

## **Socio-economic situation of Poland – main tendencies**

In 2014, with the slight improvement of the European economy, the economic growth rate in Poland was higher than in two preceding years. The main growth factor was domestic demand, both consumption and investment. Net exports, unlike in the previous three years, had a negative impact on GDP growth.

According to preliminary estimates, the gross domestic product in 2014 increased in real terms by 3.3% per year, compared with an increase of 1.7% in 2013. Total consumption was higher than in the previous year by 3.0%, in the household sector it also increased by 3.0%. Gross capital formation increased significantly (by 11.6%, after drop in the previous year by 3.7%), including gross fixed capital formation that increased by 9.4% (in 2013 slight increase – of 0.9%). Domestic demand was by 4.6% higher than a year before (when it increased by 0.2%). Gross value added in the national economy grew at an annual rate of 3.0%. The greatest increase was in gross value added in construction sector (of 4.7%). In industry and in transport and storage growth rate was 3.6% and in trade; repair of motor vehicles - 3.4%. In other areas (considered in total), there was an increase in real terms by slightly more than 2%.

On the labour market in the consecutive quarters of 2014 a gradual improvement of difficult situation was observed. According to estimates, the number of employed persons in the national economy at the end of 2014 was by 1.1% higher than a year before. In subsequent periods of 2014, the dynamics of an average employment in the enterprise sector slightly strengthened and as a result, in the whole year there was an increase of 0.6%. According to a survey of labour demand in the first three quarters of 2014 more new jobs were created than a year before. At the same time there was observed a reduction in job losses scale. The inflow to unemployment in 2014 was significantly smaller than in 2013; at the same time the number of persons removed from unemployment register increased, in particular due to taking up a job. The unemployment rate in the subsequent months of 2014 was below the level recorded in the 2013 and at the end of December, with a significant decrease in the number of registered unemployed, it amounted to 11.5% (compared to 13.4% a year before).

Average monthly nominal gross wages in the enterprises sector in 2014 grew faster than in 2013 (3.7% against 2.9%), although in the second half of the year there was observed weakening of their growth rate. Low consumer price index contributed to strengthening the purchasing power of wages. Average nominal and real retirement and other pensions both in the employee and in the farmers system increased to a lesser extent than in 2013.

Prices of consumer goods and services from July were respectively lower than a year before (in December decrease by 1.0%). As a result, throughout 2014 they were at the same level as in 2013. Price dynamics in most groups of goods and services was lower than a year before. There was a decline in the prices of clothing and footwear, goods and services associated with transport and food and non-alcoholic beverages. However, prices of alcoholic beverages and tobacco as well as goods and services related to housing increased. Industrial producer prices declined at a slightly greater extent than a year before, while in construction the rate of decline was slower.

Sold production of industry in total, according to preliminary estimates, increased by 3.2% (compared to 1.8% in last year) in 2014. In enterprises employing more than 9 persons the production increased by 3.3%. The increase was recorded in manufacturing and water supply; sewerage, waste management and remediation activities, with a decrease in the other two sections of the industry. Among the main industrial groupings the fastest growth was in the production of capital goods and the slowest - non-durable consumer goods. Sale of energy goods decreased. After a slight increase in November, in December of 2014 sold production of industry run beyond the level of the previous year (an increase of 8.4%, and after the elimination of seasonal factors - 5.3%).

It is estimated that total construction and assembly production in 2014 was approx. by 3.0% higher than a year before (against a decline of 5.9% in 2013). In entities employing more than 9 persons, the production increased by 3.6% (after a decline of 12.0% in the previous year) and the growth was significantly influenced by the high growth observed in the first half of the year. Sale of renovation works grew much faster than investment works. Construction and assembly production increased in civil engineering and specialized construction activities. The decrease was recorded in construction of buildings. In December of 2014, with favourable weather conditions, for the first time since September of 2014 an increase of construction and assembly production in annual terms was noted (by 5.0% and after eliminating seasonal factors – by 5.4%).

Retail sale, according to preliminary estimates, in 2014 was higher than the previous year by 2.7% (compared to 1.3% increase in 2013). In enterprises employing more than 9 persons, retail sales increased by 4.1%. In December of 2014, after a slight increase in the previous month, the growth rate of retail sales strengthened - to 4.0%.

