

Socio-economic situation of Poland

In October 2016 the sold production of industry was at a lower level than a year before, which partly resulted from the impact of seasonal factors. The drop in construction and assembly production, in annual terms, deepened. Retail sales and the sales of services in transport grew at a slightly slower rate than in the previous months.

In the period of January-September 2016 the surveyed enterprises obtained better financial results than a year before; however, their investment activity weakened. Financial results of the banking sector were higher than in the period of the three quarters of the previous year.

In October 2016, the average paid employment in the enterprise sector rose, in annual terms, at a rate similar to the one recorded in the preceding months. A further drop in the number of registered unemployed persons and in the registered unemployment rate was observed (to 8.2% at the end of October 2016). Results of the Labour Force Survey for the 3rd quarter of 2016 confirm a better situation in the labour market than a year before. The number of employed persons increased, and the number of unemployed persons decreased; the employment rate was higher. The unemployment rate was the lowest in the entire survey's history which began in 1992. The relation of not employed to employed persons was more favourable than in the preceding quarters.

In October 2016, the growth rate in the average monthly nominal and real gross wages and salaries in the enterprise sector, in annual terms, was weaker than in the preceding months. A slight growth maintained in average nominal retirement and other pensions from the non-agricultural social security system, as well as in their purchasing power. The nominal and real retirement and other pension benefits of farmers reached the level close to the one recorded a year before.

In the prices of consumer goods and services in October 2016, in annual terms, a further slowdown of a drop was recorded. The prices of clothing and footwear, as well as the prices of goods and services related to dwelling, decreased to a lower degree than in September 2016. A slight growth in the prices of goods and services related to transport was recorded for the first time in several years. A slight growth in the prices of food and non-alcoholic beverages maintained. Producer prices in industry grew, in annual terms, at a slightly higher rate than a month before, and a slight drop in construction prices was still observed.

Sold production of industry in October 2016 was by 1.3% lower than a year before (after eliminating seasonal factors, a growth of 1.3% was recorded). A drop in production was observed in most industry sections, except for water supply; sewerage, waste management and remediation activities. Among all industrial groupings, the sales of energy, intermediate and capital goods decreased. A growth in the production of consumer goods was slower than in the previous months. Construction and assembly production was lower than a year before by 20.1% (and after eliminating the influence of seasonal factors – a drop of 17.5% was recorded). Retail sales grew, in comparison to October of the previous year, by 4.6%.

According to the surveys conducted in November 2016, the general business tendency climate in manufacturing entities is assessed pessimistically (for the first time since the beginning of the year). The diagnoses and projections in most of the surveyed areas

worsened and are unfavourable, especially in the scope of order-books and production. Forecasts regarding the financial situation are also more negative than in October 2016. In construction, the negative indicator of the general business tendency climate is worse than a month before. The pessimistic current and prognostic assessments in most of the surveyed areas are deepening, especially forecasts of production, order-books and the financial situation. Retail trade entities assess the general business tendency climate favourably, similarly as in October 2016. This is influenced, among others, by the projections regarding sales and the financial situation, which are positive and similar to the ones formulated a month before. The current sales are assessed more favourably than in October, along with the continually negative opinions regarding the financial situation. The surveys of the business tendency climate indicate an improvement in consumers' sentiments, especially in the leading indicator. It is mainly influenced by the improvement in consumers' projections regarding the unemployment level and saving opportunities.

In the period of January-September 2016, the surveyed non-financial enterprises obtained higher financial results than a year before. The economic and financial indicators of these entities also improved. The share of enterprises showing a net profit in the total number of surveyed enterprises decreased slightly. The financial results obtained by exporters, as well as their basic economic and financial relations, were more favourable than a year before and better than for all entities in total. Investment outlays of the surveyed enterprises were lower than in the period of January-September of the previous year (by 9.1% in constant prices, against a growth of 12.3% a year before); the drop was slightly deeper than in the 1st half of 2016. The investment activity of entities with foreign capital participation increased. Enterprises started slightly more new investments than a year before, and their estimate value was much higher than in the period of January-September of the previous year.

The procurement prices of most basic agricultural products (except for the prices of pigs for slaughter and milk) in October 2016 fell below the level observed in the corresponding period of the previous year. The reduction in the procurement prices was accompanied by the supply of most agricultural products being lower than a year before; higher procurement only concerned potatoes and poultry for slaughter.

In the period of the three quarters of 2016, the foreign trade turnover (expressed in PLN) was higher than a year before, with exports growing faster than imports. The exchange closed with a positive balance, which was much higher than a year before. The total trade turnover with developed countries (including with the EU countries) increased, as well as imports from developing countries. Exports to the Central and Eastern European countries (including to Russia) also increased, following a drop recorded in two preceding years. In the period of January-August 2016, the total terms of trade index reached a more favourable level than in the corresponding period of the previous year, amounting to 101.7 (against 100.6 a year before).

State Budget revenues in the period of January-October 2016 amounted to PLN 268.6 bn, and expenditures to PLN 293.3 bn (i.e. 85.6% and 79.6%, respectively, of the amounts assumed in the Budget Act for 2016). The deficit reached the level of PLN 24.6 bn, which accounted for 45.0% 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 ¹ in thous. persons	a	5573	5573	5576	5575	5577	5578	5583	5588	5593	5608	5617	5626
	b	5703	5711	5727	5730	5734	5753	5762	5761	5771	5779		
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	1347	1324	1308		
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	9,7
	b	10,2	10,2	9,9	9,4	9,1	8,7	8,5	8,4	8,3	8,2		
Average monthly nominal gross wage and salary in the enterprise sector ¹ :													
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	4212,56	4217,96	4259,37		
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	98,2	100,1	101,0		
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	104,7	103,9	103,6		
sector ¹ — 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	105,7	104,4	103,7		
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	103,1	103,3	103,3	103,4	103,4
	b	103,8	103,7	102,3	102,4	102,3	102,2	102,2	102,4	102,1	101,8		
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	101,0	100,7	100,5		
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	99,8	100,0	100,5		
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	99,2	99,5	99,8		
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	99,5	99,5	100,1		
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	99,6	100,3	100,5		
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	99,5	99,9	100,2	100,6		
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	100,1	100,0	99,9		
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	99,8	99,8	99,9		

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 ¹ (constant prices ²):												
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	90,0	103,4	110,4	97,5		
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	107,5	103,2	98,7		
Construction and assembly production (constant prices ²):												
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	97,2	118,7	98,4		
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	79,5	84,7	79,9		
Dwellings completed (from the beginning of year)	a 11748	21241	31703	42138	52548	63966	76852	88067	101331	116296	130032	147711
	b 12776	25059	37442	51158	62071	73773	85968	98250	112337	127034		
Retail sales of commodities ¹ (constant prices ³):												
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	101,4	98,6	103,0		
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	107,8	106,3	104,6		
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	-14387,3	-14929,4	-20615,4	-24648,6		
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	383,54	385,67	390,75		
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	430,03	432,50	430,86		
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	395,49	395,86	396,15		
Foreign trade ⁴ 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 60039,2	65591,4	68315,2	67809,0	65731,2	69279,0	61934,5	61099,1	66522,6	.		
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 57502,4	63504,7	66096,0	64477,1	61812,7	65772,7	60886,6	61966,5	66357,1	.		
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 2536,8	2086,7	2219,2	3331,9	3918,5	3506,3	1047,9	-867,4	165,5	.		

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.