

Introduction

In April of this year, under the conditions of the deteriorating situation on the world's markets, in Poland the unfavourable tendencies maintained in the basic areas of economy but their intensity was considerably lower than in most EU countries. Sold production of industry and retail sales were still dropping in annual terms. The growth pace of construction and assembly production further weakened. With a significant dynamics of prices of consumer goods and services, and with an increase in nominal wages and salaries slower than in preceding months, real wages and salaries, as well as the purchasing power of retirement pays and pensions grew to a lower degree. Average employment in the enterprise sector was declining. For the first time since October of the previous year the registered unemployment fell, however, it was still higher than a year before. The financial condition of enterprises weaker than a year earlier, as well as the negative changes on the labour market unfavorably influenced the condition of the state budget.

Sold production of industry in April of this year decreased in annual terms on a much greater scale than in March of this year (12.4% against 1.9%). After eliminating the influence of seasonal factors, the drop in production amounted to 8.0% (against 10.2% a month earlier). Sales recorded in all sections, as well as in the majority of industry divisions, were lower than a year before. In the period of January-April of this year, total production was by 10.1% lower than in the corresponding period of the preceding year. A significant decrease occurred in enterprises producing mainly intermediate goods (by 15.5%) and capital goods (by 14.5%), whereas there was an increase in production of consumer goods. Construction and assembly production in April of this year was higher by 0.5% than a year before. Production in enterprises dealing mainly with construction of buildings was significantly lower, while in other kinds of construction activity it was higher. A drop in retail sales in April of this year was lower than in the two preceding months and amounted to 0.7%. Very low dynamics was still observed in entities trading in motor vehicles, motorcycles, parts. In contrast, following a decrease occurring in the two preceding months, retail sales of food, beverages and tobacco products were slightly higher than a year before.

The business tendency surveys conducted in May of this year indicate a slight improvement of the pessimistic forecasts of both entrepreneurs and consumers. The assessment of the general business tendency climate in manufacturing and in construction are still negative, though better than a month before. The forecasts of entrepreneurs in industry, in the scope of domestic and foreign order book, as well as in sold production, are optimistic. However, they do not foresee the improvement of the financial situation. The assessment of current and future sales, as well as of the financial situation of trade units are unfavorable, though better than a month ago.

Average employment in the enterprise sector in April of this year was by 1.4% lower than a year earlier, with the deepest drop maintaining in manufacturing. Registered unemployment dropped by 0.2 pp. to 11.0% but it was still higher than a year earlier (10.3%). The preliminary results of the Labour Force Survey for the 1st quarter of this year confirm the unfavourable

tendencies occurring on the labour market in the 1st quarter of this year. Compared with the 4th quarter of the previous year, the number of persons employed decreased, and the worsening of both the employment rate and the activity rate was accompanied by the growth in the rate of unemployment (to 8.3%).

Average gross wages and salaries in the enterprise sector in April of this year grew in annual terms at a slower rate (4.8% in nominal terms and 1.1% in real terms) than in the preceding months. A further weakening occurred in the dynamics of the purchasing power of retirement pays and pensions, to a higher extent of those paid to individual farmers.

In April of this year, a further acceleration of the growth rate of the consumer goods and services prices' was recorded in annual terms (4.0% against 3.6% in March of this year). The prices, *inter alia*, of goods and services in the scope of dwelling, as well as of food and non-alcoholic beverages still grew rapidly. As a result of the weakening of the prices' dynamics in the majority of sections, the price growth of sold production of industry was slower than in the preceding months (5.1%). A further weakening occurred in the growth rate of the prices of construction and assembly production – to 0.8%.

On the agricultural market, a further drop in the prices of cereals was observed in April of this year. With a slight growth, compared with March of this year, the prices of milk were still considerably below the level recorded a year ago. The prices of other basic agricultural products, especially of animals for slaughter, grew in monthly and in annual terms. With a further improvement of the profitability of pigs fattening, the downward trend in the livestock of these species weakened.

The commodity turnover in foreign trade after three months of this year was lower than a year earlier. As a result of a slower drop on the exports side than on the imports side, the negative goods exchange balance improved. The turnover (expressed in PLN) dropped with all groups of countries, except for developing countries. As a result of the dynamics of agri-food goods turnover higher than in the 1st quarter of the previous year, the share of this group of products in total turnover increased. Within the structure of the distribution of imports, the share of the imports of capital goods and intermediate goods decreased, while the share of consumer goods increased.

The deterioration of the economic situation was reflected in the worsening (in comparison with the very favourable results in the preceding year) of the financial results obtained by the surveyed enterprises, and of the outlays executed by these enterprises. A faster growth in costs (including a considerable growth of the financial ones) than in revenues influenced a significant weakening of the basic economic and financial indices. The share of profitable units in the total number of the surveyed enterprises declined. The results of the exporters' activity considerably worsened, and the basic economic and financial relations in these units were weaker than for the overall group of the surveyed enterprises.

In the period of January-April of this year, the revenues of the state budget reached the level of PLN 89294.8 million and the expenditures – PLN 104630.1 million. As a result, the deficit was recorded in the amount of PLN 15335.3 million, which accounted for 84.3% of the amount assumed in the Budget Act for 2009.