The indicator of the general business tendency climate in January of 2015 is positively assessed by the manufacturing enterprises. Optimistic (to negative in December of 2014) are the expectations in terms of order-book and production; less pessimistic for the financial situation. Current assessments in these areas remain negative. Construction entities assess the general business tendency climate less negative than in the two previous months. Pessimistic, but better than in December of 2014, are predictions of order-books, construction and assembly production and financial situation, but current assessments in these areas further worsen. Negative and worse than a month before are sentiment of the retail trade units. More pessimistic are predictions of sales (with slightly improvement in the current ratings). The unfavourable assessment of the current and future financial situation of these entities is worsen. Improvement of the overall business climate index is observed in 9 out of 11 analysed services sections. In January of 2015, consumer sentiment improved.

The gross agricultural output in 2014, according to preliminary estimates, increased by 5.7% in comparison with 2013. It was influenced by a growth in both crop output (by 4.7%) and animal output (by 6.9%). The survey conducted at the beginning of December of 2014 indicated that the upward trend in the number of pig heads maintained (to 2.2% in annual terms). The number of cattle at the beginning of December of 2014 was by 1.2% higher than a year before with a growth observed in most categories. On the agricultural market in 2014, with procurement

higher in annual terms, the prices of most plant and animal products were lower than a year before (except for prices of potatoes on market places and prices of milk in procurement). As a result of a deeper drop in prices of agricultural products sold by farmers than the prices of goods and services purchased for the purpose of the current agricultural production, the "price gap" index reached an unfavourable level in the third year in a row, amounting to 93.4 (against 97.6 a year before) .

In the period January-November of 2014, foreign trade turnover was higher than a year before, but the growth rate was weaker in comparison with the one observed in the first half of 2014. As a result of higher growth in imports than in exports, a total negative balance of trade deepened. An increase in trade with developed countries (including the EU) and developing countries was observed, while the exchange with the Central and Eastern European countries – especially in exports - was lower than in a year before. As a result of lower prices of imported goods, the terms of trade index in the period January-October of 2014 was more favourable than a year before (103.7 to 102.2).

