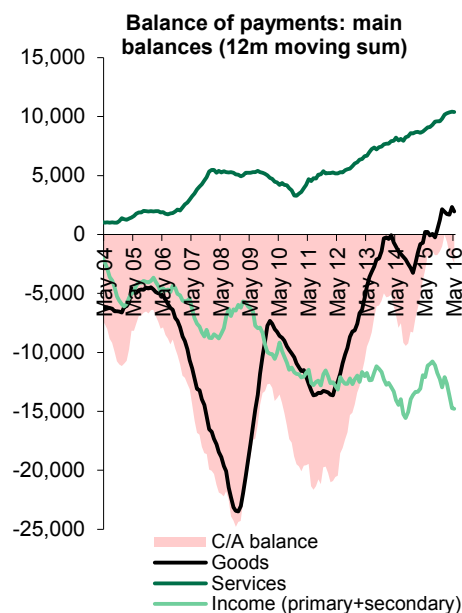
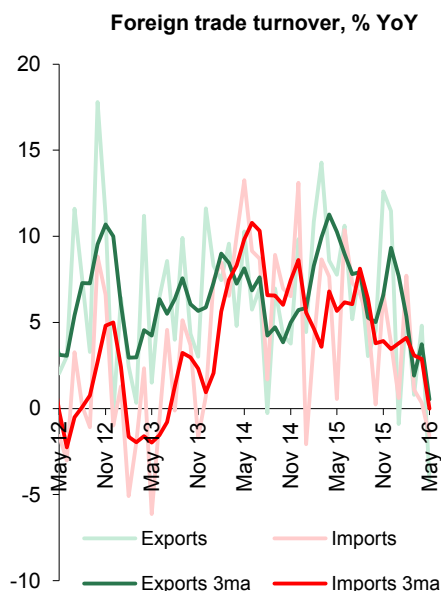
INSTANT COMMENT

14 July 2016

Foreign trade disappointed strongly

Balance of payments disappointed in May. Even though the current account balance at €495mn was a bit better than expected, exports disappointed strongly (€13.4bn vs consensus at €14.3bn, decline by 4.2% y/y). Imports were also lower than expected and reached €13.2bn vs expectations at €13.9bn (-1.6% y/y). Deceleration of foreign trade growth versus April was quite obvious, given negative working day effect and weak industrial output, but its scale clearly came as a surprise. In our view, these results are effects of weaker tendencies in global trade and may weigh on Polish GDP growth. The data seem to confirm our worries that GDP growth may fail to accelerate in Q2 and in the following quarters. We have recently trimmed our GDP growth forecast by 0.3-0.4pp to 3.1% in 2016 and 2.9% in 2017.

M3 money supply growth in June was at 11.4% y/y, in line with expectations. At the same time, loan growth continued to decelerate (to 4.7 y/y, its lowest in 30 months).



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