

## **Introduction**

In the period of three quarters of 2011, a stable and moderate growth rate was observed in the Polish economy, despite the continuing uncertainty in the global economy and the weakening of business tendencies in many European countries. Despite short-term fluctuations, a relatively high growth rate concerned production in industry. A considerable growth maintained in construction and assembly production, in the sales of transport services, and in retail trade. The upward tendencies in the economy were accompanied by an increased inflation and by slightly higher unemployment than a year before, combined with a moderate dynamics of wages and salaries in the enterprise sector.

Positive changes in the scope of average employment indicate that the situation on the labour market was slightly better than in the period of nine months of 2010, though they have weakened in subsequent quarters. Average employment in the enterprise sector in the period of January-September of 2011 increased by 3.6% in annual terms. A high growth was recorded in some areas of services and in construction. Unemployment in subsequent months was higher than in the corresponding periods of the previous year. The registered unemployment rate at the end of September of 2011 was similar to the one recorded in the previous two months, and amounted to 11.8%, i.e. by 0.3 percentage point higher than a year before.

Sold production of industry in the period of three quarters of 2011 was higher than a year before by 7.0%, and the highest growth was observed in the 1<sup>st</sup> quarter. The weakening of the considerable dynamics in subsequent quarters was triggered mainly by the slowdown of the growth rate in manufacturing in June and July of 2011. The production of intermediate and capital goods still grew at the highest rate. Labour efficiency in industry was by 4.5% higher than a year before, with a growth in employment of 2.4%.

Following a slight drop in the period of nine months of the previous year, construction and assembly production indicated a considerable dynamics in subsequent periods, and after three quarters of 2011 the sales were by 18.2% higher than a year before. A very high growth rate was observed in the entities dealing with civil engineering and specialised activities, with a lower one – in the group of entities dealing with building construction.

The survey on business tendencies, conducted in October of 2011, indicates negative assessments of the business tendency climate in manufacturing, construction and retail trade. The unfavourable value of the indicator in manufacturing entities is influenced by the worsening of the projective assessments concerning, among others, the limitation of order book and production. The current assessments in this scope are, however, more favourable than in the previous months. Companies still indicate the difficulties in settling their current and future liabilities. In construction, the current and future assessments of production, order-books and financial situation are more pessimistic than a month before. Entrepreneurs project that the prices of construction and assembly works will drop in the nearest months. In retail trade, together with unfavourable current assessments, the forecasts concerning future sales and demand for goods are positive. The difficulties in settling financial liabilities by trade entities have become more pronounced.

The year-on-year growth in the prices of consumer goods and services was higher than in the period of three quarters of the previous year (4.2% against 2.5%). The total index growth in the reference period was mainly influenced by the considerable dynamics of food and non-alcoholic beverage prices, as well as the prices of goods and services associated with housing. In September of 2011, the prices of food and non-alcoholic beverages grew to a lower extent than in the previous months, as a result of which the dynamics of the prices of consumer goods and services slowed down. Producer prices in industry grew in the period of three quarters of 2011 considerably faster than in the corresponding period of the previous year while in construction they have reached the level which was slightly higher than a year before (when a slight drop in these prices was recorded).

Average nominal wages and salaries in the enterprise sector grew at a moderate rate (in the period of nine months of 2011, a growth of 5.1% in annual terms), and with an improving financial condition of non-financial enterprises in subsequent quarters a gradual strengthening of their dynamics was observed. In the conditions of an increased inflation, the purchasing power of average wages and salaries only slightly exceeded the previous year's level. Real retirement pays and pensions in the employee system grew to a lower extent in the period of three quarters of the previous year, and the purchasing power of retirement pays and pensions for individual farmers was below the previous year's level.

On agricultural market, with an increased supply, average prices of most basic agricultural products in the period of January-September of 2011 were higher than a year before. Higher prices concerned, among others, cereals, animals for slaughter and milk while the prices of piglets for further breeding were lower. With an exceptionally high level of grain prices, the profitability rate of pigs breeding maintained at a low level. The results of the representative survey on pigs, conducted in July of 2011, indicate a deepening of the year-on-year drop in livestock, which was recorded in March of 2011. According to preliminary estimates, this year's cereal crops are lower than the previous year's ones.

The commodity turnover in foreign trade in the period of January-August of 2011 grew at a similar rate both on the exports and imports side. A negative balance of total turnover deepened in comparison with the corresponding period of the previous year, which resulted mainly from the worsening of the negative balance of turnover with Central and Eastern European countries. The commodity turnover increased with all groups of countries, to the highest extent with the Central and Eastern European countries. In the structure of turnover, the share of Central and Eastern European countries increased while the share of EU countries declined.

