

## What's up with the global crisis? What with Central Europe? And Poland?

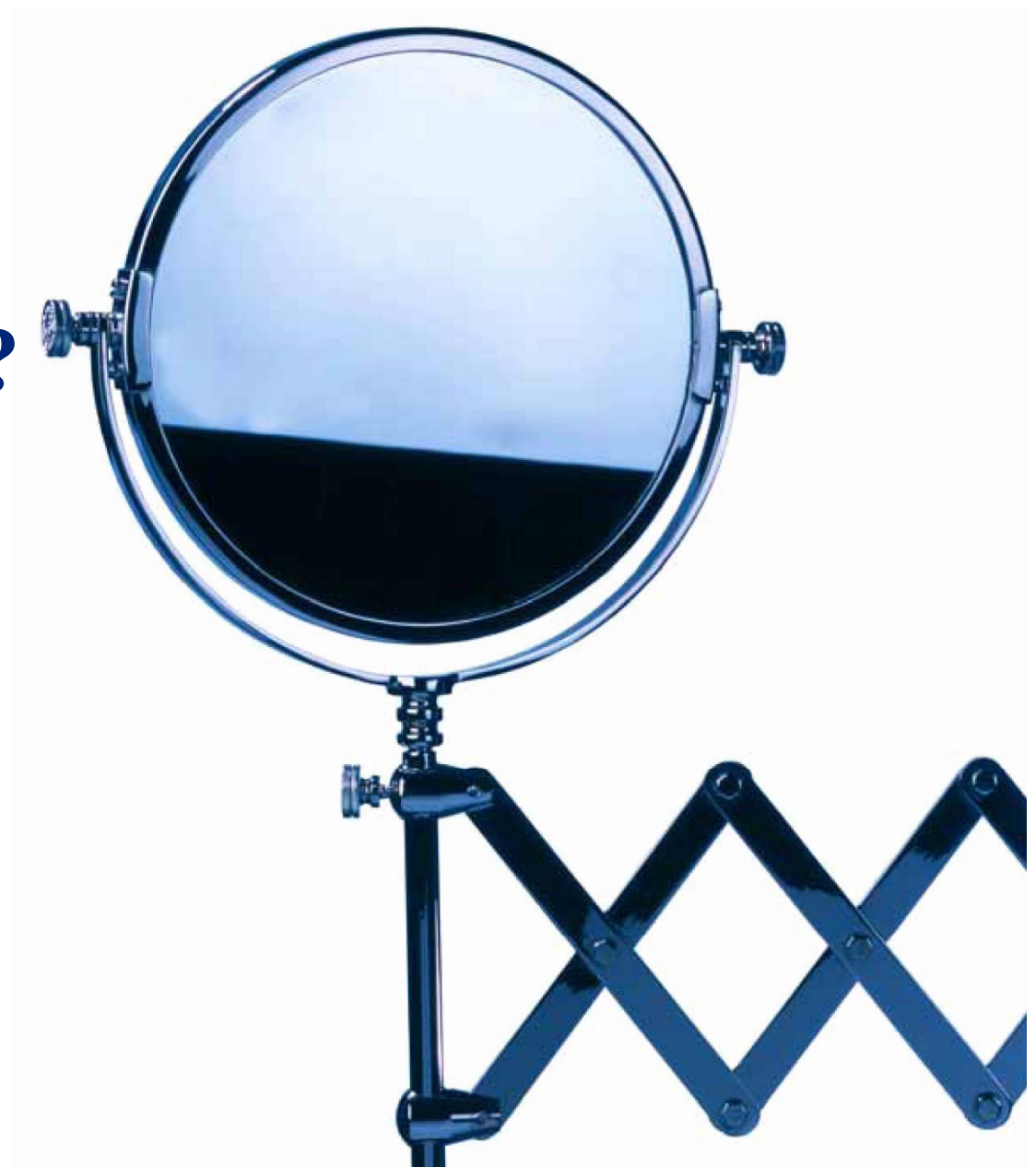
Rafał Antczak

Vice-president

Deloitte Business Consulting

*SPCC Gdańsk*

*November 18, 2010*



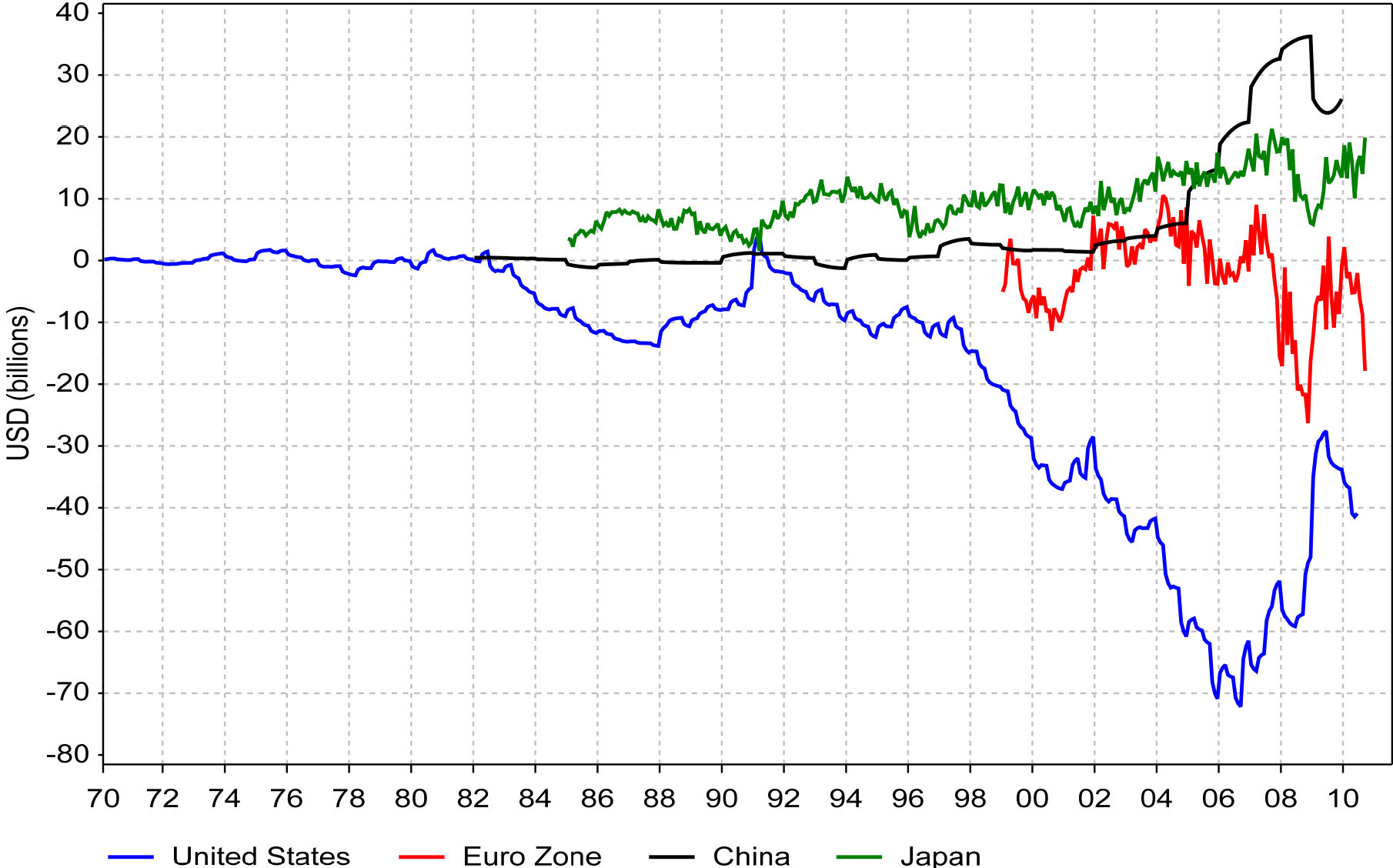
# Summary

- Global lack of balances and weakness continued
- GDP growth rebound in 2010-2011 after a slowdown in 2009
  - Smoothing of consumption in the years of global crisis
  - Investments and lessons learnt from 2001-2002
- Zloty exchange rate volatility
  - Strong capital flight continues due to external and internal factors
- PIGS versus PoSCH
  - Migration of capital and growth from the Western to Eastern peripheries of the EU?  
Why? And when?
- Waiting for Godot or public finance story
  - The story of public finance crisis from PIGS countries may repeat in PoSCH countries, but it will take some years to come

# Global lack of balances

## The world will never be the same?

Current account balances, monthly (billions of US dollars)

