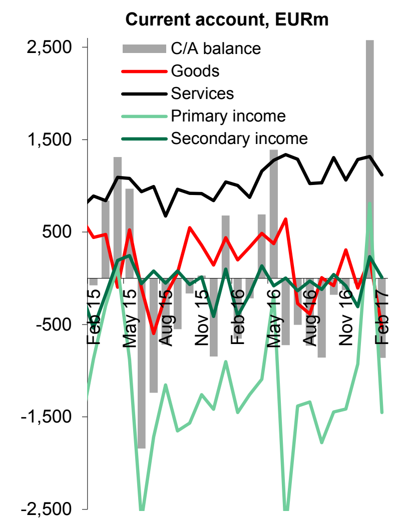
INSTANT COMMENT

13 April 2017

C/A deficit above forecasts

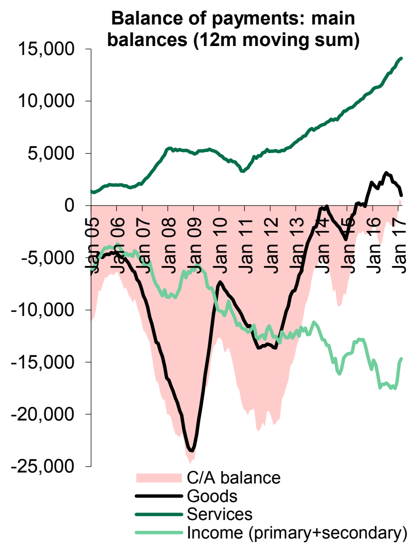
In February, the current account deficit amounted to €860mn, with our estimate at €357mn and market consensus at €31mn. Exports amounted to €15.044bn (+3.8% y/y) and imports reached €15.581bn (+9.1% y/y). Exports was exactly in line with our forecast and it decelerated due to the lower number of working days. Imports, however, was surprisingly high and this was the main factor responsible for above-forecast deficit. We expect a robust exports in the months to come that should be driven by the economic revival in Poland's main trading partners. Imports may rise faster than exports which could deteriorate the C/A balance. 12-month current account balance amounted to + 0.1% of GDP, according to our estimates.



In February, the current account deficit amounted to €860mn, with our estimate at €357mn and market consensus at €31mn. Quite a big change versus the high surplus in the previous month (€2.6bn) was primarily the resul of a strong capital inflow in January within the frame of Common Agricultural Policy.

Exports amounted to €15.044bn (+3.8% y/y) and imports reached €15.581bn (+9.1% y/y). Exports was exactly in line with our forecast and it decelerated due to the lower number of working days. Imports, however, was surprisingly high and this was the main factor responsible for above-forecast deficit. In our view, rise in imports reflects strength of the domestic demand and we cannot exclude that it was also driven by a rebound in investments (purchase of investment goods). We expect a robust exports in the months to come that should be driven by the economic revival in Poland's main trading partners. Imports may rise faster than exports which could deteriorate the C/A balance.

Other components of the current account balance were roughly in line with our expectations: the service balance surplus amounted to € 1.1bn, the primary income deficit reached €1.5bn, and the secondary income account was roughly balanced. 12-month current account balance amounted to + 0.1% of GDP, according to our estimates.



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