In the period of January-September of 2011, the State budget expenditures reached the level of PLN 226.9 billion and revenues – PLN 205.0 billion. As a result, a deficit in the amount of PLN 21.9 billion was recorded, which accounted for 54.5% of the amount assumed in the Budget Act for 2011.

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a - 2010, b - 2011		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Registered unemployed persons (in thous.)	a	2053	2102	2077	1974	1908	1844	1813	1800	1813	1819	1858	1955
	b	2105	2150	2134	2044	1963	1883	1863	1855	1862			
Unemployment rate (in %)	a	12,9	13,2	13,0	12,4	12,1	11,7	11,5	11,4	11,5	11,5	11,7	12,4
	b	13,1	13,4	13,3	12,8	12,4	11,9	11,8	11,8	11,8			
Paid employment in the enterprise sector													
in thous. persons	a	5301	5293	5294	5308	5320	5336	5350	5352	5364	5375	5381	5379
	b	5501	5513	5509	5514	5514	5527	5528	5520	5515			
Average monthly nominal gross wage and salary in the enterprise sector													
(in zł)	a	3231,13	3288,29	3493,42	3398,67	3346,61	3403,65	3433,32	3407,26	3403,68	3440,22	3525,67	3847,91
	b	3391,59	3422,14	3633,54	3597,84	3483,99	3600,47	3611,56	3591,23	3581,94			
previous month=100	a	88,5	101,8	106,2	97,3	98,5	101,7	100,9	99,2	99,9	101,1	102,5	109,1
	b	88,1	100,9	106,2	99,0	96,8	103,3	100,3	99,4	99,7			
corresponding month of previous year=100	a	100,5	102,9	104,8	103,2	104,8	103,5	102,1	104,2	103,7	103,9	103,6	105,4
	b	105,0	104,1	104,0	105,9	104,1	105,8	105,2	105,4	105,2			
Average monthly real gross wage and salary in the enterprise sector													
corresponding month of previous year=100	a	97,0	99,9	102,1	100,8	102,5	101,3	100,2	102,3	101,3	101,2	101,1	102,3
	b	101,5	100,7	99,9	101,5	99,3	101,6	101,3	101,2	101,3			
Average monthly real gross retirement pay and pension:													
from non-agricultural social security system													
corresponding month of previous year=100	a	104,1	104,8	103,9	103,6	103,9	103,6	103,7	103,9	103,1	102,7	102,9	102,9
	b	102,2	102,3	100,1	100,0	99,3	100,1	100,4	100,1	100,6			
of farmers													
corresponding month of previous year=100	a	102,4	103,1	102,0	102,2	102,4	102,0	102,3	102,1	101,3	101,1	101,2	101,0
	b	100,5	100,4	98,0	98,1	97,4	98,3	98,7	98,4	98,8			
Price indices of consumer goods and services:													
previous month=100	a	100,6	100,2	100,3	100,4	100,3	100,3	99,8	99,6	100,6	100,5	100,1	100,4
	b	101,2	100,2	100,9	100,5	100,6	99,6	99,7	100,0	100,1			
corresponding month of previous year=100	a	103,5	102,9	102,6	102,4	102,2	102,3	102,0	102,0	102,5	102,8	102,7	103,1
	b	103,6	103,6	104,3	104,5	105,0	104,2	104,1	104,3	103,9			
December of previous year=100	a	100,6	100,9	101,2	101,6	101,9	102,2	102,0	101,5	102,1	102,6	102,8	103,1
	b	101,2	101,4	102,3	102,9	103,5	103,1	102,8	102,7	102,8			
Price indices of sold production of industry:													
previous month=100	a	100,4	99,9	99,8	101,4	102,0	101,0	100,1	99,8	100,1	100,0	100,4	101,2
	b	100,4	101,2	101,6	100,7	99,7	100,3	100,4	100,6	101,4			
corresponding month of previous year=100	a	100,2	97,6	97,4	99,6	101,9	102,1	103,8	104,0	104,3	103,9	104,7	106,2
	b	106,2	107,5	109,5	108,8	106,3	105,6	105,9	106,8	108,1			
Price indices of construction and assembly production:													
previous month=100	a	99,8	99,9	100,0	100,1	100,1	100,1	99,9	100,0	100,0	100,0	100,0	100,1
	b	100,1	100,1	100,2	100,2	100,2	100,3	100,2	100,3	100,1			
corresponding month of previous year=100	a	99,3	99,4	99,5	99,7	100,0	100,1	100,2	100,2	100,2	100,1	100,0	100,0
	b	100,3	100,4	100,6	100,6	100,7	100,8	101,1	101,4	101,6			