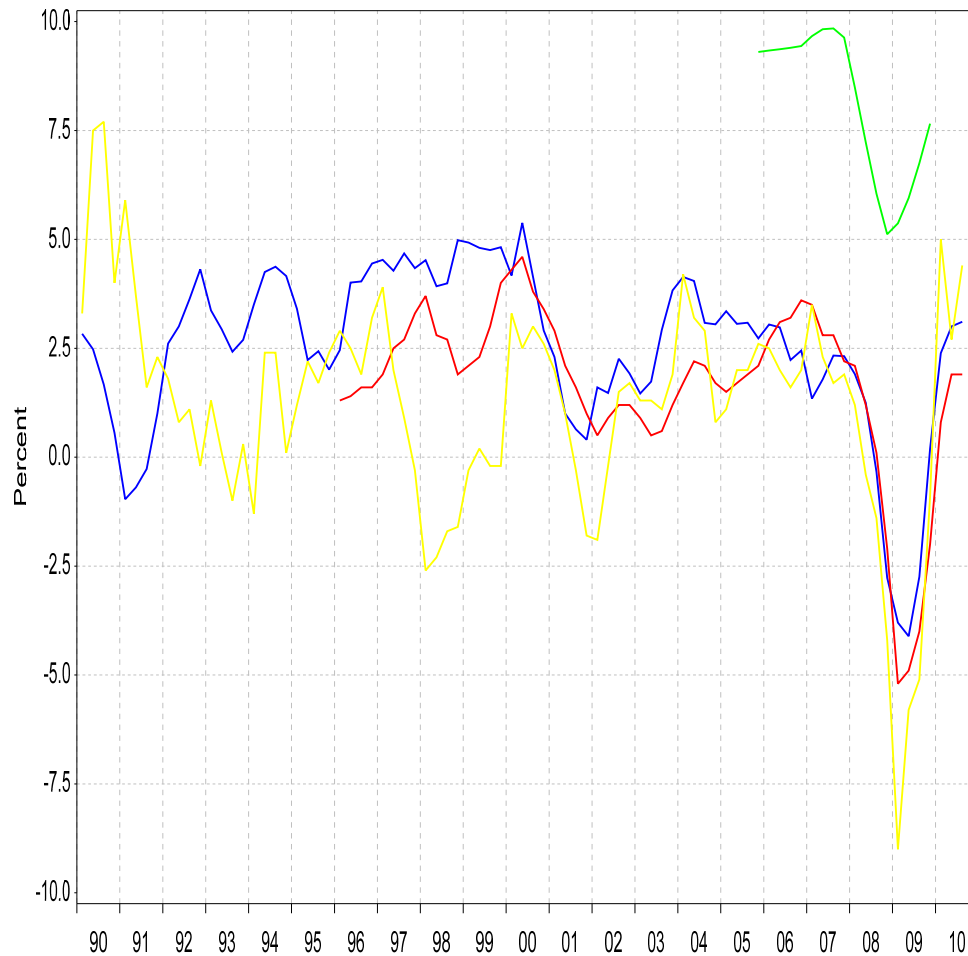


Source: Reuters EcoWin

# GDP dynamics

## The USA, Euro Zone, and Japan rather weak performance

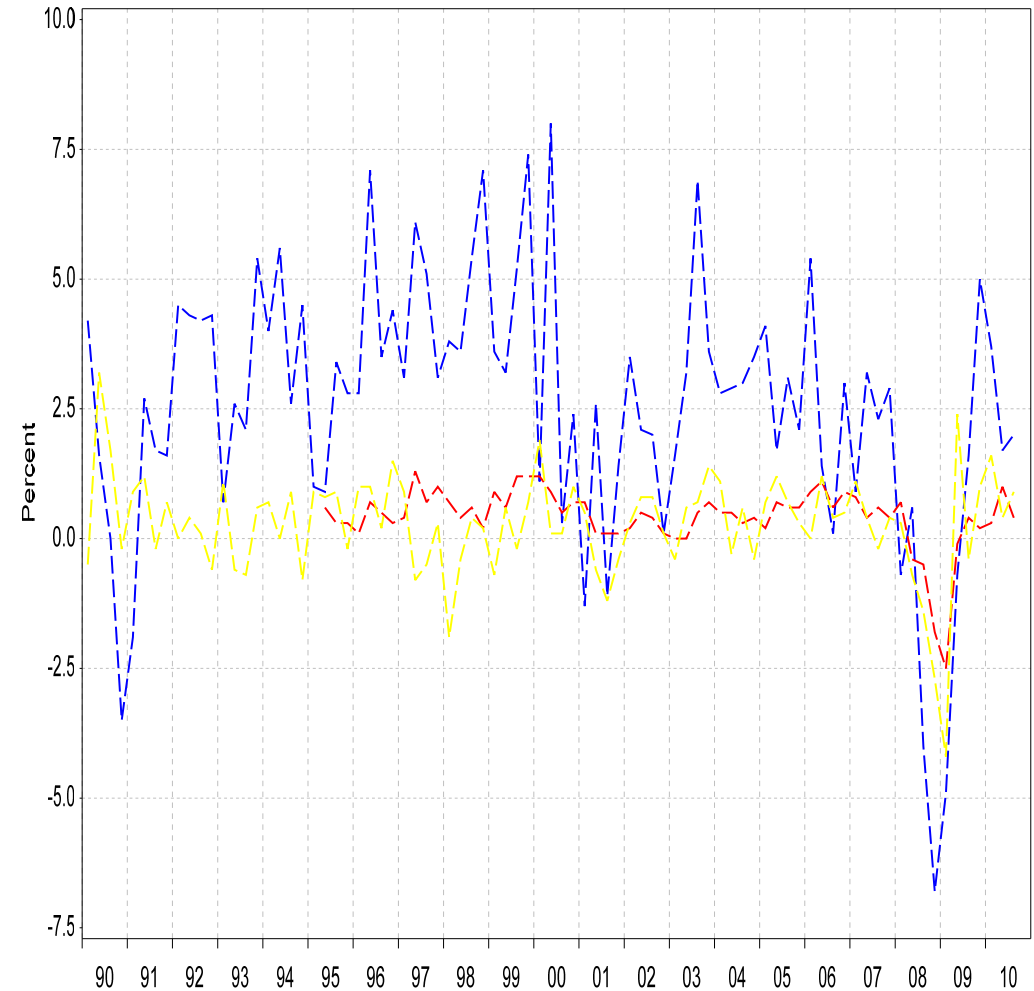
Gross Domestic Product, Chg Y/Y



- United States, National Income Account, Overall, Total, AR, SA
- Eurostat, Euro Zone, Expenditure Approach, Total at market prices, Chain-linked, Cal Adj, SA
- Japan, Expenditure Approach, Total, Constant Prices, 2000 prices
- India, Expenditure Approach, Total at market prices, Constant Prices, 2004-2005 prices

