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I. Socio-economic Situation of Poland in the 1st Quarter of 2014

Introduction

In the 1st quarter of 2014, a strengthening of the economic dynamics was recorded in most areas. According to preliminary data, the growth rate of the gross domestic product (at constant prices for the previous year) in the 1st quarter of 2014 was the fastest in the last two years and amounted to 3.4% in annual terms (against a growth of 2.7% in the 4th quarter of the previous year, and of 0.4% a year before). After eliminating the influence of seasonal factors (at constant prices, with the reference year 2005), the gross domestic product increased by 3.5% (against 0.5% a year before).

In the 1st quarter of 2014, the following tendencies were observed:

- The average paid employment in the enterprise sector slightly exceeded the previous year's level (a growth of 0.1%, against a drop of 0.8% in the corresponding period of the previous year).
- The registered unemployment rate decreased to 13.5% at the end of March 2014 and was by 0.8 percentage point lower than a year before.
- Average monthly nominal gross wages and salaries in the enterprise sector, in annual terms, grew faster than in the 4th quarter of the previous year, and their dynamics improved in subsequent months. A growth in the purchasing power of wages and salaries also strengthened.
- The growth rate of average nominal and real retirement pays and pensions in both systems was slower than in the 4th quarter of the previous year.
- A growth in the prices of consumer goods and services, in annual terms, was insignificant and amounted to 0.6% (against 0.7% in the 4th quarter of 2013).
- The prices of sold production of industry as well as construction and assembly production were lower than a year before (by 1.2% and 1.6%, respectively).
- Sold production of industry was by 4.8% higher than a year before. A considerable sales growth was observed in manufacturing. Among the main industrial groupings, sold production of all types of goods, except for energy goods, increased in annual terms.
- Construction and assembly production grew by 10.6%, against a deep fall in the corresponding period of the previous year. An increase was recorded in all divisions of construction.
- Retail sales increased in annual terms by 5.5%.
- On the agricultural market, under the conditions of higher supply than a year before, the prices of most crop products, both in procurement and in marketplaces, were considerably lower than a year before. The prices of animals for slaughter and the marketplace prices of piglets for further breeding also dropped. However, the prices of potatoes, milk, dairy cows and one-year heifers were higher than in the 1st quarter of the previous year. The profitability of pigs fattening in March 2014 was still low, though it improved slightly in annual terms.

- The financial results of the surveyed non-financial enterprises improved in comparison to the corresponding period of the previous year. Following a decrease a year before, a considerable increase was recorded, among others, in the gross and net financial results. The profitability rates (regarding sales, as well as gross and net turnover) improved, and so did the cost level indicator; the liquidity ratios increased. The indicators obtained by exporters were better than in the 1st quarter of the previous year, and more favourable than for enterprises in total.
- The investment outlays of the surveyed enterprises in total were higher than a year before – a growth of 16.3% at constant prices (against a drop of 1.6% in the 1st quarter of the previous year); much higher than average – as regards outlays on the purchase of transport equipment.
- Foreign trade turnover increased in annual terms to a higher extent in exports than in imports. The balance of turnover was positive against the negative one recorded in the previous years. The value of trade with developed countries, including the EU countries, increased, while the value of trade with the Central and Eastern European countries decreased. In the period of January–March 2014, the terms of trade index in total was more favourable than in the corresponding period of the previous year (103.3 against 101.7).
- The state budget revenue after the three months of 2014 reached the level of PLN 67.0 bn, and expenditure – PLN 84.5 bn. As a result, a deficit of PLN 17.5 bn was recorded, which accounted for 36.8% of the amount assumed in the budget act for 2014.

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Population

According to preliminary estimates, at the end of the 1st quarter of 2014 the population of Poland amounted to 38 486 thous., i.e. by nearly 27 thous. less than a year before, and by approx. 10 thous. less than at the end of 2013. As compared to the 1st quarter of the previous year, a slight growth in the number of births, and a drop in the number of deaths, were recorded, resulting in an improved natural increase which has, however, remained negative. The net of international migration for permanent residence exceeded minus 6 thous. (against approx. minus 4 thous. a year before).

In the period of the three months of 2014, approx. 91.5 thous. of births were recorded, i.e. by over 1 thous. more than in the corresponding period of the previous year. The birth rate amounted to 9.5‰ and increased by 0.1 point in relation to the previous year. Approx. 95 thous. deaths were recorded (i.e. by over 11 thous. less than a year before). As a result, the death rate decreased (by 1.2 point) to 9.9‰.

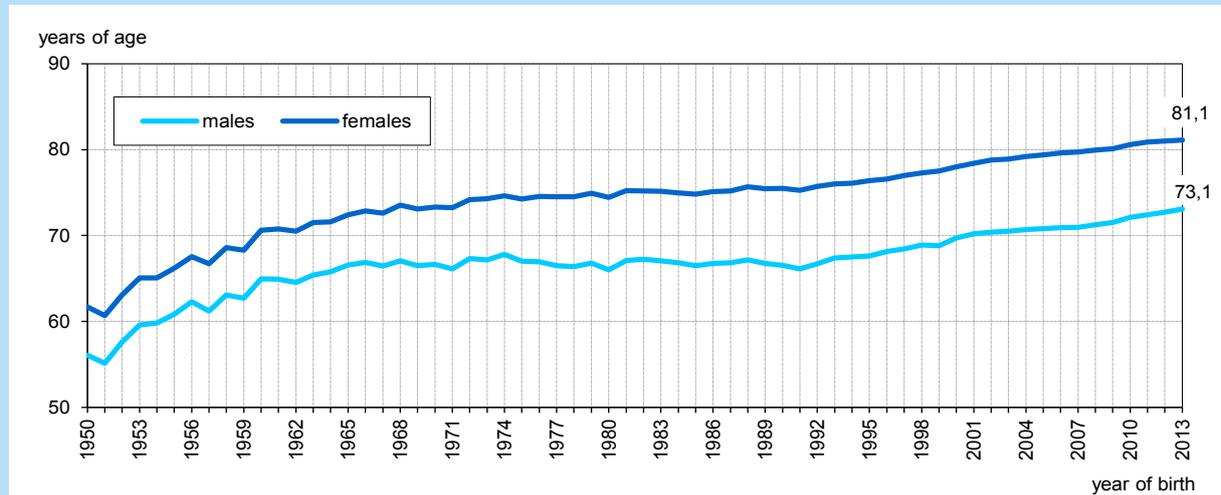
The natural increase (i.e. the difference between the number of live births and deaths in total) amounted to minus 3.5 thous. (against minus 16.4 thous.

in the corresponding period of the previous year). It is estimated that the population number decreased by 4 persons (against 17 persons a year before) per each 10 thous. persons.

In the 1st quarter of 2014, nearly 400 infant deaths (i.e. deaths of children below 1 year of age) were recorded, i.e. slightly less than a year before. The infant death rate amounted to 4.0‰ and was by 0.5 point lower than in the corresponding period of the previous year.

In the period of January–March 2014, over 15 thous. marriages were contracted (i.e. by over 2 thous. more than a year before); of which religious marriages accounted for almost one-third. The marriage rate increased to 1.6‰ from 1.4‰ a year before. The number of divorces also grew (by approx. 1 thous.). Over 16.5 thous. marriages ended in divorce, and judicial separations were pronounced in the case of 0.5 thous. marriages (similarly to a year before). The divorce rate increased by 0.1 point and amounted to 1.7‰ while the separation rate was close to zero.

Life expectancy



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Labour Market

In the 1st quarter of 2014, the average paid employment in the national economy¹ amounted to 8 189 thous. persons and was lower than in the corresponding period of the previous year by 0.3%. In the enterprise sector² the average paid employment was slightly higher than a year before.

The number of unemployed persons registering in labour offices was lower than in the corresponding period of the previous year, and at the same time more unemployed persons were removed from unemployment rolls. At the end of March 2014, both the number of registered unemployed persons and the unemployment rate were lower in annual terms.

The average paid employment in the enterprise sector in the period of January–March 2014 amounted to 5 508.3 thous. persons, i.e. it increased by 0.1% in relation to the one recorded a year before (against a drop of 0.8% in the corresponding period of the previous year). A growth in paid employment was recorded, among others, in administrative and support service activities (of 4.8%), water supply; sewerage, waste management and remediation activities (of 3.0%), and information and communication (of 2.7%). The average paid employment in manufacturing was higher than

a year before by 1.2%. An employment dropped, among others, in construction (by 8.7%), mining and quarrying (by 5.8%), and electricity, gas, steam and air conditioning supply (by 3.6%).

Among the divisions with a considerable share in employment, the highest growth in average paid employment in comparison to the 1st quarter of 2014 was observed in enterprises dealing with the manufacture of furniture (of 5.1%), motor vehicles, trailers and semi-trailers (of 4.8%), as well as rubber and plastic products (of 4.2%). The employment also increased in retail trade, land and pipeline transport (by 1.9% in both), as well as in manufacture of products of wood, cork, straw and wickers (by 0.8%). The sharpest drop in employment was recorded in construction of buildings (of 12.3%), mining of coal and lignite (of 8.2%), and civil engineering (of 7.4%). A decline in employment recorded for several years in manufacture of wearing apparel continued (5.8%). The employment also decreased in enterprises dealing with specialised construction activities (by 5.6%), wholesale and retail trade and repair of motor vehicles and motorcycles (by 3.7%), as well as manufacture of machinery and equipment n.e.c (by 1.2%).

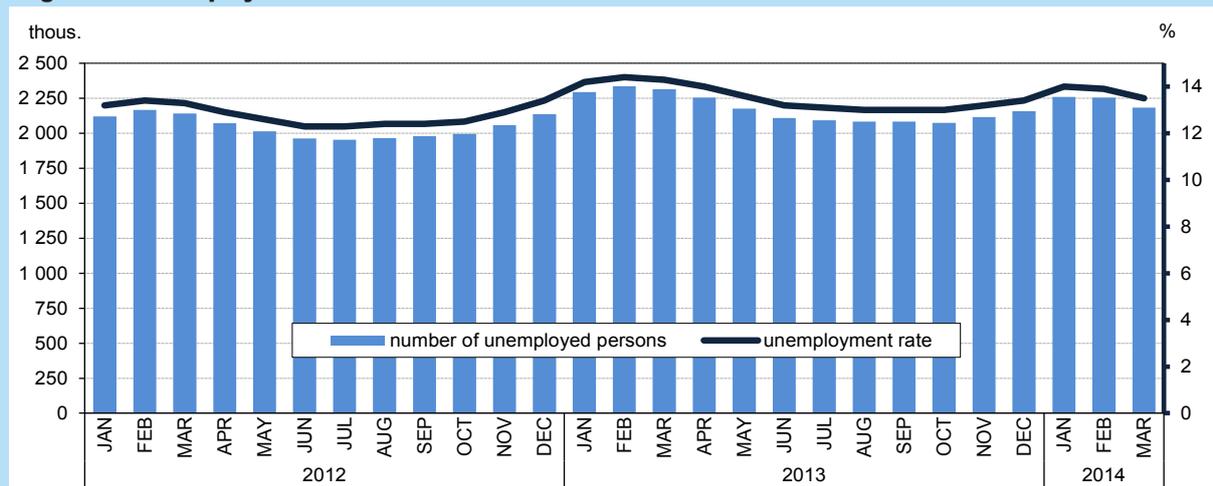
The employed persons and the average paid employment in the national economy¹

Specification a – corresponding period of the previous year=100	2013				Q1 2014
	Q1	Q2	Q3	Q4	
Employed persons (end of period) in thous. ...	8 476	8 490	8 499	8 509	8 540
a	99.4	99.7	100.1	100.7	100.8
Average paid employment in thous.	8 210	8 187	8 159	8 235	8 189
a	99.3	98.9	98.8	98.8	99.7

¹ Excluding economic entities employing up to 9 persons, and private farms in agriculture as well as budget entities, conducting activity in the scope of national defence and public safety.

² In economic entities employing more than 9 persons.

Registered unemployment



Registered unemployment

Specification a – corresponding period of the previous year=100	2013				Q1 2014
	Q1	Q2	Q3	Q4	
Registered unemployed persons in total (end of period) in thous.	2 314.5	2 109.1	2 083.1	2 157.9	2 182.2
a	108.1	107.4	105.3	101.0	94.3
Newly registered unemployed persons in thous.	756.7	554.5	692.4	705.8	650.1
a	109.3	105.3	102.5	92.8	85.9
Persons removed from unemployment rolls in thous.	579.1	759.8	718.2	631.0	626.5
a	108.6	108.0	108.7	104.7	108.2
Unemployment flow (inflow – outflow).....	177.6	-205.3	-25.8	74.8	23.6

At the end of March 2014, the number of unemployed persons registered in labour offices amounted to 2 182.2 thous., i.e. it decreased by 132.2 thous. (by 5.7%) in comparison to the corresponding period of the previous year. The registered unemployment rate amounted to 13.5%, i.e. it dropped by 0.8 percentage point as compared to the one recorded a year before.

The unemployment rate by voivodships was within the range from 9.6% in Wielkopolskie to 21.5% in Warmińsko-Mazurskie. In comparison to March of the previous year, the unemployment rate decreased in all voivodships, of which the most in Opolskie (by 1.4 percentage points) and Lubuskie (by 1.3 percentage points).

In the 1st quarter of 2014, the number of newly registered unemployed persons amounted to 650.1 thous. and was by 14.1% lower than a year before (against a growth of 9.3% in the corresponding period of the previous year). Persons registering for another time still constituted the most numerous group, and their share in the newly registered unemployed persons in total grew in annual terms (by 1.0 percentage point to 81.5%). An increase was also recorded in the percentage of persons residing in rural areas (of 0.2 percentage point to 41.0%). A decrease concerned the percentage of persons registering for the first time (of 1.0 percentage point to 18.5%), persons terminated for company reasons (of 1.0 percentage point to 5.6%), and persons who had not been previously working (of 0.5 percentage point to 16.5%). The share of graduates remained at the similar level to the one observed a year before (9.6%).

In the period of three months of 2014, 626.5 thous. persons were removed from the unemployment registers, i.e. by 8.2% more than a year before (against a growth of 8.6% in the corresponding

period of the previous year). Taking up a job was still the main reason for deregistering, as a result of which 286.8 thous. persons were removed from unemployment rolls (against 258.8 thous. a year before). The share of this category in the total number of deregistered persons increased in annual terms by 1.1 percentage point to 45.8%.

In the 1st quarter of 2014, 282.3 thous. job offers⁴ were submitted to labour offices, i.e. by 19.7% more than a year before. Offers from the public sector constituted 25.4% of the total number of offers (against 31.5% in the corresponding period of the previous year). The number of offers in the public sector decreased in annual terms by 3.6%, whereas the number of offers in the private sector rose considerably – by 30.5%. At the end of March 2014, offers which were not accepted for more than one month accounted for 18.0% of the total number of offers (against 19.3% a year before). Among all offers, 17.8% referred to traineeship, 6.6% were targeted at disabled persons, and 0.2% – at graduates.

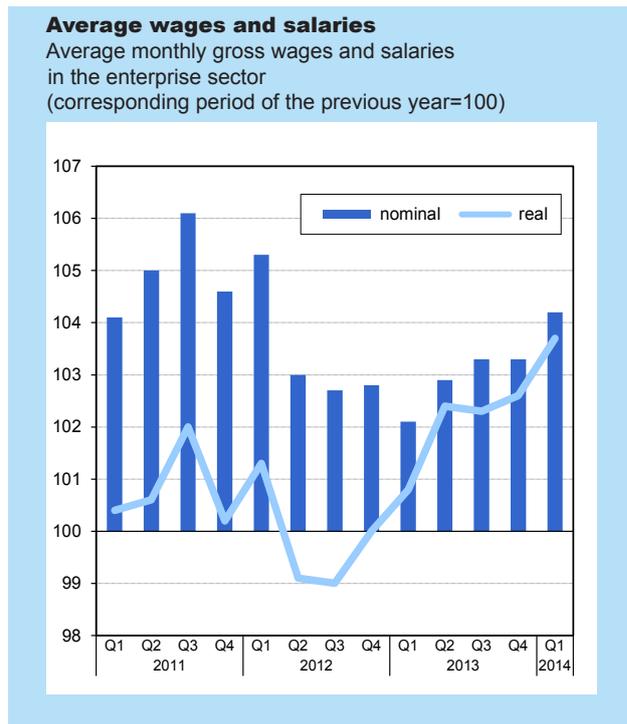
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⁴ It concerns the vacant places of employment and places of occupational activation.

