

## Socio-economic situation of Poland

In July 2016, a weakening of the dynamics was observed in the basic areas of the economy in relation to the one recorded in the previous months. Sold production of industry was at a lower level than in July of the previous year, which was influenced, among others, by seasonal factors. A drop recorded in construction and assembly production, in annual terms, was deeper than in the period of the six months of 2016. Retail sales and the sales of services in transport grew at a slightly slower pace than in the 1<sup>st</sup> half of 2016.

Further improvement of the situation in the labour market was accompanied by a steady growth in wages and salaries. A slight drop in the prices of consumer goods and services, and in producer prices, continued.

The surveyed enterprises, in the period of January-June 2016, obtained better financial results than a year before, but their investment activity decreased.

A growth in the average paid employment in the enterprise sector, in annual terms, was higher in July 2016 than in the 1<sup>st</sup> half of 2016. A further drop in the number of registered unemployed persons and in the unemployment rate was observed (to 8,6% at the end of July). Results of the Labour Force Survey for the 2<sup>nd</sup> quarter of 2016 indicate a better situation in the labour market than a year before. The number of employed persons increased, and so did the employment rate, whereas the unemployment rate was the lowest in the entire history of the survey, which began in 1992. The relation of not employed to employed persons improved.

In July 2016, the growth rate in the average nominal and real gross wages and salaries in the enterprise sector, in annual terms, was slightly weaker than in June, but faster than in the 1<sup>st</sup> half of 2016. The average nominal gross retirement and other pension benefits from the non-agricultural social security system increased in relation to the one recorded a year before, and those of private farmers did not change significantly. The purchasing power of benefits both, in the non-agricultural and the farmers social security system was higher than in July of the previous year.

In July 2016, a drop in the prices of consumer goods and services, in annual terms, was close to that observed in the previous months. Prices in the scope of transport, communications, as well as footwear and clothing increased to a higher extent than in June 2016; the growth in the prices of food and non-alcoholic beverages accelerated slightly. Producer prices in industry and construction were still below the previous year's level.

The sold production of industry in July 2016 was by 3.4% lower than a year before (after eliminating seasonal factors, a growth of 1.6% was recorded). A drop in production was observed in all industrial sections. Among all industrial groupings, the sales of capital, intermediate and energy goods decreased, whereas the growth in the production of consumer goods continued. Construction and assembly production was lower, in annual terms, by 18.8% (and after eliminating the influence of seasonal factors, its drop amounted to 14.3%). Retail sales grew in comparison to July of the previous year by 4.4%.

Based on the surveys conducted in August 2016, the general business tendency climate in manufacturing entities is assessed slightly more favourably than a month before. The forecasts of entities regarding the next three months are positive, and in most surveyed areas they are better than in July 2016. Most of the current assessments worsened, including more negative indications regarding order-books and the financial situation; pessimistic are assessments of the current production (against the positive ones in July 2016). In construction, the negative indicator of the general business tendency climate deepened slightly in comparison to the one recorded a month before. Assessments regarding current domestic order-books and production are slightly more pessimistic, with the maintaining unfavourable indications regarding the financial situation. Forecasts in those areas worsened in relation to the ones formulated a month before. Retail trade entities assess the general business tendency climate favourably, similarly as in July 2016. Assessments regarding current sales are positive, though more cautious than a month before, with the worsening of the negative assessments of the current financial situation. Forecasts in those areas and in the field of demand for goods improved. The current consumers' sentiments in August 2016 are less pessimistic than a month before. Negative assessments, among others, regarding current major purchases and the current economic situation in the country improved. Forecasts regarding, among others, the unemployment level and saving opportunities are more favourable.

Non-financial enterprises in the 1<sup>st</sup> half of 2016 recorded better financial results than in the corresponding period of the previous year; most of the economic and financial relations of those enterprises improved. The share of enterprises showing a net profit in the total number of surveyed enterprises increased slightly. The basic economic and financial indicators obtained by exporters were more favourable than a year before and better than for all entities in total. Investment outlays of all enterprises surveyed were lower than a year before (by 7.1% at constant prices, against a growth of 10.9% in the 1<sup>st</sup> half of the previous year); the drop was slightly slower than in the 1<sup>st</sup> quarter of 2016. The investment activity of entities with foreign capital participation increased. Non-financial enterprises in total started more new investments than a year before, and their estimated value was higher than in the period of January-June 2015.

