

## Introduction

In subsequent quarters of 2013, with continually unfavourable conditions in the European economy, the economic growth rate in Poland improved gradually. The economic slowdown recorded in the 2<sup>nd</sup> half of 2012 continued in the 1<sup>st</sup> half of 2013. In the 4<sup>th</sup> quarter, the strengthening of the positive tendencies, which began in the preceding months, was observed in many areas. However, the GDP growth in the entire 2013 was slightly slower than in 2012.

According to the preliminary estimate, the gross domestic product in 2013 increased, in real terms, by 1.6% in annual terms (against a growth of 1.9% in 2012). Final consumption expenditure was higher than a year before by 1.1% (of which individual consumption expenditure grew by 0.8%). The decline in gross capital formation observed in 2012 continued (of 5.0% in 2013), including in gross fixed capital formation (of 0.4%). The domestic demand was slightly lower than a year before (by 0.2%). It is preliminarily estimated that net exports, similarly to the two preceding years, had a positive impact on the economic growth rate. The gross value added in the national economy increased by 1.5% in annual terms. The highest growth in the gross value added occurred in transportation and storage (of 4.5%). A faster growth than a year before was recorded in industry and in trade; repair of motor vehicles (of 2.9% and 1.7%, respectively). However, the gross value added in construction was much lower (by 9.0%).

In 2013 the difficult situation on the labour market continued, but in the 4<sup>th</sup> quarter it indicated a slight mitigation. According to the estimated data, the number of persons employed in the national economy at the end of 2013 was by 0.6% higher than a year before. Average employment in the enterprise sector in 2013 decreased by 1.0% in comparison with 2012. The drop rate was gradually slowing down since May, and in November and December a slight growth in average employment in annual terms was recorded. In 2013, the high level of unemployment continued. The inflow to unemployment in 2013 was slightly higher than in 2012, but at the same time the number of persons removed from unemployment register grew, in particular due to taking up a job. At the end of December, with a slight growth in the number of registered unemployed persons, the unemployment rate reached the same level as a year before.

Average monthly nominal gross wages and salaries in the enterprise sector in 2013 grew slower than in 2012 (2.9% against 3.4%), but their dynamics improved in the 2<sup>nd</sup> half of the year. With a slight growth in consumer prices, the purchasing power of wages and salaries in 2013 increased by 2.0% whereas a year before its slight drop was observed. The growth rate in average retirement pays and pensions both in the employee and in the farmers system was close to the one recorded in 2012, and faster than in wages and salaries. The purchasing power of these benefits increased considerably – in the non-agricultural social security system it rose by 4.4%, and of private farmers by 5.1%.

A growth in the prices of consumer goods and services in 2013 was much weaker than in 2012 (0.9% against 3.7%) and lower than the one assumed in the Budget Act. The growth rate in the prices of food and non-alcoholic beverages and in the prices of goods and services associated with dwelling slowed down; the prices in transport decreased. Producer prices in industry and in construction were lower than in 2012.

Sold production of industry in total, according to preliminary estimates, grew in 2013 by 2.1% (against a growth of 0.5% a year before). In enterprises employing more than 9 persons, production increased by 2.2%, though in the 2<sup>nd</sup> half of the year the dynamics was higher than in the 1<sup>st</sup> one. A growth was recorded in all sections, except for electricity, gas, steam and air-conditioning supply. Among the main industrial groupings, the fastest growth concerned consumer goods and capital goods. In December of 2013, sold production of industry rose, in annual terms, by 6.6% (after eliminating the seasonal factors by 5.2%).

It is estimated that in 2013 construction and assembly production in total was by approx. 11% lower than a year before (against a drop of 6.3% in 2012). In enterprises employing more than 9 persons, sale dropped by 12.0% in comparison with the previous year, but in the 2<sup>nd</sup> half of the year a reduction in the drop rate was observed. In 2013, construction and assembly production was lower than a year before in all divisions of construction, and the deepest drop occurred in enterprises dealing mainly with civil engineering. Within the structure of construction and assembly production, the share of specialised construction activities increased in comparison with 2012, and the share of civil engineering decreased; also in construction of buildings a slight decrease was observed. In December of 2013, together with favourable weather conditions, construction and assembly production grew for the first time from over a year, in comparison with the low level recorded a year before (by 5.8%, and after eliminating the seasonal factors by 0.4%).

