

## Poland's current account up to 1.4% of GDP in November

After November 2023, the current account surplus widened to 1.4% of GDP, but the positive monthly foreign trade balance in goods in November was the lowest in all of 2023. The external position remains sound, and along with other factors supports the zloty



In November, the current account surplus of the balance of payments amounted to €1.3bn (ING: €2.1bn; consensus: €1.6m) vs. €2.1m in October (data revised). The overall outcome resulted from surpluses in the services account (€2.9 million), goods account (€0.2 million) and deficits in primary and secondary income (total €1.8 million). On a 12-month rolling basis the current account surplus rose to 1.4% of GDP from 1.1% of GDP after October.

The goods trade surplus was the result of a deeper decline in exports (2.1% YoY) than in imports (8.0% YoY), but the monthly surplus in November was the lowest in 2023. Our forecasts assumed a slightly deeper decline in imports. Contributing to the lower trade turnover were, among other things, low international trade prices due to the strengthening of the zloty (PLN). This was accompanied by stagnant trends in economic activity at home and in the main export markets.

The decline in exports is linked to the weakness of external demand and, in particular, the

unfavourable condition of the German economy, which is the most important trade partner of Poland. According to information from the National Bank of Poland, November saw a fall in exports of consumer goods, including durable goods (consumer electronics and household appliances). Decreases were also recorded in exports of intermediate and investment goods, while exports of transport equipment were higher than last year. According to the National Bank of Poland, sales of lorries, buses and passenger vehicles to the East (both new and used) increased.

The lower nominal value of imports, on the other hand, was due to lower energy commodity prices (mainly fuel) compared to last year. Imports of components needed for export-oriented production also declined. Imports of transport equipment (including aircraft and helicopter deliveries), on the other hand, grew. With the recovery in domestic demand, particularly consumer demand, we expect a gradual improvement in import dynamics.

Today's data confirm the sound external position of the Polish economy, which is conducive to keeping the PLN at a relatively strong level. The domestic currency should also be supported by the National Bank of Poland's cautious approach to further monetary easing, while rate cuts are expected in both core markets and the CEE region. The market is betting on Fed and ECB rate cuts of around 125-150bp by the end of 2024. The prospect of unlocking the EU funds, including the Recovery & Resilience Funds, also contribute to a positive perception of the PLN.

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