Source: Reuters EcoWin

Gross Domestic Product, SA, Chg P/P

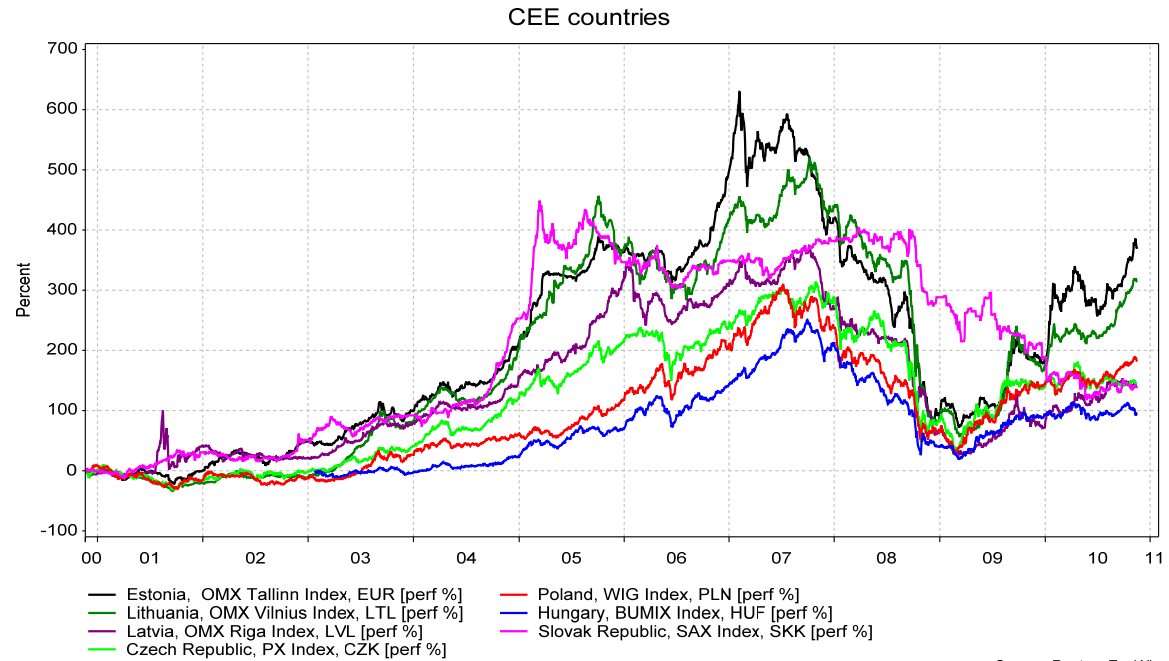
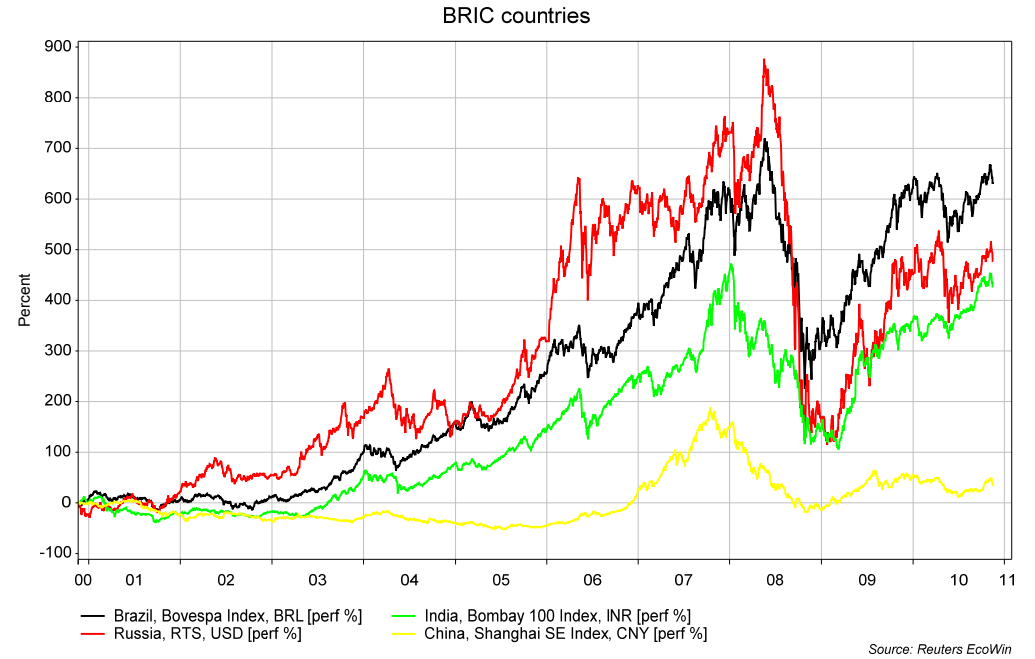
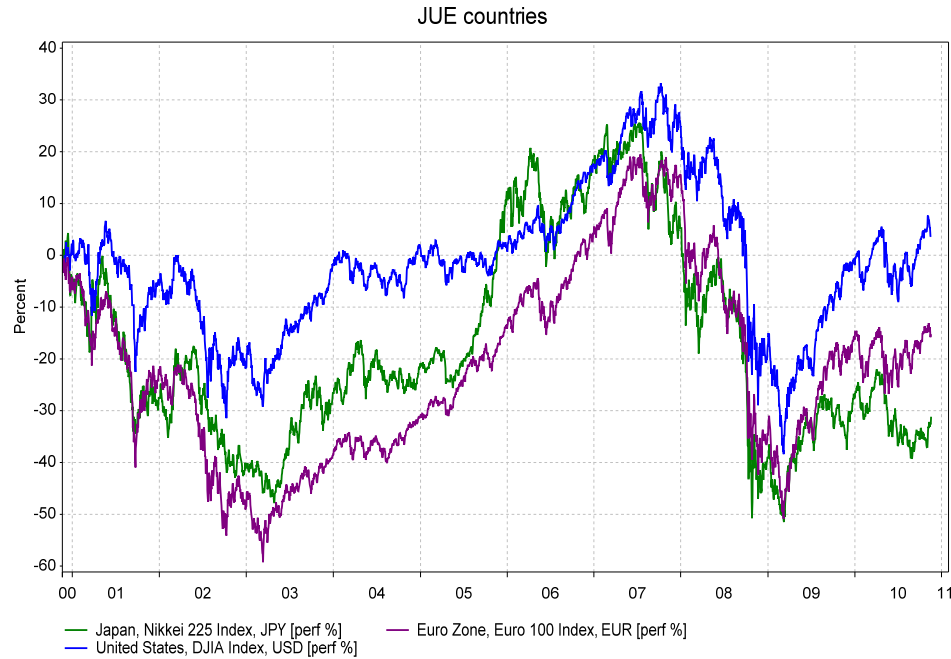


- United States, National Income Account, Overall, Total, Volume, AR
- Eurostat, Euro Zone, Expenditure Approach, Total at market prices, Chain-linked, Cal Adj
- Japan, Expenditure Approach, Total, Constant Prices, 2000 prices

