

Introduction

In July of this year in some areas of economy more favourable dynamics than in the previous months was recorded. Construction and assembly production increased to a higher degree than up till now, the dynamics of retail sales improved, the drop in sales of services of transport was slightly lower. The scale of decrease in sold production of industry was similar to the one recorded in June of this year. The situation on the labour market in July of this year was still worse than a year earlier, but compared to the previous month both the decrease in employment in the enterprise sector and the increase in the registered unemployment rate were slight. With higher increase, in annual terms, of average nominal gross wages and salaries than in June of this year and maintaining price dynamics of consumer goods and services, the purchasing power of average gross wages and salaries was slightly higher than in July of the previous year. Assessments of enterprises concerning the business tendency in August of this year are better than a month before.

The results of the recession in the world's economy in Poland were less severe than in other European Union countries. In the 2nd quarter of this year gross domestic product increased by 1.1% in annual terms and in the whole 1st half-year of this year – by 1.0% respectively. The main factors shaping the growth of GDP included net exports and final consumption expenditure. In the 2nd quarter of this year, for the first time since 2003, a drop in gross fixed capital formation in annual terms was recorded, and the investment ratio decreased from 20.4% a year before to 19.3%.

Sold production of industry in July of this year decreased by 4.6% in annual terms. (after seasonal adjustment – by 5.3%). A drop was recorded in all sections and in the majority of industry divisions. In the period of January-July of this year production was by 7.6% lower than in the previous year. Sales in enterprises producing mainly capital goods, intermediate goods and energy related goods was lower together with a growth in production of consumer goods. Construction and assembly production in July of this year exceeded by 10.7% the level reached a year before (after seasonal adjustment – by 8.1%). For the first time since October 2008 production in entities dealing with construction of buildings increased in annual terms. Retail sales were by 3.6% higher than in July of the previous year – increase was recorded in the majority of groups, of which higher than in total – *inter alia* in sales of food, beverages and tobacco products.

In August of this year assessments of the general business tendency climate are better than a month before, however, in manufacturing, as well as in construction they still prevail

negative. Less pessimistic are enterprises' forecasts regarding the financial situation and employment. In manufacturing a further extension of the order-books, as well as of sold production is planned, while in construction – limitation. In retail sales, with positive assessments of the general business tendency climate, forecasts regarding suppliers' sales and orders improve, but still are pessimistic.

In July of this year a drop in average employment in enterprise sector maintained and amounted to 2.2% in annual terms. The rate of registered unemployment compared to June of this year increased by 0.1 percentage point – to 10.8%. Preliminary results of the Labour Force Survey indicate a slight improvement on the labour market in the 2nd quarter as compared to the previous one. Both in annual and quarterly terms the activity rate and the employment rate increased. The rate of unemployment according to LFS (7.9%), despite a seasonal drop in relation to the previous quarter, was at a higher level than a year before.

In July of this year average monthly nominal gross wages and salaries in the enterprise sector increased in annual terms to a higher degree than in June and May of this year. After a drop recorded a month before, the purchasing power of average gross wages and salaries increased in annual terms by 0.5%. The dynamics of real gross retirement pay and pensions in both systems was still higher than the dynamics of wages and salaries in the enterprise sector.

The growth in prices of consumer goods and services in July of this year in annual terms (by 3.6%) was similar to the one observed a month earlier. The highest dynamics was recorded, *inter alia*, in the scope of prices of alcoholic beverages and tobacco, as well as goods and services associated with dwelling. The prices of sold production of industry in July of this year grew to a lower degree than a month before (3.0%), while the prices of construction and assembly production dropped again in annual terms (by 0.4%).

On the agricultural market in July of this year a decrease, in monthly terms, of procurement prices of the majority of basic agriculture products (with the exception of pigs for slaughter) was recorded. Still considerably higher than a year before were the prices of all basic species of animals for slaughter, and lower – of cereals, potatoes and milk. The results of June's survey indicate a drop in livestock of cattle (by 1.0% in annual terms).

