

Instant Comment Slovakia

Foreign trade marked a tepid performance last year

Domestic demand to remain key also in 2019

Foreign trade balance turned negative in December to EUR -129.3mn. Exports were higher by 5.9% y/y, yet import growth overshadowed them at 7.4% y/y. Overall, last year's foreign trade balance amounted to EUR 2.45bn, below the 2017 figure of EUR 3.05bn.

Looking Forward: Net exports are expected to have contributed only very mildly to GDP growth in 2018 (which we expect at 4.2%) as household consumption and investment are thought to have remained the prime drivers of GDP.

We expect economic growth to average 3.4% this year, driven predominantly by domestic demand. The external environment is likely to remain cloudy (Germany, Euro Area and China slowing down, uncertainty stemming from Brexit and possible implication of these issues for the local car sector). The slowdown in GDP growth is thus entirely attributable to external demand changes and should prove to be temporary. We stick to our 2020 growth forecast of 3.6%.

Analyst:

Katarina Muchova
+421 2 486 24762
muchova.katarina@slsp.sk

Contacts

Group Research

Head of Group Research
Friedrich Mostböck, CEFA +43 (0)5 0100 11902

Major Markets & Credit Research
Head: Gudrun Egger, CEFA +43 (0)5 0100 11909
Ralf Burchert, CEFA (Agency Analyst) +43 (0)5 0100 16314
Hans Engel (Senior Analyst Global Equities) +43 (0)5 0100 19835
Margarita Grushanina (Economist AT, Quant Analyst) +43 (0)5 0100 11957
Peter Kaufmann, CFA (Corporate Bonds) +43 (0)5 0100 11183
Stephan Lingnau (Global Equities) +43 (0)5 0100 16574
Carmen Riefler-Kowarsch (Covered Bonds) +43 (0)5 0100 19632
Rainer Singer (Senior Economist Euro, US) +43 (0)5 0100 17331
Bernadett Povaszai-Römhild (Corporate Bonds) +43 (0)5 0100 17203
Elena Stelov, CIIA (Corporate Bonds) +43 (0)5 0100 19641
Gerald Walek, CFA (Economist Euro, CHF) +43 (0)5 0100 16360

Macro/Fixed Income Research CEE
Head CEE: Juraj Kotian (Macro/FI) +43 (0)5 0100 17357
Zoltan Arokszállasi, CFA (Fixed income) +43 (0)5 0100 18781
Katarzyna Rzentarzewska (Fixed income) +43 (0)5 0100 17356
Malgorzata Krzywicka (Fixed income) +43 (0)5 0100 17338

CEE Equity Research
Head: Henning Eßkuchen +43 (0)5 0100 19634
Daniel Lion, CIIA (Technology, Ind. Goods&Services) +43 (0)5 0100 17420
Michael Marschallinger +43 (0)5 0100 17906
Christoph Schultes, MBA, CIIA (Real Estate) +43 (0)5 0100 11523
Vera Sutedja, CFA, MBA (Telecom, Steel) +43 (0)5 0100 11905
Thomas Unger, CFA (Banks, Insurance) +43 (0)5 0100 17344
Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 17343
Martina Valenta, MBA +43 (0)5 0100 11913

Editor Research CEE
Brett Aarons +420 956 711 014

Research Croatia/Serbia
Head: Mladen Dodig (Equity) +381 11 22 09178
Head: Alen Kovac (Fixed income) +385 72 37 1383
Anto Augustinovic (Equity) +385 72 37 2833
Mate Jelić (Fixed income) +385 72 37 1443
Magdalena Dolenc (Equity) +385 72 37 1407
Ivana Rogic (Fixed income) +385 72 37 2419
Davor Spoljar, CFA (Equity) +385 72 37 2825

Research Czech Republic
Head: David Navratil (Fixed income) +420 956 765 439
Head: Petr Bartek (Equity) +420 956 765 227
Jiri Polansky (Fixed income) +420 956 765 192
Michal Skorepa (Fixed income) +420 956 765 172
Jan Sumbera (Equity) +420 956 765 218
Jan Žemlička (Fixed income) +420 956 765 456

Research Hungary
Head: József Miró (Equity) +361 235 5131
András Nagy (Equity) +361 235 5132
Orsolya Nyeste (Fixed income) +361 268 4428
Zsombor Varga (Fixed income) +361 373 2830
Tamás Pletser, CFA (Oil&Gas) +361 235 5135