Wages and Salaries, and Social Benefits

In the 1st quarter of 2014, the average monthly nominal gross wage and salary in the national economy⁵ amounted to PLN 3 895.31, i.e. by 4.2% more than in the corresponding period of the previous year. The average monthly gross nominal wages and salaries in the enterprise sector⁶ were higher in annual terms than in the last quarter of the previous year. The dynamics of nominal and real wages and salaries improved in the subsequent months of 2014. The growth rate of retirement pays and pensions in both systems in March 2014 slowed down in relation to the one recorded in the preceding months and was lower in the 1st quarter of 2014 than in the 4th quarter of the previous year.

The average monthly gross wage and salary in the enterprise sector in the period of January–March 2014 reached the level of PLN 3 896.97 and was by 4.2% higher than in the corresponding period of the previous year (against a growth of 2.1% a year before and of 3.3% in the 4th quarter of the previous year). Average wages and salaries increased in all sections, of which to the largest extent in transportation and storage (by 6.6%), manufacturing (by 4.9%), information and communication (by 4.5%), mining and quarrying (by 4.5%), as well as in administrative and support service activities (by 4.3%). Among



the divisions with a considerable share in employment, a growth in the average monthly gross wage and salary in annual terms was recorded, among others, in manufacture of metal products (of 7.7%), manufacture of furniture (of 6.7%), civil engineering (of 6.6%), land and pipeline transport (of 6.3%).

Average monthly nominal gross wages and salaries in the enterprise sector

Specification	2013	2014	2013				Q1 2014
			Q1	Q2	Q3	Q4	
	in PLN		corresponding period of the previous year=100				
Total	3 740.79	3 896.97	102.1	102.9	103.3	103.3	104.2
of which:							
Industry	3 826.77	3 983.47	102.2	102.7	104.1	103.7	104.1
mining and quarrying	6 060.28	6 333.21	103.9	98.0	102.4	102.2	104.5
manufacturing	3 491.19	3 662.93	102.0	103.0	104.7	104.8	104.9
electricity, gas, steam and air conditioning supply	6 200.06	6 362.78	104.3	109.2	103.9	103.1	102.6
water supply; sewerage, waste management and remediation activities	3 596.76	3 686.00	101.6	102.0	102.5	100.7	102.5
Construction	3 554.06	3 704.89	98.3	101.3	101.5	101.8	104.2
Trade; repair of motor vehicles	3 432.15	3 543.84	102.2	102.5	102.6	102.7	103.3
Transportation and storage	3 429.22	3 656.45	102.5	103.7	101.3	102.6	106.6
Accommodation and catering	2 617.29	2 720.18	103.5	107.7	104.6	104.8	103.9
Information and communication	6 697.99	6 996.10	102.2	103.5	102.5	104.7	104.5
Real estate activities	3 939.84	4 049.47	103.9	104.4	103.6	103.0	102.8
Professional, scientific and technical activities ^a	5 628.54	5 776.87	102.6	103.0	103.3	104.4	102.6
Administrative and support service activities	2 567.27	2 677.06	104.0	104.9	106.3	106.1	104.3

a Excluding the divisions: „Scientific research and development”, as well as „Veterinary activities”.

5 Including entities employing up to 9 persons.

6 In entities employing more than 9 persons.

The number of retirees and pensioners, and average monthly gross retirement pays and pensions

Specification	2013				Q1 2014
	Q1	Q2	Q3	Q4	
Average number of retirees and pensioners:					
in thousand	8 991.8	8 968.2	8 936.4	8 911.0	8 894.9
from non-agricultural social security system	7 730.9	7 718.4	7 696.1	7 679.2	7 671.3
of farmers	1 260.9	1 249.8	1 240.3	1 231.8	1 223.6
corresponding period of the previous year=100 ..	99.3	99.3	99.1	99.0	98.9
Average retirement pay and pension:					
from non-agricultural social security system:					
in PLN	1 877.38	1 930.18	1 934.81	1 942.82	1 958.73
corresponding period of the previous year=100	105.8	105.3	105.5	105.5	104.3
of farmers:					
in PLN	1 095.45	1 129.99	1 130.12	1 130.97	1 135.99
corresponding period of the previous year=100	107.8	105.8	105.9	105.9	103.7

The amount of wages and salaries in the enterprise sector in the period of January–March 2014 was by 4.3% higher than in the corresponding period of the previous year (against a growth of 1.3% a year before).

The purchasing power of the average monthly gross wage and salary in the enterprise sector in the 1st quarter of 2014 was by 3.7% higher than a year before (in the 1st quarter of 2013 the growth amounted to 0.8%).

The average monthly gross retirement pay and pension from the non-agricultural social security system in the period of January–March 2014 reached the level of PLN 1 958.73, i.e. increased by 4.3% in comparison to the corresponding period of the previous year. In the 1st quarter of 2014, the average monthly real retirement pay and pension from the non-agricultural social security system was by 3.3% higher than a year before.

The average monthly gross retirement pay and pension of farmers amounted to PLN 1 135.99, i.e. by 3.7% more than in the corresponding period of the previous year. The average monthly real retirement pay and pension of farmers was higher than a year before by 2.7%.

The gross amount of unemployment benefits (excluding social security contribution) amounted to PLN 650.3 mln, i.e. decreased by 15.3% in comparison to 1st quarter 2013.

In the period of January–March 2014, the value of payments from pre-retirement benefits and allowances amounted to PLN 581.1 mln and was by 19.7% higher than in the corresponding period of the previous year.

Benefits from the Bridging Pension Fund were received on average by 9.8 thous. persons, and the total amount of the paid benefits amounted to PLN 68.6 mln (in the corresponding period – 7.4 thous. persons and PLN 50.4 mln, respectively).

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Prices

In the 1st quarter of 2014, the growth in the prices of consumer goods and services in annual terms was insignificant and slightly slower than in the last quarter of the previous year. A drop in producer prices in industry and construction continued.

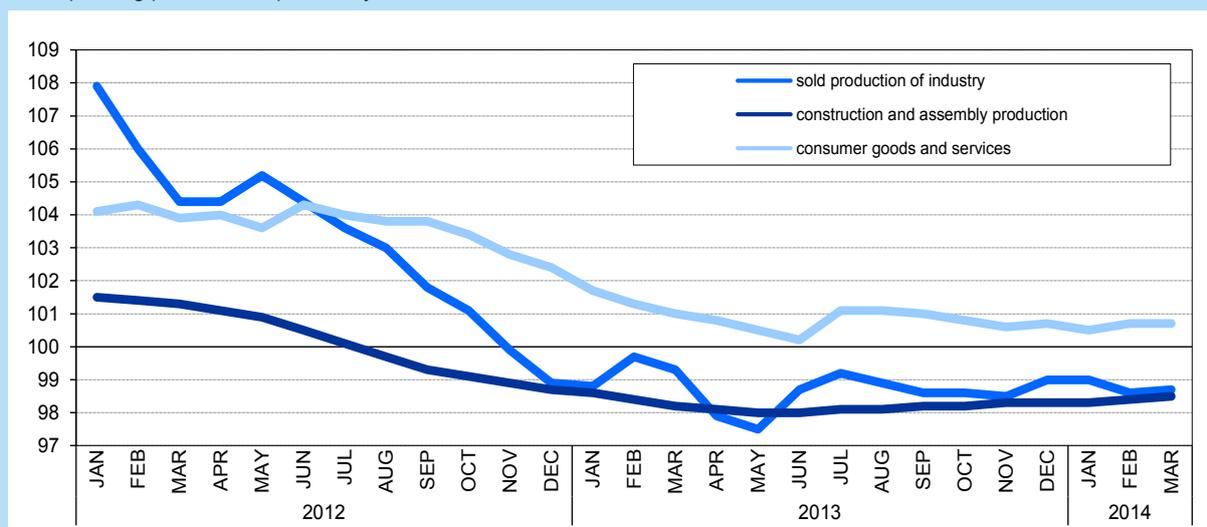
The prices of sold production of industry in the 1st quarter of 2014 were by 1.2% lower in comparison to the corresponding period of the previous year. In March 2014, a drop of 1.3% in the prices of sold production of industry was observed in annual terms (against 1.4% a month before).

In comparison to December of the previous year, the prices of sold production of industry in March 2014 were by 0.3% lower. A drop in prices was observed in mining and quarrying (of 2.5%),

and in manufacturing (of 0.4%). A growth in prices was recorded in electricity, gas, steam and air conditioning supply (of 0.7%), and in water supply; sewerage, waste management and remediation activities (of 0.9%). In manufacturing, a decrease in prices, as compared to December of the previous year, was noted, among others, in manufacture of coke and refined petroleum products (of 1.8%), computer, electronic and optical products (of 1.4%), metal products (of 1.1%), other non-metallic mineral products (of 0.9%), and food products (of 0.8%). Higher prices were recorded, among others, in manufacture of beverages (of 0.9%), basic metals (of 0.8%), chemicals and chemical products (of 1.7%), as well as paper and paper products (of 1.6%).

Price indices

corresponding period of the previous year=100



The prices of sold production of industry and construction and assemble production

Specification	2013				2014		
	Q1	Q2	Q3	Q4	Q1	MAR	
	corresponding period of the previous year =100						DEC 2013=100
Prices of sold production of industry	99.2	98.0	98.9	98.7	98.8	98.7	99.7
mining and quarrying	91.5	88.9	88.4	89.9	91.0	90.2	97.5
manufacturing	99.4	98.5	99.6	99.3	99.0	98.9	99.6
electricity, gas, steam and air conditioning supply	102.2	98.6	98.5	98.4	100.8	100.9	100.7
water supply; sewerage, waste management and remediation activities	101.7	101.5	101.7	101.6	100.8	100.9	100.9
Prices of construction and assembly production	98.4	98.0	98.1	98.3	98.4	98.5	99.5

The prices of construction and assembly production in the 1st quarter of 2014, similarly to the preceding quarters of 2013, indicated a downward tendency and were by 1.6% lower in comparison to the corresponding period of the previous year. In March 2014, the prices of construction and assembly production in annual terms decreased by 1.6%, and in relation to December a drop of 0.5% was recorded.

The prices of consumer goods and services in the 1st quarter of 2014 increased in relation to the corresponding period of the previous year by 0.6% (against a growth of 1.3% a year before, respectively).

In March 2014, a growth in the prices of consumer goods and services in annual terms, similarly to a month before, amounted to 0.7%.

The prices of consumer goods and services in March 2014 were by 0.3% higher than in December of the previous year, against a growth of 0.2% a year before, respectively. A growth in prices was noted in most groups of goods and services, of which the highest in alcoholic beverages and tobacco, as well as in food and non-alcoholic beverages. Lower prices, as compared to December of the previous year, were recorded in clothing and footwear, goods and services related to health and to transport. The largest influence on the price index in total was exerted by a growth in the prices of food and non-alcoholic beverages, as well as of alcoholic beverages and tobacco, which raised the total index by 0.24 percentage point and by 0.19 percentage point, respectively. Declines in prices of clothing and footwear, goods and services related to health and to transport caused a decrease in the price index in total by 0.23 percentage point, 0.06 percentage point and 0.05 percentage point, respectively.

The prices of food and non-alcoholic beverages in March 2014 were by 1.0% higher than in December of the previous year (against a growth of 1.2% a year before), of which the prices of food grew by 1.1%, and those of non-alcoholic beverages by 0.1%. The increase in prices was recorded, among others, of fruit (of 11.8%) and vegetables (of 4.2%). Consumers paid more for goods in the group of "milk, cheese and eggs" (on average by 1.4%). Higher prices concerned

also fish and seafood (by 0.7%), rice (by 0.6%), groats and cereal grain (by 0.4%), pasta products and couscous (by 0.3%), as well as oils and fats (by 0.1%). However, the prices of sugar were lower than in December of the previous year (by 9.0%) and so were the prices of meat (on average by 0.9%). Consumers also paid less for wheat flour (by 0.3%) and bread (by 0.2%).

Tobacco prices were by 5.2% higher than in December of the previous year, and the prices of alcoholic beverages – by 1.7%.

A decrease, in comparison to December of the previous year, concerned the prices of footwear (of 6.3%) and clothing (of 3.8%).

The prices associated with dwelling in March 2014 were slightly higher than in December of the previous year (by 0.2%). Charges for sewage collection rose by 1.6% and for water supply – by 1.5%, whereas charges for refuse collection dropped (by 2.1%). Slight price increases, as compared to December of the previous year, were recorded in electricity, gas and other fuels (of 0.1%). The increase in prices concerned gas (of 4.1%) and heat energy (of 0.8%). However, the prices of electricity dropped by 2.3% and those of solid and liquid fuels – by 0.5%. The prices of goods and services associated with furnishings, household equipment and routine household maintenance reached the level similar to the one observed in December of the previous year.

Goods and services associated with health were by 1.0% cheaper than in December of the previous year. The prices of pharmaceutical products were lower – by 2.1%. However, payments were higher for services of medical (by 1.5%), dental (by 0.6%), hospital (by 0.5%) and sanatorium services (by 0.1%).

Transport prices were by 0.6% lower than in December of the previous year. Consumers paid less for transport services (by 3.0%), as well as for fuels and lubricants for personal transport equipment – by 0.5% (of which for diesel oil – by 0.7% and motor petrol – by 0.2%). Motor cars were slightly more expensive (by 0.1%).

Consumers paid more than in December of the previous year for goods and services associated with communication – by 0.6%.

Consumer goods and services prices

Specification	2013				2014		
	Q1	Q2	Q3	Q4	Q1	MAR	
	corresponding period of the previous year =100						DEC 2013=100
T o t a l	101.3	100.5	101.1	100.7	100.6	100.7	100.3
Food and non-alcoholic beverages	102.5	101.3	102.5	101.7	101.5	101.2	101.0
Alcoholic beverages and tobacco	103.3	103.6	103.6	103.7	103.6	103.7	103.0
Clothing and footwear	94.9	95.2	95.2	95.1	95.4	95.7	95.5
Dwelling	102.2	101.1	101.9	101.8	101.9	101.8	100.2
Health	102.2	101.8	101.4	101.7	100.3	100.3	99.0
Transport	99.4	96.7	98.7	98.2	98.0	97.3	99.4
Communications	95.6	91.1	90.3	89.8	96.2	99.7	100.6
Recreation and culture	100.5	103.6	103.3	103.7	102.6	101.9	100.9
Education	102.7	102.6	99.7	94.0	93.8	93.7	100.1
Restaurants and hotels	102.6	102.3	102.0	101.8	101.5	101.6	100.4
Miscellaneous goods and services	101.3	100.9	100.6	100.2	99.9	99.9	100.1

An increase in the prices of consumer goods and services, calculated with the use of the moving average method, in the period of April 2013 – March 2014, in relation to the preceding twelve months,

amounted to 0.8%, similarly to a month before. Consumer prices according to the harmonised index of consumer prices (HICP)⁷ grew by 0.6% in the reference period.

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⁷ The harmonised index of consumer prices (HICP) is computed according to the unified methodology of the European Union. The basis for compiling of HICP for Poland constitutes an observation of prices of representatives of consumer goods and services and the weight system based on the structure of individual consumption expenditure in the household sector (in 2014 – the structure of consumption in 2012 according to the December 2013 prices). The grouping of consumer goods and services is based on the Classification of Individual Consumption by Purpose adapted for the needs of HICP (COICOP/HICP). The COICOP classification with the highest level of detail has been applied in the calculations of the price indices of consumer goods and services, starting with the final data for January 2014.

Agriculture

In the period of January–March 2014, a drop in the procurement prices of most basic agricultural products on the agricultural market was recorded in annual terms, except for the prices of potatoes and milk.

