

## Introduction

In the period of January-September of 2012, Polish economy has been developing more slowly than the year before. In subsequent quarters a gradual slowdown in economic growth was recorded, which was due to strengthening of factors negatively influencing the dynamics of households' consumption as well as constantly high level of insecurity related to overall economic situation, determining enterprises' pro-growth decisions (including investment decisions). In the period of July-September of 2012, a deterioration in results achieved in many areas of business activity was recorded. Sold production of industry developed slightly below the level reached the year before. A decline in construction and assembly production was also recorded. Retail sales increased only to a small extent. However, high growth rate of sales of transport services, similar to the one observed in the 1<sup>st</sup> half of 2012, maintained.

Economic dynamics slowdown was accompanied by stagnation on the labour market. An average employment in the enterprise sector in the three quarters of 2012 was only slightly higher than the year before, and in the period of July-September of 2012 it remained at the last year's level. The registered unemployment increased: the unemployment rate as of the end of September of this year amounted to 12.4% (by 0.6 pp more than a year earlier). An average nominal monthly gross wages and salaries in the enterprise sector were increasing more slowly than in the period of January-September of 2011, and their dynamics weakened in subsequent quarters. As a result, with still significant level of inflation, the purchasing power of wages and salaries was lower than in three quarters of 2011. However, real social benefits both in the employee system and in the farmers system and were higher than the year before.

Sold production of industry in three quarters of 2012 was higher than the year before by 2.5% (after an increase of 3.8% in the 1<sup>st</sup> half of the year, a slight decline was recorded in the 3<sup>rd</sup> quarter - of 0.1%). Growth was recorded in all sections of industry, except for mining and quarrying. The fastest growth was recorded in enterprises manufacturing non-durable consumer goods. With a slight decline in the average employment, labour productivity in industry was by 3.3% higher than in the period of January-September of 2011. Construction and assembly production within nine months of 2012 developed above the last year's level (an increase of 1.4%) but since June of 2012 its drop has been recorded. Retail sales in the period of January-September of 2012 reached the level by 4.1% higher than in the corresponding period of 2011, and in the 3<sup>rd</sup> quarter the growth rate slowed down to 1.9% in annual terms.

According to surveys conducted in October of 2012, the general business tendency climate with respect to manufacturing, construction, retail trade and several service sections is assessed negatively, worse than in previous months. Construction entities as well as enterprises operating in manufacturing indicate further restrictions on present and future order-books and production. The intensity of difficulties in settlement of financial liabilities in manufacturing is

predicted. Construction entities indicate deterioration in current and future financial situation. Forecasts of retail trade entities for orders with suppliers and demand for goods as well as current assessments and forecasts regarding sales are more unfavourable than in September of 2012. Planned reductions of employment in this section might be similar to those expected in September of 2012, with more considerable expected reductions compared to the previous month in manufacturing and construction.

Prices of consumer goods and services increased in annual terms slightly less than in the three quarters of 2011 (growth of 4.0% compared to 4.2%) but their dynamics was still considerable. In September of 2012, prices growth rate in annual terms was similar to that noted the month ago (3.8%). High prices growth rate in transport, foods, non-alcoholic beverages as well as in housing maintained. In the period of January-September of 2012 in industry a distinct slowdown in prices growth rate was recorded in comparison to the corresponding period of 2011. In September of 2012 the prices of sold production of industry were increasing visibly slower than in previous months, whereas the prices of construction and assembly production declined in annual terms once more.

The situation on agricultural market was developing under the influence of relatively favourable main agricultural and horticultural crops as well as deepening decline in livestock of pigs for slaughter. The procurement prices of basic agricultural products, except for prices of potatoes and milk, in the three quarters of 2012 exceeded last year's level. The dynamics of prices of cereal was much slower than the year before. With limitation of supply of pigs and cattle for slaughter for procurement, their average prices were much higher than in the three quarters of 2011, both in procurement and marketplace. An increased supply of milk was accompanied by a slowdown tendency in the dynamics of this product price and since April of 2012 a decline in average price of milk was recorded.

In the period of January-August of 2012, foreign trade turnover calculated in zlotys increased, but their dynamics was slower than the year before. Exports grew faster than imports, which influenced the improvement of total negative turnover balance. Similarly to previous periods, turnover with countries of Central and Eastern Europe was developing in the fastest pace, which increased the importance of these countries' group in geographical structures of turnover. Whereas, the participation of developed countries, including the EU countries, decreased. In imports structure, the participation of intermediate goods was higher than the year before, with decreased share of capital goods as well as consumption goods.