Source: Reuters EcoWin

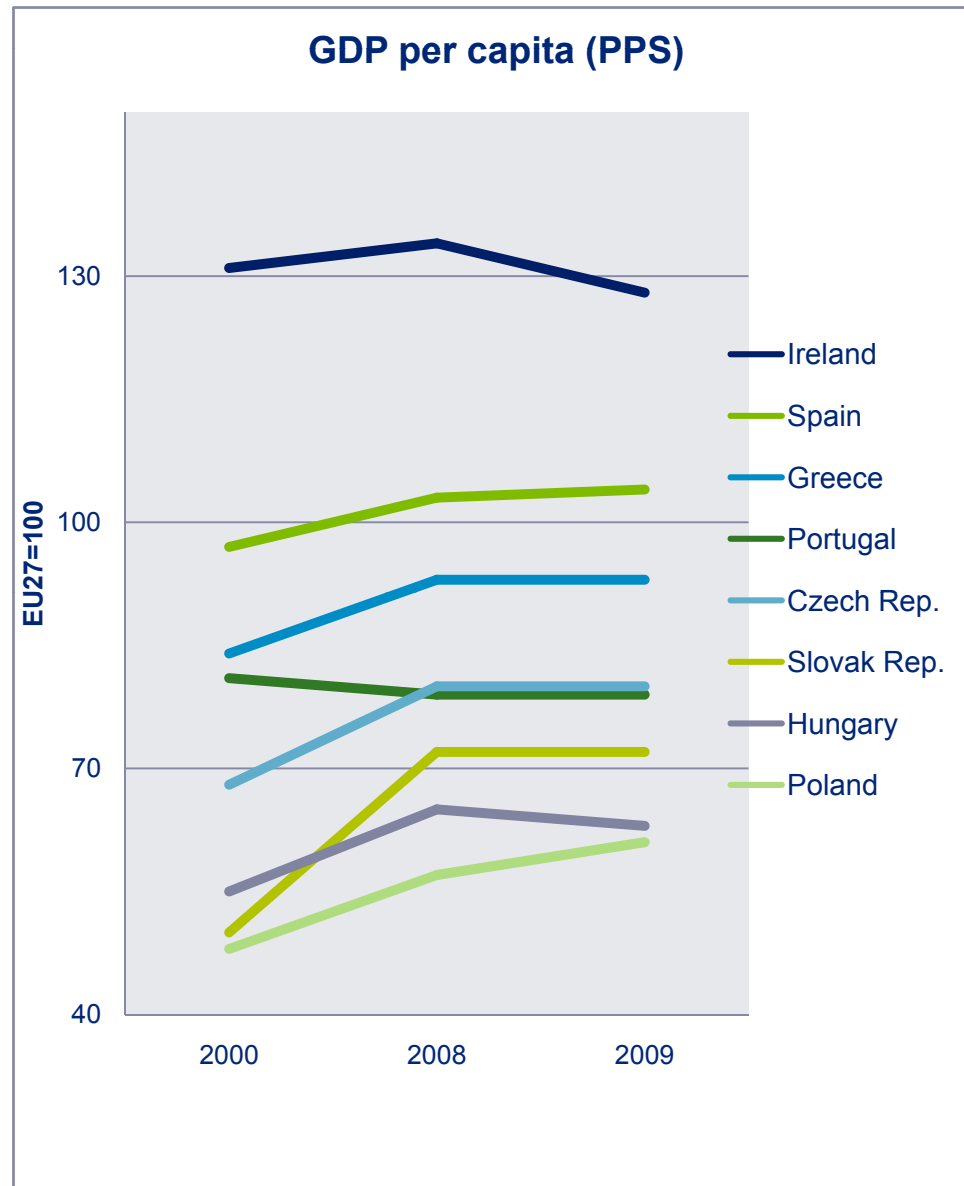
# Stock exchanges

## Returns in 10-year perspective



# EU peripheries – PIGS versus PoSCH

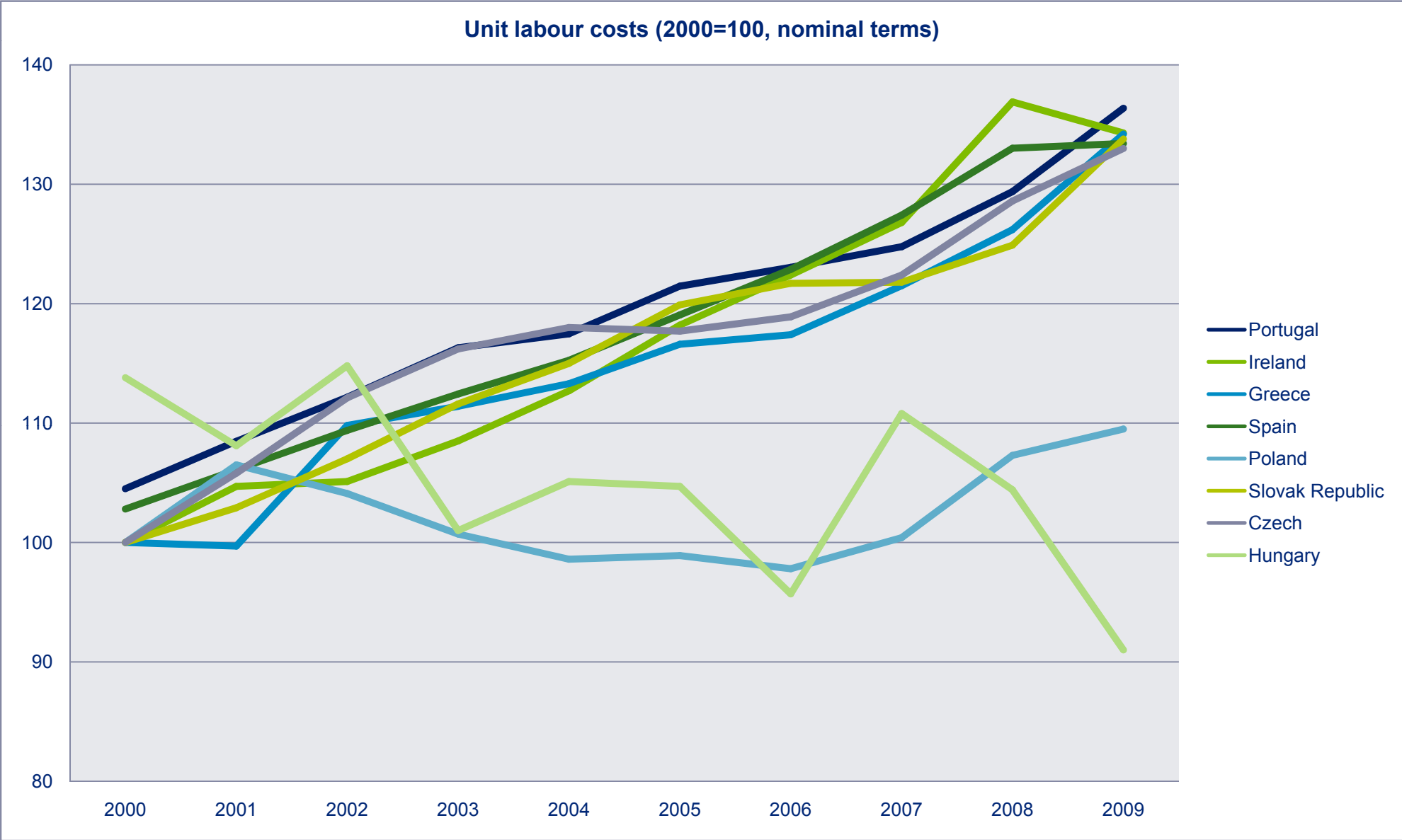
## Migration from the West to the East of the EU?