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

| Specification   |   | I       | II      | III     | IV      | V       | VI      | VII     | VIII    | IX      | X       | XI      | XII     |
|---|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| a – 2013  |   |         |         |         |         |         |         |         |         |         |         |         |         |
| b – 2014  |   |         |         |         |         |         |         |         |         |         |         |         |         |
| Paid employment in the enterprise sector <sup>1</sup>   |   |         |         |         |         |         |         |         |         |         |         |         |         |
| in thous. persons .....   | a | 5507    | 5497    | 5489    | 5478    | 5479    | 5488    | 5489    | 5494    | 5495    | 5500    | 5501    | 5491    |
|   | b | 5506    | 5508    | 5515    | 5515    | 5515    | 5526    | 5531    | 5535    | 5537    | 5545    | 5551    | 5549    |
| Registered unemployed persons (in thous. persons; end of period).....   | a | 2296    | 2337    | 2315    | 2256    | 2176    | 2109    | 2093    | 2083    | 2083    | 2075    | 2116    | 2158    |
|   | b | 2261    | 2256    | 2182    | 2079    | 1987    | 1913    | 1879    | 1853    | 1822    | 1785    | 1800    | 1825    |
| Unemployment rate (in %; end of period) .....   | a | 14,2    | 14,4    | 14,3    | 14,0    | 13,6    | 13,2    | 13,1    | 13,0    | 13,0    | 13,0    | 13,2    | 13,4    |
|   | b | 13,9    | 13,9    | 13,5    | 13,0    | 12,5    | 12,0    | 11,8    | 11,7    | 11,5    | 11,3    | 11,4    | 11,5    |
| Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> (in<br>zl) .....                                  | a | 3680,30 | 3709,99 | 3832,81 | 3830,89 | 3699,67 | 3808,63 | 3830,07 | 3760,45 | 3770,91 | 3834,17 | 3897,88 | 4221,50 |
|   | b | 3805,28 | 3856,56 | 4017,75 | 3976,80 | 3878,31 | 3943,01 | 3964,91 | 3893,23 | 3900,49 | 3980,92 | 4004,80 | 4379,26 |
| previous month=100 .....  | a | 89,5    | 100,8   | 103,3   | 99,9    | 96,6    | 102,9   | 100,6   | 98,2    | 100,3   | 101,7   | 101,7   | 108,3   |
|   | b | 90,1    | 101,3   | 104,2   | 99,0    | 97,5    | 101,7   | 100,6   | 98,2    | 100,2   | 102,1   | 100,6   | 109,4   |
| corresponding month<br>of previous year=100 .....   | a | 100,4   | 104,0   | 101,6   | 103,0   | 102,3   | 101,4   | 103,5   | 102,0   | 103,6   | 103,1   | 103,1   | 102,7   |
|   | b | 103,4   | 104,0   | 104,8   | 103,8   | 104,8   | 103,5   | 103,5   | 103,5   | 103,4   | 103,8   | 102,7   | 103,7   |
| Average monthly real gross wage and salary in the enterprise sector <sup>1</sup><br>corresponding month<br>of previous year=100 ..... | a | 98,7    | 102,8   | 100,6   | 102,2   | 101,8   | 101,1   | 102,4   | 100,9   | 102,6   | 102,3   | 102,5   | 102,1   |
|   | b | 103,0   | 103,3   | 104,2   | 103,5   | 104,6   | 103,2   | 103,6   | 103,7   | 103,7   | 104,3   | 103,2   | 104,7   |
| Average monthly real gross retirement pay and pension:  |   |         |         |         |         |         |         |         |         |         |         |         |         |
| from non-agricultural social security system  |   |         |         |         |         |         |         |         |         |         |         |         |         |
