

Instant Comment Slovakia

Growth meets our expectations in 1Q19

GDP (y/y)

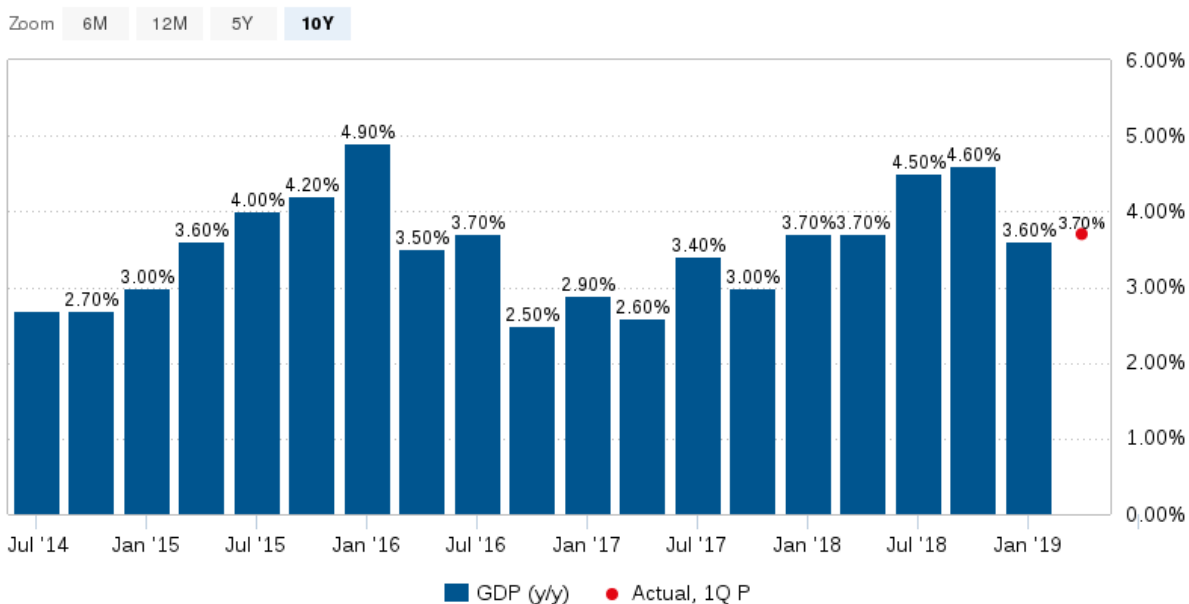
Actual, 1Q P:	3.7	Previous:	3.6	Erste:	3.7	Consensus:	3.6
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Flash estimate for 1Q19 GDP growth met our expectations as it arrived at 3.7% y/y (0.9% q/q). This year's first quarter thus presents a mild acceleration in economic growth compared to 4Q18. **Employment growth inched up a bit to 1.8 % y/y (0.3% q/q) in 1Q19**, having fared somewhat better than expected.

GDP growth breakdown will be available in June. **We expect domestic demand to have remained the key engine of growth**, with household consumption in particular benefitting from the still favourable labour market development and rising disposable income. **Net exports' contribution is likely to have improved** compared to last year's shaky performance, aided by the recently launched production in the fourth car plant (Jaguar Land Rover) – but should not overtake domestic demand as the key driving force of GDP.

Looking Forward:

This year, we expect economic growth to average 3.4%, driven predominantly by domestic demand as the external environment is likely to remain cloudy (Germany and China slowing down, uncertainty stemming from Brexit, unresolved protectionism in foreign trade and possible impact on local car makers). The slowdown is mostly attributable to external demand changes and should prove to be temporary. We stick to our 2020 GDP growth forecast of 3.6%.



Source: Stat. Office Of The Slovak Republic

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