

## Introduction

In July of 2014, the sold production of industry, retail sales and sales in transport services, in annual terms, grew at a slightly higher rate than in June. In the construction and assembly production the growth was slower than in the previous months.

The prices of consumer goods and services were lower than in July of the previous year, which was caused by the decrease, among others, in the prices of food and non-alcoholic beverages, as well as of transport. The decrease in prices continued in the sold production of industry and in the construction and assembly production.

The average monthly nominal gross wages and salaries in the enterprise sector grew at the rate similar to the one recorded both a month and a year before. Along with a slight drop in consumer prices, the dynamics of the purchasing power of wages and salaries strengthened. Nominal and real retirement pays and pensions in the employee system continued to grow faster than those in the farmers system, and in a second month in a row recorded a higher rise than wages and salaries.

The average employment in the enterprise sector in July of 2014 increased, in annual terms, to a slightly higher extent than in the 1<sup>st</sup> half of 2014. The registered unemployment was at a lower level than in the previous periods; the unemployment rate dropped to 11.9%. The results of the Labour Force Survey for the 2<sup>nd</sup> quarter of 2014 point to a more favourable situation on the labour market as compared to a year before. The number of employed persons increased; the employment rate improved, and the unemployment rate lowered to the level which was last recorded in the 3<sup>rd</sup> quarter of 2010. The relation of the number of not employed to employed persons improved in annual terms.

The financial results obtained in the 1<sup>st</sup> half of 2014 by the surveyed enterprises were better than in the corresponding period of the previous year; the investment activity of enterprises grew considerably.

The sold production of industry in July of 2014 increased, in annual terms, by 2.3% (after eliminating the seasonal factors – by 2.2%). An increase was observed in manufacturing and in water supply; sewerage, waste management and remediation activities, while a sales drop was recorded in other sections of industry. In comparison to July of the previous year, production rose in most main industrial groupings, except for energy goods. The highest rise was observed in enterprises manufacturing mainly capital goods. The construction and assembly production increased, in annual terms, by 1.1% (after eliminating the seasonal factors – by 1.8%). Retail sales were by 3.1% higher than in July of the previous year.

According to the surveys carried out in August of 2014, the general business tendency climate in manufacturing is assessed favourably, similarly to a month before. The forecasts and current assessments concerning production are more optimistic than in July of 2014, and so are the forecasts concerning the order-books (mainly as a result of an improvement in the favourable forecasts on the domestic order-books). The positive forecasts of the financial situation continue. In construction the general business tendency climate is assessed pessimistically, similarly to a month before. The forecasts concerning the domestic order-books and production are slightly less positive than the ones formulated in July of 2014, with the stabilization of forecasts concerning

the financial situation. Retail trade entities assess the general business tendency climate similarly as in July 2014, with the diagnosis and forecasts on sales remaining slightly positive and improved forecasts on the demand for goods. Trade enterprises continue to express negative forecasts on the financial situation.

In July of 2014, on the agricultural market the drop in prices, in annual terms, continued for most agricultural products (except for the procurement prices of milk). In the marketplace turnover, a drop in annual terms was recorded in the prices of cereals, animals for slaughter and piglets for further breeding, while a rise was observed, among others, in the prices of potatoes. In comparison to the previous month, a decrease on both markets was noted in the prices of cereals, potatoes and cattle for slaughter. However, an increase was observed in the prices of pigs and poultry for slaughter. Despite the gradual improvement, the profitability of pigs fattening was still low.

Financial results of the non-financial surveyed enterprises in the 1<sup>st</sup> half of 2014 were higher than in the corresponding period of the previous year. Following the drop observed a year before, a growth was recorded in the result from the sale of products, goods and materials, and in the gross and net financial results. The economic and financial relations of the surveyed enterprises were similar to the ones recorded in the 1<sup>st</sup> half of the previous year. The share of number of enterprises showing a net profit in total number of the enterprises surveyed increased, and so did the share of this group of enterprises in the total revenues from the whole activity of the surveyed enterprises. Export sales increased; the indicators obtained by exporters were similar to the ones recorded a year before, and still more favourable than for entities in total.

Investment outlays of the enterprises surveyed were higher than a year before (recording an increase of 14.4% in constant prices, against a growth of 0.2% in the 1<sup>st</sup> half of the previous year). Following a fall recorded a year before, the investment activity of entities with foreign capital participation grew, though at a slower rate than for the enterprises surveyed in total. The enterprises surveyed in total started more new investments than a year before, but their cost-estimate value was lower.

