

Socio-economic situation of Poland – main tendencies

Since the fourth quarter of 2013 a moderate, fairly stable economic growth has been observed. Dynamics in the particular areas of the economy in the consecutive periods, however, was diversified. In the period October-November of 2014 the sold production of industry reached the level only slightly higher than a year before, and the construction and assembly production – decreased. Retail sales in the period October-November of 2014 increased at a similar rate as in the third quarter, but slower than in the first half of 2014; the dynamics of sales in transport services was also weaker than in the consecutive three quarters of 2014.

Prices of consumer goods and services in the period January-November of 2014 were only slightly higher than a year before. In subsequent periods, the dynamics gradually weakened and since July of this year consumer prices were at a lower level than a year before. It was affected, among others, by the decline in prices of food and prices associated with transport. In the period of eleven months of 2014, the decline in producer prices in the industry and construction, began at the end of 2012, maintained in annual terms.

With the growth of average monthly gross wages in the enterprises sector higher than in the previous year and the low inflation in the eleven months of 2014, an increase in the purchasing power of wages on a scale of a year was observed. Nominal and real retirement and other pensions both in the employee and in the farmers system were higher than in the period of January-November of a year before, although they were increasing at a slower pace than the wages. The situation on the labour market was better than a year before - employment slightly increased (compared to a decline a year before), and the registered unemployment rate declined.

In November of 2014, the growth rate of sold production of industry in annual terms was slower than in the previous two months and amounted to 0.3% (after the elimination of seasonal factors – 0.2%). Production in manufacturing and the water supply; sewerage, waste management; remediation activities increased, with a decrease in other sections. Among the main industrial groupings, the production of durable consumer goods increased to the greatest extent. In the period January-November of 2014, the sold production of industry increased in comparison with analogous period of the previous year by 3.0%. Construction and assembly production in November of 2014, for the second month in a row, decreased in annual terms (by 1.6%, after the elimination of seasonal factors – 1.1%). In the period January-November of 2014, an increase of 3.1% was recorded, after a deep decrease observed in the same period of the previous year. The growth rate of retail sales in November was slower than in the previous months and amounted to 1.4%. In the period of January-November of 2014, sales increased in annual terms of 4.2%.

According to business tendency surveys conducted in December of 2014, the indications concerning the general business tendency climate in manufacturing, construction and retail trade are worse than last month, which is affected, among others, by seasonal factors. Enterprises operating in manufacturing assess the business tendency slightly negatively (against the positive assessments in the previous eleven months). After positive assessments in November, the assessments of the current financial situation, the order-books and production are unfavourable, and the forecasts in these areas are more negative. The pessimistic assessments of the business tendency, formulated by entities conducting construction activities worsened. These entities perceive the current and future financial situation, the order-books and production more unfavourably than a month before. In retail trade, the overall economic climate is assessed slightly

pessimistically, worse than in November of 2014. Predictions as regards the demand for goods and the diagnosis and forecasts of sales and the financial situation are unfavourable, worse than those reported in the previous month. Companies in these sections are announcing further reductions in employment (the most significant in the construction), as well as a decline in prices (which in construction and manufacturing may be slightly deeper than in the previous month). In December of 2014 the consumer sentiment improved – both current and leading consumer confidence indicator are less pessimistic than last month.

Positive tendencies maintained in the labour market in November of 2014. The increase in average monthly employment in the enterprise sector in annual terms was slightly higher than in previous months. In the period of eleven months of 2014, average employment in the enterprise sector increased in annual terms by 0.6%. The registered unemployment rate at the end of November of 2014 amounted to 11,4% (by 1,8 percentage points less than a year before). According to the labour demand survey in the first three quarters of 2014, more jobs were created than in the same period of the previous year, which was due mainly to the growth observed in the third quarter of 2014. The number of liquidated jobs decreased significantly.

In November of 2014 the decline in the consumer prices of goods and services in annual terms was similar to that observed in the previous month. To a greater extent than in October of 2014, the prices of goods and services associated with transport, as well as prices of food and non-alcoholic beverages decreased. After a decline in the previous month, prices in communications rose. In the period of January-November of 2014 the prices of consumer goods and services were by 0.1% higher than a year before. In the consecutive months, the decline of producer prices in industry and construction maintained.

On the agricultural market, in November of 2014, the prices of most products of plant and animal origin were lower than a year before. The resulting estimate carried out in November of 2014 confirms that this year the total grain harvest was higher than a year before and compared with the average of 2006-2010 years. The harvest of rape and turnip rape, sugar beets, field vegetables and fruits from the trees was higher than in 2013 and than the average of the multiyear. Potato harvest was higher than a year before, but lower than the average of the multi-year. The harvest of bush fruits was lower than a year before, but higher than the average of the years 2006-2010 years.