According to preliminary estimates, total retail sales in 2013 was by 1.6% higher than a year before (against a growth of 0.5% in 2012). In enterprises employing more than 9 persons, the growth amounted to 2.5%, and the sale dynamics in subsequent quarters improved. Among the groups with a considerable share in total retail sale, the highest year-on-year growth was recorded in the group of motor vehicles, motorcycles, parts and accessories, and in other retail sale in non-specialised stores. In December of 2013, an acceleration of the growth rate in retail sale was observed, reaching 5.9%.

The global agricultural production in 2013, according to preliminary estimates, grew by 1.5% in comparison with 2012. This was influenced by a growth in both plant production (of 1.0%) and animal production (of 2.2%). The survey conducted at the end of November of 2013 indicates a lowering of the drop scale in the number of pig heads (to 1.2% in annual terms). The number of cattle at the end of December of 2013 was by 1.4% higher than a year before, with a growth being observed in all categories, except for cows. On the agricultural market, the prices of most crop products in 2013 were lower than in the previous year, except for potato and wheat prices on marketplaces. However, the prices of basic animal products, except for the procurement prices of cattle and piglets for further breeding, were higher than in 2012. As a result of the drop in the prices of agricultural products sold by farmers and a growth in the prices of consumer goods and services purchased by producers, the "price gap" indicator reached an unfavourable level in the second year in a row, amounting to 97.6.

In the period of January-November of 2013, the dynamics of foreign trade turnover, calculated in PLN, was lower than a year before. As a result of a growth in exports and a slight drop in imports, the total negative balance of trade improved considerably. In the period of ten months of 2013, a year-on-year growth in constant prices was recorded both in exports and slight in imports. The terms of trade index, in the period of January-October of 2013, reached a favourable level (102.1 against 98.0 a year before).

According to the surveys conducted in January of 2014, enterprises operating in manufacturing have assessed business tendencies in a positive way for the first time since June 2012. In the nearest three months, an extension of both the order-books and production is projected (against their limitation in December of 2013), with continually negative current assessments in these areas. The current and future financial situation of enterprises operating in manufacturing is perceived less pessimistically than a month before. Construction entities assess business tendencies in a negative way, but better than in December of 2013, which is influenced mainly by the less unfavourable forecasts concerning the order book, production and financial situation. However, current assessments in this scope are more negative than a month before. The attitudes of retail trade entities, which are pessimistic but better than in December of 2013, are influenced, among others, by the less negative assessments of the current sale and financial situation, together with the worsening of unfavourable forecasts in these areas. An improvement in the general business tendency indicator is observed in 9 out of 11 services sections surveyed. Consumer attitudes are better than in December of 2013.