The procurement of basic cereals (with cereal mixed, excluding sowing seed) amounted to 7 075.8 thous. tonnes in the period of July 2013 – March 2014 and was by 4.2% higher than in the corresponding period of the previous year. The supply of wheat increased by 7.2%, and that of rye – by 21.1%. The procurement of basic cereals accounted for 29.3% of crop production (against 27.8% in the corresponding period of the previous year).

In the 1st quarter of 2014, the procurement of animals for slaughter in total (606.3 thous. tonnes in post-slaughter warm weight) was by 7.1% higher than in the corresponding period of the previous year, with a higher supply of poultry (by 10.5%), pigs (by 3.5%) and cattle (by 0.6%) for slaughter.

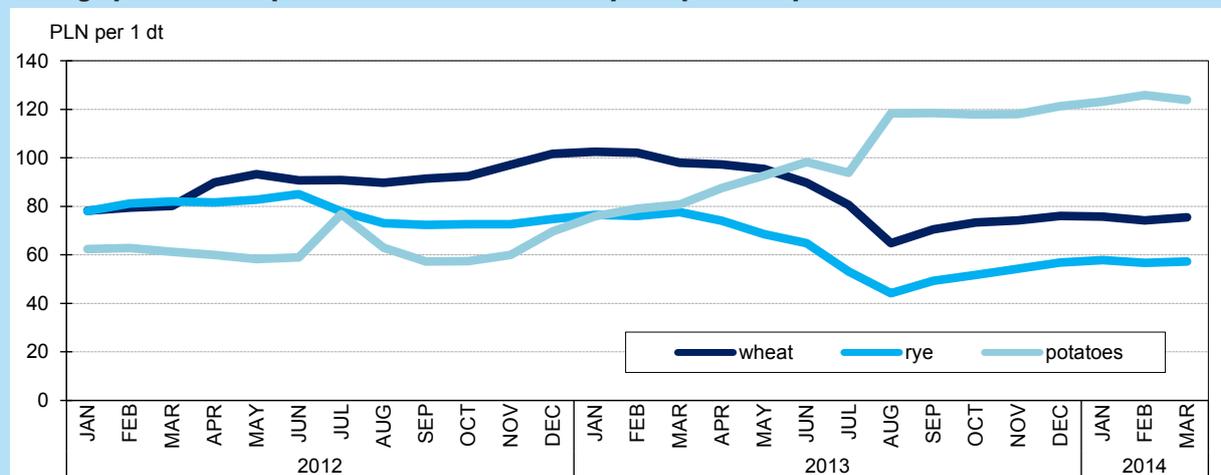
Along with an increased supply, cereal prices reached a much lower level in the 1st quarter of 2014 than a year before. The average procurement price of wheat (PLN 75.12/dt) was lower by 25.6%, and that of wheat (PLN 57.17/dt) – by 25.5%. In the marketplace turnover, cereal prices reached higher levels than in procurement.

The procurement of cereal^a and basic livestock products^a

Specification	JUL 2013 – MAR 2014			Q1 2014				milk ^d
	cereal grain ^b	wheat	rye	animals for slaughter ^c	cattle (including calves)	pigs	poultry	
Procurement:								
in thous. t	7 075.8	4 511.9	1 144.8	606.3	38.4	222.8	344.4	2 418.8
corresponding period of 2013=100	104.2	107.2	121.1	107.1	100.6	103.5	110.5	107.4
the share of procurement in 2013 crops in %	29.3	47.6	34.6	x	x	x	x	x

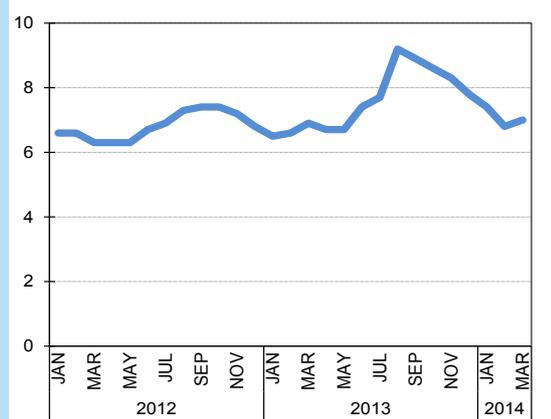
a In the 1st quarter 2014 excluding procurement effectuated by natural persons. b Basic (wheat, rye, barley, oats, triticale) including mixed cereals, excluding sowing seed. c Including cattle, calves, pigs, sheep, horses and poultry. In terms of meat, including fats, in post-slaughter warm weight. d In million litres.

Average procurement prices of cereals and marketplace prices of potatoes



Relation of the prices

Relation of the average procurement prices of pigs for slaughter to the average marketplace prices of rye



In the 1st quarter of 2014, on the pork market the average price for 1 kg of poultry for slaughter, both in procurement (PLN 4.80) and in marketplaces (PLN 4.87), was lower (by 8.0% and 8.1%, respectively) than in the corresponding period of the previous year. The relation of the procurement prices of pigs to the prices of rye in marketplaces improved in annual terms in the subsequent months of 2014, reaching 7.0 in March 2014 (against 6.8 a month before and 6.9 a year before). In the period of January–March 2014, the average price of piglets for further breeding in the marketplace turnover amounted to approx. PLN 165/head and was by 1.3% lower than a year before.

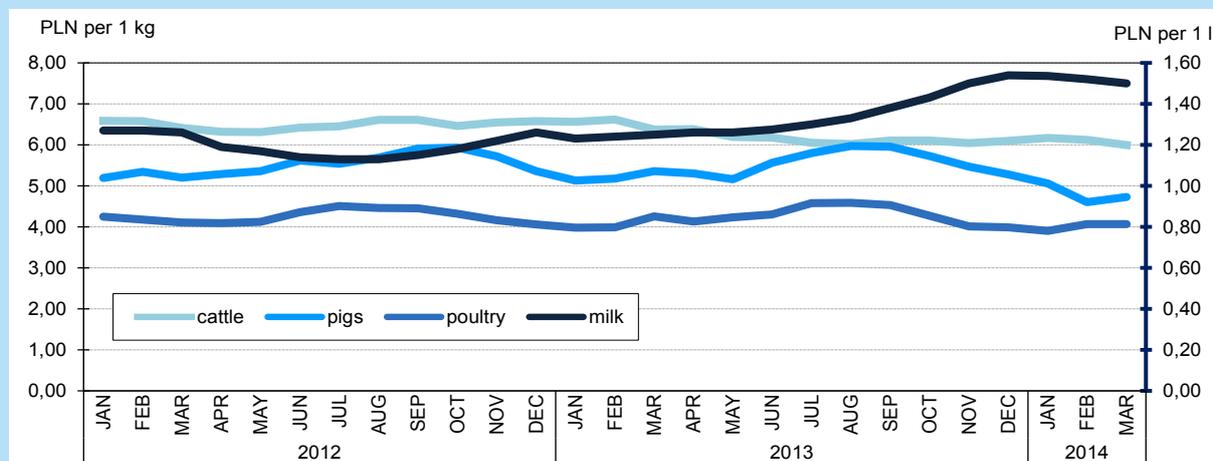
With a continually high domestic supply of poultry for slaughter, the average procurement prices of poultry for slaughter (PLN 4.01/kg) were by 1.6% lower in the period of January–March 2014 than those recorded a year before.

In the 1st quarter of 2014, the average procurement prices of cattle for slaughter indicated a downward tendency. The prices for 1 kg of cattle for slaughter (PLN 6.09) and young cattle for slaughter (PLN 6.31) were lower than in the corresponding period of the previous year by 6.5% and 6.6%, respectively. In the marketplace turnover, the prices of cattle for slaughter were higher than in procurement. The average prices of 1 kg of cattle for slaughter (PLN 6.61/kg) and young cattle for slaughter (PLN 6.91/kg) were also lower than a year before (by 1.6% and 2.3%, respectively).

From the beginning of the year, the total procurement of milk amounted to 2 418.8 mln l, i.e. by 7.4% more than in the corresponding period of the previous year. With an increased supply, the prices of milk indicated slight drops in monthly terms, from the beginning of the year. In the period of January–March 2014, 100 l of milk cost approx. PLN 152 in average terms, i.e. by 22.3% more than a year before.

In the 1st quarter of 2014, the average prices of dairy cow and one-year heifer in the marketplace turnover, amounted to approx. PLN 3 110/head and approx. PLN 2 005/head, respectively, and were higher by 4.6% and 2.9%, respectively, than a year before.

In the period of January–March 2014, in relation to the preceding quarter, the price relations of selected means of production to the procurement prices of most agricultural products improved. A worsening was recorded only in the relation of the prices of means of production to the prices of pigs for slaughter.

Average procurement prices of animals for slaughter and milk

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Industry

In the 1st quarter of 2014, sold production of industry⁸ was by 4.8% higher than a year before (against a decrease of 2.0% in the corresponding period of the previous year).

Among industry sections in the 1st quarter of 2014 a rise in sold production in annual terms was recorded in manufacturing (of 6.9%), and in water supply; sewerage, waste management and remediation activities (of 3.5%). In mining and quarrying, and in electricity, gas, steam and air conditioning supply, a drop in production was observed (of 7.2% and 5.4%, respectively).

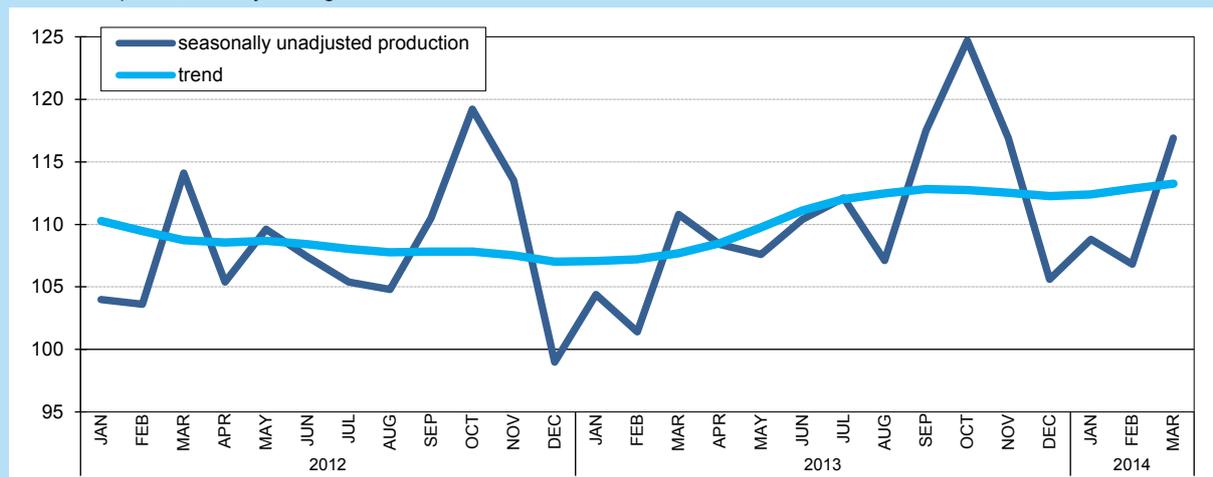
Among the main industrial groupings in the period of January–March 2014 the highest growth

in production in annual terms was recorded in capital goods (of 10.1%). Increases were also recorded in sold production of intermediate goods (of 9.6%) and consumer goods (of which durable – of 5.9% and non-durable – of 2.5%). A decrease was recorded in the sales of energy goods – of 3.5%.

The labour productivity in industry, measured by sold production of industry per one paid employee, was in the 1st quarter of 2014 by 4.3% higher than a year before, with the average paid employment higher by 0.5%, and with an increase in the average monthly gross wage and salary by 4.1%.

Sold production of industry

at constant prices; monthly average of 2010=100



Sold production of industry

the dynamics (at constant prices) and the structure (at current prices)

Specification	2013				2014	2013	
	Q1	Q2	Q3	Q4	Q1	structure in %	
	corresponding period of the previous year=100						
T o t a l	98.0	101.2	105.0	104.5	104.8	100.0	100.0
Mining and quarrying	102.0	100.3	103.3	108.9	92.8	3.9	4.7
Manufacturing	98.0	100.8	105.1	105.3	106.9	84.2	82.6
Electricity, gas, steam and air conditioning supply	96.3	104.1	105.5	94.4	94.6	9.7	10.5
Water supply; sewerage, waste management and remediation activities	101.7	104.8	103.4	107.2	103.5	2.2	2.2

⁸ At constant prices; in entities employing more than 9 persons.

In the 1st quarter of 2014, a growth in sold production in annual terms was recorded in 29 (out of 34) divisions of industry, whose sales accounted for 86.9% of the total sold production of industry.

Out of 234 industrial products and industrial product groups observed in the three months of 2014, in 153 of them production was higher than a year before.

Sold production of industry by selected divisions

the dynamics (at constant prices) and the structure (at current prices)

Specification	2013				2014	2013	
	Q1	Q2	Q3	Q4	Q1		
	corresponding period of the previous year=100				structure in %		
Industry in total – divisions:	98.0	101.2	105.0	104.5	104.8	100.0	100.0
mining of coal and lignite	102.2	104.4	105.1	104.2	91.5	1.9	2.3
manufacture of food products	103.2	99.6	104.6	102.7	100.5	16.5	17.0
manufacture of beverages	99.5	99.1	92.8	108.8	103.4	1.5	1.5
manufacture of wearing apparel .	96.3	107.3	104.5	103.2	104.8	0.6	0.6
manufacture of products of wood, cork, straw and wicker	100.8	107.5	110.1	108.6	112.3	2.7	2.4
manufacture of paper and paper products	101.5	107.3	109.5	107.3	108.8	2.9	2.8
manufacture of coke and refined petroleum products	98.4	91.8	103.9	100.5	102.0	6.8	7.3
manufacture of chemicals and chemical products	95.5	98.3	97.4	97.1	101.0	4.9	5.1
manufacture of pharmaceutical products	102.1	95.9	116.9	100.4	106.1	1.1	1.0
manufacture of rubber and plastic products	99.4	107.3	109.3	108.1	112.8	6.0	5.6
manufacture of other non-metallic mineral products	89.5	93.6	104.6	107.3	122.6	3.3	2.8
manufacture of basic metals	89.4	92.7	101.0	105.8	106.6	3.8	3.8
manufacture of metal products ...	97.7	98.4	103.4	109.8	108.1	5.9	5.7
manufacture of computer, electronic and optical products	88.9	91.4	94.3	94.9	100.8	2.6	2.7
manufacture of electrical equipment	103.1	111.0	109.3	109.5	111.3	4.0	3.7
manufacture of machinery and equipment n.e.c.	89.4	91.9	98.2	96.5	112.0	3.1	2.8
manufacture of motor vehicles, trailers and semi-trailers	93.5	108.8	111.9	113.0	107.9	10.0	9.6
manufacture of other transport equipment	115.4	91.9	110.1	114.6	100.7	1.2	1.3
manufacture of furniture	100.0	108.8	108.1	108.7	117.6	2.8	2.5

In the 1st quarter, industrial enterprises obtained better financial results than a year before. The financial result of industrial enterprises⁹ on the sales of products, goods and materials was by 0.9% higher than in the 1st quarter of the previous year and amounted to PLN 19 383.7 mln. The gross financial result increased by 7.3% to PLN 19 289.3 mln, and the net financial result grew by 9.3% to PLN 16 399.5 mln. Following a sharp drop a year before, the net financial result in manufacturing improved considerably – a growth of 36.5%. The net financial result in other sections was worse than a year before, and the sharpest drop occurred in mining and quarrying – of 71.7%. The share of enterprises indicating a net profit in the total number of industrial enterprises increased (by 5.4 percentage points to 74.7%), but the share

of their revenues in total revenues decreased (from 81.0% to 77.5%). The financial liquidity ratios in industry in total were higher than a year before, both of the first degree (34.1% against 31.8% a year before) and of the second degree (105.2% against 102.3%). The cost level indicator improved from 94.1% a year before to 93.7%. The profitability rate from sales remained at the same level – 6.5% whereas an improvement concerned the gross turnover profitability rate (from 5.9% to 6.3%) and the net turnover profitability rate (from 4.9% to 5.4%).

Investment outlays¹⁰ in industry in the 1st quarter of 2014 were by 9.6% higher than a year before (against a growth of 0.1% in the corresponding period of the previous year). A growth in outlays was recorded in majority of sections, of which in manufacturing – by 13.1%.

