

Introduction

In February of this year, unfavourable tendencies in the basic areas of economy, which commenced in the 2nd half of the previous year, maintained. A deep drop was still recorded in sold production of industry, and the dynamics of construction and assembly production weakened considerably. Retail sales were lower than the high ones observed in the previous year. The prices of consumer goods and services, as well as the producer prices in industry grew faster, in annual terms, than in the previous months, whereas the producer prices in construction grew slower. With a decrease of average employment in the enterprise sector, once again the rate of registered unemployment increased in monthly terms, but it was still lower than in February of the previous year. The business tendency surveys conducted in March indicate a further, though still lower than in the previous months, weakening of consumer confidence, as well as still pessimistic, though slightly better than in the previous month, forecasts of entrepreneurs in manufacturing and in construction, in the scope of order-books, production, as well as the financial situation.

In February of this year, a slightly lower than in the previous month, but still deep, drop in sold production of industry was recorded in annual terms (by 14.3%, and after seasonal adjustment – by 12.4%). In all sections, as well as in most divisions, sold production of industry was lower than in the previous year. In the January-February period of this year, with an overall decrease in sold production of industry by 14.3%, the lowest dynamics was observed in enterprises manufacturing capital goods (a drop by 21.0%), as well as intermediate goods (by 19.5%). Construction and assembly production in February of this year was higher than in the previous year (by 1.9%, and after seasonal adjustment – 2.3%). Following the weakening of the growth rate in the previous months, retail sales in February of this year were lower than the year before (by 2.3%). A drop was recorded in four groups which have the highest share in total retail sales – the deepest drop occurred in solid, liquid and gaseous fuels (by 13.0%).

On the labour market in February of this year, following a gradual weakening of the growth rate in the previous months, a drop in average employment in the enterprise sector in annual terms was recorded (by 0.2%). The highest decrease of employment was noted in manufacturing. The unemployment rate increased, in comparison with the previous month, by 0.4 percentage points to 10.9%. However, it was still lower than the year before.

The growth rate of gross wages and salaries in the enterprise sector in February of this year in annual terms was the slowest since November 2006 and amounted in nominal terms to 5.1% (in real terms – 1.9%). The growth in real retirement pays and pensions was slower than in January of this year.

A year-on-year growth in the prices of consumer goods and services in February of this year was higher than in January of this year (by 3.3%). A growth in producer prices in industry, in annual terms, was considerably higher than the one recorded in the previous months (5.4%), as a result of an accelerated price growth rate in the majority of sections. A further weakening of the dynamics of prices

in construction and assembly production was recorded (a growth by 1.8% against 2.4% in January of this year).

On the agricultural market, prices of the majority of agricultural products grew in February of this year both in monthly and annual terms. The prices, *inter alia*, of pigs for slaughter were considerably higher than a year before, due to a respectable reduction of the livestock of pigs and a deepening deficit of domestic supply. With a significant drop, in annual terms, in the prices of cereals, the rate of profitability of pigs fattening reached the level considerably higher than a year earlier, and slightly more favourable than a month before. A further drop occurred in milk prices.

In January of this year, the foreign trade turnover was considerably lower than a year earlier, while a decrease in imports was higher than in exports. The commodity turnover with all groups of countries decreased, except for imports from developing countries.

The financial results obtained in 2008 by non-financial enterprises employing 50 and more persons were weaker than the high results obtained in the two preceding years. Given that the revenues from total activity grew at a lower rate than the costs of obtaining revenues, the cost level indicator declined. The result on economic activity was worse than a year earlier in the majority of sections (except for, *inter alia*, mining and quarrying and construction). The net profit decreased, while the net loss considerably grew. A considerable worsening of the result on financial operations was recorded. All basic economic and financial indicators were lower than in 2007. Within the total structure of costs by type, the share of the costs of gross wages and salaries, as well as the share of external services increased.