In the 1st half-year of this year the surveyed enterprises achieved weaker financial results than a year before. Revenues grew slower than costs, which influenced the weakening of basic economic-financial relations in annual terms. However, these were more favourable than in the 1st quarter of this year. The participation of entities showing net profit decreased in the total number of surveyed entities. The results of exporters' activities were more

favourable than for the total of enterprises, however worse than in the previous year. Total outlays of the surveyed enterprises (in constant prices) were lower (by 3.8%) than the high ones a year before. Outlays on purchases decreased, with an increase of outlays on buildings and structures. Enterprises with foreign capital showed a drop in incurred outlays by 9.9%.

In the period of January-June of this year in foreign trade commodity turnover a further improvement of the negative balance in total was recorded, as a result of a faster decrease of imports than exports. Since the beginning of the year the positive balance of the commodity turnover with developed countries (including UE countries) was more and more favourable. As a result of a significant improvement of price conditions in the turnover with Central and Eastern European countries and with EU countries, the terms of trade index in the period of five months of this year was at a favourable level (104.1).

In the period of January-July of this year the revenues of the state budget reached the level of PLN 160030.4 million, and the expenditures - PLN 175073.0 million. In consequence, the budget deficit amounted to PLN 15042.6 million, which accounted for 82.7% of the amount assumed in the Budget Act for 2009.

Selected indicators regarding the economic situation of the country

Specification a – 2008, b – 2009		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Registered unemployed persons (in thous.)	a	1813,4	1778,5	1702,2	1605,7	1525,6	1455,3	1422,9	1404,4	1376,6	1352,3	1398,5	1473,8
	b	1634,4	1718,8	1758,8	1719,9	1683,4	1658,7	1676,1					
Unemployment rate ¹ (in %)	a	11,5	11,3	10,9	10,3	9,8	9,4	9,2	9,1	8,9	8,8	9,1	9,5
	b	10,5	10,9	11,2	11,0	10,8	10,7	10,8					
Average paid employment in the enterprise sector in thous. persons	a	5339	5363	5376	5382	5383	5383	5392	5391	5395	5397	5386	5353
	b	5374	5352	5325	5309	5292	5280	5273					
Sold production of industry ² :													
previous month=100	a	104,4	101,5	100,7	104,1	90,9	105,2	97,3	91,2	116,6	101,9	86,9	96,9
	b	93,7	102,4	115,6	93,1	98,2	106,0	97,2					
corresponding month of previous year=100	a	110,5	114,7	100,7	114,4	101,4	106,5	104,8	95,6	105,5	98,0	89,4	94,4
	b	84,7	85,4	98,1	87,8	94,8	95,5	95,4					
Construction and assembly production ² :													
previous month=100	a	36,0	123,6	115,8	112,8	107,9	115,9	95,8	98,9	111,4	110,8	79,9	150,1
	b	37,9	117,2	115,1	112,0	107,7	116,2	105,5					
corresponding month of previous year=100	a	108,6	121,3	116,8	120,9	115,9	119,4	113,4	102,9	109,6	105,6	100,4	102,0
	b	107,4	101,9	101,2	100,5	100,3	100,5	110,7					
Dwellings completed (from the beginning of year)	a	14640	25617	35415	49132	58856	69283	83913	95097	107484	123276	135312	165189
	b	22091	31826	41463	53506	63659	76018	89851					
Price indices of consumer goods and services:													
previous month=100	a	100,7	100,4	100,4	100,4	100,8	100,2	100,0	99,6	100,3	100,4	100,2	99,9
	b	100,5	100,9	100,7	100,7	100,5	100,2	100,1					
corresponding month of previous year=100	a	104,0	104,2	104,1	104,0	104,4	104,6	104,8	104,8	104,5	104,2	103,7	103,3
	b	102,8	103,3	103,6	104,0	103,6	103,5	103,6					
December of previous year=100	a	100,7	101,1	101,5	101,8	102,6	102,9	102,8	102,4	102,8	103,2	103,4	103,3
	b	100,5	101,3	102,0	102,7	103,2	103,4	103,5					
Price indices of sold production of industry:													
previous month=100	a	101,3	100,5	100,2	99,8	100,8	100,3	99,8	100,1	100,4	100,0	99,8	99,6
	b	102,3	102,6	100,0	99,1	99,7	100,8	98,7					
corresponding month of previous year=100	a	102,5	102,8	102,5	101,9	102,4	102,2	101,7	101,4	102,0	102,4	102,2	102,7
	b	103,6	105,7	105,5	104,8	103,7	104,1	103,0					
Price indices of construction and assembly production:													
previous month=100	a	100,3	100,4	100,4	100,5	100,3	100,3	100,3	100,2	100,1	100,1	100,0	99,9
	b	99,9	99,8	99,9	99,9	99,8	100,0	99,9					
corresponding month of previous year=100	a	107,4	107,0	106,5	106,0	105,2	104,7	104,3	104,0	103,7	103,4	103,2	102,9
	b	102,4	101,8	101,3	100,7	100,3	99,9	99,6					