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⁹ Data concern economic entities keeping accounting ledgers and employing 50 persons or more.

¹⁰ Data concerning investment outlays are presented at current prices.

Construction and Dwelling Construction

In the 1st quarter of 2014, construction and assembly production¹¹ performed domestically was by 10.6% higher than in the corresponding period of the previous year (against a drop of 15.1% a year before).

In the period of January–March 2014, the sales growth was observed in all divisions of construction, as compared to the corresponding period of the previous year, of which in specialised construction activities – of 18.1%, in civil engineering – of 10.5%, and in construction of buildings – of 5.5%

(including entities specialising in the construction of residential and non-residential dwellings – of 4.7%).

Among entities dealing with civil engineering, the most considerable growth in comparison to the 1st quarter of the previous year was recorded by enterprises specialising in construction of other civil engineering projects (of 15.3%). In entities dealing with construction of roads and railways, having the highest share in the reference division, a growth amounted to 10.7%, and in enterprises specialising in construction of utility projects – to 7.3%.

Sales of construction and assembly production
at constant prices; monthly average of 2010=100



Construction and assembly production

the dynamics (at constant prices) and the structure (at current prices)

Specification	2013				2014	2013
	JAN–MAR	JAN–JUN	JAN–SEP	JAN–DEC	JAN–MAR	
	corresponding period of the previous year=100				structure in %	
Total	84.9	78.5	84.4	88.0	110.6	100.0
construction works:						
investments	84.1	79.4	85.0	88.0	114.1	68.3
repairs	86.7	76.6	83.1	88.0	103.7	31.7
Construction of buildings	87.3	79.1	84.9	87.8	105.5	39.3
Civil engineering	79.9	72.3	79.5	84.7	110.5	29.8
Specialised construction activities	87.2	86.1	91.0	93.8	118.1	30.9

¹¹ At constant prices; in construction entities employing more than 9 persons.

Among entities dealing with specialised construction activities, in comparison to the period of January–March of the previous year, the most considerable increase was observed in entities dealing with demolition and site preparation (of 55.5%). Production was also higher than a year before in entities specialising in other specialised construction activities (by 22.5%), entities carrying out mainly building completion and finishing (by 14.8%), and entities carrying out electrical, plumbing and other construction installation activities (by 11.2%).

In the 1st quarter of 2014, within the structure of construction and assembly production in total, the share of buildings increased (of which non-residential buildings, together with a drop in the share of residential buildings). However, a decrease occurred in the share of civil engineering works, including, among others, motorways, highways, streets and roads.

In the analyzed period, the financial situation of enterprises¹² carrying out construction activity was less unfavourable than in the corresponding period of the previous year. Enterprises obtained better, though still negative, gross financial results (minus PLN 43.4 mln against minus PLN 433.6 mln

a year before) and net financial results (minus PLN 137.2 mln against minus PLN 523.4 mln a year before). The weakest gross and net results were recorded in entities dealing with civil engineering (minus PLN 383.0 mln and minus PLN 405.6 mln, respectively). In other construction divisions, financial results were positive. The profitability rate from the sales in construction enterprises improved (from minus 3.2% to minus 0.7%), and so did the gross turnover profitability rate (from minus 2.8% to minus 0.3%) and the net turnover profitability rate (from minus 3.3% to minus 0.8%). The cost level indicator in total improved from 102.8% to 100.3% in comparison to the corresponding period of the previous year. An increase concerned the liquidity indicators of the first degree (from 38.1% to 42.9%) and of the second degree (from 100.1% to 106.1%). The share of enterprises showing a net profit in the total number of the surveyed construction enterprises increased (from 43.9% to 50.8%).

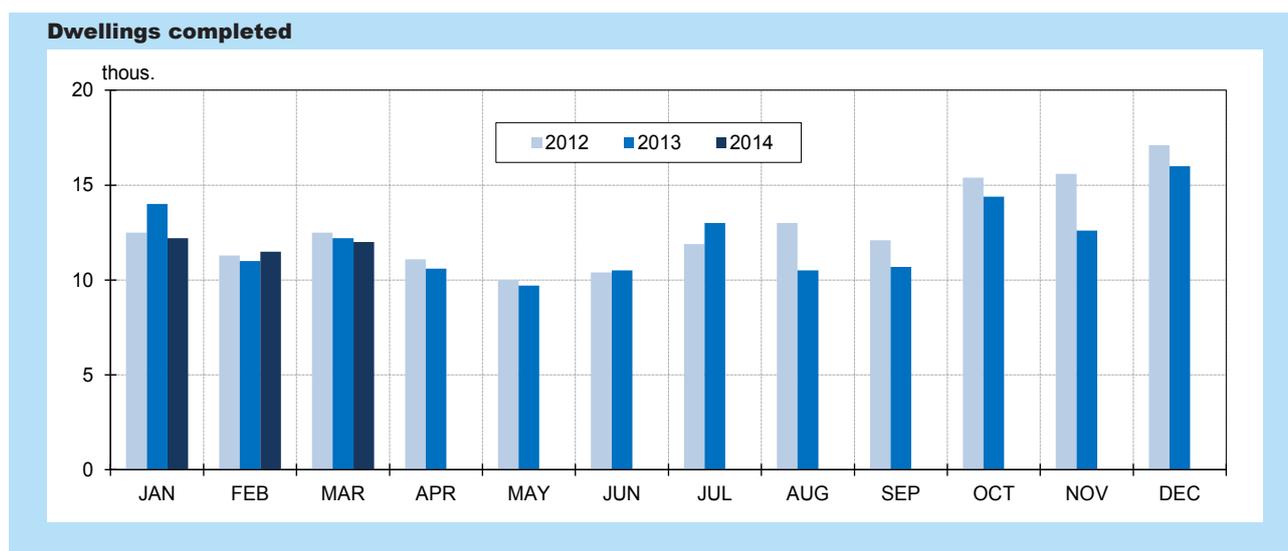
Investment outlays¹³ in construction in the 1st quarter of 2014 were by 5.2% lower than a year before (against a rise of 3.4% in the period of January–March of the previous year).

The construction and assembly production by type of constructions
the structure (in current prices)

Types of constructions	Structure in %	
	Q1 2013	Q1 2014
Total	100.0	100.0
Buildings in total	54.6	55.0
Residential buildings	17.0	15.5
of which:		
one-dwelling buildings	1.3	1.6
two- and more dwelling buildings	13.4	12.6
Non-residential buildings	37.6	39.5
of which:		
office buildings.....	4.7	4.7
wholesale and retail trade buildings	7.7	8.9
industrial buildings and warehouses	12.4	14.3
public entertainment, education, hospital or institutional care buildings	8.3	8.5
Civil engineering works	45.4	45.0
of which:		
highways, streets and roads	11.7	11.3
railways, suspension and elevated railways	2.7	3.7
bridges, elevated highways, tunnels and subways	2.8	2.3
pipelines, communication and electricity power lines	6.8	6.9
local pipelines and cables	8.2	8.4
wastewater and water treatment plants	1.2	1.7
complex constructions on industrial sites	7.6	8.1
other civil engineering works n.e.c.	3.3	1.2

¹² Data concern economic entities keeping accounting ledgers and employing 50 persons or more.

¹³ Data on investment outlays are presented at current prices.



In the 1st quarter of 2014, a drop in the number of dwellings completed was observed in annual terms. The number of dwellings in which construction has begun, and dwellings for which permits have been granted, increased significantly. At the end of March 2014, the number of dwellings under construction was slightly lower than a year before.

In the 1st quarter of 2014, 35.7 thous. dwellings were completed, i.e. by 3.9% less than a year before (when an increase of 2.3% was recorded). Less dwellings, in comparison to the corresponding period of the previous year were completed in two forms of construction with the highest share in total dwellings construction: in construction for sale or rent (a drop of 7.7% to 13.1 thous. dwellings) and in private construction (of 3.6% to 20.4 thous). Less dwellings than a year before were also completed in municipal construction (312 against 408). In the remaining forms of dwellings construction a growth was observed.

The average useful floor area of 1 completed dwelling in the 1st quarter of 2014 amounted to 105.0 m² and was by 0.8 m² smaller than a year before.

In the period of January–March 2014, a growth in the number of dwellings for which permits have been granted was recorded in annual terms (of 15.3% to 33.9 thous. against a decrease of 23.0% in the 1st quarter of the previous year). An increase was also noted in the number of dwellings in which construction has begun (of 49.0% to 32.2 thous. against a drop of 31.2% in the 1st quarter of the previous year).

At the end of March 2014, 691.5 thous. dwellings were under construction (by 0.8% less than a year before).

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Domestic Market

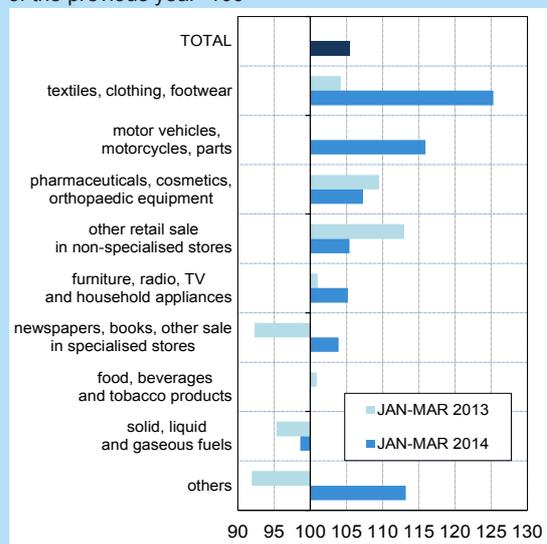
In the 1st quarter of 2014, retail sales¹⁴ grew by 5.5% in comparison to a year before (against 4.2% in the previous quarter).

Among groups with a considerable share in total retail sales, in the 1st quarter of 2014 a high growth in annual terms was recorded in the group of motor vehicles, motorcycles, parts (of 15.9%). The sales also increased in groups: other retail sales in non-specialised stores (by 5.4%), as well as furniture, radio, TV and household appliances (by 5.2%). Lower sales than in the period of January–March 2013 occurred, among others, in entities trading in solid, liquid and gaseous fuels (by 1.4%) and – slightly lower – in the group with the highest share in total retail sales, i.e. “food, beverages and tobacco products” (by 0.1%).

Wholesale¹⁵ in trade enterprises in the 1st quarter of 2014 grew by 5.6% in annual terms, of which in wholesale enterprises it increased by 3.6%. A considerable increase was observed, among others, in the group of pharmaceuticals, cosmetics, orthopaedic equipment – of 8.6% (against 15.3% a year before), and in the group with the highest share in wholesale, i.e. other intermediate

Retail sales of goods by selected product groups

at constant prices; corresponding period of the previous year=100



products, agricultural waste and scrap – of 4.4% (in the 1st quarter of the previous year – a drop of 4.9%). However, a wholesale drop concerned, among others, the group of tobacco products.

Retail sales

the dynamics (at constant prices) and the structure (at current prices)

Specification	2013				2014	2013	
	Q1	Q2	Q3	Q4	Q1	structure in %	2013
	corresponding period of the previous year=100						
T o t a l ^a	100.0	101.5	103.9	104.2	105.5	100.0	100.0
of which:							
Motor vehicles, motorcycles, parts	100.1	108.2	113.2	122.5	115.9	10.5	9.6
Solid, liquid and gaseous fuels	95.3	95.3	99.1	96.6	98.6	17.6	18.9
Food beverages and tobacco products	100.9	99.2	101.2	99.7	99.9	25.8	26.8
Other retail sale in non-specialised stores	113.0	108.3	110.9	110.6	105.4	10.8	11.0
Pharmaceuticals, cosmetics, orthopaedic equipment	109.5	109.2	108.8	106.7	107.3	5.6	5.5
Textiles, clothing, footwear	104.2	117.4	112.0	116.3	125.3	5.1	4.5
Furniture, radio, TV and household appliances	101.0	109.3	104.6	108.3	105.2	6.9	7.0
Newspapers, books, other sale in specialised stores	92.3	97.2	105.5	103.7	103.9	4.3	4.3
Other	91.9	94.9	100.0	98.1	113.2	12.6	11.7

a Groups of enterprises were created on the basis of the Polish Classification of Activities – PKD 2007. A given enterprise is included to a specific category by predominating kind of activity and according to its present organisational status. The recorded changes of rise or fall of the volume of retail sales in particular groups of enterprises activity may result from a change in the predominating kind of activity and organisational changes (e.g. a merger of enterprises). This does not have impact on the dynamics of the total retail sales.

¹⁴ At constant prices; in trade and non-trade enterprises employing more than 9 persons.

¹⁵ At current prices; in trade enterprises employing more than 9 persons.

In the 1st quarter of 2014, the financial results¹⁶ recorded by enterprises dealing with trade; repair of motor vehicles were better than the weak ones recorded a year before. Following a deep drop in the 1st quarter of 2013, the financial result on the sales of products, goods and materials increased by 49.6% (to PLN 2 562.9 mln), the gross financial result grew by 35.6% (to PLN 2 112.7 mln), and the net financial result – by 35.4% (to PLN 1 499.2 mln). The profitability rates were still relatively low, though better than a year before, of which from sales (1.5% against 1.1% a year earlier), gross turnover (1.2% against 1.0%) and net turnover (0.9%

against 0.7%). The cost level indicator improved slightly (from 99.0% to 98.8%). A growth occurred in the liquidity ratio of the first degree (from 18.4% to 19.6%) and of the second degree (from 72.9% to 74.7%). The share of enterprises indicating a net profit in the total number of enterprises surveyed increased (from 55.0% to 61.3%).

Investment outlays¹⁷, incurred by entities dealing with trade; repair of motor vehicles in the 1st quarter of 2014 were by 25.3% higher than a year before (following a drop of 13.8% in the period of January–March of the previous year).

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¹⁶ Data concern economic entities keeping accounting ledgers and employing 50 and more persons .

¹⁷ Data concerning investment outlays are presented at current prices.

Transport and Communications

In the 1st quarter of 2014 the sales of services¹⁸ in transport entities in total¹⁹ increased by 5.6% in comparison to the corresponding period of the previous year (a year before a growth of 3.7% was recorded).

In hire or reward road transport – a group with the major significance to total transport – a growth in sales in the period of January–March 2014 amounted to 5.3% in annual terms. Sales also increased, among others, in air transport (by 17.4%), railway transport (by 5.6%, against a drop of 4.1% a year before), as well as in entities dealing with warehousing and support activities for transportation (by 4.8%).

Total transport of goods amounted to 109.4 mln tonnes in the 1st quarter of 2014, i.e. by 4.6% more than in the corresponding period of the previous year. A growth was recorded in hire or reward road, railway and inland water transport, while a drop was observed in maritime and pipeline transport.

In the period of the three months of 2014, 53.4 mln tonnes of goods were transported by railway transport, i.e. by 1.6% more than in the corresponding period of the previous year. A growth was recorded in international transport – of 6.6% (of which the transport of imported goods increased by 21.5%), while decreases were observed in exported goods – of 8.1%, transit goods – of 0.9%, and domestic communication – of 0.6%.

In the 1st quarter of 2014, hire or reward road transport carried 41.5 mln tonnes of goods, i.e. by 9.5% more than in the corresponding period of the previous year.

12.3 mln tonnes of crude petroleum and petroleum products were pumped by pipeline transport (by 0.2% less than a year before).

Maritime transport carried 1.5 mln tonnes of goods (by 5.0% less than in the period of January–March of the previous year).

In seaports 16.7 mln tonnes of goods were loaded and unloaded from the beginning of 2014, i.e. by 9.3% more than in the corresponding period of the previous year. A growth concerned loading and unloading of dry bulk goods – of 15.2%, ro-ro – of 14.4% and containers – of 12.4%. However, a drop was recorded in loading and unloading of other general cargo (of 2.6%) and liquid bulk goods (of 1.3%).

In the 1st quarter of 2014, an increase in loading and unloading, in annual terms, was observed in all seaports, i.e. Szczecin (of 19.8% to 2.0 mln tonnes), Gdynia (of 14.6% to 3.9 mln tonnes), Świnoujście (of 7.9% to 3.0 mln tonnes), Gdańsk (of 5.0% to 7.3 mln tonnes) and Police (of 1.8% to 0.4 mln tonnes).