Selected indicators regarding the economic situation of the country

Specification a – 2008, b – 2009		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Registered unemployed persons (in thous.)	a	1813,4	1778,5	1702,2	1605,7	1525,6	1455,3	1422,9	1404,4	1376,6	1352,3	1398,5	1473,8
	b	1634,4	1718,8	1758,8	1719,9								
Unemployment rate ¹ (in %)	a	11,5	11,3	10,9	10,3	9,8	9,4	9,2	9,1	8,9	8,8	9,1	9,5
	b	10,5	10,9	11,2	11,0								
Average paid employment in the enterprise sector in thous. persons	a	5339	5363	5376	5382	5383	5383	5392	5391	5395	5397	5386	5353
	b	5374	5352	5325	5309								
Sold production of industry ² :													
previous month=100	a	104,4	101,5	100,7	104,1	90,9	105,2	97,3	91,2	116,6	101,9	86,9	96,9
	b	93,7	102,4	115,6	92,9								
corresponding month of previous year=100	a	110,5	114,7	100,7	114,4	101,4	106,5	104,8	95,6	105,5	98,0	89,4	94,4
	b	84,7	85,4	98,1	87,6								
Construction and assembly production ² :													
previous month=100	a	36,0	123,6	115,8	112,8	107,9	115,9	95,8	98,9	111,4	110,8	79,9	150,1
	b	37,9	117,2	115,1	112,0								
corresponding month of previous year=100	a	108,6	121,3	116,8	120,9	115,9	119,4	113,4	102,9	109,6	105,6	100,4	102,0
	b	107,4	101,9	101,2	100,5								
Dwellings completed (from the beginning of year)	a	14640	25617	35415	49132	58856	69283	83913	95097	107484	123276	135312	165189
	b	19541	29880	41819	53576								
Price indices of consumer goods and services:													
previous month=100	a	100,7	100,4	100,4	100,4	100,8	100,2	100,0	99,6	100,3	100,4	100,2	99,9
	b	100,5	100,9	100,7	100,7								
corresponding month of previous year=100	a	104,0	104,2	104,1	104,0	104,4	104,6	104,8	104,8	104,5	104,2	103,7	103,3
	b	102,8	103,3	103,6	104,0								
December of previous year=100	a	100,7	101,1	101,5	101,8	102,6	102,9	102,8	102,4	102,8	103,2	103,4	103,3
	b	100,5	101,3	102,0	102,7								
Price indices of sold production of industry:													
previous month=100	a	101,3	100,5	100,2	99,8	100,8	100,3	99,8	100,1	100,4	100,0	99,8	99,6
	b	102,3	102,6	100,0	99,4								
corresponding month of previous year=100	a	102,5	102,8	102,5	101,9	102,4	102,2	101,7	101,4	102,0	102,4	102,2	102,7
	b	103,6	105,7	105,5	105,1								
Price indices of construction and assembly production:													
previous month=100	a	100,3	100,4	100,4	100,5	100,3	100,3	100,3	100,2	100,1	100,1	100,0	99,9
	b	99,9	99,8	99,9	99,9								
corresponding month of previous year=100	a	107,4	107,0	106,5	106,0	105,2	104,7	104,3	104,0	103,7	103,4	103,2	102,9
	b	102,4	101,8	101,3	100,8								

¹ Ratio of registered unemployed persons to the economically active civil population. ² Indices were calculated in constant prices of 2005.

(cont.)

Specification a – 2008, b – 2009	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Average monthly nominal gross wage and salary in the enterprise sector ¹ (in zł)	a	2975,54	3040,46	3152,96	3144,87	3076,14	3222,47	3234,96	3172,54	3176,84	3247,77	3326,94	3428,01
	b	3215,75	3195,56	3332,65	3294,76								
previous month=100	a	91,7	102,2	103,7	99,7	97,8	104,8	100,4	98,1	100,1	102,2	102,4	103,0
	b	93,8	99,4	104,3	98,9								
corresponding month of previous year=100	a	111,7	113,2	110,5	112,9	110,8	112,3	111,8	109,9	111,2	110,1	107,6	105,6
	b	108,1	105,1	105,7	104,8								
Average monthly real gross wage and salary in the enterprise sector monthly average of 2005=100	a	112,1	114,1	117,9	117,2	113,7	118,8	119,3	117,5	117,3	119,4	122,0	125,8
	b	117,5	115,9	120,1	117,9								
Profitability rate of gross turnover ² from the beginning of year (in %)	a	.	.	5,9 3,0	.	.	6,0	.	.	5,7	.	.	4,2
Profitability rate of net turnover ³ from the beginning of year (in %)	a	.	.	4,6 2,2	.	.	4,9	.	.	4,5	.	.	3,3
State budget balance - from the beginning of year (in mn zł)	a	4407,3	-136,6	1802,9	554,3	-1876,9	-3380,7	-2744,7	-317,4	-4224,6	-11485,3	-14972,8	-24590,5
	b	2918,0	-5250,9	-11219,8	-15335,3								
Average exchange rates in zł – National Bank of Poland:													
100 US dollars	a	245,37	243,05	228,16	218,52	219,04	216,94	206,74	219,26	234,97	269,80	292,09	297,15
	b	317,17	363,14	354,12	334,80								
100 EUR.....	a	360,80	358,25	353,74	344,44	340,69	337,60	326,00	328,84	337,12	358,55	372,07	401,77
	b	421,81	464,42	462,37	441,93								
Foreign trade ⁴ in mn zł													
exports	a	33458,3	35209,8	34093,1	37305,5	32507,8	33997,3	33573,4	29831,8	36303,9	36816,3	31235,2	25020,9
		29407,6	33533,9	36430,2	.								
imports	a	38909,5	41068,7	41731,8	43872,2	39472,3	41912,2	41231,6	36833,9	43281,7	44645,5	39285,1	33588,3
		33036,1	35682,6	38869,3	.								
balance	a	-5451,2	-5858,9	-7638,7	-6566,7	-6964,5	-7914,9	-7658,2	-7002,1	-6977,8	-7829,2	-8049,9	-8567,4
		-3628,5	-2148,7	-2439,1	.								

¹ Including contributions to compulsory social security. ² Relation of gross financial result to revenues from total activity. ³ Relation of net financial result to revenues from total activity. ⁴ Provisional data.