The dynamics of foreign trade turnover (calculated in PLN) in the 1<sup>st</sup> half of 2014 was higher than a year before. As a result of a higher growth in exports than in imports, the negative total balance of trade improved. The trade turnover with all groups of countries was higher, except for the Central and Eastern European countries. In the period of January-May of 2014, the total terms of trade index was favourable and amounted to 103.7 (against 102.4 a year before).

In the period from January to July 2014, the State budget deficit amounted to PLN 26.4 bn, which accounted for 55.5% of the amount planned in the Budget Act for 2014. The revenue amounted to PLN 162.6 bn, and expenditure to PLN 188.9 bn, i.e. respectively to 58.5% and 58.1% of the planned amount.

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a - 2013 b - 2014	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
<b>Paid employment in the enterprise sector<sup>1</sup></b>												
in thous. persons ..... a	5507	5497	5489	5478	5479	5488	5489	5494	5495	5500	5501	5491
b	5506	5508	5515	5515	5515	5526	5531					
<b>Registered unemployed persons (in thous. persons; end of period).....</b>												
a	2296	2337	2315	2256	2176	2109	2093	2083	2083	2075	2116	2158
b	2261	2256	2182	2079	1987	1913	1879					
<b>Unemployment rate (in %; end of period).....</b>												
a	14,2	14,4	14,3	14,0	13,6	13,2	13,1	13,0	13,0	13,0	13,2	13,4
b	14,0	13,9	13,5	13,0	12,5	12,0	11,9					
<b>Average monthly nominal gross wage and salary in the enterprise sector<sup>1</sup> (in zł) .....</b>												
a	3680,30	3709,99	3832,81	3830,89	3699,67	3808,63	3830,07	3760,45	3770,91	3834,17	3897,88	4221,50
b	3805,28	3856,56	4017,75	3976,80	3878,31	3943,01	3964,91					
<b>previous month=100 .....</b>												
a	89,5	100,8	103,3	99,9	96,6	102,9	100,6	98,2	100,3	101,7	101,7	108,3
b	90,1	101,3	104,2	99,0	97,5	101,7	100,6					
<b>corresponding month of previous year=100 .....</b>												
a	100,4	104,0	101,6	103,0	102,3	101,4	103,5	102,0	103,6	103,1	103,1	102,7
b	103,4	104,0	104,8	103,8	104,8	103,5	103,5					
<b>Average monthly real gross wage and salary in the enterprise sector<sup>1</sup></b>												
<b>corresponding month of previous year=100.....</b>												
a	98,7	102,8	100,6	102,2	101,8	101,1	102,4	100,9	102,6	102,3	102,5	102,1
b	103,0	103,3	104,2	103,5	104,6	103,2	103,6					
<b>Average monthly real gross retirement pay and pension:</b>												
<b>from non-agricultural social security system</b>												
<b>corresponding month of previous year=100.....</b>												
a	104,1	104,0	104,3	104,5	104,6	104,9	103,9	104,1	104,0	104,4	104,4	104,8
b	103,9	104,3	102,1	103,2	103,6	103,4	104,2					
<b>of farmers</b>												
<b>corresponding month of previous year=100.....</b>												
a	106,7	107,2	104,7	104,8	105,3	105,5	104,3	104,5	104,4	104,7	105,0	105,0
b	103,7	103,8	100,8	101,0	101,2	101,3	101,7					
<b>Price indices of consumer goods and services:</b>												
<b>previous month=100 .....</b>												
a	100,1	100,0	100,2	100,4	99,9	100,0	100,3	99,7	100,1	100,2	99,8	100,1
b	100,1	100,1	100,1	100,0	99,9	100,0	99,8					
<b>corresponding month of previous year=100 .....</b>												
a	101,7	101,3	101,0	100,8	100,5	100,2	101,1	101,1	101,0	100,8	100,6	100,7
b	100,5	100,7	100,7	100,3	100,2	100,3	99,8					
<b>December of previous year=100 .....</b>												
a	100,1	100,0	100,2	100,6	100,5	100,5	100,8	100,5	100,5	100,7	100,5	100,7
b	100,1	100,2	100,3	100,2	100,1	100,1	99,9					
<b>Price indices of sold production of industry:</b>												
<b>previous month=100 .....</b>												
a	100,0	100,3	99,7	99,3	100,1	100,7	100,2	99,7	100,1	99,3	99,7	99,9
b	100,0	99,9	99,8	99,8	99,8	99,9	100,0					
<b>corresponding month of previous year=100 .....</b>												
a	98,8	99,7	99,3	97,9	97,5	98,7	99,2	98,9	98,6	98,6	98,5	99,0
b	99,0	98,6	98,7	99,3	99,0	98,2	98,0					
<b>Price indices of construction and assembly production:</b>												
<b>previous month=100 .....</b>												
a	99,8	99,8	99,8	99,9	99,8	99,9	99,9	99,8	99,9	99,9	99,9	99,9
b	99,8	99,8	99,9	99,9	100,0	100,0	100,0					
<b>corresponding month of previous year=100 .....</b>												
a	98,6	98,4	98,2	98,1	98,0	98,0	98,1	98,1	98,2	98,2	98,3	98,3
b	98,3	98,4	98,5	98,5	98,6	98,7	98,8					