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a – 2012													
b – 2013													
<b>Paid employment in the enterprise sector<sup>1</sup></b>													
in thous. persons .....	a	5551	5543	5539	5531	5530	5531	5529	5522	5514	5510	5497	5474
	b	5507	5497	5489	5478	5479	5488	5489	5494	5495	5500	5501	5491
Registered unemployed persons (in thous. persons; end of period).....	a	2122	2168	2142	2073	2014	1964	1953	1965	1979	1995	2058	2137
	b	2296	2337	2315	2256	2176	2109	2093	2083	2083	2075	2116	2158
Unemployment rate (in %; end of period) .....	a	13,2	13,4	13,3	12,9	12,6	12,3	12,3	12,4	12,4	12,5	12,9	13,4
	b	14,2	14,4	14,3	14,0	13,6	13,2	13,1	13,0	13,0	13,0	13,2	13,4
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> (in z) .....	a	3666,41	3568,32	3770,66	3719,81	3617,98	3754,48	3700,01	3686,45	3640,84	3718,19	3780,64	4111,69
	b	3680,30	3709,99	3832,81	3830,89	3699,67	3808,63	3830,07	3760,45	3770,91	3834,17	3897,88	4221,50
previous month=100 .....	a	91,3	97,3	105,7	98,7	97,3	103,8	98,5	99,6	98,8	102,1	101,7	108,8
corresponding month	b	89,5	100,8	103,3	99,9	96,6	102,9	100,6	98,2	100,3	101,7	101,7	108,3
of previous year=100 .....	a	108,1	104,3	103,8	103,4	103,8	104,3	102,4	102,7	101,6	102,8	102,7	102,4
	b	100,4	104,0	101,6	103,0	102,3	101,4	103,5	102,0	103,6	103,1	103,1	102,7
Average monthly real gross wage and salary in the enterprise sector <sup>1</sup>													
corresponding month													
of previous year=100.....	a	103,9	100,1	100,0	99,5	100,3	100,2	98,7	99,0	98,0	99,5	100,0	100,0
	b	98,7	102,8	100,6	102,2	101,8	101,1	102,4	100,9	102,6	102,3	102,5	102,1
Average monthly real gross retirement pay and pension:													
from non-agricultural social security system													
corresponding month of previous year=100.....	a	100,4	100,0	101,4	101,2	101,8	100,8	101,1	101,3	101,2	101,7	102,4	102,7
	b	104,1	104,0	104,3	104,5	104,6	104,9	103,9	104,1	104,0	104,4	104,4	104,8
of farmers													
corresponding month of previous year=100.....	a	98,8	98,5	103,4	103,4	103,7	102,8	103,2	103,3	103,3	103,9	104,5	104,9
	b	106,7	107,2	104,7	104,8	105,3	105,5	104,3	104,5	104,4	104,7	105,0	105,0
Price indices of consumer goods and services:													
previous month=100 .....	a	100,7	100,4	100,5	100,6	100,2	100,2	99,5	99,7	100,1	100,4	100,1	100,1
	b	100,1	100,0	100,2	100,4	99,9	100,0	100,3	99,7	100,1	100,2	99,8	100,1
corresponding month													
of previous year=100 .....	a	104,1	104,3	103,9	104,0	103,6	104,3	104,0	103,8	103,8	103,4	102,8	102,4
	b	101,7	101,3	101,0	100,8	100,5	100,2	101,1	101,1	101,0	100,8	100,6	100,7
December of previous year=100 .....	a	100,7	101,1	101,7	102,2	102,4	102,6	102,1	101,8	101,9	102,3	102,3	102,4
	b	100,1	100,0	100,2	100,6	100,5	100,5	100,8	100,5	100,5	100,7	100,5	100,7
Price indices of sold production of industry:													
previous month=100 .....	a	100,1	99,5	100,1	100,7	100,4	99,5	99,6	100,0	100,5	99,3	99,8	99,4
	b	100,0	100,3	99,7	99,3	100,1	100,7	100,2	99,7	100,1	99,3	99,7	100,0
corresponding month													
of previous year=100 .....	a	107,9	106,0	104,4	104,4	105,2	104,4	103,6	103,0	101,8	101,0	99,9	98,9
	b	98,8	99,7	99,3	97,9	97,5	98,7	99,2	98,9	98,6	98,6	98,5	99,1
Price indices of construction and assembly production:													
previous month=100 .....	a	99,9	99,9	100,0	100,0	99,9	99,9	99,8	99,8	99,8	99,9	99,9	99,9
	b	99,8	99,8	99,8	99,9	99,8	99,9	99,9	99,8	99,9	99,9	99,9	99,9
corresponding month													
of previous year=100 .....	a	101,5	101,4	101,3	101,1	100,9	100,5	100,1	99,7	99,3	99,1	98,9	98,7
	b	98,6	98,4	98,2	98,1	98,0	98,0	98,1	98,1	98,2	98,2	98,3	98,3

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

**SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY**

(cont.)

