

Slovakia | Instant Comment

Growth slows down more than expected

GDP (y/y)

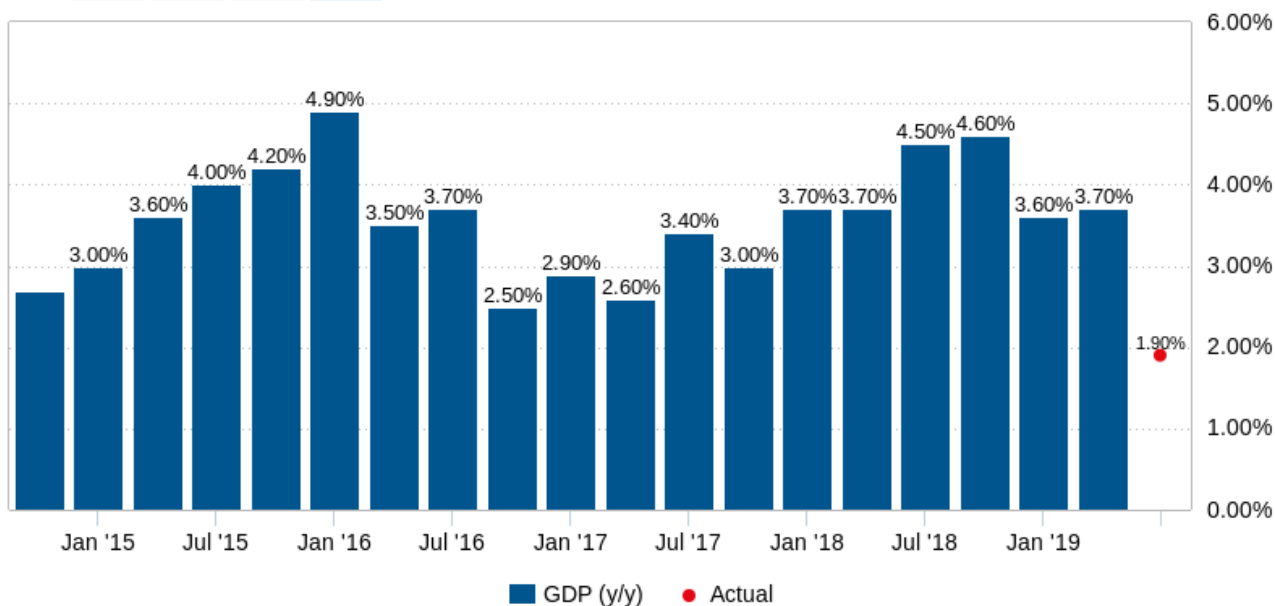
Actual, 2Q19:	1.9%	Previous:	3.7%	Erste:	3.4%	Consensus:	3.4%
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Flash estimate for 2Q19 GDP growth failed to meet expectations as it arrived at just 1.9% y/y (0.4% q/q), slowing down from 3.7% y/y at the beginning of the year. Employment growth remained good, have eased a bit to 1.4 % y/y whilst retaining its quarterly pace of 0.3% q/q.

Growth breakdown will be available in September. **Given the available monthly data for 2Q19, it is likely that net exports were dragging down the growth rate as foreign trade marked a weak quarter.** Investment is likely to have suffered somewhat due to the high base of fixed investment last year (in 2Q18), linked to the building of the fourth car plant in Slovakia. Retail sales were counterintuitively disappointing in 2Q19 thus not suggesting a major impulse from household consumption, despite the still favourable labour market development and rising disposable income.

Our current GDP growth forecast for this year stands at 3.4% but in light of the recent data we see some downside risks to it and will thus put it under review. 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).

Zoom 6M 12M 5Y **10Y**



Source: Stat. Office Of The Slovak Republic

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Slovakia | GDP

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