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

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification a - 2013 b - 2014	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
<b>Sold production of industry<sup>1</sup> (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	105,5	97,2	109,3	97,8	99,3	102,6	101,5	95,6	109,7	106,1	93,8	90,4
	b	103,0	98,2	109,4	97,8	98,3	100,0	102,0					
corresponding month													
of previous year=100 .....	a	100,4	97,9	97,1	102,8	98,2	102,8	106,3	102,2	106,3	104,6	102,9	106,7
	b	104,2	105,3	105,5	105,5	104,4	101,8	102,3					
<b>Construction and assembly production (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	39,7	99,7	120,9	107,9	116,3	119,1	107,8	99,2	109,4	114,3	91,1	121,5
	b	36,0	118,7	124,2	103,2	114,0	116,8	100,9					
corresponding month													
of previous year=100 .....	a	83,9	88,6	81,5	76,9	72,5	81,7	94,8	88,9	95,2	96,8	97,1	105,8
	b	96,1	114,4	117,4	112,2	110,0	108,0	101,1					
<b>Dwellings completed (from the beginning of year) .....</b>													
	a	14059	24999	37155	47771	57480	67962	80918	91380	102102	116540	129128	145136
	b	12566	24999	35601	46825	55766	66327	78769					
<b>Retail sales of commodities<sup>1</sup> (constant prices<sup>3</sup>):</b>													
previous month=100 .....	a	79,6	97,4	116,5	97,0	101,9	101,6	103,8	99,8	98,9	103,3	94,2	117,1
	b	78,7	99,5	112,5	102,3	97,5	99,2	105,2					
corresponding month													
of previous year=100 .....	a	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	104,8	107,0	103,3	108,9	104,3	101,8	103,1					
<b>State budget balance - from the beginning of year (in mln zł) .....</b>													
	a	-8440,9	-21684,6	-24452,7	-31717,0	-30951,2	-25873,7	-25949,6	-26811,1	-29643,4	-39481,2	-38569,1	-42194,1
	b	-2601,1	-11718,2	-17491,0	-21179,9	-22362,6	-25298,6	-26351,1					
<b>Average exchange rates in zł - National Bank of Poland:</b>													
100 USD .....	a	311,45	311,97	320,58	318,25	321,49	325,12	326,88	317,67	317,50	307,04	309,98	304,81
	b	306,50	306,13	303,78	302,93	304,15	304,25	305,98					
100 EUR .....	a	413,69	417,34	415,81	414,09	417,59	428,65	427,56	422,95	423,76	419,08	418,82	417,57
	b	417,76	417,86	419,72	418,41	417,90	413,69	414,47					
100 CHF .....	a	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	339,35	342,05	344,71	343,17	342,44	339,65	341,14					
<b>Foreign trade<sup>4</sup> in mln zł:</b>													
exports .....	a	50197,9	51233,0	52865,1	54595,6	51014,3	54495,8	55546,9	52051,9	59090,6	61895,0	56863,8	48028,9
	b	55255,0	53550,4	57970,3	57931,3	55734,0	54263,6	.					
imports .....	a	51777,2	50757,1	56339,0	53298,0	52109,8	53463,5	56547,3	52500,3	57405,5	62871,1	58468,3	50561,1
	b	55340,4	53970,1	58348,8	56946,3	57206,8	53652,2	.					
balance .....	a	-1579,3	475,9	-3473,9	1297,6	-1095,5	1032,3	-1000,4	-448,4	1685,1	-976,1	-1604,5	-2532,2
	b	-85,4	-419,7	-378,5	985,0	-1472,8	611,4	.					

<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 2014 - preliminary data.