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification a - 2010, b - 2011	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Sold production of industry (constant prices <sup>1</sup> ):												
previous month=100 .....	a 94,6	103,1	119,1	90,8	101,6	106,8	94,1	98,2	113,1	98,4	98,6	95,8
corresponding month of previous year=100 .....	b 93,7	103,3	115,2	90,7	102,7	101,0	94,0	104,1	113,0			
a 108,5	109,2	112,5	109,7	113,5	114,3	110,5	113,6	111,8	108,0	110,0	111,4	
b 110,3	110,5	106,8	106,7	107,8	102,0	101,8	107,9	107,7				
Construction and assembly production (constant prices <sup>1</sup> ):												
previous month=100 .....	a 31,1	104,2	136,2	117,8	117,5	124,5	97,0	106,7	111,0	103,8	89,2	138,7
corresponding month of previous year=100 .....	b 30,7	111,5	142,4	109,7	125,9	117,6	96,6	101,5	118,3			
a 84,7	75,3	89,1	93,7	102,3	109,6	100,8	108,4	113,4	109,4	114,2	112,3	
b 111,0	118,7	124,2	115,6	123,9	117,0	116,5	110,8	118,1				
Dwellings completed (from the beginning of year) .....	a 12791	22655	34047	44852	53838	63779	75441	85990	97674	109414	121632	135835
b 10289	18336	27508	37006	45795	54673	64551	75384	87274				
Retail sales of commodities (constant prices <sup>2</sup> ):												
previous month=100 .....	a 75,3	95,9	121,3	93,9	102,7	103,9	103,6	99,0	100,4	103,6	93,1	124,6
corresponding month of previous year=100 .....	b 70,8	101,8	117,4	101,7	98,3	101,9	101,3	101,5	101,3			
a 98,8	97,2	105,9	96,0	102,0	104,5	102,4	105,1	106,4	106,4	106,1	109,1	
b 102,3	108,6	105,1	113,6	108,5	106,4	104,2	106,9	107,7				
State budget balance - from the beginning of year (in mln zł) .....	a -4779,2	-16835,6	-22707,6	-26957,0	-32046,2	-36568,7	-34870,3	-36975,9	-39535,5	-41890,2	-42613,1	-44591,1
b -2762,0	-14409,2	-17499,7	-21585,5	-23728,3	-20222,2	-21083,6	-20680,7	-21919,8				
Average exchange rates in zł - National Bank of Poland:												
100 USD .....	a 285,18	293,85	286,72	287,99	321,37	335,71	319,50	308,94	303,18	284,82	289,13	301,97
b 291,48	287,87	286,88	274,67	274,19	275,86	279,11	287,70	314,29				
100 EUR .....	a 407,20	401,55	389,19	387,04	405,21	410,25	408,18	398,72	395,58	395,62	395,31	399,59
b 389,69	392,86	401,74	397,06	393,95	396,95	399,07	412,32	433,32				
100 CHF .....	a 275,73	273,71	268,85	269,97	285,04	297,78	303,08	297,25	301,96	293,58	294,32	311,55
b 305,03	303,12	311,88	305,92	314,00	327,99	338,24	368,94	361,93				
Foreign trade in mln zł:												
exports .....	a 34236,9	36286,1	40612,0	38498,9	40021,8	43053,8	40591,0	38076,8	44360,5	43939,3	42551,4	38829,7
b 39964,1	42258,8	47807,4	43931,7	45954,0	45487,0	41906,3	46433,4	.				
imports .....	a 36572,4	39626,3	45147,3	41568,7	44284,2	46905,5	45435,3	44136,5	48287,7	48787,4	49527,1	45942,2
b 43761,7	46638,2	52133,1	49354,4	51082,8	50599,2	47378,1	48815,3	.				
balance .....	a -2335,5	-3340,2	-4535,3	-3069,8	-4262,4	-3851,7	-4844,3	-6059,7	-3927,2	-4848,1	-6975,7	-7112,5
b -3797,6	-4379,4	-4325,7	-5422,7	-5128,8	-5112,2	-5471,8	-2381,9	.				

<sup>1</sup> The average current prices from 2005.

<sup>2</sup> The current prices from the period preceding the surveyed period.