Specification		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a - 2012													
b - 2013													
<b>Sold production of industry<sup>1</sup> (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	95,0	99,6	110,2	92,4	104,0	98,0	98,1	99,4	105,5	107,8	95,2	87,2
	b	105,5	97,2	109,3	97,8	99,3	102,6	101,5	95,6	109,7	106,1	93,8	90,3
corresponding month													
of previous year=100 .....	a	108,5	104,6	100,9	102,6	104,2	101,0	105,2	100,2	95,2	104,7	99,5	90,4
	b	100,4	97,9	97,1	102,8	98,2	102,8	106,3	102,2	106,3	104,6	102,9	106,6
<b>Construction and assembly production (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	35,5	94,5	131,5	114,4	123,3	105,7	92,9	105,7	102,2	112,4	90,9	111,5
	b	39,7	99,7	120,9	107,9	116,3	119,1	107,8	99,2	109,4	114,3	91,1	121,5
corresponding month													
of previous year=100 .....	a	131,9	111,9	103,2	107,8	105,6	94,8	91,3	94,9	82,1	96,4	94,6	75,1
	b	83,9	88,6	81,5	76,9	72,5	81,7	94,8	88,9	95,2	96,8	97,1	105,8
Dwellings completed (from the beginning of year) .....	a	12468	23783	36292	47377	57409	67843	79716	92677	104805	120230	135792	152904
	b	13979	24937	37125	47745	57464	67977	80950	91425	102151	116583	129588	146122
<b>Retail sales of commodities<sup>1</sup> (constant prices<sup>3</sup>):</b>													
previous month=100 .....	a	74,9	101,0	115,0	97,0	100,8	100,2	102,2	100,5	98,4	103,7	93,7	115,1
	b	79,6	97,4	116,5	97,0	101,9	101,6	103,8	99,8	98,9	103,3	94,2	117,1
corresponding month													
of previous year=100 .....	a	109,9	108,9	106,9	101,8	104,3	102,6	103,4	102,3	99,6	100,5	100,7	96,4
	b	102,4	98,7	100,0	100,1	101,2	102,6	104,3	103,5	104,1	103,7	104,2	105,9
<b>State budget balance - from the beginning of year (in mln zł) .....</b>													
	a	-5301,8	-16515,6	-22968,6	-24819,9	-26981,0	-21085,6	-24338,8	-22911,8	-21128,9	-34206,1	-30477,2	30406,7
	b	-8440,9	-21684,6	-24452,7	-31717,0	-30951,2	-25873,7	-25949,6	-26811,1	-29643,4	-39481,2	-38569,1	.
<b>Average exchange rates in zł - National Bank of Poland:</b>													
100 USD .....	a	338,84	316,08	313,20	317,27	334,72	343,99	340,61	330,21	321,54	316,72	322,37	312,30
	b	311,45	311,97	320,58	318,25	321,49	325,12	326,88	317,67	317,50	307,04	309,98	304,81
100 EUR .....	a	437,75	418,40	413,70	417,56	428,84	430,72	418,96	409,12	413,14	410,91	413,54	409,38
	b	413,69	417,34	415,81	414,09	417,59	428,65	427,56	422,95	423,76	419,08	418,82	417,57
100 CHF .....	a	361,35	346,60	343,00	347,36	357,00	358,65	348,84	340,64	341,68	339,65	343,10	338,71
	b	336,79	339,24	339,08	339,46	336,53	347,75	345,82	342,76	343,49	340,33	339,96	340,88
<b>Foreign trade<sup>4</sup> in mln zł:</b>													
exports .....	a	48845,7	48144,7	51992,4	48472,3	50777,6	50567,0	50395,5	48745,1	51874,1	58036,2	53780,4	41787,6
	b	49678,7	50731,6	52392,6	54119,2	50262,8	53778,9	54844,3	51408,7	57602,9	60385,4	64308,2	.
imports .....	a	53761,2	53733,0	56073,5	52420,9	56373,6	54050,7	53524,0	50452,5	53337,0	58855,8	57160,1	48385,3
	b	51438,4	50437,1	56097,4	52837,9	51519,0	52726,3	55948,7	51738,4	56472,9	61243,2	55800,0	.
balance .....	a	-4915,5	-5588,3	-4081,1	-3948,6	-5596,0	-3483,7	-3128,5	-1707,4	-1462,9	-819,6	-3379,7	-6597,7
	b	-1759,7	294,5	-3705,1	1281,3	-1256,2	1052,6	-1104,4	-329,7	1130,0	-857,8	-1491,8	.

<sup>1</sup> Data concern economic entities employing more than 9 persons. <sup>2</sup> The average current prices from 2010. <sup>3</sup> The current prices from the period preceding the surveyed period.

<sup>4</sup> In 2013 preliminary data.