

## Polish commodity trade turnover returns to solid growth

The negative growth of Polish exports and imports in January, associated with Brexit effects, turned out to be a one-off as the current account surplus stabilised at a record high of 3.7% of GDP. Going forward, we expect the current account and trade surplus to moderate



Source: Shutterstock

### Strong merchandise trade turnover

According to the Polish central bank balance of payments data for February, exports of goods increased by 6.2% while imports by 6.0% YoY. In cumulative terms for the last 12 months, the current account surplus stabilised at a record high 3.7% of GDP.

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*Today's reading was in line with our forecast, and is supportive of the zloty, though it will not compensate for downward pressures on the currency and uncertainty associated with the swiss franc mortgages*

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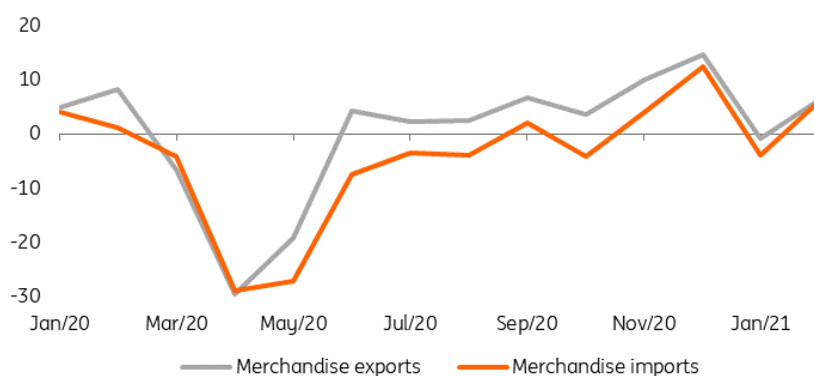
Today's reading was in line with our forecast and is supportive of the zloty. However, it will not compensate for downward pressures on the currency, such as the soft monetary policy stance and uncertainty associated with the Supreme Court verdict on swiss franc mortgage loans expected in May.

Poland continues to post high current account surpluses. In February, it reached €1.6bn, and we estimate the 12-month cumulative stabilised at a record high 3.7% of GDP, set in January. In February, the current account surplus resulted mainly from a significant surplus in merchandise trade of €0.9bn (2.5% of GDP as 12-month cumulative), similar to February. Both exports and imports growth returned to solid growth of about 6% YoY, expressed in EUR.

Robust exports suggest that foreign trade remains a growth engine in the context of stagnant investments. February data implies a gradual recovery of services exchange, which refers particularly to transport services connected with good performance in commodity trade. According to the central bank, the most dynamic growth was recorded in car batteries, catalytic converters, clothing, wireless communication devices, TV sets and gaming equipment exports.

Strong import growth is partially associated with the rebound in oil prices and Covid-19 vaccines. The following product categories recorded the highest dynamics in year-on-year terms: parts for TV sets, oil refinement products, clothing, wireless communication devices, vaccines and diagnostic preparations.

## Poland's merchandise trade turnover in 2020-21, YoY, in percent



Source: NBP data.

## Turnover in services remains heavily affected by the pandemic

Both on the export and import side, transport services are growing at a robust pace in February, which is linked to trade of goods volumes. But travel services collapsed more than by half if compared to pre-pandemic February 2020. This is consistent with local data on international flights, which diminished by about 50% compared to the previous year.

Going forward, we expect the current account and trade surplus to moderate later in 2021 on the back of economic recovery and rising oil prices and import bills for vaccines. In 2021 as a whole, we expect a current account surplus of 2.2% of GDP. This is still an impressive outcome despite the turbulent times.

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