Research Poland
Director of Research: Tomasz Duda (Equity) +48 22 330 6253
Cezary Bernatek (Equity) +48 22 538 6256
Konrad Grygo (Equity) +48 22 330 6254
Mateusz Krupa (Equity) +48 22 330 6251
Michał Pilch (Equity) +48 22 330 6255
Emil Poplawski (Equity) +48 22 330 6252

Research Romania
Head: Horia Braun-Erdei +40 3735 10424
Caius Rapanu (Equity) +40 3735 10441
Eugen Sinca (Fixed income) +40 3735 10435
Dorina Ilaşco (Fixed Income) +40 3735 10436

Research Slovakia
Head: Maria Valachyova, (Fixed income) +421 2 4862 4185
Katarína Muchova (Fixed income) +421 2 4862 4762

Research Turkey
Ender Kaynar (Equity) +90 212 371 2530
Umut Cebir (Equity) +90 212 371 2537

Treasury – Erste Bank Vienna

Group Markets Retail Sales
Head: Christian Reiss +43 (0)5 0100 84012

Markets Retail Sales AT
Head: Markus Kaller +43 (0)5 0100 84239

Group Markets Execution
Head: Kurt Gerhold +43 (0)5 0100 84232

Retail & Sparkassen Sales
Head: Uwe Kolar +43 (0)5 0100 83214

Corporate Treasury Product Distribution AT
Head: Christian Skopek +43 (0)5 0100 84146

Fixed Income Institutional Sales

Group Securities Markets
Head: Harald Müller +43 (0)5 0100 84890

Institutional Distribution non CEE
Head: Jaromir Malak +43 (0)5 0100 84254
Bernd Bollhof +49 (0)30 8105800 5525
Charles-Henry La Coste de Fontenilles +43 (0)5 0100 84115
Rene Klasen +49 (0)30 8105800 5521
Christopher Lampe-Traupe +49 (0)30 8105800-5507
Thomas Rakosi +43 (0)5 0100 84116
Karin Rattay +43 (0)5 0100 84118
Bernd Thaler +43 (0)5 0100 84119

Bank Distribution
Head: Marc Frieberthäuser +49 (0)711 810400 5540
Sven Kienzle +49 (0)711 810400 5541
Michael Schmotz +43 (0)5 0100 85542
Ulrich Inhofner +43 (0)5 0100 85544
Klaus Vosseler +49 (0)711 810400 5560
Andreas Goll +49 (0)711 810400 5561
Mathias Gindele +49 (0)711 810400 5562

Institutional Distribution CEE
Head: Jaromir Malak +43 (0)5 0100 84254

Institutional Distribution PL and CIS
Pawel Kielek +48 22 538 6223
Michał Jarmakowicz +43 50100 85611

Institutional Distribution Slovakia
Head: Sarlota Sipulova +421 2 4862 5619
Monika Smelikova +421 2 4862 5629

Institutional Distribution Czech Republic
Head: Ondrej Cech +420 2 2499 5577
Milan Bartos +420 2 2499 5562
Barbara Suvadova +420 2 2499 5590

Institutional Asset Management Czech Republic
Head: Petr Holecek +420 956 765 453
Martin Perina +420 956 765 106
Petr Valenta +420 956 765 140
David Petracek +420 956 765 809
Blanca Weinerova +420 956 765 317

Institutional Distribution Croatia
Head: Antun Buric +385 (0)7237 2439
Željko Pavičić +385 (0)7237 1494
Natalija Zujic +385 (0)7237 1638

Institutional Distribution Hungary
Head: Peter Csizmadia +36 1 237 8211
Attila Hollo +36 1 237 8209
Gabor Balint +36 1 237 8205

Institutional Distribution Romania and Bulgaria
Head: Ciprian Mitu +43 (0)50100 85612
Crisitan Adascalita +40 373 516 531

Group Institutional Equity Sales
Head: Brigitte Zeilberger-Schmid +43 (0)50100 83123
Werner Fürst +43 (0)50100 83121
Josef Kerekes +43 (0)50100 83125
Cormac Lyden +43 (0)50100 83120

Business Support
Bettina Mahoric +43 (0)50100 86441

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