The increase in foreign trade turnover (calculated in PLN) in the period January-October of 2014 was slower than in the first half of 2014. Exports grew at a similar rate as imports. The negative balance of trade turnover worsened in comparison with the one registered a year before. The exchange with developed countries, including the EU countries and the developing countries increased, whereas the trade with Central and Eastern European countries – especially exports – was lower than a year before. The terms of trade index in the period of January-September was more favourable than a year before (104.2 to 101.9), which was influenced by the decline in the prices of imported goods.

State Budget revenues in the period of January-November of 2014 amounted to PLN 260.3 bn (i.e. 93.7% of the amount planned in Budget Act for year 2014) and expenditures - PLN 285.1 bn (respectively 87.6%). The deficit stood at PLN 24.8 bn, which accounted for 52.1% of the plan.

SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a - 2013												
b - 2014												
Paid employment in the enterprise sector¹												
in thous. persons a	5507	5497	5489	5478	5479	5488	5489	5494	5495	5500	5501	5491
b	5506	5508	5515	5515	5515	5526	5531	5535	5537	5545	5551	
Registered unemployed persons (in thous. persons; end of period)..... a	2296	2337	2315	2256	2176	2109	2093	2083	2083	2075	2116	2158
b	2261	2256	2182	2079	1987	1913	1879	1853	1822	1785	1799,5	
Unemployment rate (in %; end of period)..... 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	13,9	13,9	13,5	13,0	12,5	12,0	11,8	11,7	11,5	11,3	11,4	
Average monthly nominal gross wage and salary in the enterprise sector¹ (in zł)												
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	3893,23	3900,49	3980,92	4004,80	
previous month=100 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	98,2	100,2	102,1	100,6	
corresponding month of previous year=100 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	103,5	103,4	103,8	102,7	
Average monthly real gross wage and salary in the enterprise sector¹												
corresponding month of previous year=100..... 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	103,7	103,7	104,3	103,2	
Average monthly real gross retirement pay and pension:												
from non-agricultural social security system												
corresponding month of previous year=100..... 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	103,7	103,7	103,7	103,9	
of farmers												
corresponding month of previous year=100..... a	106,7	107,2	104,7	104,8	105,3	105,6	104,3	104,5	104,5	104,7	105,0	105,0
b	103,7	103,8	100,8	101,0	101,2	101,3	101,7	101,9	101,9	102,0	102,4	
Price indices of consumer goods and services:												
previous month=100 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	99,6	100,0	100,0	99,8	
corresponding month of previous year=100 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	99,7	99,7	99,4	99,4	
December of previous year=100 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	99,5	99,4	99,5	99,2	
Price indices of sold production of industry:												
previous month=100 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	99,9	100,3	100,0	99,6	99,5	
corresponding month of previous year=100 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	97,9	98,5	98,4	98,7	98,4	
Price indices of construction and assembly production:												
previous month=100 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	100,0	100,0	100,0	99,9	
corresponding month of previous year=100 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	99,1	99,2	99,3	99,3	

¹ 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	
Sold production of industry ¹ (constant prices ²):													
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	102,1	91,5	116,5	103,6	92,5	
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	102,4	98,1	104,2	101,7	100,3	
Construction and assembly production (constant prices ²):													
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	94,6	119,8	107,2	90,6	
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	96,4	105,6	99,0	98,4	
Dwellings completed (from the beginning of year)													
	a	14059	24999	37155	47771	57480	67962	80918	91380	102102	116540	129128	145136
	b	12565	24998	35597	47255	56149	66435	79704	88911	100198	114297	127595	
Retail sales of commodities ¹ (constant prices ³):													
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	99,6	99,0	104,0	92,1	
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	102,8	103,0	103,7	101,4	
State budget balance - from the beginning of year (in mln zł)													
	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	-26403,2	-24603,5	-22444,6	-27233,2	24771,6	
Average exchange rates in zł - National Bank of Poland:													
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	314,82	324,75	331,52	337,77	
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	419,32	419,01	420,50	421,15	
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	346,02	346,95	348,14	350,11	
Foreign trade ⁴ in mln zł:													
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	55586,8	53928,3	58367,1	58511,0	56300,2	55816,5	56573,5	49725,1	61232,1	62244,7	.	
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	55828,2	54382,8	59105,1	57608,4	58115,0	56104,5	58354,3	51297,1	59965,6	62192,7	.	
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	-241,4	-454,5	-738,0	902,6	-1814,8	-288,0	-1780,8	-1572,0	1266,5	52,0	.	

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

⁴ In 2014 - preliminary data.