

New Europe Economics & Strategy

www.eurobank.gr/research

Monday, June 7, 2010

Focus Notes: Poland

Poland's Q1-2010 GDP growth slowed slightly to 3.0% yoy

- ✓ In late May acting President of Poland **nominated Marek Belka as new central bank President**. The latter has already agreed to run for the position. A major advantage of Mr. Belka nomination is that he is **not affiliated to any of the main political parties in Poland**. Therefore, the choice cannot be criticised as political. Moreover, Mr. Belka's professional credentials are very good; he is a well-respected, pro-market economist and currently the Director of the IMF's European Department. However, Mr. Belka's appointment is not yet a done deal, the lower house of parliament has to approve the choice. **The vote is scheduled for June 11, 2010** (only few days before Presidential elections set for June the 20th).

- ✓ Poland's **Q1-2010 GDP growth slowed to 3.0% yoy** from a revised 3.3% yoy recorded in the last quarter of 2009. It stood slightly below consensus expectations of 3.1% yoy. In a quarterly basis, the Polish economy grew by 0.5% qoq in Q1-10 compared with 1.0% qoq growth in Q4-2009. The first quarter's **growth was mainly driven by domestic consumption and net exports**. Fixed investment made a large negative growth contribution which was nevertheless offset by growth in inventories. Investment fell by 12.4% yoy in Q1-10 compared to 1.1% yoy rise in Q4-09. Overall, **real GDP is expected to grow by 2.7% yoy in 2010 and 3.1% yoy in 2011**. Factors positively contributing to Polish economic growth will be the ongoing rebound in global trade, the foreign capital inflows, the fixed investments fuelled by EU funds, the preparations for the 2012 football championship and the gradual revival of private consumption. However, the deteriorating country's fiscal situation coupled with uncertainty over Western Europe's pace of recovery pose downside risks.

Dr Stella Kanellopoulou, Research Economist
skanellopoulou@eurobank.gr

Research Team:

Gikas Hardouvelis, *Chief Economist and Director of Research*
 Platon Monokroussos, *Head of Financial Markets Research*
 Tassos Anastasatos, *Senior Economist*
 Ioannis Gkionis, *Research Economist*
 Stella Kanellopoulou, *Research Economist*
 Galatia Phoka, *Emerging Markets Analyst*
 Theodoros Rapanos, *Junior Economic Analyst*

Sales Team:

Fokion Karavias, *Treasurer*
 Nikos Laios, *Head of Sales*
 Yiannis Seimenis, Ioannis Maggel, *Corporate Sales*
 Stogioglou Achilleas, *Private Banking Sales*
 Petropoulos Theodore, *Institutional Sales*
 Karanastasis Kostas, *Retail Sales*

EFG Eurobank Ergasias, 8 Othonos Str, GR 105 57, Athens, Tel: (30210) 3718 906, 3718 999, Fax: (30210) 3337 190, Reuters Page: EMBA, Internet Address: <http://www.eurobank.gr>

Disclaimer: This report has been issued by EFG Eurobank – Ergasias S.A 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., 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. 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., 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.
