

Slovakia | Instant Comment

July foreign trade balance meets expectations

Foreign Trade Balance (EUR mn)

Actual, Jul:	-110.6	Previous:	284.7	Erste:	-110	Consensus:	-110
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Foreign trade dynamics were rather lukewarm in July, affected by the planned summer breaks at some major industrial plants (most notably in the car sector). Exports fell by 2.3% y/y as import growth reached 0.5% y/y. The foreign trade balance was thus negative at EUR 110.6mn, meeting our expectations.

In light of the recent GDP data, we have adjusted our economic growth forecast downwards – from the original 3.4% to 2.5% in 2019 and from 3.3% to 2.3% in 2020. The revisions reflect the much weaker than expected 2Q 2019 as well as the ongoing tensions in the global economy.

Even though the domestic side of the economy should continue to support growth, the external environment remains overcast – slower growth in Germany and China, uncertain Brexit outcome, unresolved protectionism in foreign trade and possible impact on local car makers. Furthermore, this year's high investment base on inventories will likely cause a mild correction next year

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