| corresponding month of previous year=100.....   | a | 104,1   | 104,0   | 104,3   | 104,5   | 104,6   | 104,9   | 103,9   | 104,1   | 104,0   | 104,4   | 104,4   | 104,8   |
|   | b | 103,9   | 104,3   | 102,1   | 103,2   | 103,6   | 103,4   | 104,2   | 103,7   | 103,7   | 103,7   | 103,9   | 104,2   |
| of farmers  |   |         |         |         |         |         |         |         |         |         |         |         |         |
| corresponding month of previous year=100.....   | a | 106,7   | 107,2   | 104,7   | 104,8   | 105,3   | 105,6   | 104,3   | 104,5   | 104,5   | 104,7   | 105,0   | 105,0   |
|   | b | 103,7   | 103,8   | 100,8   | 101,0   | 101,2   | 101,3   | 101,7   | 101,9   | 101,9   | 102,0   | 102,4   | 102,9   |
| Price indices of consumer goods and services:   |   |         |         |         |         |         |         |         |         |         |         |         |         |
| previous month=100 .....  | a | 100,1   | 100,0   | 100,2   | 100,4   | 99,9    | 100,0   | 100,3   | 99,7    | 100,1   | 100,2   | 99,8    | 100,1   |
|   | b | 100,1   | 100,1   | 100,1   | 100,0   | 99,9    | 100,0   | 99,8    | 99,6    | 100,0   | 100,0   | 99,8    | 99,7    |
| corresponding month<br>of previous year=100 .....   | a | 101,7   | 101,3   | 101,0   | 100,8   | 100,5   | 100,2   | 101,1   | 101,1   | 101,0   | 100,8   | 100,6   | 100,7   |
|   | b | 100,5   | 100,7   | 100,7   | 100,3   | 100,2   | 100,3   | 99,8    | 99,7    | 99,7    | 99,4    | 99,4    | 99,0    |
| December of previous year=100 .....   | a | 100,1   | 100,0   | 100,2   | 100,6   | 100,5   | 100,5   | 100,8   | 100,5   | 100,5   | 100,7   | 100,5   | 100,7   |
|   | b | 100,1   | 100,2   | 100,3   | 100,2   | 100,1   | 100,1   | 99,9    | 99,5    | 99,4    | 99,5    | 99,2    | 99,0    |
| Price indices of sold production of industry:   |   |         |         |         |         |         |         |         |         |         |         |         |         |
| previous month=100 .....  | a | 100,0   | 100,3   | 99,7    | 99,3    | 100,1   | 100,7   | 100,2   | 99,7    | 100,1   | 99,3    | 99,7    | 99,9    |
|   | b | 100,0   | 99,9    | 99,8    | 99,8    | 99,8    | 99,9    | 99,9    | 100,3   | 100,0   | 99,6    | 99,5    | 99,0    |
| corresponding month<br>of previous year=100 .....   | a | 98,8    | 99,7    | 99,3    | 97,9    | 97,5    | 98,7    | 99,2    | 98,9    | 98,6    | 98,6    | 98,5    | 99,0    |
|   | b | 99,0    | 98,6    | 98,7    | 99,3    | 99,0    | 98,2    | 97,9    | 98,5    | 98,4    | 98,7    | 98,4    | 97,5    |
| Price indices of construction and assembly production:  |   |         |         |         |         |         |         |         |         |         |         |         |         |
| previous month=100 .....  | a | 99,8    | 99,8    | 99,8    | 99,9    | 99,8    | 99,9    | 99,9    | 99,8    | 99,9    | 99,9    | 99,9    | 99,9    |
|   | b | 99,8    | 99,8    | 99,9    | 99,9    | 100,0   | 100,0   | 100,0   | 100,0   | 100,0   | 100,0   | 99,9    | 99,9    |
| corresponding month<br>of previous year=100 .....   | a | 98,6    | 98,4    | 98,2    | 98,1    | 98,0    | 98,0    | 98,1    | 98,1    | 98,2    | 98,2    | 98,3    | 98,3    |
|   | b | 98,3    | 98,4    | 98,5    | 98,5    | 98,6    | 98,7    | 98,8    | 99,1    | 99,2    | 99,3    | 99,4    | 99,2    |