In the period fo January–March 2014, the public transport carried 175.7 mln passengers, i.e. by 8.7% less than in the 1st quarter of the previous year. A decrease in passenger transport was observed in hire or reward road transport – of 15.9% to 105.3 mln persons. However, an increase was observed in railway transport – of 4.2% to 68.5 mln passengers and in air transport – of 11.0% to 1.8 mln passengers.

Transport of goods

Specification	Q1 2014		
	in mln tonnes	increase/decrease (-) in % in comparison to the period of:	
		Q1 2012	Q1 2013
Total	109.4	+0.3	+4.6
of which:			
Railway transport	53.4	-2.5	+1.6
Hire or reward road transport ^a	41.5	+6.4	+9.5
Pipeline transport	12.3	-7.2	-0.2
Maritime transport.....	1.5	-20.5	-5.0

a In transport entities employing more than 9 persons. The share of hire or reward road transport in total hire or reward transport amounts to approx. 25%.

¹⁸ Including revenues from the transport of goods, passengers, baggage and mail, trans-shipping, forwarding, the storage and warehousing of freight and other services connected with transport servicing.

¹⁹ At constant prices; in transport entities employing more than 9 persons.

In the 1st quarter of 2014, the financial situation of enterprises²⁰ operating in transportation and storage was more favourable than a year before. A considerable growth, as compared to the low values recorded a year before, concerned gross financial results (from PLN 343.6 mln to PLN 736.2 mln) and net financial results (from PLN 147.2 mln to PLN 517.1 mln). The cost level indicator improved and amounted to 96.8% against 98.4% a year before. The profitability rates were better than a year before as regards both gross turnover (3.2% against 1.6%) and net turnover (2.3% against 0.7%). The financial liquidity ratios increased, both of the first degree (from 53.0% to 59.1%) and of the second degree (from 114.2% to 124.6%). The share of the number of enterprises reporting net profit in the total number of enterprises rose from 59.8% to 68.3%.

Investment outlays²¹ in the transportation and storage section grew in annual terms by 46.4% (against a drop of 4.4% a year before).

In the 1st quarter of 2014, the growth rate of the sales of communications services was higher than in the previous quarters.

The sales of communications services in total²², including revenues from postal and courier as well as telecommunication services was by 2.4% higher in the 1st quarter of 2014 than a year before

(against a decrease of 1.4% in the corresponding period of the previous year). The sales of telecommunication services increased by 2.6%, and that of postal and courier services – by 1.2%.

At the end of March 2014, the number of subscribers and users (pre-paid services) of mobile telephony reached the level of 56.7 mln (of which approx. 54% were users) and was by 3.4% higher than a year before, and by 0.4% higher than at the end of December of the previous year. At the end of March 2014, there were 147.4 subscribers and users per 100 inhabitants (against 146.8 at the end of December of the previous year and 142.3 a year before).

The decrease in the number of telephone main lines²³, which started in 2005, has continued. At the end of March 2014, their number in public wired telecommunications network amounted to approx. 5.8 mln and was by approx. 1.2% lower than at the end of December of the previous year. There were 15.0 main lines per 100 inhabitants (at the end of the previous year – 15.2). The number of ISDN²⁴ connections amounted to approx. 951 thous. at the end of March 2014 (of which approx. 93% in urban areas) and was by approx. 3% lower than at the end of the previous year.

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20 Data concern economic entities keeping accounting ledgers and employing 50 persons or more.

21 Data on investment outlays are presented at current prices.

22 At constant prices; in communications entities employing more than 9 persons.

23 Standard main lines (subscribers of wired telecommunications) increased by the number of ISDN connections.

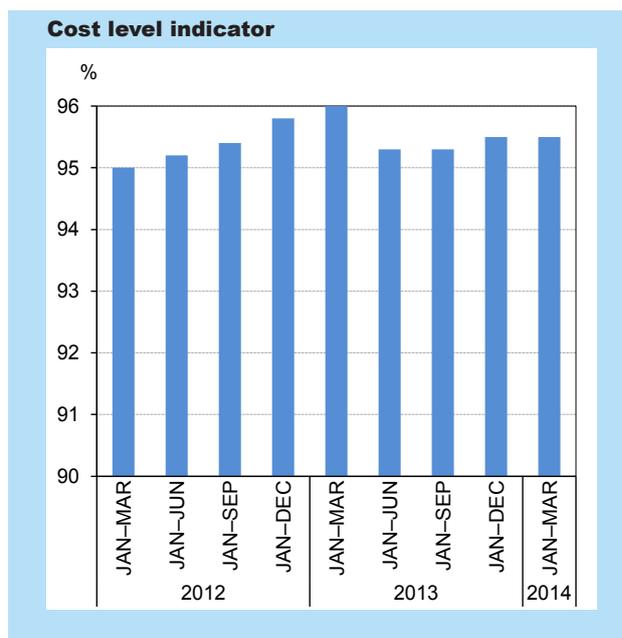
24 ISDN – integrated digital telephone network allowing the same network to be used for voice, video, fax and data transmission.

Financial Results of Non-financial Enterprises

Financial results of the surveyed enterprises²⁵ were better in the 1st quarter of 2014 than those obtained a year before. A growth in revenues from total activity was slightly higher than that of the costs of obtaining them, which triggered an improvement in the basic economic and financial indicators. The share of enterprises indicating net profit in the total number of the surveyed enterprises increased. The basic economic and financial relations obtained by exporters improved in comparison to the 1st quarter of 2013 and were better than for the surveyed enterprises in total.

In the 1st quarter of 2014 revenues from total activity were by 2.7% higher than the ones earned a year before, while the costs of obtaining them increased by 2.1%. As a result, an improvement in the cost level indicator was recorded, from 96.0% to 95.5%. Net revenues obtained from the sales of products, goods and materials grew by 3.2%. This increase in net revenues from the sales of products, goods and materials was recorded, among others, in trade; repair of motor vehicles, manufacturing, construction, transportation and storage, professional, scientific and technical activities, administrative and support service activities, accommodation and catering and real estate activities. The most considerable drop in net revenues from the sales of products, goods and materials was observed, among others, in electricity, gas, steam and air conditioning supply, as well as in mining and quarrying.

The financial result from the sales of products, goods and materials was by 8.9% higher than in the 1st quarter of 2013 and amounted to PLN 24 768.6 mln. The result on extraordinary activity improved (from minus PLN 26.6 mln to PLN 3.4 mln). In consequence of the increase in revenues and the



drop in costs, the result on other operating activity went up (by PLN 967.0 mln to PLN 3 239.6 mln). An improvement in the negative result on financial operations was recorded (minus PLN 2 426.7 mln against minus PLN 3 108.5 mln a year before), which resulted from a sharper drop in the costs of financial operations than in revenues. Consequently, the result on economic activity reached the level of PLN 25 581.5 mln and was by 16.8% higher than a year before.

The gross financial result equaled to PLN 25 584.9 mln (gross profit of PLN 33 239.4 mln and gross loss of PLN 7 654.6 mln) and was by PLN 3 705.8 mln (i.e. by 16.9%) higher than a year before. Encumbrances on the gross financial result increased in annual terms by 1.6% to PLN 4 326.0 mln.

²⁵ Data concern economic entities keeping accounting ledgers and employing 50 and more persons. Data do not include entities the main activity of which is classified according to the NACE Rev.2 in the sections "Agriculture, forestry and fishing" and "Financial and insurance activities" as well as higher education institutions.

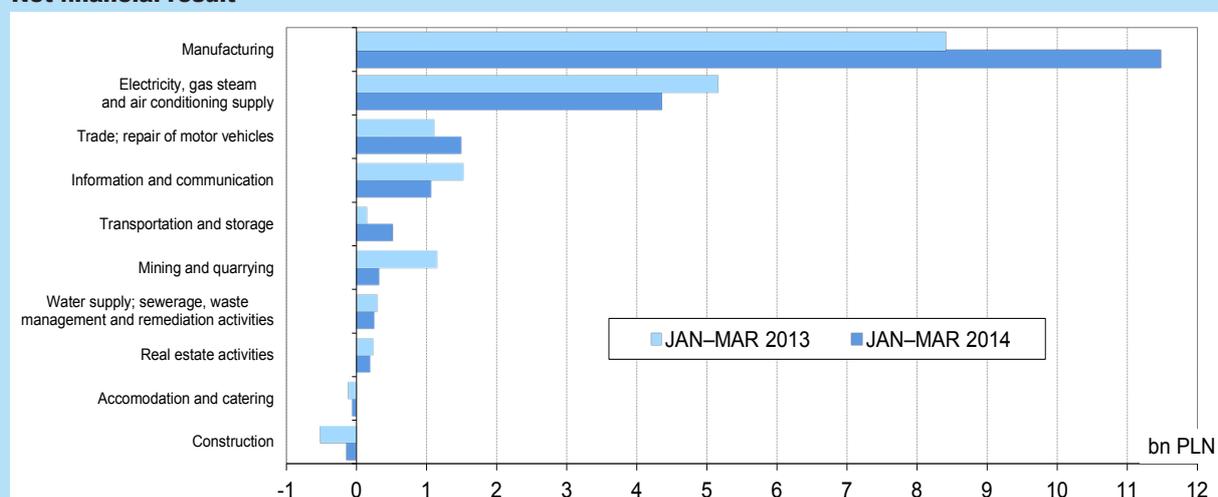
Revenues, costs and financial results of non-financial enterprises

Specification	2013				2014 JAN-MAR
	JAN-MAR	JAN-JUN	JAN-SEP	JAN-DEC	
	in mln PLN				
Revenues from total activity	551 403.9	1 141 214.9	1 754 751.4	2 392 594.2	566 408.9
of which net revenues from sales of products, goods and materials ...	535 043.2	1 100 270.4	1 698 926.4	2 312 285.8	552 392.7
Costs of obtaining revenues from total activity	529 498.3	1 087 890.5	1 671 980.1	2 284 484.5	540 827.4
of which costs of products, goods and materials sold	512 301.6	1 052 123.0	1 623 080.2	2 212 933.5	527 624.1
Financial result on economic activity	21 905.6	53 324.4	82 771.4	1 081 09.6	25 581.5
Gross financial result	21 879.1	53 310.4	82 793.2	108 113.5	25 584.9
Net financial result	17 622.8	45 442.0	70 297.5	92 107.4	21 258.9
Net profit	27 563.6	59 642.2	86 124.0	111 047.5	28 860.4
Net loss	9 940.8	14 200.3	15 826.5	18 940.1	7 601.5

The net financial result reached the level of PLN 21 258.9 mln (net profit of PLN 28 860.4 mln, and net loss of PLN 7 601.5 mln), i.e. by PLN 3 636.1 mln (by 20.6%) more as compared to the corresponding period of the previous year. An improvement in the net financial result was recorded in manufacturing (of PLN 3 066.9 mln to PLN 11 470.3 mln), professional, scientific and technical activities (of PLN 1 110.8 mln to PLN 1 232.9 mln), trade; repair of motor vehicles (of PLN 391.7 mln to PLN 1 499.2 mln), transportation and storage (of PLN 369.9 mln to PLN 517.1 mln), and administrative and support service activities (of PLN 317.4 mln to PLN 365.6 mln). A considerable improvement in the net financial result was also recorded in construction (from minus PLN 523.4 mln to minus PLN 137.2 mln). The net financial result

worsened to the largest extent in mining and quarrying (by PLN 823.7 mln to PLN 325.0 mln), electricity, gas, steam and air conditioning supply (by PLN 803.6 mln to PLN 4 346.6 mln), and information and communication (by PLN 447.6 mln to PLN 1 072.9 mln).

Net profit was reported by 67.6% of the surveyed enterprises (against 61.6% a year before), and the revenues obtained by them accounted for 73.8% of the revenues from total activity of the surveyed enterprises (against 73.0% in the 1st quarter 2013). In manufacturing, net profit was achieved by 75.7% of enterprises (against 69.7%), and the share of revenues obtained by them in the revenues of all entities in this section amounted to 75.3% (against 78.8% a year before).

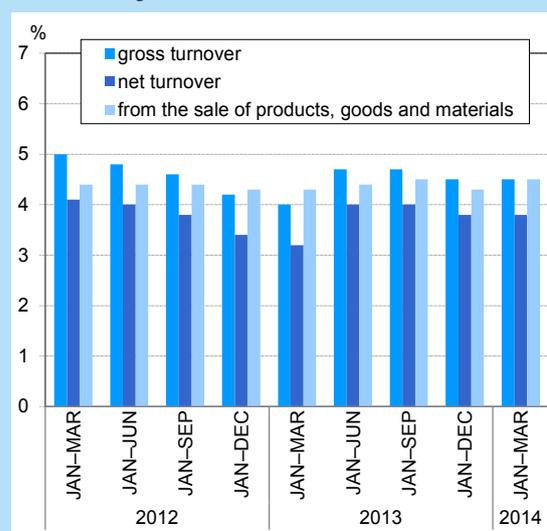
Net financial result

The basic economic and financial indices of the surveyed enterprises

Specification	2013				2014 JAN-MAR
	JAN-MAR	JAN-JUN	JAN-SEP	JAN-DEC	
	in %				
Cost level indicator	96.0	95.3	95.3	95.5	95.5
Profitability rate from the sales of products, goods and materials	4.3	4.4	4.5	4.3	4.5
Gross turnover profitability rate	4.0	4.7	4.7	4.5	4.5
Net turnover profitability rate	3.2	4.0	4.0	3.8	3.8
Liquidity ratio of the first degree	32.7	33.5	32.7	35.0	34.3

The profitability rate from the sales of products, goods and materials advanced from 4.3% to 4.5%, the gross turnover profitability rate – from 4.0% to 4.5% and the net turnover profitability rate – from 3.2% to 3.8%. In comparison to the 1st quarter 2013, an increase was recorded in the share of profitable units in the total number of the surveyed enterprises (i.e. with the net profitability rate equal to, or higher than, 0.0) from 61.9% to 67.9%, and their share in revenues from total activity grew from 73.0% to 73.9%. An improvement in the net turnover profitability rate was remarked, among others, in professional, scientific and technical activities (from 1.5% to 12.5%), administrative and support service activities (from 0.7% to 4.7%), transportation and storage (from 0.7% to 2.3%), manufacturing (from 3.6% to 4.8%) and trade; repair of motor vehicles (from 0.7% to 0.9%). The net turnover profitability rate better than a year before, though still negative, concerned construction (minus 0.8% against minus 3.3% a year before). The most considerable weakening of the net turnover profitability rate occurred in mining and quarrying (a drop from 8.1% to 2.7%). This rate also worsened in information and communication (from 7.4% to 5.5%), water supply; sewerage, waste management and remediation activities (from 5.3% to 4.6%), real estate activities (from 4.3% to 3.8%) and electricity, gas, steam and air conditioning supply (from 9.8% to 9.2%).

It increased the level of the liquidity indicators: of the first degree from 32.7% in the 1st quarter of the previous year to 34.3%, as well as of the second degree from 98.5% to 100.1%. A liquidity indicator of the first degree above 20% was obtained by 46.5% of the surveyed enterprises (against 44.8% in the 1st quarter of the previous year), and the liquidity indicator of the second degree ranging from 100% to

Profitability rate

130% was recorded by 12.0% of the surveyed group of the enterprises (against 11.7% a year before).

The ratio of liabilities to dues (resulting from deliveries and services) reached a slightly higher level than a year before (93.5% against 93.3%). The value of liabilities resulting from deliveries and services, exceeding the value of dues associated with them, was recorded, among others, in trade; repair of motor vehicles, mining and quarrying and accommodation and catering.

The costs of the current activity incurred by the surveyed entities in total in the 1st quarter of 2014 were by 2.6% higher than in the previous year. In the structure of total costs by type, the share of the costs of services made by other contractors and of wages and salaries increased, while a drop was recorded in the share of the costs of materials and energy, taxes and payments, as well as other costs. The share of the costs of insurances and benefits for workers as well as depreciation remained at the same level.

