

## Poland: Net exports support GDP growth during the pandemic

In September, Poland posted a robust €1.1bn current account surplus, slightly down from a revised €1.3bn surplus in August. We estimate the 12-month rolling cumulative figure at 3.1% of GDP, up slightly from 3.0% of GDP in August. This is consistent with the robust GDP growth estimate for 3Q (-1.6% YoY compared to -8.4% in 2Q), and is supportive for the zloty



Wind power plant factory, Szczecin, Poland

### Strong merchandise export growth accompanied by a revival in imports

The current account surplus in September resulted mainly from a solid surplus in merchandise trade of €1.2bn (1.8% of GDP as a 12-month cumulative) compared to €1.0bn (1.6% of GDP) in August. This is because export growth gained further momentum (4.6% YoY compared to 2.5% in August). Also, imports finally showed positive growth of 1.5% YoY in September, after six consecutive months of negative growth in year-on-year terms.

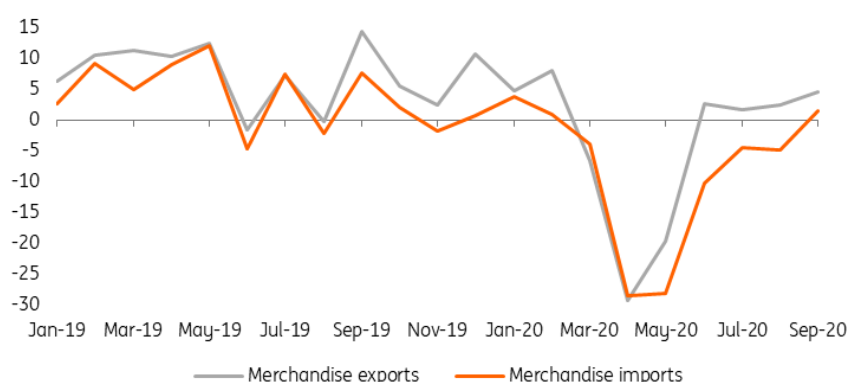
Exports of goods remain more immune to pandemic restrictions than services, particularly business and tourism. The solid export performance has been suggested by other early indicators:

PMI, ESI, and industrial production. According to the National Bank of Poland, the most dynamic growth was recorded in exports of car batteries and engines, textiles, phones, furniture and household appliances.

The revival in imports suggests a recovery of domestic demand in Poland. Lower global oil prices helped to reduce import payments. At the same time, textiles, TV set parts, diagnostic preparations, phones, and TV sets posted the most dynamic growth in September.

## Year-on-year growth in exports and imports in 2019-20, in %

Macrobond, ING calculations.



## Turnover in services more affected by the pandemic

Traditionally, the large positive trade balance (€1.7bn) almost offsets the deficit of €1.8bn in primary income, driven by interest and dividend payments from past loans and foreign investments and reinvested profits. Secondary income flows were close to being in balance (a deficit of €0.1bn). Receipts from abroad are offset by transfers from Poland to migrants' countries of origin, in particular to Ukraine.

In services, receipts from foreign travel dropped by around 44% in PLN terms, while those from transportation services grew around 5% YoY, which is linked to robust growth of merchandise exports. At the same time, debit payments on foreign trips declined by around 13%, while payments for transportation services increased by 2.7%.

Net exports contributed positively to the solid GDP growth performance in Poland. The Central Statistics Office has just released the flash estimate for the third quarter, coming in at -1.6% YoY compared to -8.4% YoY in 2Q. We estimate net exports contributed around 1-1.5ppt to economic growth in 3Q. We also expect the current account surplus to hover around 3% of GDP through the end of 2020.

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