

## Poland: Moderate current account deficit in July, as exports recover

Poland's external balance deteriorated only slightly in July, supported by well-performing exports in the automobile sector



Poland's current account deficit was €1.7bn in July, slightly below the consensus expectation of a €1.8bn deficit, after a €1.5bn deficit in June. On a cumulative 12-month basis this represents an increase in the deficit from about 3.9% of GDP in June to 4.0% of GDP in July. The goods trade deficit was €1.5bn in July up from €0.8bn in April. The €2.6bn surplus in services trade largely offset the deficits, including €2.4bn of primary income and €0.5bn of secondary income.

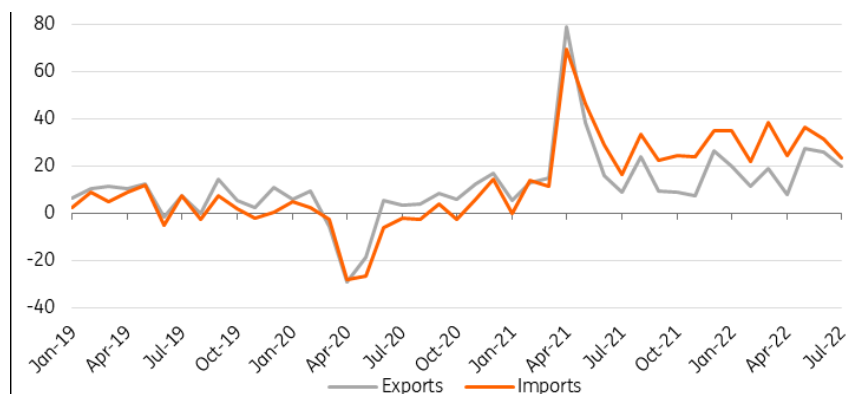
In July, the gap between the annual growth rate of imports of goods, expressed in euros (23.5% year-on-year) and the growth rate of exports (19.9%), narrowed from nearly 6ppt to less than 4ppt. According to a release from the National Bank of Poland, export growth was significantly influenced by sales in the automotive sector for the first time in many months.

This included sales of new passenger cars, light trucks and road tractors. In addition, exports were supported by rising fuel supplies to Ukraine. The functioning of global supply chains improved significantly over the summer, as indicated by US Federal Reserve data, which supported international trade flows. Imports in July were slightly lower than in previous months, which can be linked to weaker domestic demand and lower price growth for imported goods, particularly oil.

Today's data is neutral for the zloty, as the 12-month deficit is slowly deteriorating and a rebound in exports is visible, which may mitigate the observed weakening of domestic demand. The zloty exchange rate has recently been influenced mainly by global factors and the decisions of major central banks.

In the coming months, we expect a further gradual widening of the current account deficit to around 5% of GDP by the end of the year.

## Growth in merchandise exports and imports, YoY, in percent



Source: 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>.