| GDP nominal (mIn EUR)   | 2000       | 2010                             | 2020                   |
|-------------------------|------------|----------------------------------|------------------------|
| PIGS                    | 895        | 1,507                            | 1,837                  |
| PoSCH                   | 321        | 662                              | 1,326                  |
|                         | <b>36%</b> | <b>44%</b>                       | <b>72%</b>             |
| Assumptions (2010-2020) |            | Weighted aver. real GDP dynamics | Exchange rate dynamics |
| PIGS                    |            | 2.0%                             | 0.0%                   |
| PoSCH                   |            | 3.5%                             | 3.7%                   |
| years                   |            | 10                               | 10                     |

# PIGS versus PoSCH

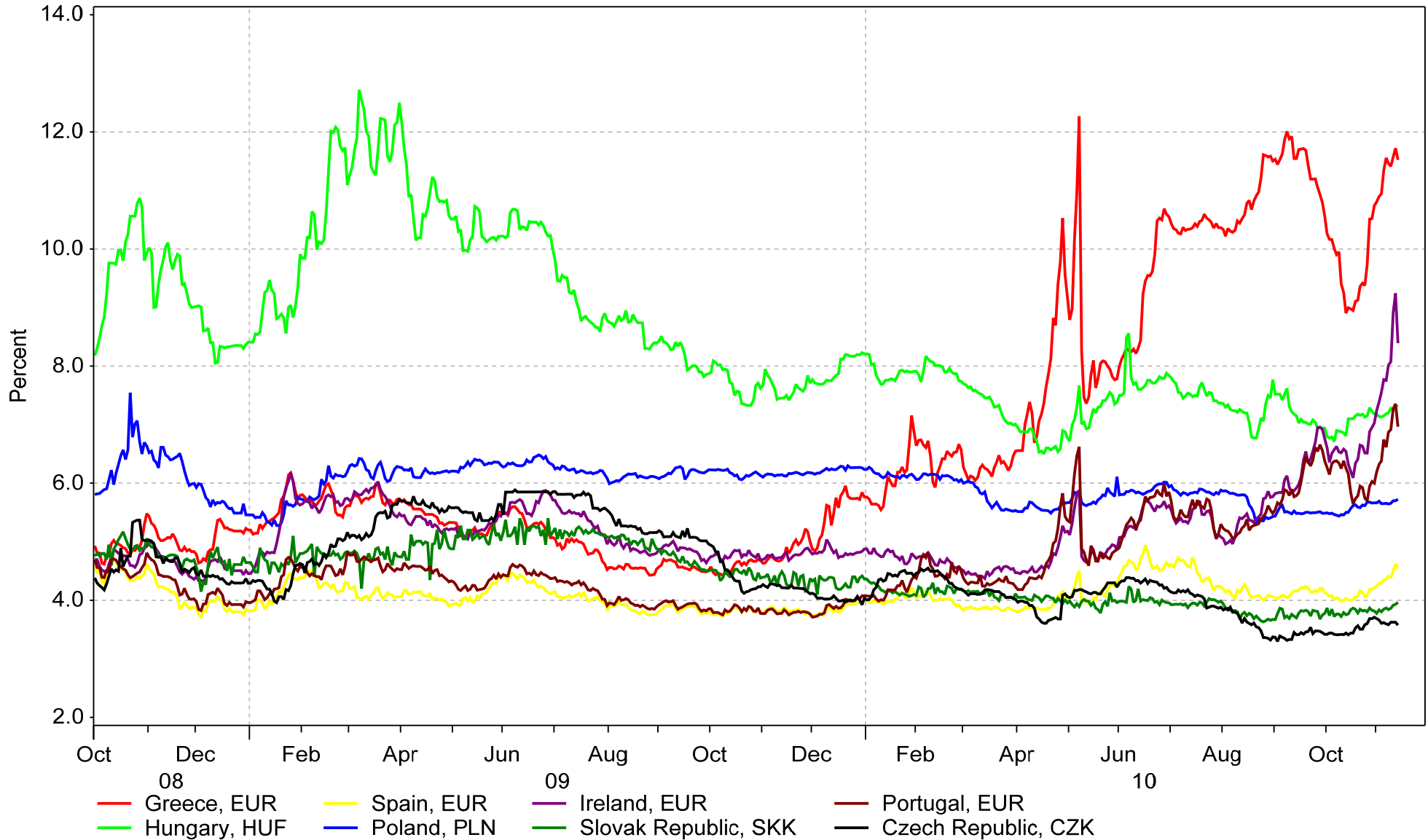
## Microeconomic matters the most



# PIGS versus PoSCH

## Let the markets speak...

Government Benchmarks, Bid, 10 Year, Yield, Close

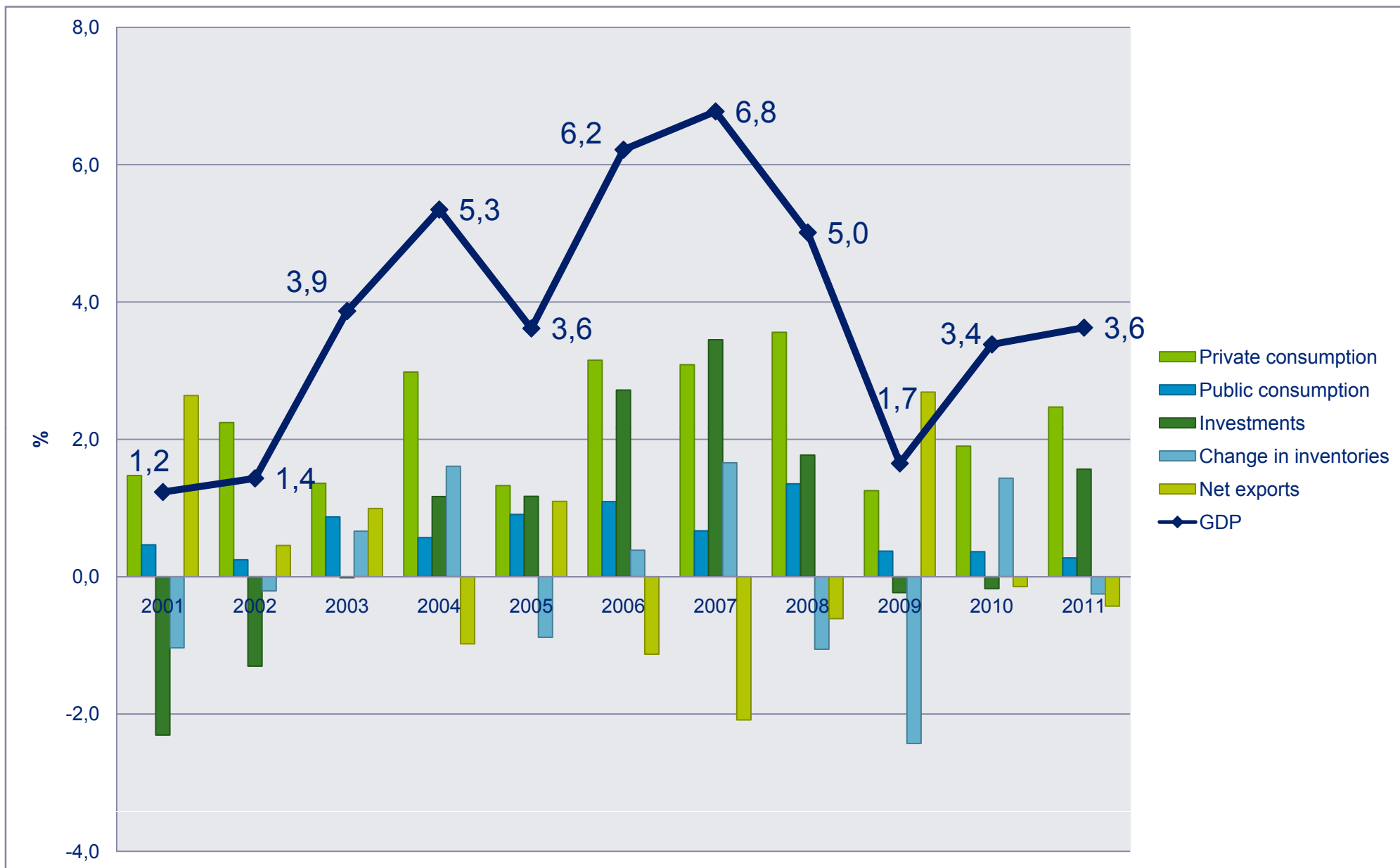


Source: Reuters EcoWin



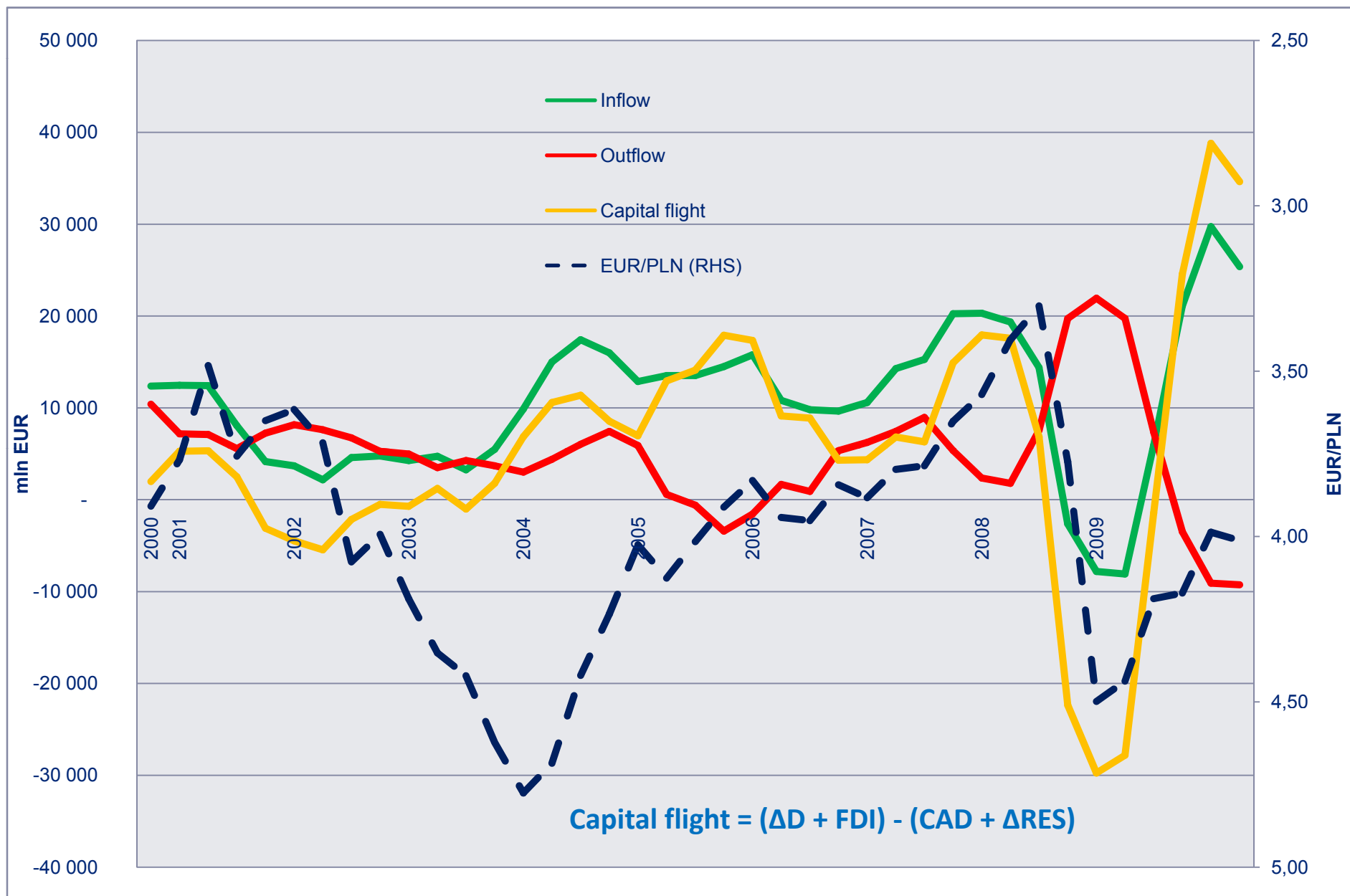
# GDP dynamics and its components in Poland

## A story of growth irrespective of turbulences



# Zloty exchange rate volatility

## And capital flight to/from Poland



# Waiting for Godot or public finance story

Repetition of the story in PoSCH possible, but not in 2011

