

## Poland's current account balance is deteriorating quickly

Compared to 2020, Poland's current account balance is set to deteriorate by an equivalent of about 4.5% of GDP in 2021



Source: Shutterstock

### Imports inflated by higher energy bills, exports constrained by global shortages of microprocessors

Poland's current account deficit amounted to €1.3b – just between our forecast of -€1.4b and the consensus of -€1.2b. This was due to a €100m deficit in merchandise trade and a surplus in services (of €1.8bn), as well as deficits in primary (€2.7bn) and secondary income (€300m). Although the difference between the year-on-year growth rate of imports and exports remained the same (9ppt as imports increased by 21.5% YoY and exports by 12.2%), it narrowed by 4ppt compared to August.

Import bills were inflated by the continued recovery in domestic demand and high energy prices. At the same time, exports have been hampered by disruptions in global supply chains, which particularly affect Germany – Poland's main trading partner.

According to the National Bank of Poland's statement, the strongest increase on the import side in

September was in oil and oil refinement products and natural gas. Also, more expensive raw materials translated into a higher value of imported processed goods, especially metals and chemical products. On the export side, the automotive sector suffered from shortages of semiconductors. Exports of passenger cars and trucks went down as did export sales of car batteries and catalysts.

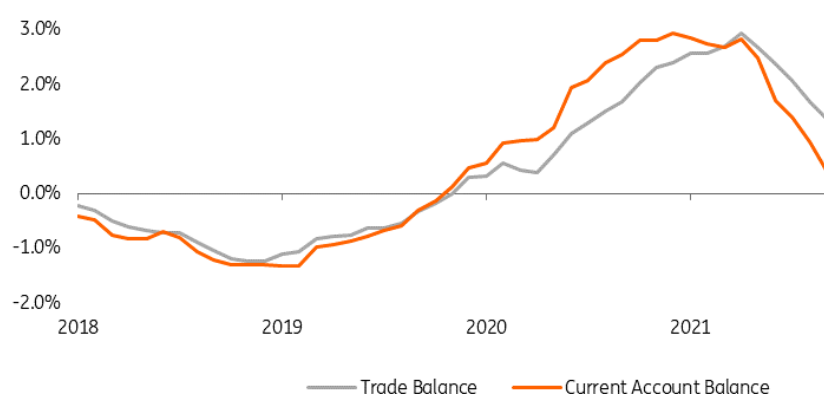
## A modest 12-month cumulative current account surplus should turn to deficit in coming months

According to our estimates, the current account balance, calculated as a 12-month cumulative, shrank to 0.4% of GDP from 0.9% in August, while the trade surplus shrank to 1.4% of GDP from 1.7%. If the economic recovery and high energy prices continue into the fourth quarter, we can expect a continued deterioration in both balances. We forecast that the merchandise trade balance will be close to zero in 2021 as a whole, while the current account deficit will close with a deficit of around 1.5% of GDP. In 2020, the two balances posted surpluses of 2.4% and 2.9%, respectively.

The envisaged deterioration of Poland's external balance indicators should be an important factor in the future decisions of the Monetary Policy Council.

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

ING staff estimates based on NBP and CSO 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 [www.ing.com](http://www.ing.com).