

**Written By:**

**Dr. Stella Kanellopoulou:**  
Research Economist  
[skanellopoulou@eurobank.gr](mailto:skanellopoulou@eurobank.gr)

## Polish economy is still resilient despite adverse global economic conditions

- Polish growth prospects remain solid albeit less bright due to global and especially euro-zone slowdown
- Polish zloty depreciation is an important driving force of 2012 growth

---

### **Polish growth prospects remain solid but losing steam**

The Polish economy keeps outperforming compared to its neighbouring countries. Although the economy has lost some steam, the slowdown has not been as severe as in its peers in the region. Admittedly, the growth rate is supported by preparations for the 2012 European Football Championship coupled with inflows of EU structural funds. However, business sentiment indicators suggest that economic activity may weaken somewhat in the coming quarters due to euro-zone slump; note that Poland's major trade partners are Germany, France and Italy.

In the second half of 2011, turbulences in financial markets have begun to weigh on consumer and producer confidence, ultimately limiting private investment expenditure, employment growth and the expansion of private consumption. These developments are expected to result in real GDP growth slowing to 3.6% yoy in the second half of the year, leading to annual growth of 4.0% yoy in 2011.

The fallout from the global slowdown is expected to shape the prospects of the Polish economy in 2012.

### **Polish zloty depreciation is an important driving force of 2012 growth**

The impact of external trade on growth is likely to be positive in 2012. This results from the depreciating currency which would boost exports and enhance import substitution. The weakening currency will benefit domestic producers at the expense of importers, leading to lower import growth in 2012. In turn, current account deficit would improve, at least temporarily.

In a less positive note, zloty's depreciation would weigh on household disposable income as 39% of household loans are denominated in foreign currency. Consequently, it could threaten the increase in private consumption going forward.

What's more, general government debt is set to increase in 2012 partly attributed to zloty's devaluation since it would cause the increase in the value of the debt denominated in foreign currency.

#### **DISCLAIMER**

This report has been issued by EFG Eurobank Ergasias S.A. (Eurobank EFG), and may not be reproduced or publicized in any manner. The information contained and the opinions expressed herein are for informative purposes only and they do not constitute a solicitation to buy or sell any securities or effect any other investment. EFG Eurobank Ergasias S.A. (Eurobank EFG), as well as its directors, officers and employees may perform for their own account, for clients or third party persons, investments concurrent or opposed to the opinions expressed in the report. This report is based on information obtained from sources believed to be reliable and all due diligence has been taken for its process. However, the data have not been verified by EFG Eurobank Ergasias S.A. (Eurobank EFG), and no warranty expressed or implicit is made as to their accuracy, completeness, or timeliness. All opinions and estimates are valid as of the date of the report and remain subject to change without notice. Investment decisions must be made upon investor's individual judgement and based on own information and evaluation of undertaken risk. The investments mentioned or suggested in the report may not be suitable for certain investors depending on their investment objectives and financial condition. The aforesaid brief statements do not describe comprehensively the risks and other significant aspects relating to an investment choice. EFG Eurobank Ergasias S.A. (Eurobank EFG), as well as its directors, officers and employees accept no liability for any loss or damage, direct or indirect that may occur from the use of this report

## Research Team

**Editor - Professor Gikas Hardouvelis**

*Chief Economist & Director of Research Eurobank EFG Group*

### Financial Markets Research Division

**Platon Monokroussos:** *Head of Financial Markets Research Division*

**Paraskevi Petropoulou:** *G10 Markets Analyst*

**Galatia Phoka:** *Emerging Markets Analyst*

### Sales Team

**Nikos Laios,** *Head of Sales*

**Vassillis Gulbaxiotis,** *Head of International Sales*

**Yiannis Seimenis, Ioannis Maggel,** *Corporate Sales*

**Stogioglou Achilleas,** *Private Banking Sales*

**Alexandra Papathanasiou,** *Institutional Sales*

### Economic Research & Forecasting Division

**Dimitris Malliaropoulos:** *Economic Research Advisor*

**Tasos Anastasatos:** *Senior Economist*

**Ioannis Gkionis:** *Research Economist*

**Vasilis Zarkos:** *Economic Analyst*

**Stella Kanellopoulou:** *Research Economist*

**Olga Kosma:** *Economic Analyst*

**Maria Prandeka:** *Economic Analyst*

**Theodosios Sampaniotis:** *Senior Economic Analyst*

**Theodoros Stamatou:** *Research Economist*

Eurobank EFG, 20 Amalias Av & 5 Souri Str, 10557 Athens, tel: +30.210.333.7365, fax: +30.210.333.7687, contact email: [Research@eurobank.gr](mailto:Research@eurobank.gr)

## Eurobank EFG Economic Research

More research editions available at <http://www.eurobank.gr/research>

- **New Europe:** Economics & Strategy Monthly edition on the economies and the markets of New Europe
- **Economy & Markets:** Monthly economic research edition
- **Global Economic & Market Outlook:** Quarterly review of the international economy and financial markets

Subscribe electronically at <http://www.eurobank.gr/research>