|              | Fiscal balance (% GDP) |              |               |              | Public debt (% GDP) |             |             |             | CA balance (% GDP) |               |              |              |
|--------------|------------------------|--------------|---------------|--------------|---------------------|-------------|-------------|-------------|--------------------|---------------|--------------|--------------|
|              | 2000                   | 2008         | 2009          | 2010F        | 2000                | 2008        | 2009        | 2010F       | 2000               | 2008          | 2009         | 2010F        |
| Portugal     | - 2.9                  | - 2.8        | - 9.4         | - 7.3        | 50.5                | 66.3        | 76.8        | 83.5        | - 10.4             | - 12.6        | - 10.3       | - 10.0       |
| Ireland      | 4.8                    | - 7.3        | - 14.3        | - 11.5       | 37.8                | 43.9        | 64.0        | 91.4        | 0.0                | - 5.6         | - 3.0        | - 2.7        |
| Greece       | - 3.7                  | - 7.7        | - 13.6        | - 8.1        | 103.4               | 99.2        | 115.1       | 133.0       | - 7.7              | - 14.8        | - 11.4       | - 10.8       |
| Spain        | - 1.0                  | - 4.1        | - 11.2        | - 9.3        | 59.3                | 39.7        | 53.2        | 63.4        | - 4.0              | - 9.7         | - 5.5        | - 5.2        |
| <b>Total</b> | <b>- 0.8</b>           | <b>- 5.0</b> | <b>- 11.8</b> | <b>- 9.3</b> | <b>63.4</b>         | <b>50.2</b> | <b>64.9</b> | <b>77.9</b> | <b>- 4.2</b>       | <b>- 10.1</b> | <b>- 6.4</b> | <b>- 6.0</b> |