In the agricultural market, in July 2016, the prices of most basic agricultural products were higher than a year before. The procurement prices, among others, of wheat, poultry for slaughter and milk were below the level recorded in July of the previous year. Price relations, as before, failed to ensure the profitability of pigs breeding.

In foreign trade turnover (calculated in PLN), in the 1<sup>st</sup> half of 2016, a higher increase in exports than in imports was observed, in annual terms. The exchange closed with a total positive balance considerably higher than a year before. The turnover with developed countries (including with the EU countries) increased, as well as exports to the Central and Eastern European countries and imports from developing countries. In the period of January-May 2016, the total turnover at constant prices was higher than a year before. The total terms of trade index was at a favourable level, which was influenced by price relations with the Central and Eastern European countries.

In the period of January-July 2016, State Budget revenues amounted to PLN 188.6 bn, and expenditures to PLN 203.0 bn (i.e. 60.1% and 55.1%, respectively, of the amounts assumed in the Budget Act for 2016). The deficit reached the level of PLN 14.4 bn, which accounted for 26.3% of the plan.

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a – 2015 b – 2016	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	5573	5573	5576	5575	5577	5578	5583	5588	5593	5608	5617	5626
	b	5703	5711	5727	5730	5734	5753	5762					
Registered unemployed persons (end of period) in thous. persons	a	1919	1919	1861	1782	1702	1622	1586	1564	1539	1517	1531	1563
	b	1648	1653	1601	1522	1457	1393	1362					
Unemployment rate (end of period) in %	a	11,9	11,9	11,5	11,1	10,7	10,2	10,0	9,9	9,7	9,6	9,6	9,8
	b	10,3	10,3	10,0	9,5	9,1	8,8	8,6					
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> :													
in zloty	a	3942,78	3981,75	4214,14	4123,26	4002,16	4039,70	4095,26	4024,95	4059,19	4110,77	4164,01	4515,28
	b	4101,36	4137,55	4351,45	4313,57	4166,28	4252,19	4291,85					
previous month=100	a	90,0	101,0	105,8	97,8	97,1	100,9	101,4	98,3	100,9	101,3	101,3	108,4
	b	90,8	100,9	105,2	99,1	96,6	102,1	100,9					
corresponding month of previous year=100	a	103,6	103,2	104,9	103,7	103,2	102,5	103,3	103,4	104,1	103,3	104,0	103,1
	b	104,0	103,9	103,3	104,6	104,1	105,3	104,8					
sector <sup>1</sup> — corresponding month of previous year=100	a	105,2	105,0	106,6	104,9	104,1	103,4	104,1	104,1	105,2	104,2	104,7	103,8
	b	104,9	104,8	104,3	105,9	105,2	106,1	105,9					
Average monthly real gross retirement pay and pension: from non-agricultural social security system													
corresponding month of previous year=100	a	104,5	104,6	104,8	103,3	103,1	102,8	103,1	103,4	103,3	103,3	103,4	103,4
	b	103,8	103,7	102,3	102,4	102,3	102,2	102,2					
of farmers													
corresponding month of previous year=100	a	102,9	103,2	104,9	104,4	105,5	104,3	103,6	103,1	103,3	103,0	102,8	102,7
	b	103,1	103,1	100,6	100,3	99,3	100,0	100,7					
Price indices of consumer goods and services:													
previous month=100	a	99,8	99,9	100,2	100,4	100,0	100,0	99,9	99,6	99,7	100,1	99,9	99,8
	b	99,5	99,9	100,1	100,3	100,1	100,2	99,7					
corresponding month of previous year=100	a	98,6	98,4	98,5	98,9	99,1	99,2	99,3	99,4	99,2	99,3	99,4	99,5
	b	99,1	99,2	99,1	98,9	99,1	99,2	99,1					
December of previous year=100	a	99,8	99,6	99,8	100,3	100,3	100,3	100,2	99,9	99,6	99,7	99,6	99,5
	b	99,5	99,4	99,5	99,8	99,9	100,1	99,8					
Price indices of sold production of industry:													
previous month=100	a	99,9	99,9	100,1	99,6	100,4	100,6	99,6	99,3	99,9	100,1	100,0	99,8
	b	99,5	99,6	99,7	100,3	101,2	100,2	99,9					
corresponding month of previous year=100	a	97,2	97,2	97,5	97,3	97,9	98,6	98,2	97,3	97,2	97,7	98,2	99,2
	b	98,8	98,5	98,1	98,8	99,6	99,2	99,6					
Price indices of construction and assembly production:													
previous month=100	a	99,9	99,9	100,0	100,0	99,9	100,0	99,9	99,9	99,9	99,9	99,9	99,9
	b	99,9	99,9	99,9	100,0	100,0	100,1	100,1					
corresponding month of previous year=100	a	99,5	99,6	99,7	99,7	99,7	99,6	99,6	99,4	99,4	99,3	99,3	99,1
	b	99,3	99,3	99,2	99,3	99,4	99,5	99,6					

