

## Poland's current account in surplus in June but exports disappoint

Poland's external current account posted another monthly surplus in June, though the ratio to GDP narrowed to 1.4% from 1.8% a month before. Merchandise exports suffered from stagnation in Germany and signal that net exports will detract from GDP in the second quarter



### The breakdown

The current account balance recorded a surplus of €588mn in June, above the consensus of €363m but below our forecast of €793mn, following a surplus of €168mn in May (revised). The positive current account balance consisted of:

- a small deficit in trade in goods of €191mn
- a moderate deficit in primary income (aided by softer financial results of foreign companies this year)
- an elevated deficit of €684mn in secondary income
- and a solid surplus in services trade of €3515mn. The positive balance in services was some €500mn higher than the five-month average this year and offset deficits in other current account categories.

We estimate that the cumulative 12-month current account surplus narrowed to 1.4% of GDP, down from 1.8% of GDP in May, as we recorded a strong goods trade surplus in June last year.

The value of imports, expressed in euro, fell by just 0.2% year-on-year, as pressure from energy prices subsided and domestic investment demand remained weak in 2Q24. At the same time, euro-denominated merchandise exports fell by 6.0% YoY on the back of weak demand in the main export markets, particularly Germany. Recent data from Poland's main trading partner, such as today's ZEW confidence index, which saw the expectations component collapse to 17.9pts in August from 43.7pts in July, does not augur well for Polish export prospects in the second half of the year. Export expansion is further hampered by the strengthening zloty (by 3.2% YoY against the euro in June and by almost 7% YoY on average in the first half of the year).

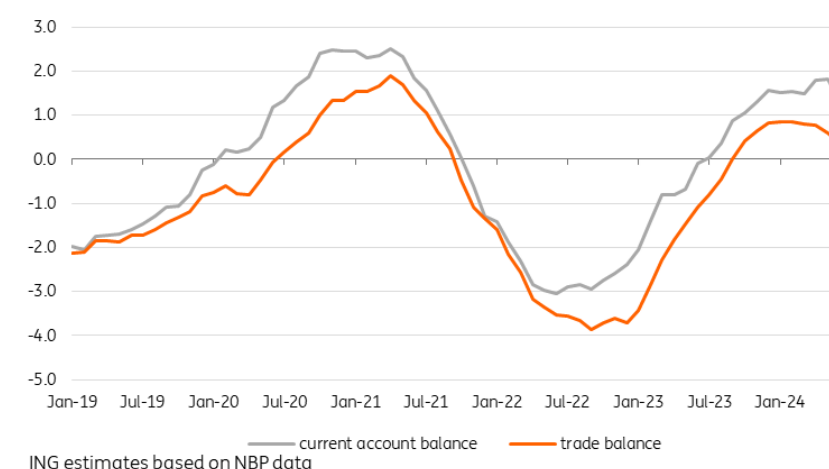
Merchandise trade closed with a €191mn deficit in June, but that was smaller than the €447mn gap in May. We estimate that the 12-month goods surplus deteriorated to 0.4% of GDP in June from 0.6% of GDP a month earlier.

The National Bank of Poland's press release, which refers to lower dynamics expressed in zloty, points to declines in exports in all six main commodity categories, particularly in the automotive sector due to the downturn in the German car industry. According to the NBP, the decline in imports was shallower than in the first five months of the year, while imports of consumer goods and imports of passenger cars recorded increases. The data on the structure of imports is in line with the expected structure of economic growth in 2Q 2024, which was driven by private consumption with stagnant investment. We expect a negative contribution from net exports in 2Q24. Preliminary 2Q24 GDP growth data will be released tomorrow.

## What it means for the zloty

Today's data is neutral for the zloty. Poland continues to show a solid external balance. The zloty exchange rate is supported by the hawkish rhetoric of the central bank and expectations of a significant inflow of EU funds from the Recovery and Resilience Facility and the traditional budget for 2021-27.

## Current account and trade balances, as % of GDP



## Author

**Leszek Kasek**

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).