

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

The sold production of industry in April 2017 was slightly lower than a year before, due to, among others, seasonal factors. Construction and assembly production was higher than a year before, following a deep drop in April of the previous year. Retail sales grew at a stable rate. The growth in the prices of consumer goods and services maintained.

The financial results obtained in the 1<sup>st</sup> quarter of 2017 by the non-financial surveyed enterprises were better than in the corresponding period of the previous year; however, the investment activity of these enterprises was slightly lower than a year before.

The average paid employment in the enterprise sector grew, in annual terms, at a rate similar to the one observed in the preceding months. The registered unemployment rate decreased to 7.7% at the end of April 2017. Preliminary results of the Labour Force Survey for the 1<sup>st</sup> quarter of 2017 indicate a higher number of employed persons, and a higher employment rate, as compared to the previous year, along with a drop in unemployment, calculated in accordance with the definition provided by the International Labour Organisation.

The average monthly nominal and real gross wages and salaries in the enterprise sector, in April 2017, rose to a lower degree, in annual terms, than a month before. A slight growth in nominal retirement and other pensions maintained both, in the employee and in the farmers' system. The purchasing power of retirement and other pensions in the employee system was similar to the one recorded a year before, while that of individual farmers – decreased.

In April 2017, the growth in the prices of consumer goods and services, in annual terms, was similar to the one recorded a month before. The prices, among others, of food and non-alcoholic beverages, as well as of goods and services related to transport, grew at a slower rate than in March 2017, whereas a growth in the prices of goods and services associated with dwelling slightly strengthened. The prices of clothing and footwear were still lower than a year before. The growth rate of producer prices in industry was weaker than in March 2017, whereas the growth rate of the prices of construction and assembly production did not change.

The sold production of industry in April 2017 was by 0.6% lower than a year before (after eliminating seasonal factors, a growth of 4.0% was recorded). A drop in sold production was observed in mining and quarrying, as well as in manufacturing, along with a growth in the remaining two sections. The sales in most main industrial groupings was lower than in April of the previous year (except for non-durable consumer goods). The sharpest fall was observed in the manufacture of energy goods and durable consumer goods. Construction and assembly production was higher than a year before by 4.3% (and after eliminating the influence of seasonal factors – by 9.2%). A growth was recorded in entities performing mainly specialised construction activities, and in entities dealing with civil engineering, along with a drop in entities specialising in construction of buildings. Retail sales in April 2017 was by 6.7% higher than a year before.

In May 2017, the general business tendency climate in manufacturing is assessed favourably, though slightly more cautiously than a month before. Indications regarding both,

current and forecasted order-books, as well as concerning production, are less optimistic than in April 2017. The current financial situation is assessed slightly negatively, and worse than a month before, with prospects of improvement in the following three months. In construction, the general business tendency climate is perceived positively, similarly as a month before. The assessments of construction and assembly production, order-books and the financial situation are negative and similar to the ones observed in April 2017. Projections concerning order-books are less optimistic, whereas forecasts in other areas are close to the positive ones indicated in April 2017. Retail trade entities assess the general business tendency climate in May 2017 slightly less favourably than a month before. The sales diagnoses and forecasts are positive, though more cautious than in April 2017. The assessments of the financial situation of these enterprises have remained slightly optimistic, with the positive forecasts in this area, though more cautious than a month before.

In May 2017, as compared to the previous month, a significant improvement in consumers' sentiments regarding the current and future tendencies has been recorded. As a result, both, the current and leading consumer confidence indicator, reached positive levels, the highest since the beginning of this survey. The most significant improvement concerned the assessments regarding current major purchases, as well as indications of the future and current economic situation of the country, and the future unemployment level.

In the 1<sup>st</sup> quarter of 2017, the surveyed non-financial enterprises obtained higher net and gross financial results than a year before, and the basic economic and financial relations improved. The share of enterprises showing a net profit in the total number of surveyed enterprises was slightly lower than in the 1<sup>st</sup> quarter of the previous year, but the share of their revenues in the total revenues from the whole activity of all entities increased. Most economic and financial indicators of exporters improved slightly and were more favourable than for all enterprises in total. Investment outlays of the surveyed entities (at constant prices) decreased, in annual terms, by 0.4% (following a drop of 8.9% in the 1<sup>st</sup> quarter of the previous year).

