

## Poland: Strong surplus, but not for long

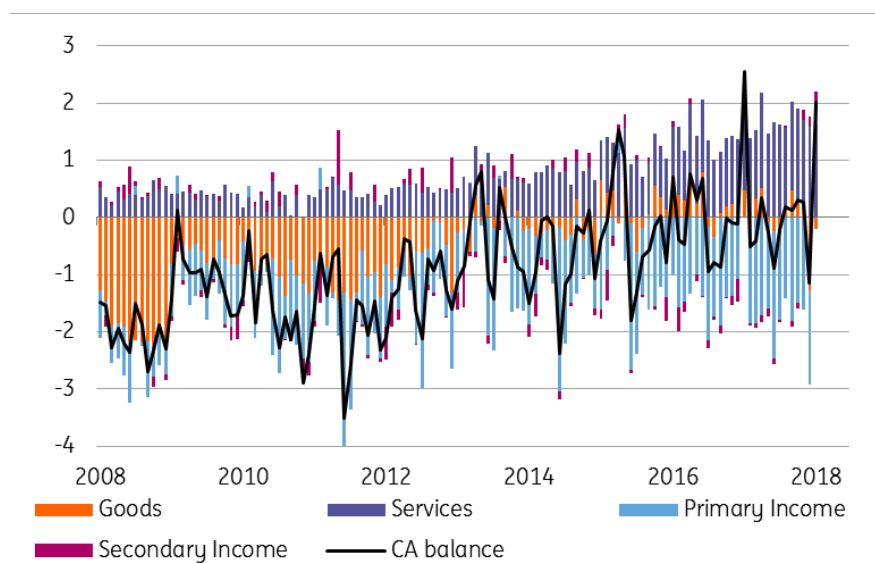
Poland recorded a strong current account surplus in January though we still expect a deficit of 0.4% of GDP for all of 2018. The central bank also published data on core inflation, confirming weak inflationary pressures



Source: iStock

Poland posted a current account surplus of a €2bn in January, well above market expectations (€965mn). The trade balance closed with a moderate deficit of €204mn, while both exports and imports maintained a double-digit pace (10.5% YoY and 15.4% YoY, respectively). The services account surplus was close to a historical high (€1.62bn vs. €1.66bn in April 2017), well above our expectations.

## CA structure (€bn)



Source: NBP

The strongest positive surprise came from primary and secondary income accounts, which jointly recorded a surplus of €589mn although that is based on transfers of the Common Agricultural Policy fund from the EU. According to the Ministry of Finance, €2.275bn was transferred into Poland, which won't be repeated in the coming months.

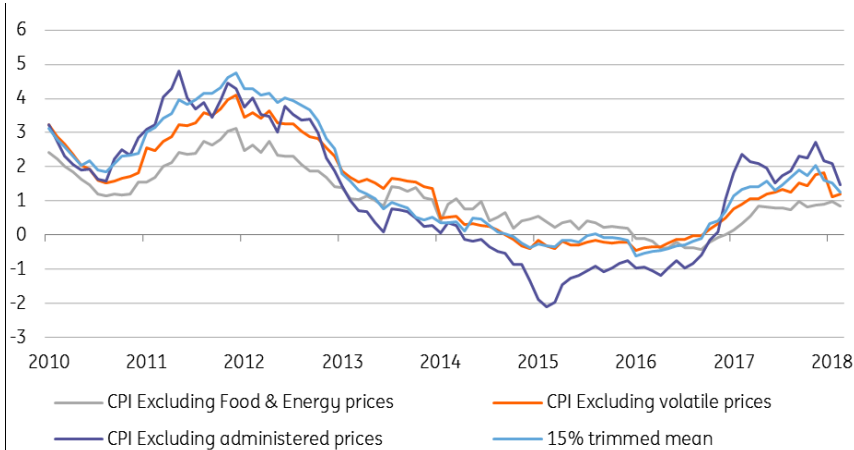
We expect the current account to GDP gap to close with a moderate deficit (0.4%) in 2018, after a surplus of 0.06% a year ago.

**0.8** Core inflation (%YoY)

Lower than expected

Also today, the National Bank of Poland published detailed data on core inflation. Each of the indices presented by the central bank decelerated, confirming limited inflationary pressures despite strong wage growth.

### Core inflation (%YoY) - NBP indices



Source: NBP