

## Poland's external current account position remained solid in April

Poland's external position remains solid and supportive for the zloty. The current account surplus rose to 1.5% of GDP on a 12-month rolling basis in April from 1.2% in March, although on a monthly basis a minor €0.2bn deficit was recorded in April from a €0.3bn surplus in March due to a higher primary income deficit (large seasonal dividend payments)



Poland's current account position continues to remain solid

Poland ran a €0.2bn current account deficit in April, following a surplus of €0.3bn in March this year and a deficit of €2.3bn in April a year ago. This result was worse than consensus (surplus of €0.3bn), but close to our forecast of a €0.5bn deficit. In cumulative terms over the last 12 months, we estimate that the current account balance improved to 1.5% of GDP in April from 1.2% of GDP a month earlier. A year ago, however, Poland recorded a 0.8% of GDP deficit through April.

Merchandise trade in April closed with a small surplus of €0.2bn, after a €0.5bn surplus in March. We estimate that the 12-month goods surplus deteriorated gently in April to 0.7% of GDP from 0.8% of GDP a month earlier. Largely due to two more working days than a year ago, exports expressed in euro rose 5.5% year-on-year in April after a steep 9.5% decline in March when there

were two fewer working days. Imports rebounded by 5.7% YoY in April, after a fall of 8.3% YoY in March. The growth rates of exports and imports calculated in zloty remained slightly negative due to the significant appreciation of the zloty against the euro.

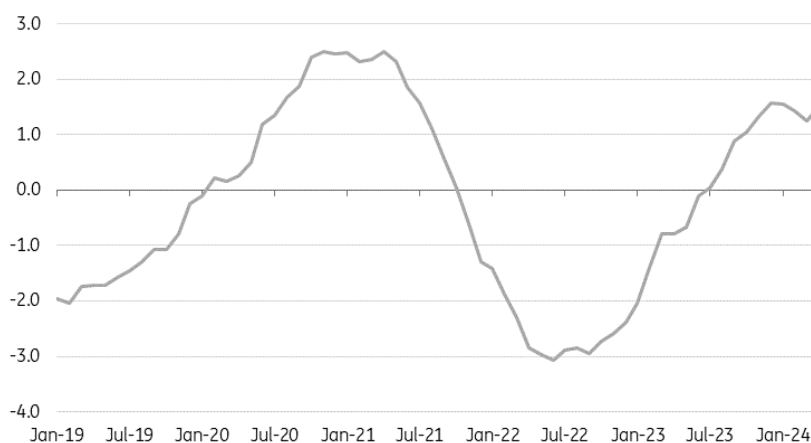
April's current account balance was due to a seasonally higher deficit in primary income (€2.8bn compared to €2.4bn in March). Traditionally, Poland has recorded a sizable surplus in services trade (€3.1bn). By contrast, the deficit in secondary income (€0.8bn) was at a slightly higher level (€0.8m) than in recent months, with the exception of March, when it was inflated by a one-off adjustment of the Polish contribution to the EU.

Turning to merchandise trade, the acceleration in export growth was consistent with a higher rate of growth in industrial production to 4.7% YoY in April, according to Eurostat from -3.1% a month earlier, boosted by a higher number of working days and only a slight improvement in German industrial growth (-3.7% YoY after -5.0% in March). The rebound in import growth was influenced by a progressive rebound in consumption demand.

The National Bank of Poland's press release, which refers to lower dynamics expressed in zlotys, indicates declines in exports of capital and intermediary goods, and means of transport. The deterioration in exports of the automotive sector was influenced by the weakening of exports of electric batteries and passenger cars, while exports of consumer goods, especially TV sets, increased. At the same time, the NBP points to a gradual slowdown in energy imports and a slight increase in imports of agricultural and consumer products. The clear upward trend in imports of transport equipment, especially passenger cars, continued.

Today's data are neutral for the zloty, in our view, as Poland continues to show a solid external position. The zloty's quotations are supported by the 'hawkish' rhetoric of the central bank and expectations of significant inflows of unblocked EU funds from the National Recovery Plan and the cohesion funds from the new 2021-27 budget.

## Poland's current account balance, % of GDP



ING estimates based on NBP data

## 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 <http://www.ing.com>.