In the period of January-September of 2012, expenditure of the state budget amounted to PLN 235.0 billion, whereas revenue amounted to PLN 213.9 billion. The state deficit amounted to PLN 21.1 billion, which constituted 60.4% of the plan.

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a – 2011 b – 2012	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	5501	5513	5509	5514	5514	5527	5528	5520	5515	5512	5515	5503
	b	5551	5543	5539	5531	5530	5531	5529	5522	5514			
Registered unemployed persons (in thous. persons; end of period) .....	a	2105	2150	2134	2044	1963	1883	1863	1855	1862	1868	1915	1983
	b	2122	2168	2142	2073	2014	1964	1953	1965	1979			
Unemployment rate (in %; end of period) .....	a	13,1	13,4	13,3	12,8	12,4	11,9	11,8	11,8	11,8	11,8	12,1	12,5
	b	13,2	13,4	13,3	12,9	12,6	12,3	12,3	12,4	12,4			
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> (in zł) .....	a	3391,59	3422,14	3633,54	3597,84	3483,99	3600,47	3611,56	3591,23	3581,94	3617,16	3682,19	4015,37
	b	3666,41	3568,32	3770,66	3719,81	3617,98	3754,48	3700,01	3686,45	3640,84			
previous month=100 .....	a	88,1	100,9	106,2	99,0	96,8	103,3	100,3	99,4	99,7	101,0	101,8	109,0
	b	91,3	97,3	105,7	98,7	97,3	103,8	98,5	99,6	98,8			
corresponding month of previous year=100 .....	a	105,0	104,1	104,0	105,9	104,1	105,8	105,2	105,4	105,2	105,1	104,4	104,4
	b	108,1	104,3	103,8	103,4	103,8	104,3	102,4	102,7	101,6			
Average monthly real gross wage and salary in the enterprise sector <sup>1</sup> corresponding month of previous year=100 .....	a	101,5	100,7	99,9	101,5	99,3	101,6	101,3	101,2	101,3	100,9	99,8	99,9
	b	103,9	100,1	100,0	99,5	100,3	100,2	98,7	99,0	98,0			
Average monthly real gross retirement pay and pension: from non-agricultural social security system corresponding month of previous year=100.....	a	102,2	102,3	100,1	100,0	99,3	100,2	100,4	100,1	100,6	100,2	99,6	99,8
	b	100,4	100,0	101,4	101,2	101,8	100,8	101,1	101,3	101,2			
of farmers corresponding month of previous year=100.....	a	100,5	100,4	98,1	98,2	97,4	98,3	98,7	98,4	98,8	98,5	97,9	97,9
	b	98,8	98,5	103,4	103,4	103,6	102,8	103,2	103,3	103,3			
Price indices of consumer goods and services: previous month=100 .....	a	101,2	100,2	100,9	100,5	100,6	99,6	99,7	100,0	100,1	100,7	100,7	100,4
	b	100,7	100,4	100,5	100,6	100,2	100,2	99,5	99,7	100,1			
corresponding month of previous year=100 .....	a	103,6	103,6	104,3	104,5	105,0	104,2	104,1	104,3	103,9	104,3	104,8	104,6
	b	104,1	104,3	103,9	104,0	103,6	104,3	104,0	103,8	103,8			
December of previous year=100 .....	a	101,2	101,4	102,3	102,9	103,5	103,1	102,8	102,7	102,8	103,5	104,2	104,6
	b	100,7	101,1	101,7	102,2	102,4	102,6	102,1	101,8	101,9			
Price indices of sold production of industry: previous month=100 .....	a	100,4	101,2	101,6	100,7	99,7	100,3	100,4	100,6	101,7	100,1	100,9	100,4
	b	100,1	99,5	100,1	100,7	100,4	99,5	99,6	100,0	100,5			
corresponding month of previous year=100 .....	a	106,2	107,5	109,5	108,8	106,3	105,6	105,9	106,8	108,4	108,5	109,1	108,2
	b	107,9	106,0	104,4	104,4	105,2	104,4	103,6	103,0	101,8			
Price indices of construction and assembly production: previous month=100 .....	a	100,1	100,1	100,2	100,2	100,2	100,3	100,2	100,3	100,1	100,1	100,0	100,0
	b	99,9	99,9	100,0	100,0	99,9	99,9	99,8	99,8	99,7			
corresponding month of previous year=100 .....	a	100,3	100,4	100,6	100,6	100,7	100,8	101,1	101,4	101,6	101,6	101,7	101,8
	b	101,5	101,4	101,3	101,1	100,9	100,5	100,1	99,7	99,3			