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

(cont.)

Specification a – 2008, b – 2009	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Average monthly nominal gross wage and salary in the enterprise sector ¹ (in zł)	a	2975,54	3040,46	3152,96	3144,87	3076,14	3222,47	3234,96	3172,54	3176,84	3247,77	3326,94	3428,01
	b	3215,75	3195,56	3332,65	3294,76	3193,90	3287,88	3361,90					
previous month=100	a	91,7	102,2	103,7	99,7	97,8	104,8	100,4	98,1	100,1	102,2	102,4	103,0
	b	93,8	99,4	104,3	98,9	96,9	102,9	102,3					
corresponding month of previous year=100	a	111,7	113,2	110,5	112,9	110,8	112,3	111,8	109,9	111,2	110,1	107,6	105,6
	b	108,1	105,1	105,7	104,8	103,8	102,0	103,9					
Average monthly real gross wage and salary in the enterprise sector monthly average of 2005=100	a	112,1	114,1	117,9	117,2	113,7	118,8	119,3	117,5	117,3	119,4	122,0	125,8
	b	117,5	115,9	120,1	117,9	113,8	116,9	119,5					
Profitability rate of gross turnover ² from the beginning of year (in %)	a	.	.	5,9	.	.	6,0	.	.	5,7	.	.	4,2
				3,0	.	.	4,9	.					
Profitability rate of net turnover ³ from the beginning of year (in %)	a	.	.	4,6	.	.	4,8	.	.	4,5	.	.	3,3
				2,2	.	.	4,0	.					
State budget balance - from the beginning of year (in mn zł)	a	4407,3	-136,6	1802,9	554,3	-1876,9	-3380,7	-2744,7	-317,4	-4224,6	-11485,3	-14972,8	-24346,2
	b	2918,0	-5250,9	-11219,8	-15306,1	-16356,7	-16629,2	-15042,6					
Average exchange rates in zł – National Bank of Poland:													
100 US dollars	a	245,37	243,05	228,16	218,52	219,04	216,94	206,74	219,26	234,97	269,80	292,09	297,15
	b	317,17	363,14	354,12	334,80	323,37	321,46	305,96					
100 EUR.....	a	360,80	358,25	353,74	344,44	340,69	337,60	326,00	328,84	337,12	358,55	372,07	401,77
	b	421,81	464,42	462,37	441,93	441,05	450,81	430,53					
Foreign trade ⁴ in mn zł													
exports	a	33558,7	35401,7	34315,7	37497,7	32679,5	34157,0	33855,0	30219,7	36737,2	37490,8	32384,5	27085,6
		29426,8	33615,2	37624,7	33126,3	32368,0	34956,8	.					
imports	a	39582,7	41617,2	42400,6	44536,9	40068,9	42622,0	41840,8	37164,9	44140,4	45413,1	40475,2	37165,6
		33595,4	36191,0	40785,6	35942,3	34674,2	36128,4	.					
balance	a	-6024,0	-6215,5	-8084,9	-7039,2	-7389,4	-8465,0	-7985,8	-6945,2	-7403,2	-7922,3	-8090,7	-10080,0
		-4168,6	-2575,8	-3160,9	-2816,0	-2306,2	-1171,6	.					

¹ Including contributions to compulsory social security. ² Relation of gross financial result to revenues from total activity. ³ Relation of net financial result to revenues from total activity. ⁴ Since January 2009 – provisional data.