In the agricultural market, in April 2017, the prices of most basic agricultural products were higher than a year before. A decrease only concerned the procurement prices of poultry for slaughter, and the marketplace prices of potatoes. The profitability of pigs breeding improved but it was still low. Preliminary results of the survey conducted at the end of March 2017 indicated a rise in the livestock of pigs, in annual terms, which was triggered by the increasing number of animals in most categories (except for piglets).

In the 1<sup>st</sup> quarter of 2017, foreign trade turnover increased in comparison with the corresponding period of the previous year; imports grew faster than exports. Commodity turnover increased with all groups of countries, to the highest extent with Central and Eastern European countries. The exchange closed with a positive balance, lower than a year before. The total terms of trade index, in the period of January-February 2017, was unfavourable.

In the period of January-April 2017, the State Budget revenue amounted to PLN 117.0 bn (i.e. 36.0% of the amount assumed in the Budget Act for 2017), and expenditure – to PLN 117.9 bn (30.6%, respectively). As a result, a deficit of PLN 0.9 bn was recorded, accounting for 1.5% of the plan.

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a – 2016 b – 2017	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Paid employment in the enterprise sector <sup>1</sup> in thous. persons	a	5703	5711	5727	5730	5734	5753	5762	5761	5771	5779	5792	5799
	b	5960	5976	5982	5991								
Registered unemployed persons (end of period) in thous. persons	a	1648	1653	1601	1522	1457	1393	1362	1347	1324	1308	1314	1335
	b	1397	1383	1324	1253								
Unemployment rate (end of period) in %	a	10,2	10,2	9,9	9,4	9,1	8,7	8,5	8,4	8,3	8,2	8,2	8,3
	b	8,6	8,5	8,1	7,7								
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> :													
in zloty	a	4101,36	4137,55	4351,45	4313,57	4166,28	4252,19	4291,85	4212,56	4217,96	4259,37	4329,71	4635,77
	b	4277,32	4304,95	4577,86	4489,07								
previous month=100	a	90,8	100,9	105,2	99,1	96,6	102,1	100,9	98,2	100,1	101,0	101,7	107,1
	b	92,3	100,6	106,3	98,1								
corresponding month of previous year=100	a	104,0	103,9	103,3	104,6	104,1	105,3	104,8	104,7	103,9	103,6	104,0	102,7
	b	104,3	104,0	105,2	104,1								
sector <sup>1</sup> — corresponding month of previous year=100	a	104,9	104,8	104,3	105,9	105,2	106,1	105,9	105,7	104,4	103,7	104,0	101,8
	b	102,6	101,8	103,1	102,1								
Average monthly real gross retirement pay and pension: from non-agricultural social security system													
corresponding month of previous year=100	a	103,8	103,7	102,3	102,4	102,3	102,2	102,2	102,4	102,1	101,8	101,4	100,7
	b	99,9	99,3	100,2	100,1								
of farmers													
corresponding month of previous year=100	a	103,1	103,1	100,6	100,3	99,3	100,0	100,7	101,0	100,7	100,5	100,4	99,2
	b	98,6	98,0	99,7	99,5								
Price indices of consumer goods and services:													
previous month=100	a	99,5	99,9	100,1	100,3	100,1	100,2	99,7	99,8	100,0	100,5	100,1	100,7
	b	100,4	100,3	99,9	100,3								
corresponding month of previous year=100	a	99,1	99,2	99,1	98,9	99,1	99,2	99,1	99,2	99,5	99,8	100,0	100,8
	b	101,7	102,2	102,0	102,0								
December of previous year=100	a	99,5	99,4	99,5	99,8	99,9	100,1	99,8	99,5	99,5	100,1	100,2	100,8
	b	100,4	100,7	100,7	100,9								
Price indices of sold production of industry:													
previous month=100	a	99,5	99,6	99,7	100,3	101,2	100,2	99,9	99,6	100,3	100,5	101,2	101,2
	b	100,3	100,1	99,9	99,8								
corresponding month of previous year=100	a	98,8	98,5	98,1	98,8	99,6	99,2	99,5	99,9	100,2	100,6	101,8	103,2
	b	104,0	104,5	104,8	104,3								
Price indices of construction and assembly production:													
previous month=100	a	99,9	99,9	99,9	100,0	100,0	100,1	100,1	100,1	100,0	100,0	100,1	100,1
	b	100,0	99,9	100,0	100,1								
corresponding month of previous year=100	a	99,3	99,3	99,2	99,3	99,4	99,5	99,6	99,8	99,8	99,9	100,0	100,2
	b	100,3	100,3	100,4	100,4								