In 2008, the investment outlays (in constant prices) in the enterprises employing more than 49 persons were by 6.2% higher than a year earlier (compared to the growth by 26.2% in 2007). A growth in outlays (in current prices), considerably higher than the average, was recorded in mining and quarrying, in electricity, gas and water supply, and in trade and repair. The investment outlays in manufacturing grew in annual terms, however, their growth rate was considerably slower than in the two preceding years. The total estimated value of investments newly started in 2008 was only slightly above the level recorded a year earlier. A drop was recorded in the outlays incurred by the entities with foreign participation (by 5.6%). Their share in total outlays decreased, compared to 2007; units operating in manufacturing accounted for approximately half of the outlays in this group of entities.

In February of this year, the state budget expenditures exceeded the revenues, as a result of which the budget deficit amounted to PLN 5271.9 million, which accounted for 29.0% of the amount assumed in the Budget Act for 2009.

Selected indicators regarding the economic situation of the country

Specification	February 2009		January–February 2009
	changes in % against:		
	February 2008	January 2009	January– February 2008
Average paid employment in the enterprise sector	-0.2	-0.4	+0.3
Registered unemployed persons (end of period).....	-3.4	+5.2	x
Average monthly gross wage and salary in enterprise sector	+5.1	-0.6	+6.8
of which in industry	+4.9	+1.1	+5.9
Sold production of industry (constant prices)	-14.3	+2.7	-14.3
mining and quarrying	-18.6	+0.3	-15.8
manufacturing	-14.4	+4.1	-14.7
electricity, gas, steam and air conditioning supply	-14.2	-6.9	-12.9
Construction and assembly production (constant prices).....	+1.9	+17.2	+2.0
Dwellings completed	-5.8	-47.1	+16.6

Specification	December	January	February
	changes in % as compared with the previous month		
Prices of sold production of industry	-0.4	+2.3	+2.3
Prices of construction and assembly production	-0.1	-0.1	-0.2
Prices of consumer goods and services	-0.1	+0.5	+0.9
food and non-alkoholic beverages	+0.8	+1.1	+0.6
alkoholic beverages, tobacco	+0.4	+0.5	+0.7
clothing and footwear	-0.6	-3.5	-1.8
dwelling	+0.1	+1.8	+1.6
housing, water, electricity, gas and other fuels	+0.1	+2.3	+1.9
of which electricity, gas and other fuels	+0.2	+2.3	+2.9
furnishings, household equipment and routine maintenance of the house	0.0	+0.1	+0.2
health.....	+0.2	+0.6	+0.5
transport	-4.3	-2.5	+3.2
of which fuels for personal transport equipment	-9.0	-6.1	+7.1
communications	-0.1	0.0	0.0
recreation and culture.....	+0.4	+0.2	+0.5
education.....	+0.1	+0.4	+0.1
restaurants and hotels.....	+0.3	+0.4	+0.4
miscellaneous goods and services.....	+0.3	+0.5	+0.6

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										
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										
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										
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	102.7										
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	85.7										
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										
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										
Dwellings completed (from the beginning of year)	a	14643	25620	35418	49135	58859	69286	83916	95100	107487	123279	135315	165192
	b	19541	29880										
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										
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										
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										
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	102.3										
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	105.4										
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										
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										

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										
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										
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										
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										
Profitability rate of gross turnover ² from the beginning of year (in %)	a	.	.	5.8	.	.	6.0	.	.	5.7	.	.	4.2
Profitability rate of net turnover ³ from the beginning of year (in %)	a	.	.	4.6	.	.	4.8	.	.	4.5	.	.	3.3
State budget balance - from the beginning of year (in mn zł)	a	4407.3	-136.6	1802.9	554.3	-1876.9	-3380.7	-2744.7	-317.4	-4224.6	-11485.3	-14972.8	-24590.5
	b	2918.0	-5271.9										
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										
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										
Foreign trade ⁴ in mn zł													
exports	a	33458.3	35209.8	34093.1	37305.5	32507.8	33997.3	33573.4	29831.8	36303.9	36816.3	31235.2	25020.9
		28039.8	.										
imports	a	38909.5	41068.7	41731.8	43872.2	39472.3	41912.2	41231.6	36833.9	43281.7	44645.5	39285.1	33588.3
		31811.5	.										
balance	a	-5451.2	-5858.9	-7638.7	-6566.7	-6964.5	-7914.9	-7658.2	-7002.1	-6977.8	-7829.2	-8049.9	-8567.4
		-3771.7	.										

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