<sup>1</sup> Data concern economic entities employing more than 9 persons.

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(cont.)

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|---|---|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| a - 2013  |   |         |          |          |          |          |          |          |          |          |          |          |          |
| b - 2014  |   |         |          |          |          |          |          |          |          |          |          |          |          |
| Sold production of industry <sup>1</sup> (constant prices <sup>2</sup> ): |   |         |          |          |          |          |          |          |          |          |          |          |          |
| previous month=100 .....  | a | 105,5   | 97,2     | 109,3    | 97,8     | 99,3     | 102,6    | 101,5    | 95,6     | 109,7    | 106,1    | 93,8     | 90,4     |
|   | b | 103,0   | 98,2     | 109,4    | 97,8     | 98,3     | 100,0    | 102,1    | 91,5     | 116,5    | 103,6    | 92,5     | 97,7     |
| corresponding month   |   |         |          |          |          |          |          |          |          |          |          |          |          |
| of previous year=100 .....  | a | 100,4   | 97,9     | 97,1     | 102,8    | 98,2     | 102,8    | 106,3    | 102,2    | 106,3    | 104,6    | 102,9    | 106,7    |
|   | b | 104,2   | 105,3    | 105,5    | 105,5    | 104,4    | 101,8    | 102,4    | 98,1     | 104,2    | 101,7    | 100,3    | 108,4    |
| Construction and assembly production (constant prices <sup>2</sup> ):     |   |         |          |          |          |          |          |          |          |          |          |          |          |
| previous month=100 .....  | a | 39,7    | 99,7     | 120,9    | 107,9    | 116,3    | 119,1    | 107,8    | 99,2     | 109,4    | 114,3    | 91,1     | 121,5    |
|   | b | 36,0    | 118,7    | 124,2    | 103,2    | 114,0    | 116,8    | 100,9    | 94,6     | 119,8    | 107,2    | 90,6     | 129,7    |
| corresponding month   |   |         |          |          |          |          |          |          |          |          |          |          |          |
| of previous year=100 .....  | a | 83,9    | 88,6     | 81,5     | 76,9     | 72,5     | 81,7     | 94,8     | 88,9     | 95,2     | 96,8     | 97,1     | 105,8    |
|   | b | 96,1    | 114,4    | 117,4    | 112,2    | 110,0    | 108,0    | 101,1    | 96,4     | 105,6    | 99,0     | 98,4     | 105,0    |
| Dwellings completed (from the beginning of year) .....                    | a | 14059   | 24999    | 37155    | 47771    | 57480    | 67962    | 80918    | 91380    | 102102   | 116540   | 129128   | 145136   |
|   | b | 12565   | 24998    | 35597    | 47255    | 56149    | 66435    | 79704    | 88911    | 100198   | 114297   | 127595   | 143373   |
| Retail sales of commodities <sup>1</sup> (constant prices <sup>3</sup> ): |   |         |          |          |          |          |          |          |          |          |          |          |          |
| previous month=100 .....  | a | 79,6    | 97,4     | 116,5    | 97,0     | 101,9    | 101,6    | 103,8    | 99,8     | 98,9     | 103,3    | 94,2     | 117,1    |
|   | b | 78,7    | 99,5     | 112,5    | 102,3    | 97,5     | 99,2     | 105,2    | 99,6     | 99,0     | 104,0    | 92,1     | 120,1    |
| corresponding month   |   |         |          |          |          |          |          |          |          |          |          |          |          |
| of previous year=100 .....  | a | 102,4   | 98,7     | 100,0    | 100,1    | 101,2    | 102,6    | 104,3    | 103,5    | 104,1    | 103,7    | 104,2    | 105,9    |
|   | b | 104,8   | 107,0    | 103,3    | 108,9    | 104,3    | 101,8    | 103,1    | 102,8    | 103,0    | 103,7    | 101,4    | 104,0    |
| State budget balance - from the beginning of year (in mln zł) .....       | a | -8440,9 | -21684,6 | -24452,7 | -31717,0 | -30951,2 | -25873,7 | -25949,6 | -26811,1 | -29643,4 | -39481,2 | -38569,1 | -42194,1 |
|   | b | -2601,1 | -11718,2 | -17491,0 | -21179,9 | -22362,6 | -25298,6 | -26403,2 | -24603,5 | -22444,6 | -27233,2 | 24790,7  | .        |
| Average exchange rates in zł - National Bank of Poland:                   |   |         |          |          |          |          |          |          |          |          |          |          |          |
| 100 USD .....   | a | 311,45  | 311,97   | 320,58   | 318,25   | 321,49   | 325,12   | 326,88   | 317,67   | 317,50   | 307,04   | 309,98   | 304,81   |
|   | b | 306,50  | 306,13   | 303,78   | 302,93   | 304,15   | 304,25   | 305,98   | 314,82   | 324,75   | 331,52   | 337,77   | 342,87   |
| 100 EUR .....   | a | 413,69  | 417,34   | 415,81   | 414,09   | 417,59   | 428,65   | 427,56   | 422,95   | 423,76   | 419,08   | 418,82   | 417,57   |
|   | b | 417,76  | 417,86   | 419,72   | 418,41   | 417,90   | 413,69   | 414,47   | 419,32   | 419,01   | 420,50   | 421,15   | 422,33   |
| 100 CHF .....   | a | 336,79  | 339,24   | 339,08   | 339,46   | 336,53   | 347,75   | 345,82   | 342,76   | 343,49   | 340,33   | 339,96   | 340,88   |
|   | b | 339,35  | 342,05   | 344,71   | 343,17   | 342,44   | 339,65   | 341,14   | 346,02   | 346,95   | 348,14   | 350,11   | 351,23   |
| Foreign trade <sup>4</sup> in mln zł:                                     |   |         |          |          |          |          |          |          |          |          |          |          |          |
| exports .....   | a | 50197,9 | 51233,0  | 52865,1  | 54595,6  | 51014,3  | 54495,8  | 55546,9  | 52051,9  | 59090,6  | 61895,0  | 56863,8  | 48028,9  |
|   | b | 55623,9 | 53969,9  | 58425,4  | 58573,1  | 56362,1  | 55884,5  | 56768,4  | 49902,7  | 61463,7  | 64141,5  | 57865,2  | .        |
| imports .....   | a | 51777,2 | 50757,1  | 56339,0  | 53298,0  | 52109,8  | 53463,5  | 56547,3  | 52500,3  | 57405,5  | 62871,1  | 58468,3  | 50561,1  |
|   | b | 55975,4 | 54529,5  | 59274,6  | 57761,6  | 58299,0  | 56282,4  | 58581,5  | 51530,6  | 60384,1  | 64380,9  | 59152,7  | .        |
| balance .....   | a | -1579,3 | 475,9    | -3473,9  | 1297,6   | -1095,5  | 1032,3   | -1000,4  | -448,4   | 1685,1   | -976,1   | -1604,5  | -2532,2  |
|   | b | -351,5  | -559,6   | -849,2   | 811,5    | -1936,9  | -397,9   | -1813,1  | -1627,9  | 1079,6   | -239,4   | -1287,5  | .        |

<sup>1</sup> Data concern economic entities employing more than 9 persons. <sup>2</sup> The average current prices from 2010. <sup>3</sup> The current prices from the period preceding the surveyed period.

<sup>4</sup> In 2014 -preliminary data.