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

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification a – 2011 b - 2012	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	93,7	103,3	115,2	90,7	102,7	101,0	94,0	104,1	112,6	97,6	100,5	95,1
..... b	95,0	99,2	110,7	92,4	104,2	98,0	97,9	99,3	106,1			
corresponding month of previous year=100 ..... a	110,3	110,5	106,8	106,7	107,8	102,0	101,8	107,9	107,4	106,4	108,5	107,7
..... b	109,1	104,8	100,8	102,8	104,3	101,2	105,4	100,6	94,8			
Construction and assembly production (constant prices <sup>2</sup> ):												
previous month=100 ..... a	30,7	111,5	142,4	109,7	125,9	117,6	96,6	101,5	118,3	95,7	92,5	140,6
..... b	35,5	94,5	131,6	114,6	123,7	105,0	92,9	105,7	102,2			
corresponding month of previous year=100 ..... a	111,0	118,7	124,2	115,6	123,9	117,0	116,5	110,8	118,1	108,9	113,0	114,6
..... b	132,2	112,0	103,5	108,1	106,2	94,8	91,3	95,0	82,2			
Dwellings completed (from the beginning of year) ..... a	10289	18329	27500	36973	45726	54568	65064	75965	86839	101027	114443	130954
..... b	12468	23783	36292	47379	57411	67845	79220	92021	104621			
Retail sales of commodities <sup>1</sup> (constant prices <sup>3</sup> ):												
previous month=100 ..... a	70,8	101,8	117,4	101,7	98,3	101,9	101,3	101,5	101,3	102,8	93,5	120,3
..... b	74,9	101,0	115,0	97,0	100,8	100,2	102,2	100,5	98,4			
corresponding month of previous year=100 ..... a	102,3	108,6	105,1	113,6	108,5	106,4	104,2	106,9	107,7	106,8	107,4	104,2
..... b	109,9	108,9	106,9	101,8	104,3	102,6	103,4	102,3	99,6			
State budget balance - from the beginning of year (in mln zł) ..... a	-2762,0	14409,2	17499,7	21585,5	23728,3	20222,2	21083,6	20680,7	21888,5	22470,4	21573,4	25124,4
..... b	-5301,8	16515,6	22968,6	24819,9	26981,0	21085,6	24338,8	22911,8	21122,3			
Average exchange rates in zł – National Bank of Poland:												
100 USD ..... a	291,48	287,87	286,88	274,67	274,19	275,86	279,11	287,70	314,29	317,69	326,09	339,59
..... b	338,84	316,08	313,20	317,27	334,72	343,99	340,61	330,21	321,54			
100 EUR ..... a	389,69	392,86	401,74	397,06	393,95	396,95	399,07	412,32	433,32	435,62	442,39	447,66
..... b	437,75	418,40	413,70	417,56	428,84	430,72	418,96	409,12	413,14			
100 CHF ..... a	305,03	303,12	311,88	305,92	314,00	327,99	338,24	368,94	361,93	354,41	359,34	364,68
..... b	361,35	346,60	343,00	347,36	357,00	358,65	348,84	340,64	341,68			
Foreign trade <sup>4</sup> in mln zł:												
exports ..... a	40153,3	42483,4	48187,9	44225,9	46415,3	45259,8	42486,9	45945,9	52812,9	52071,3	52126,2	46570,2
..... b	48366,5	47698,6	51364,4	47966,0	50033,1	49707,6	49305,8	46848,8	.			53458,9
imports ..... a	44300,5	47210,9	52935,3	50553,5	52021,9	51666,4	48956,6	51626,1	56269,0	56928,9	57444,7	
..... b	52959,6	52953,6	55167,1	50966,9	54980,2	52739,3	51720,2	47989,9	.			
balance ..... a	-4147,2	-4727,5	-4747,4	-6327,6	-5606,6	-6406,6	-6469,7	-5680,2	-3456,1	-4857,6	-5318,5	-6888,7
..... b	-4593,1	-5255,0	-3802,7	-3000,9	-4947,1	-3031,7	-2414,4	-1141,1	.			

<sup>1</sup> Data concern economic entities employing more than 9 persons. <sup>2</sup> The average current prices from 2005. <sup>3</sup> The current prices from the period preceding the surveyed period.

<sup>4</sup> Preliminary data.