1 Data concern economic entities employing more than 9 persons.

**SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY (cont.)**

Specification a - 2015 b - 2016	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	96,8	101,4	113,4	92,0	98,6	104,6	98,7	92,9	115,1	101,9	97,4	96,4
	b	91,9	106,9	107,0	96,9	96,1	107,4	89,9					
corresponding month of previous year=100	a	101,6	105,0	108,8	102,4	102,8	107,4	103,8	105,3	104,0	102,4	107,8	106,7
	b	101,3	106,8	100,7	106,0	103,2	106,0	96,6					
Construction and assembly production (constant prices <sup>2</sup> ):													
previous month=100	a	34,8	116,7	128,2	108,7	106,4	112,5	103,4	99,2	111,6	104,2	96,6	127,7
	b	31,9	114,3	120,6	109,9	107,8	113,4	96,6					
corresponding month of previous year=100	a	101,3	99,7	102,9	108,5	101,3	97,5	99,9	104,8	97,5	94,8	101,2	99,6
	b	91,4	89,5	84,2	85,1	86,3	87,0	81,2					
Dwellings completed (from the beginning of year)	a	11748	21241	31703	42138	52548	63966	76852	88067	101331	116296	130032	147711
	b	12776	25059	37442	49858	61117	73653	85848					
Retail sales of commodities <sup>1</sup> (constant prices <sup>3</sup> ):													
previous month=100	a	78,0	98,4	117,1	97,4	100,5	101,0	102,2	98,2	99,9	104,7	94,1	122,0
	b	75,1	101,3	113,6	99,7	99,3	103,1	100,2					
corresponding month of previous year=100	a	103,6	102,4	106,6	101,5	104,7	106,6	103,5	102,0	102,9	103,6	105,7	107,0
	b	103,2	106,2	103,0	105,5	104,3	106,5	104,4					
State budget balance - from the beginning of year (in mln zł)	a	-586,9	-11324,0	-16660,1	-16693,1	-19631,1	-26139,8	-26591,6	-25860,4	-31136,1	-34487,9	-36128,7	-42606,7
	b	1759,9	-3098,3	-9587,2	-11125,5	-13482,5	-18683,8	-14387,5					
Average exchange rates in zł – National Bank of Poland:													
100 USD	a	367,39	367,66	381,38	373,47	365,20	371,03	377,34	376,85	375,13	378,07	395,71	394,17
	b	403,97	395,65	386,44	379,85	389,91	392,00	397,07					
100 EUR	a	427,97	417,76	412,78	402,91	407,83	415,97	415,40	419,36	421,69	424,60	425,03	429,05
	b	439,35	439,60	429,34	430,68	440,76	440,19	439,66					
100 CHF	a	392,73	393,22	389,12	388,12	392,11	398,17	396,27	389,29	386,05	390,37	392,36	396,23
	b	401,76	398,95	393,11	393,89	398,74	403,74	404,65					
Foreign trade <sup>4</sup> in mln zł:													
exports	a	59078,5	59866,7	66087,0	60697,3	60056,4	63477,6	61858,2	56006,2	67099,8	69393,8	66998,7	60215,6
	b	59818,1	65372,1	68157,7	67616,1	64470,6	67446,7	.					
imports	a	57030,8	57402,1	64269,2	61125,9	57414,1	62907,7	63813,0	56835,9	66435,3	67425,7	66370,0	59943,6
	b	57164,2	63170,5	65665,4	63970,9	60687,6	64026,5	.					
balance	a	2047,7	2464,6	1817,8	-428,6	2642,3	569,9	-1954,8	-829,7	664,5	1968,1	628,7	272,0
	b	2653,9	2201,6	2492,3	3645,2	3783,0	3420,2	.					

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 For 2016 - preliminary data.