1 Data concern economic entities employing more than 9 persons.

**SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY (cont.)**

Specification a - 2016 b - 2017	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Sold production of industry <sup>1</sup> (constant prices <sup>2</sup> ):												
previous month=100	a 91,9	106,9	107,0	96,9	96,1	107,4	90,0	103,4	110,4	97,5	101,8	95,5
	b 98,2	99,0	117,6	86,7								
corresponding month of previous year=100	a 101,3	106,8	100,7	106,0	103,2	106,0	96,6	107,5	103,2	98,7	103,1	102,1
	b 109,1	101,1	111,1	99,4								
Construction and assembly production (constant prices <sup>2</sup> ):												
previous month=100	a 31,9	114,3	120,6	109,9	107,8	113,4	96,6	97,2	118,7	98,3	105,4	134,8
	b 35,4	106,0	149,3	97,9								
corresponding month of previous year=100	a 91,4	89,5	84,2	85,1	86,3	87,0	81,2	79,5	84,7	79,9	87,2	92,0
	b 102,1	94,7	117,2	104,3								
Dwellings completed (from the beginning of year)	a 12771	25027	37423	51134	62041	73741	86624	99352	112017	128637	145210	163325
	b 14376	26438	40344	50935								
Retail sales of commodities <sup>1</sup> (constant prices <sup>3</sup> ):												
previous month=100	a 75,1	101,3	113,6	99,7	99,3	103,1	100,2	101,4	98,6	103,0	96,6	120,6
	b 77,7	97,2	116,5	98,6								
corresponding month of previous year=100	a 103,2	106,2	103,0	105,5	104,3	106,5	104,4	107,8	106,3	104,6	107,4	106,1
	b 109,5	105,2	107,9	106,7								
State budget balance - from the beginning of year (in mln zł)	a 1759,9	-3098,3	-9587,2	-11125,5	-13482,5	-18683,8	-14387,3	-14929,4	-20615,4	-24641,3	-27567,7	-46159,5
	b 6749,4	856,1	-2284,3	-867,9								
Average exchange rates in zł – National Bank of Poland:												
100 USD	a 403,97	395,65	386,44	379,85	389,91	392,00	397,07	383,54	385,67	390,75	406,00	420,49
	b 411,66	404,87	401,84	395,62								
100 EUR	a 439,35	439,60	429,34	430,68	440,76	440,19	439,66	430,03	432,50	430,86	438,39	443,71
	b 437,06	430,97	429,21	423,85								
100 CHF	a 401,76	398,95	393,11	393,89	398,74	403,74	404,65	395,49	395,86	396,15	407,49	412,56
	b 407,92	404,24	400,88	395,34								
Foreign trade <sup>4</sup> in mln zł:												
exports	a 60270,0	65863,6	68653,9	67895,0	65925,9	69572,4	62420,3	61821,7	69366,7	68433,8	73145,8	64830,0
	b 67697,9	67570,7	76890,9	.								
imports	a 57735,7	63840,2	66377,8	64970,5	62959,4	66466,7	61688,6	62786,3	68644,5	67876,0	69941,6	64251,9
	b 65865,3	68452,7	76254,1	.								
balance	a 2534,3	2023,4	2276,1	2924,5	2966,5	3105,7	731,7	-964,6	722,2	557,8	3204,2	578,1
	b 1832,6	-882,0	636,8	.								

1 Data concern economic entities employing more than 9 persons. 2 The average current prices from 2010. 3 The current prices from the period preceding the surveyed period. 4 Preliminary data.