| Poland       | - 3.0                  | - 3.7        | - 7.2         | - 7.9        | 36.8                | 47.2        | 50.9        | 55.4        | - 6.0              | - 5.0         | - 1.6        | - 2.4        |
| Czech Rep.   | - 3.7                  | - 2.7        | - 5.9         | - 5.7        | 18.5                | 30          | 35.4        | 38.5        | - 4.8              | - 0.7         | - 1.1        | - 1.2        |
| Slovak Rep.  | - 12.3                 | - 2.8        | - 6.8         | - 8.0        | 50.3                | 27.7        | 35.7        | 41.8        | - 3.5              | - 6.6         | - 3.2        | - 1.4        |
| Hungary      | - 3.0                  | - 3.8        | - 4.0         | - 4.2        | 55                  | 72.9        | 78.3        | 79.8        | - 8.5              | - 7.0         | 0.3          | 0.5          |
| <b>Total</b> | <b>- 3.8</b>           | <b>- 3.4</b> | <b>- 6.4</b>  | <b>- 6.8</b> | <b>37.1</b>         | <b>45.6</b> | <b>50.0</b> | <b>53.9</b> | <b>- 6.0</b>       | <b>- 4.5</b>  | <b>- 1.4</b> | <b>- 1.6</b> |

Source: Eurostat



## Rafał Antczak

Vice-president Deloitte Business Consulting

E-mail: [ranczak@deloittece.com](mailto:ranczak@deloittece.com)

Tel.: +48 (22) 511 00 43

Fax: +48 (22) 511 08 13

# Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/pl/about](http://www.deloitte.com/pl/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited

© 2010 Deloitte Poland