In the group of the surveyed enterprises, 48.5% units reported sales for exports in the 1st quarter of 2014 (against 46.9% a year before). The level of export sales was by 3.6% higher than in the corresponding period of the previous year. The share of the sales for export in net revenues from the sales of products, goods and materials of enterprises in total grew by 0.1 percentage point to 24.1%. In the 1st quarter of 2014, 68.4% of sales for exports occurred in those enterprises in which export sales account for more than 50% of the turnover from the sales of products, goods and materials (against 67.9% a year before).

In the group of exporting entities, the share of units reporting net profit went up (to 75.4% from 68.1% a year before, of which in manufacturing – to 78.1% from 71.5%). The basic economic and financial relations established by exporters improved in comparison to the 1st quarter 2013 and were better

than for the surveyed enterprises in total. The financial liquidity indicator of the first degree was lower than the one recorded by enterprises in total.

Among the surveyed enterprises, 90.6%, i.e. 14 829 entities, conducted economic activity in both 2013 and 2014 (against 89.5% a year before). Net revenues from the sales of products, goods and materials of these entities constituted 96.8% of net revenues from sales recorded in enterprises in total (against 96.3% a year before). The share of this group of enterprises in the net profit and the net loss of the surveyed group of enterprises in total amounted to 95.8% and 94.0%, respectively (against 94.8% and 90.9% a year before). The basic economic and financial indicators recorded in this group were better than a year before and reached a similar level to the ones achieved by the surveyed entities in total.

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Investment Outlays

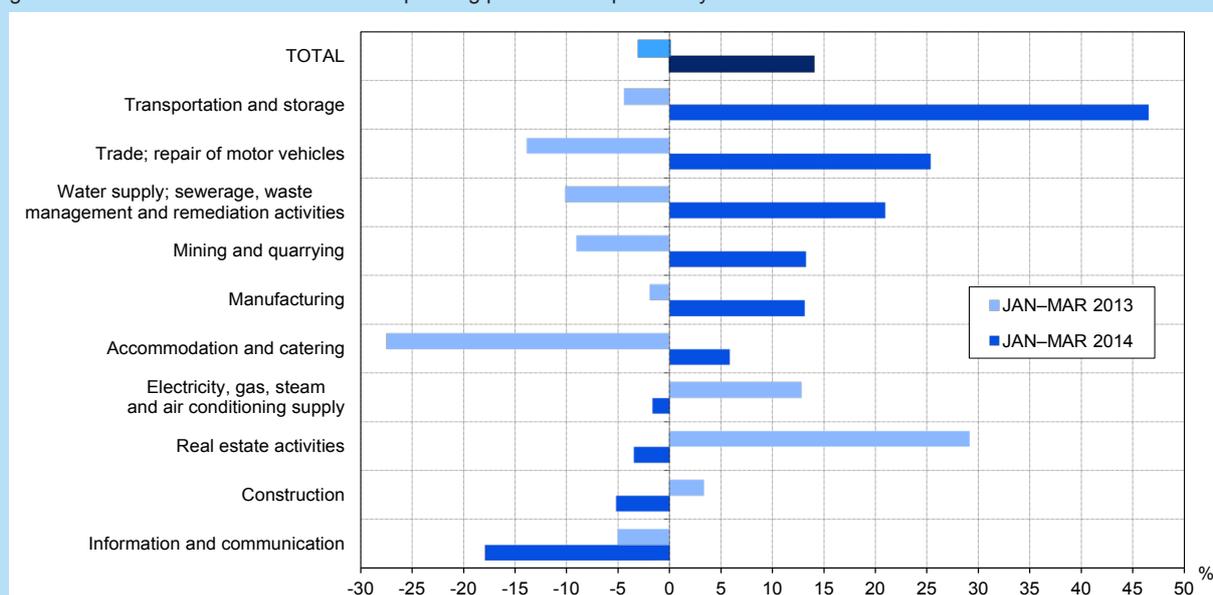
In the 1st quarter of 2014, the outlays of the surveyed enterprises²⁶ on new fixed assets amounted to PLN 19.5 bn and were (at constant prices) by 16.3% higher than a year before (when a drop of 1.6% was recorded). Outlays on buildings and structures rose by 15.1% (against a growth of 5.7% in the 1st quarter of the previous year). Outlays on purchases grew by 17.1% (against a drop of 5.6%

a year before), of which outlays on machinery, technical equipment and tools increased by 9.9% (against a drop of 1.8% a year before) and on transport equipment by 46.6% (against a drop of 18.7% a year before). The share of purchases in total outlays amounted to 62.4% against 61.7% in the 1st quarter of the previous year.

Investment outlays

Investment outlays by selected sections (current pices)

growth / decrease in relation to the corresponding period of the previous year – in %



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²⁶ Data concern economic entities keeping accounting ledgers and employing 50 and more persons. Data do not include entities the main activity of which is classified according to the NACE Rev.2 in the sections "Agriculture, forestry and fishing" and "Financial and insurance activities" as well as higher education institutions.

Foreign Trade

In the 1st quarter of 2014, a growth in foreign trade turnover was observed. In exports the value of supplies to developed countries, including the EU countries, increased, and in imports – from all groups of countries, except for the Central and Eastern European countries. The total trade exchange closed with a positive balance against the negative one recorded in the previous years. The turnover in constant prices in the 1st quarter of 2014 was higher than in the corresponding period of the previous year and the total terms of trade index was more favourable.

In the 1st quarter of 2014, exports calculated in PLN increased by 7.8% in annual terms and amounted to PLN 165 083.4 mln, while imports grew by 3.6% to PLN 163 873.7 mln. The trade exchange closed with a positive balance of PLN 1 209.7 mln (against minus PLN 5 095.7 mln in the 1st quarter of the previous year). Turnover in EUR increased in exports by 6.8% to EUR 39 586.3 mln and in imports

– by 2.6% to EUR 39 294.7 mln. The positive balance amounted to EUR 291.6 mln (against minus EUR 1 235.7 mln a year before). Exports in USD were by 9.6% higher than a year before and amounted to USD 54 171.8 mln, while imports grew by 5.3% to USD 53 763.1 mln. The positive balance expressed in this currency reached the level of USD 408.7 mln (against minus USD 1 628.8 mln in the 1st quarter of the previous year).

Exports in constant prices in the period of January–March 2014 were higher than in the corresponding period of the previous year by 7.2%, and imports – by 6.9%. In turnover with the EU countries, the volume of exports increased by 12.2%, in turnover with the Central and Eastern European countries it decreased by 8.5%, and in the case of developing countries it dropped by 5.5%. The volume of goods imported from the EU countries grew by 6.5%, from the Central and Eastern European countries – by 1.7%, and from developing countries – by 20.4%.

Foreign trade turnover

Specification	JAN–MAR 2014						JAN–MAR 2013	JAN–MAR 2014
	in mln PLN	in mln EUR	in mln USD	JAN–MAR 2013=100				
				in PLN	in EUR	in USD	structure in %	
Exports	165 083.4	39 586.3	54 171.8	107.8	106.8	109.6	100.0	100.0
developed countries	139 212.0	33 381.9	45 682.6	110.6	109.6	112.4	82.2	84.3
of which the European Union	127 685.7	30 618.2	41 900.7	111.2	110.1	113.0	75.0	77.3
of which euro-area ...	89 323.7	21 419.6	29 312.9	112.2	111.1	114.0	52.0	54.1
developing countries	13 632.5	3 269.3	4 474.5	96.8	95.9	98.4	9.2	8.3
the Central and Eastern- European countries	12 238.9	2 935.1	4 014.7	92.9	92.2	94.4	8.6	7.4
Imports	163 873.7	39 294.7	53 763.1	103.6	102.6	105.3	100.0	100.0
developed countries	105 787.4	25 368.0	34 709.3	102.4	101.4	104.0	65.3	64.6
of which the European Union	95 292.5	22 851.1	31 264.3	104.7	103.7	106.4	57.5	58.1
of which euro-area ...	74 742.7	17 923.2	24 522.0	105.2	104.2	106.8	44.9	45.6
developing countries	35 584.7	8 533.0	11 676.7	112.5	111.4	114.3	20.0	21.7
the Central and Eastern- European countries	22 501.6	5 393.7	7 377.1	96.8	95.8	98.5	14.7	13.7
Balance	1 209.7	291.6	408.7	x	x	x	x	x
developed countries	33 424.6	8 013.9	10 973.3	x	x	x	x	x
of which the European Union	32 393.2	7 767.1	10 636.4	x	x	x	x	x
of which euro-area ...	14 581.0	3 496.4	4 790.9	x	x	x	x	x
developing countries	-21 952.2	-5 263.7	-7 202.2	x	x	x	x	x
the Central and Eastern- European countries	-10 262.7	-2 458.6	-3 362.4	x	x	x	x	x

In the period of January–March 2014, transaction prices (calculated in PLN) of exported goods were higher (by 1.4%), and those of imported goods were lower (by 1.8%) than in the corresponding period of the previous year. The total terms of trade index reached the level of 103.3 (against 101.7 a year before). In turnover with the EU countries, the terms of trade index amounted to 99.8 (against 100.8 in the period of January–March of the previous year).

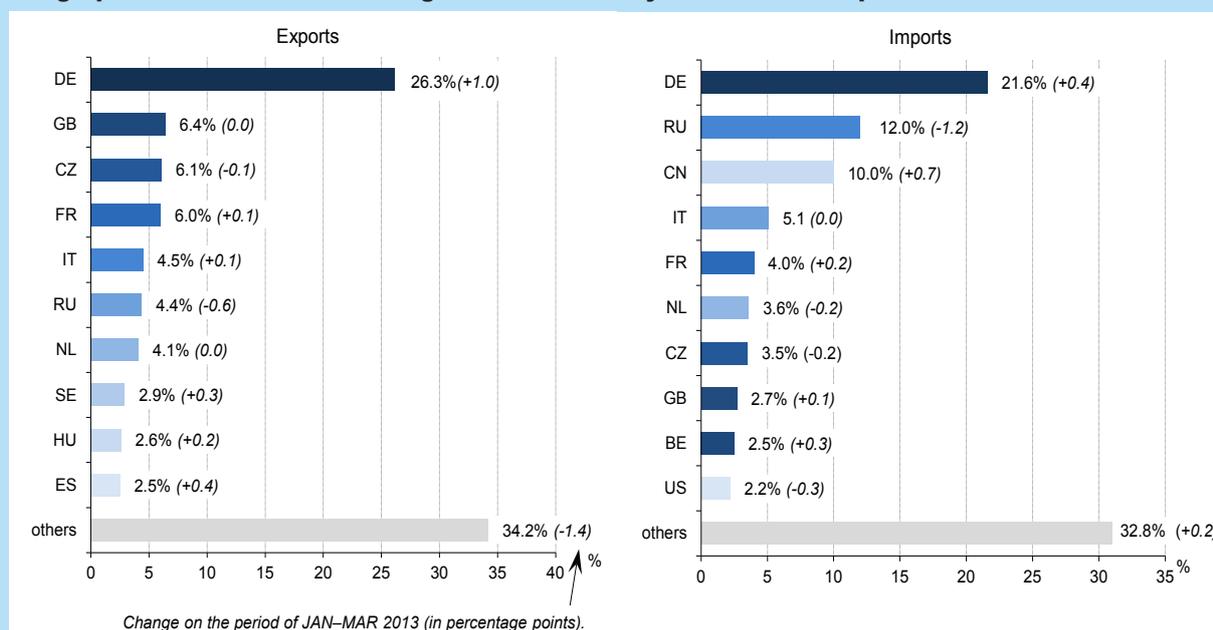
In the geographic structure of foreign trade turnover, as compared to the 1st quarter of the previous year, in exports a growth in the share of developed countries (including the EU countries) was recorded, together with a drop in the share of the Central and Eastern European countries and developing countries. However, in imports only the share of the Central and Eastern European countries decreased.

The value of turnover with Germany, our most important trade partner, grew in exports by 12.1% to PLN 43 408.0 mln, and in imports by

5.3% to PLN 35 356.9 mln. The trade exchange closed with a positive balance of PLN 8 051.1 mln (against PLN 5 158.7 mln in the 1st quarter of the previous year). Exports in EUR grew by 11.0%, and imports – by 4.3%. The positive balance amounted to EUR 1 930.8 mln (against EUR 1 252.4 mln a year before). The share of Germany in total turnover increased in exports from 25.3% in the 1st quarter of the previous year to 26.3%, and in imports from 21.2% to 21.6%.

In the trade exchange with Germany, according to the SITC commodity groups, a growth in exports was recorded, among others, in furniture and parts thereof, as well as parts and accessories of the motor vehicles. A decrease was observed in exports of copper, as well as internal combustion piston engines and parts thereof. In imports a considerable growth occurred, among others, in the value of supplies of passenger motor cars, while the value of internal combustion piston engines and parts thereof, articles of plastic, as well as manufactures of base metal decreased.

Geographical structure of the foreign trade turnover by countries in the period of JAN–MAR 2014



After the 1st quarter of 2014, Russia was the 6th largest trade partner of Poland in exports, and the 2nd in imports (against respectively the 5th and 2nd position a year before). Exports to Russia, in comparison to the 1st quarter of the previous year, dropped by 6.3% and amounted to PLN 7 200.4 mln, and imports decreased by 5.3% to PLN 19 707.6 mln. The negative balance of turnover improved from PLN 13 122.6 mln a year before to the value of minus PLN 12 507.2 mln. Turnover with Russia expressed in EUR dropped by 7.1% in exports and by 6.3% in imports, and the negative balance amounted to EUR 2 996.9 mln (against minus EUR 3 181.0 mln in the 1st quarter of the previous year). The value of trade exchange in USD decreased in exports by 4.8%, and in imports – by 3.6%. The negative balance reached the level of USD 4098.3 mln (against USD minus 4 222.3 mln a year before). The share of Russia in total exports decrease from 5.0% in the 1st quarter of the previous year to 4.4%, and in imports – from 13.2% to 12.0%.

In turnover with Russia (according to the SITC groups), exports, among others, of ships, boats and floating structures, as well as vegetables, fresh, chilled or frozen or preserved were higher than a year before, while a decrease in exports concerned, among others, fruit and nuts fresh or dried, as well as parts and accessories of the motor vehicles. In imports a drop in the value of supplies of petroleum was recorded, along with a growth, among others, in flat-rolled products of iron or non-alloy steel and coal.

The trade exchange with Ukraine dropped in exports by 19.9% to PLN 3 025.5 mln, and grew

in imports by 7.1% to PLN 1 893.3 mln. As a result, the positive balance of turnover amounted to PLN 1 132.2 mln (against PLN 2 011.0 mln a year before). The exchange in EUR decreased in exports to EUR 725.5 mln, i.e. by 20.6%, and increased in imports to EUR 454.0 mln, i.e. by 6.1%. The balance of turnover reached the level of EUR 271.5 mln (against EUR 485.9 mln in the 1st quarter of the previous year). Exports in USD were lower than a year before by 18.6%, and imports higher by 8.8%. The positive balance amounted to USD 371.3 mln (against USD 648.8 mln a year before). The share of Ukraine in total turnover fell in exports to 1.8%, and rose in imports to 1.2% (against respectively 2.5% and 1.1% a year before).

In total turnover according to the SITC classification, a growth was recorded in all major commodity sections, except for exports of mineral fuels, lubricants and related materials, as well as imports of crude materials, inedible, except fuels. In the structure of exports, an increase was observed in the share, among others, of machinery and transport equipment, and miscellaneous manufactured articles, while a decrease concerned the share of manufactured goods classified chiefly by material, as well as mineral fuels, lubricants and related materials. In imports a growth was recorded in the share, among others, of miscellaneous manufactured articles, as well as chemicals and related products, along with a drop in the share of mineral fuels, lubricants and related materials, as well as crude materials inedible, except for fuels.

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Money Supply

At the end of March 2014, the M3 money supply²⁷ amounted to PLN 980 377.3 mln, i.e. by 0.1% more than at the end of the previous year.

The supply of currency in circulation (excluding bank vault cash) at the end of March 2014 amounted to PLN 116 657.0 mln and increased by 2.0% in comparison to the end of the previous year.

Deposits and other liabilities, constituting the main item in the structure of M3 money supply, at the end of March 2014 amounted to PLN 847 966.8 and increased by 0.2% in comparison to the end of the previous year. Deposits and other liabilities towards local government increased by 29.5%, towards social security funds – by 3.5%, towards households – by 2.6%, and towards non-profit institutions serving households – by 2.3%. However, a decrease was recorded in deposits and other liabilities towards non-monetary financial institutions – of 14.8%, and towards non-financial corporations – of 5.9%.

Other M3 components at the end of March 2014 amounted to PLN 15 753.5 mln. Their value decreased in relation to the end of 2013 by 15.1%.

Another factor influencing the money stock were net external assets, which at the end of March 2014

reached the level of PLN 132 848.9 mln. Their value in comparison to the end of the previous year decreased by 7.4%.

Net domestic assets at the end of March 2014 amounted to PLN 847 528.3 mln and were by 1.4% higher in comparison to the end of 2013.

Claims, having the highest share in the structure of net domestic assets at the end of March 2014 reached the level of PLN 957 525.7 mln and increased by 2.2% in comparison to the end of the previous year. A growth was observed in claims from non-monetary financial institutions – of 11.3%, from non-financial corporations – of 3.2% and from households – of 1.3%. A drop concerned claims from non-profit institutions serving households and from local government – of 0.8% in both cases. In March 2014, no claims from social security funds were recorded (against PLN 0.2 mln at the end of 2013).

Net credit to central government at the end of March 2014 amounted to PLN 148 921.0 mln. It increased by 2.4% in comparison to the end of the previous year.

The components of money supply (M3) and assets of the bank system^a

Specification	2013		2014			
	MAR	DEC	FEB	MAR	change in relation to	
					FEB 2014	DEC 2013
	in mln PLN					
Money supply (M3)	932 005.5	978 923.5	968 442.3	980 377.3	11 935.0	1 453.8
currency in circulation	105 759.7	114 401.2	114 679.7	116 657.0	1 977.3	2 255.8
deposits and other liabilities .	810 079.7	845 959.7	839 604.3	847 966.8	8 362.5	2 007.1
other components of M3	16 166.2	18 562.5	14 158.2	15 753.5	1 595.3	-2 809.0
External assets, net	172 513.3	143 429.5	135 759.4	132 848.9	-2 910.5	-10 580.6
Domestic assets, net	759 492.2	835 494.0	832 682.9	847 528.3	14 845.4	12 034.3
Other items, net	-275 159.1	-247 204.7	-254 134.8	-258 918.4	-4 783.6	-11 713.7

^a End of period.

²⁷ Based on the data of the National Bank of Poland.

A factor decreasing the money stock was the negative balance of other items (net), amounting to PLN 258 918.4 mln, which decreased by PLN 11 713.7 mln in comparison to the end of the previous year.

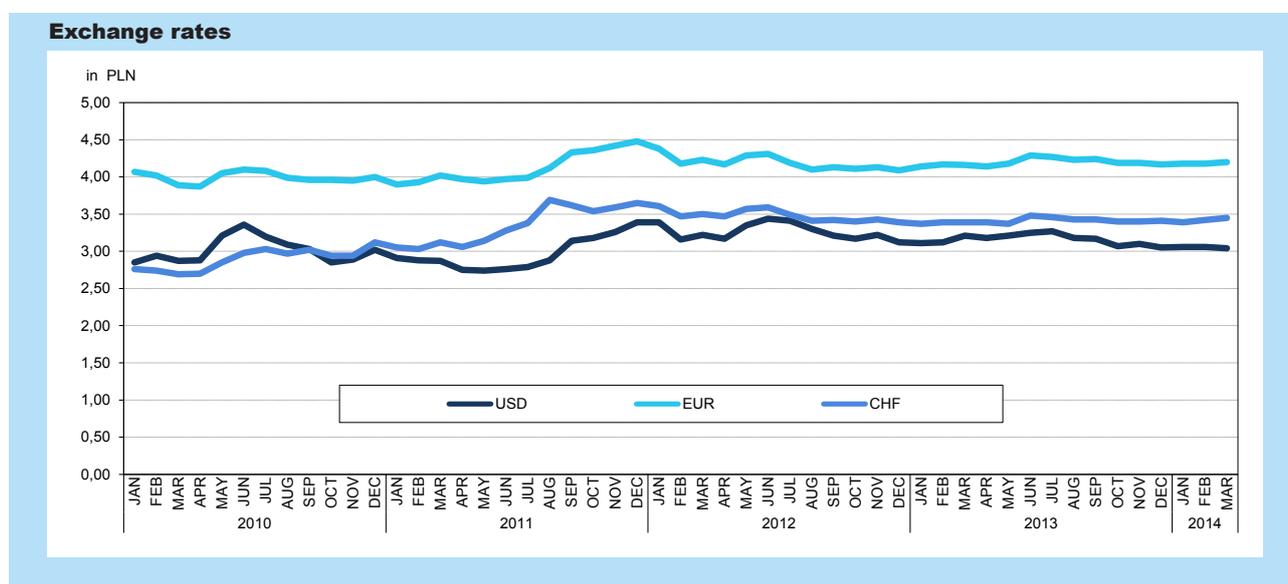
The basic interest rates of the National Bank of Poland in March 2014 did not change in comparison to the ones applicable from 4 July 2013, and their values were as follows: the lombard rate – 4.00%, the rediscount rate – 2.75%, the reference rate – 2.50%, and the deposit rate – 1.00%.

The average monthly exchange rate of USD in the National Bank of Poland in March 2014 amounted to PLN 303.78/USD 100 and dropped by 5.2% in relation to the one recorded in the corresponding month of the previous year while

in comparison to the average exchange rate for December of the previous year it was by 0.3% lower.

The average monthly exchange rate of EUR in the National Bank of Poland in March 2014 reached the level of PLN 419.72/EUR 100 and increased by 0.9% against the one recorded in the corresponding month of the previous year, and by 0.5% in comparison to the average exchange rate for December of the previous year.

The average monthly exchange rate of CHF in the National Bank of Poland in March 2014 amounted to PLN 344.71/CHF 100 and increased by 1.7% against the one recorded a year before. In comparison to December of the previous year, this exchange rate was by 1.1% higher.



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State Budget

In the period of January–March 2014, the revenue of the state budget²⁸ amounted to PLN 66 974.9 mln (i.e. 24.1% of the amount planned in the budget act for 2014), and expenditure to PLN 84 465.9 mln

(26.0%, respectively). The deficit was at the level of PLN 17 491.0 mln, which accounted for 36.8% of the plan.

Revenue and expenditure of the state budget				
Specification	Budget act ^a for 2014	JAN–MAR 2014		
		execution	low on public finances	structure
		in mln PLN		in %
Total revenue	277 782.2	66 974.9	24.1	100.0
tax revenue	247 980.0	61 918.7	25.0	92.5
indirect taxes	179 030.0	44 896.2	25.1	67.0
of which excise tax	62 080.0	13 696.6	22.0	20.4
corporate income tax	23 250.0	7 377.2	31.7	11.0
personal income tax	43 700.0	9 391.5	21.3	13.9
non-tax revenue	28 148.1	5 005.4	17.8	7.5
of which receipts from customs duties	2 003.0	547.2	27.3	0.8
non-returnable funds from the European Union and other sources	1 654.1	47.8	2.9	0.1
Common Agricultural and Fisheries Policy structural funds and other	205.6	24.6	12.0	0.0
structural funds and other	1 448.5	23.1	1.6	0.0
Total expenditure	325 287.4	84 465.9	26.0	100.0
of which:				
domestic debt servicing	24 370.0	3 253.3	13.3	3.9
foreign debt servicing	11 800.0	4 597.2	39.0	5.4
settlements with the EU general budget with regard to own resources	17 765.2	6 912.0	38.9	8.2
allocations for:				
Pension Fund	16 100.5	3 878.8	24.1	4.6
Social Insurance Fund	30 362.8	10 922.5	35.6	12.9
general subsidy for local self-government entities	51 206.4	17 944.4	35.0	21.2
Deficit	-47 505.1	-17 491.0	36.8	x
Deficit financing ^b :				
domestic sources	25 349.6	15 913.5	62.8	x
foreign sources	22 547.2	6 270.0	27.8	x

a Journal of Laws dated 3 II 2014, item 162. b Including the financing of the state budget and the European Union funds deficit.

28 Prepared on the basis of the information provided by the Ministry of Finance: "Estimated data on the execution of the state budget for the period of January–March 2014."

The revenue executed in the period of January–March 2014 was by 9.2% higher than in the corresponding period of the previous year, and the execution of the budget act was by 1.9 percentage point higher. Receipts from indirect taxes amounted to PLN 44 896.2 mln (i.e. by 12.7% more than in the period of January–March of the previous year), of which excise tax – PLN 13 696.6 mln (by 6.1% more). Their share in the total amount of revenue amounted to 67.0% and 20.4%, respectively.

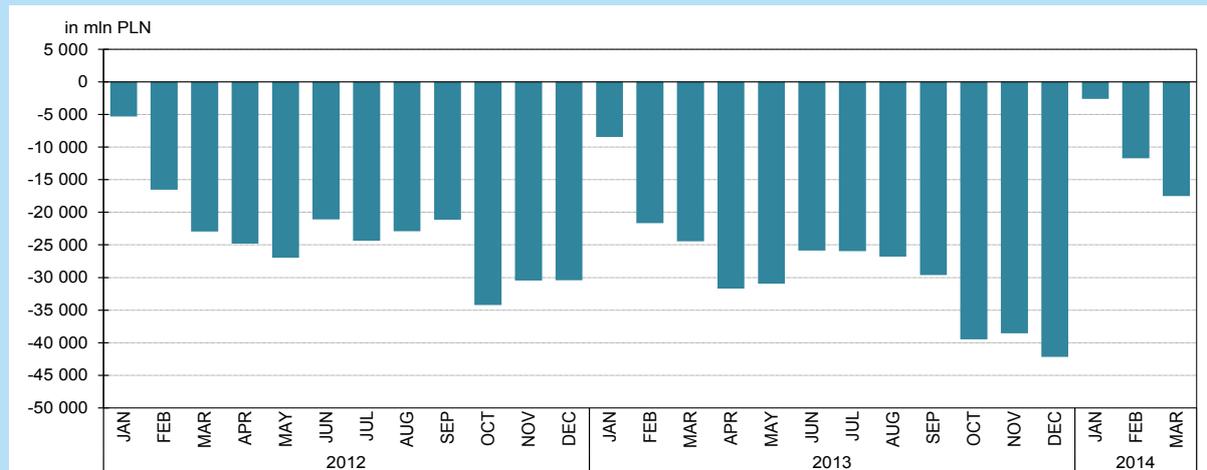
Receipts from corporate income tax reached the level of PLN 7 377.2 mln (by 19.0 % more than a year before), and from personal income tax – PLN 9 391.5 mln (by 3.5% more than a year before). Their share in total revenue amounted to 11.0% and 14.0%, respectively. The execution of revenue of the state budget from the inflow of non-returnable funds from the European Union and other sources

constituted 2.9% of the plan (against 13.6% in the corresponding period of the previous year).

Expenditure incurred in the period of January–March 2014 was by 1.5% lower than a year before, and the execution of the budget act in this scope was by 0.2 percentage point lower. General subsidy for local self-government entities did not change considerably and amounted to PLN 17 944.4 mln, i.e. 21.2% of total expenditure. Expenditure on domestic and foreign debt servicing accounted for 9.3% of total expenditure (10.4% a year before). Allocations paid in the period of January–March 2014 to the Pension Fund amounted to PLN 3 878.8 mln (by 3.6% more than in the period of January–March of the previous year), and to the Social Insurance Fund – to PLN 10 922.5 mln (by 1.0% less), which constituted respectively for 4.6% and 12.9% of total expenditure.

State budget result

on accrued basis from the beginning of the year



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Gross Domestic Product

According to preliminary data, the growth rate of the gross domestic product (at constant prices for the previous year) in the 1st quarter of 2014 was the fastest in the last two years and amounted to 3.4% in annual terms (against a growth of 2.7% in the 4th quarter of 2013 and of 0.4% in the 1st quarter 2012). After eliminating the influence of seasonal factors (at constant prices, with the reference year 2005), the gross domestic product increased by 3.5% (against 0.5% a year before).

In the 1st quarter of 2014, a positive influence of the domestic demand on the economic growth rate strengthened (to 2.9 percentage points). For the first time in the last two years, a positive influence of gross capital formation was recorded (which amounted to 1.1 percentage point, together with the strengthening of a positive impact of investment demand – to 1.2 percentage point, and the limitation of a negative influence of the changes in inventories – to minus 0.1 percentage point). A positive impact of final consumption expenditure reached 1.8 percentage point (of which individual consumption expenditure – 1.7 percentage point, and public consumption expenditure – 0.1 percentage point). The influence of net exports remained positive (0.5 percentage point).

The increase in the domestic demand, in annual terms, observed since the 3rd quarter of the previous year, strengthened in the 1st quarter of 2014 and amounted to 3.0% (against a growth of 1.8% in the 4th quarter of the previous year). This mainly resulted from a high rise in gross capital formation (of 8.5%), including

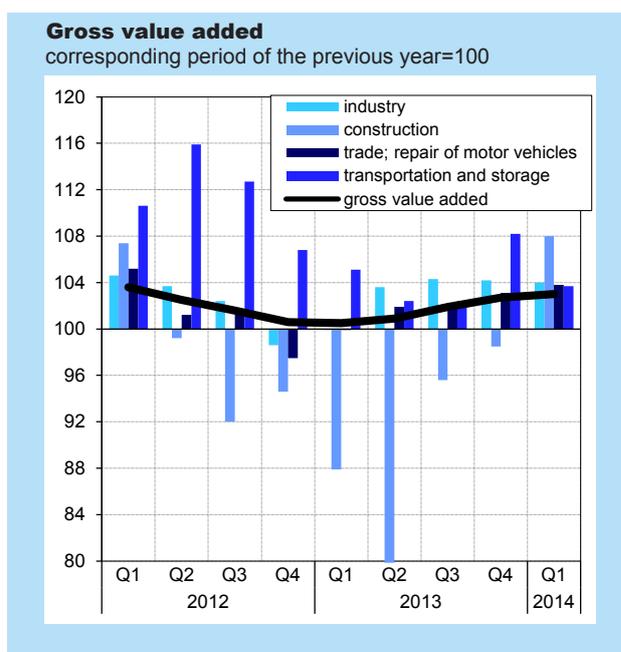
Gross domestic product, individual consumption expenditure and gross fixed capital formation
corresponding period of the previous year=100



the highest rise of gross fixed capital formation since the 2nd quarter of 2008 (of 10.7%). Final consumption expenditure was by 2.2% higher than in the 1st quarter of the previous year, which was due to a growth in individual consumption expenditure – of 2.6% and in public consumption expenditure – of 0.7%. The investment rate in the 1st quarter of 2014 amounted to 12.2% (against 11.7% in the 1st quarter of the previous year).

Exports in the 1st quarter of 2014 increased in annual terms by 7.6% (against a growth of 6.4% in the previous quarter) and imports – by 6.9% (against 4.2% in the previous quarter).

The gross value added in the national economy in the period of January–March 2014 was by 3.0% higher than in the corresponding period of the previous year (against a rise of 2.7% in the 4th quarter of the previous year, and of 0.5% a year before). A high growth in the gross value added was observed, among others, in financial and insurance activities, and construction (of 16.0% and 8.0%, respectively, following a drop a year before, which was particularly considerable in construction). An increase was also recorded, among others, in industry (of 4.0%), trade; repair of motor vehicles (of 3.8%), transportation and storage (of 3.7%), accommodation and catering (of 1.7%), as well as information and communication (of 1.1%). For the first time in the last two years, the gross value added decreased in annual terms in public administration and defence; compulsory social security, education, human health and social work activities – by 0.8% in total.



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General Notes

1. Data contained in the Poland Quarterly Statistics have been presented in accordance with the Polish Classification of Activities – PKD 2007, compiled on the basis of the Statistical Classification of Economic Activities in the European Community – NACE Rev. 2.
2. The category of “Industry” used in this quarterly refers to NACE Rev. 2 sections “Mining and quarrying”, “Manufacturing”, “Electricity, gas, steam and air conditioning supply” and “Water supply; sewerage, waste management and remediation activities”.
3. Data are compiled according to the respective organizational status of units of the national economy.
4. Data by NACE Rev. 2 sections, divisions and groups as well as voivodships are compiled on the basis of the enterprise (entity) method, assuming whole entities of the national economy as the basis for grouping all data characterising their activity according to individual classification levels and territorial divisions.
5. Data presented in the publication cover units of the national economy regardless of ownership, i.e. included in the public and private sectors.
6. The information concerning the enterprise sector is presented on the basis of the definition of “enterprise” – introduced by the Council Regulation (EEC) No. 696/93 of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community. In accordance with the aforementioned Regulation, an enterprise is treated as an organisational unit producing goods or providing services, which obtains benefits from a certain degree of independence in decision making, especially in the area of allocation of its current assets. An enterprise conducts one or several types of activity in one or several places and is established by a legal entity or a group of legal entities. The enterprise sector includes entities conducting economic activity in the scope of forestry and logging; marine fishing; mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewerage, waste management and remediation activities; construction; wholesale and retail sale; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities; information and communication; real estate activities; legal and accounting activities; activities of head offices; management consultancy activities; architectural and engineering activities; technical testing and analysis; advertising and market research; other professional, scientific and technical activities; administrative and support service activities; arts, entertainment and recreation; repair of computers and personal and household goods; other personal service activities.
7. Data on employed persons, employment, as well as wages and salaries does not include private farms in agriculture and budgetary entities conducting activity within the scope of national defence and public safety; furthermore:
 - quarterly data refer to those entities of the national economy in which the number of employed persons exceeds 9; furthermore, the data on employment, as well as wages and salaries exclude persons employed abroad and engaged in social and political organisations, trade unions, etc.;
 - average monthly total wages and salaries in quarterly periods cover complete statistical population;
 - annual data cover all entities of the national economy regardless of the number of employed persons.
8. Data on sold production of industry, construction and assembly production, wholesale and retail trade of goods:
 - quarterly data (in the case of sale of construction and assembly production are provided on an accrued basis) cover those economic entities in which the number of employed persons exceeds 9;
 - annual data cover all economic entities regardless of the number of employees.
 Data on the sale of construction and assembly production concern works accomplished by construction entities on the basis of the contract system (i.e. for outside clients) and do not include work performed abroad.
9. Data on the production of selected industrial products in all kinds of activities refer to those entities in which the number of employed persons exceeds 49.

10. Data on the financial results of non-financial enterprises refer to economic entities keeping accounting ledgers (excluding entities whose basic type of activity is classified according to the NACE Rev. 2 in the sections "Agriculture, forestry and fishing" and "Financial and insurance activities" as well as higher education institutions) in which the number of employed persons exceeds 49.
11. Quarterly data referring to investment outlays and newly started investments refer to economic entities (with the exception of entities in which the principal activity is classified as "Agriculture, forestry and fishing" and "Financial and insurance activities" according to the NACE Rev. 2) in which the number of employed persons exceeds 49. Quarterly data are presented on an accrued basis. Annual data concerning investment outlays include all units of the national economy regardless of the number of employees.
12. Unless otherwise stated, data in value terms and structural indicators are provided at current prices, and dynamic indices – on the basis of value at constant prices. As constant prices in the period of 2006–2010 were adopted constant prices of 2005 (2005 average current prices), since 2011 – constant prices of 2010 (2010 average current prices), except for foreign trade turnover, where average current prices from the year preceding the surveyed year were assumed as constant prices, as well as for investment outlays and retail sales, for which current prices from the corresponding period of the previous year were assumed as constant prices.
13. Relative numbers (indices, percentages) are calculated, as a rule, on the basis of absolute data expressed with higher precision than that presented in tables.
14. Some data are preliminary and may be revised in subsequent editions of the Poland Quarterly Statistics.
15. This publication uses abbreviations of some classification levels of NACE Rev. 2; the abbreviated names were marked with "Δ" in the tables. The list of abbreviations and their respective full names is presented below:

Abbreviation	Full name
NACE sections	
Trade; repair of motor vehicles	Wholesale and retail, trade; repair of motor vehicles and motorcycles
Accommodation and catering	Accommodation and food service activities

Codes of Selected Countries

AT	–	Austria	KR	–	Republic of Korea
BE	–	Belgium	LT	–	Lithuania
BG	–	Bulgaria	LU	–	Luxembourg
CN	–	China	LV	–	Latvia
CY	–	Cyprus	MT	–	Malta
CZ	–	Czech Republic	NL	–	Netherlands
DE	–	Germany	PL	–	Poland
DK	–	Denmark	PT	–	Portugal
EE	–	Estonia	RO	–	Romania
ES	–	Spain	RU	–	Russia
FI	–	Finland	SE	–	Sweden
FR	–	France	SI	–	Slovenia
EL	–	Greece	SK	–	Slovakia
HR	–	Croatia	UA	–	Ukraine
HU	–	Hungary	UK	–	United Kingdom
IE	–	Ireland	US	–	United States
IT	–	Italy			

Conventional signs

Dash (–)	magnitude zero	Dot (.)	data not available or not reliable
Zero: (0)	magnitude not zero, but less than 0.5 of a unit	Sign x	not applicable
(0,0)	magnitude not zero, but less than 0.05 of a unit	Colour red	data in tables altered in relation to that published in the previous edition

Major abbreviations

thous.	thousand
mln	million
bn	billion
PLN	zloty
USD	United States dollar
EUR	euro
CHF	Swiss franc

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Methodological Notes

1. Data on population for the period of 2007–2009 are compiled on the basis of the results of the Population and Housing Census 2002 and since 2010 – the Population and Housing Census 2011, as well as data from current reporting on vital statistics and population migration.
2. Data on the number and structure of population concern actually living population.
3. Data regarding employed persons concern persons performing work providing earnings or income and include:
 - employees hired on the basis of an employment contract;
 - owners, co-owners, and leaseholders of private farms in agriculture (including contributing family workers);
 - owners and co-owners of entities engaged in economic activities excluding private farms in agriculture (including contributing family workers);
 - other self-employed persons, e.g. persons practising learned professions;
 - outworkers;
 - agents (including contributing family workers and persons employed by agents);
 - members of agricultural production co-operatives;
 - clergy fulfilling priestly obligations.
4. Data on the average number of employed persons are given after converting of part-time paid employees into full-time paid employees, excluding employers and own-account workers (excluding private farms in agriculture) as well as agents.
5. Data on average paid employment include persons employed on the basis of a full-time and part-time contract, converted into a full-time period.
6. Data on registered unemployment concerning persons registered in powiat labour offices are presented in accordance with the Law of 20 April 2004 on Promoting Employment and Labour Market Institutions (Journal of Laws 2013, Item 674, with later amendments). The number of the unemployed does not include persons undergoing, among others, traineeship, internship and occupational preparation of adults, as well as social utility works. Long-term unemployed are persons remaining in the register rolls of a powiat labour office the overall period of over 12 months during the last 2 years, excluding the periods of traineeships or occupational preparation of adult at the workplace.
7. The registered unemployment rate is calculated as the ratio of the number of registered unemployed persons to the economically active civilian population, i.e. excluding persons in active military service, as well as employees of budgetary entities conducting activity within the scope of national defence and public safety.
8. Data on the economic activity of population aged 15 and more are compiled on the basis of the generalized results of the probability sample Labour Force Survey (LFS) conducted quarterly using a continuous observation method (a sliding survey week). The survey includes persons who are members of sampled households, excluding persons staying outside the households, i.e. abroad or living in institutional households, for 12 months or longer (until the second quarter of 2012 — exceeded 3 months). The LFS data are calculated on the basis of the exact date of birth. The survey results have been generalized based on population balances compiled on the basis on Population and Housing Census 2011. Work, i.e. performing, having or seeking work, is the basic criterion of dividing population into employed persons, unemployed persons and economically inactive persons. Economically active population (i.e. labour force) covers all persons who are considered employed or unemployed. Economically inactive population (i.e. outside the labour force) covers all persons who in the survey week were classified neither as employed nor as unemployed. Unemployed persons are persons aged 15–74 who in the reference week were not employed, were actively looking for work and were ready to take up work within two weeks after the reference week. The unemployed also included persons who had found a job and they were waiting to start it in the period not longer than 3 months, and they were able to take up work. The activity rate is calculated as a share of economically active persons (in total or in a given group) in the number of population aged 15 or more (in total or in a given group). The employment rate is calculated as a share of employed persons (in total or in a given group) in the number of population aged 15 or more (in total or in a given group).

The LFS unemployment rate is calculated as a share of the unemployed persons (in total or in a given group) in the number of the economically active persons aged 15 or more (in total or in a given group).

9. Average monthly nominal wage and salary per paid employee are calculated assuming:

- personal wages and salaries, excluding wages and salaries of outworkers and apprentices as well as persons employed abroad;
- payments from a share in profit or in the balance surplus of cooperatives;
- additional annual wages and salaries for employees of budget sphere entities;
- fees paid to selected groups of employees for performing work in accordance with labour contract.

Data on wages and salaries are presented in gross terms, i.e. including deductions for personal income taxes and also contributions to compulsory social security (retirement, pension and illness) paid by the insured employee.

Indices of average monthly real gross wage and salary are calculated as a quotient of the average monthly nominal gross wage and salary index and consumer price index of households of employees.

10. Price indices of:

- sold production of industry (i.e. mining and quarrying, manufacturing, electricity, gas, steam and air conditioning supply, and also water supply; sewerage, waste management and remediation activities) are calculated on the basis of a monthly survey on prices of products and services actually received by specifically selected economic units, included in the above mentioned sections. The survey covers about 3.3 thousand units in which the number of employed persons exceeds 9. The price indices were calculated using, as a weight system, the structure of sold production from 2010. These values are updated monthly by the price changes and the changes in the sales structure taking place in consecutive months of the year to which the price indices refer;
- construction and assembly production are calculated on the basis of a monthly survey

of prices of works realised by specifically selected economic units, classified in "Construction" section, i.e. by approx. 480 construction and assembly enterprises in which the number of employed persons exceeds 9. The price indices were calculated using, as a weight system, the sales value from 2010. These values include the price changes and the changes in the sales structure taking place in consecutive months of the year to which the price indices refer;

- consumer goods and services are obtained on the basis of price observations of representatives of consumer goods and services (approx. 1400 in 2013) in 209 price survey regions of the country. Price observations carried out in selected retail outlets, service and catering units located in the price survey regions (a town or part of a town) constitute the principal source of information. Price-lists, regulations and decisions applicable to the uniform prices binding throughout the country or its parts, and also price observations of goods and services purchased through the Internet constitute additional sources of information. Price indices of consumer goods and services are calculated using, as a weight system, the annual structure of expenditure (excluding own consumption) of particular groups of households on purchasing consumer goods and services from the year preceding the one under the survey, obtained from the Household Budget Survey. The groupings of consumer goods and services are presented on the basis of the Classification of Individual Consumption by Purpose, adapted to the needs of the Harmonized Indices of Consumer Prices (COICOP/HICP);
- procurement of agricultural products are compiled on the basis of information on the prices paid in a given period of time by procurement entities for products directly from agricultural producers. The average prices are computed as a quotient of the value (excluding VAT) and quantity of every single agricultural product.

11. Data on sold production of industry concern industrial and non-industrial activity of economic entities included in sections “Mining and quarrying”, “Manufacturing”, “Electricity, gas, steam and air conditioning supply” and “Water supply; sewerage, waste management and remediation activities”, while data on sold production of construction cover construction and non-construction activity of economic entities included in “Construction” section. This data include:
- the value of sold finished products, semi-finished products and parts of own production (regardless of whether or not payments due for the production have been received);
 - the value of paid works and services rendered, i.e. both industrial and construction, as well as non-industrial and non-construction;
 - the flat agent’s fee in the case of concluding the agreement on commission terms and full agent’s fee in the case of concluding an agency agreement;
 - the value of products in the form of settlements in kind;
 - products designated for increasing the value of own fixed assets.
12. Data on the sales in construction and assembly production concerning work carried out with own resources (i.e. without subcontractors), domestically on the basis of a contract system (i.e. for outside clients) by construction entities according to NACE Rev. 2 were included in “Construction” section, consisting of constructing buildings and structures, including the preparation through a diversified scope of terrestrial works, ground work (zero state), making load bearing elements, partitions, roof laying and covering (raw state), and assembly, installation and completion works. All the categories include works associated with building, rebuilding, extension, restoration, renovation and temporary building structures.
13. Data on retail sales include the sales of consumer and non-consumer goods carried out by retail sales outlets, catering establishments and other sales outlets (e.g. warehouses, stock houses) in quantities indicating purchases for individual needs of the purchaser.
14. Data on wholesale of commodities include the sales from own or rented warehouses in which commodities are stored, belonging to “Wholesale and retail trade; repair of motor vehicles and motorcycles” section.
- Wholesale carried out by wholesale enterprises concerns the sales of commodities by enterprises included in “Wholesale trade, except of motor vehicles and motorcycles” division.
15. The gross financial result (profit or loss) is a result on economic activity adjusted by the result of extraordinary events.
16. The net financial result (profit or loss) is obtained after deducting the obligatory encumbrances from the gross financial result.
17. The presented division of investment outlays, including outlays on new fixed assets and (or) improvement (enlargement, rebuilding, reconstruction or modernisation) of the existing capital asset items was prepared according to the principles of the system of national accounts, according to the recommendations of ESA 1995. Investment outlays are divided into outlays on fixed assets and other outlays.
- Outlays on fixed assets include outlays on:
- buildings and structures (including buildings and places, as well as civil engineering constructions), including construction and assembly works, design and cost estimate documentation;
 - machinery, technical equipment and tools (including instruments, movables and fittings);
 - transport equipment;
 - other, i.e. detailed meliorations, costs incurred for purchasing land and second-hand fixed assets and from 1995 livestock (basic herd), long-term plantings and, in addition, the costs of treatment of constructed liabilities incurred for the purpose of purchase financing, constructing and developing fixed assets (specified until 31 December 2001 as interest on investment credits and loans) for the period of investment realization (taken into account only in data expressed in current prices).
- Other outlays are outlays on the so-called initial investments as well as other costs connected with investment realization. These outlays do not increase the value of fixed assets.
18. Since 1 May 2004, i.e. the day of Poland’s accession to the European Union (EU), the data on Poland’s foreign trade turnover have been based on:
- the EXTRASTAT system – based on customs declarations; the system includes trade turnover carried out between Poland and the so-called third countries, i.e. non-EU countries;
 - the INTRASTAT system – based on INTRASTAT arrival and dispatch declarations; the system includes trade turnover between Poland and other EU member states;
 - alternative data sources used to register trade in “specific goods”, i.e. electricity, gas, sea products and military goods.

Data obtained from the combination of the above mentioned sources created a unified collection of statistical data on foreign trade turnover.

19. The value of imports is presented according to cif, i.e. including the transportation and insurance costs to the Polish border. The value of exports is presented according to fob.

20. Data on turnover by group of countries are presented in imports – according to the country of origin and in exports – according to the country of destination.

The country of origin is considered a country in which the goods were produced, processed or transformed, and in this form entered the Polish customs territory.

The country of destination is the country in which the goods are consumed, i.e. the country in which the goods are finally used, processed or transformed.

21. The M3 money supply comprises:

- currency in circulation (excluding bank vault cash);
- zloty and foreign currency deposits and other liabilities of monetary financial

institutions to households, non-monetary financial institutions, non-financial corporations, non-profit institutions serving households, local government institutions and social security funds:

- current liabilities (overnight deposits and deposits without an agreed term),
- term and blocked (deposits with an agreed maturity of up to 2 years),
- deposits redeemable at notice of up to 3 months.

- other components of M3, i.e. debt securities including up to 2 years, issued by monetary financial institutions and held by residents and non-residents, and liabilities of monetary financial institutions related to repurchase agreements and also in money market funds units.

22. Data concerning gross domestic product and gross value added, as well as components of its distribution are compiled according to the principles of ESA 1995 (the European System of Accounts).

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