

Introduction

Following a very high economic growth observed in the 1st quarter of this year, created by domestic demand – both investment demand and consumption – in April and May in main areas of economy, these positive tendencies continued, although the dynamic of production and sale with reference to the improving results of the previous year, was slightly slower. Employment kept growing, unemployment was decreasing fast, and entrepreneurs indicate growing difficulties in acquiring new workers. In May, wages and salaries in the enterprise sector went up year on year slightly faster than in the previous months, with a similar increase of consumer prices as in April. The dynamic of the foreign exchange was lower than observed in the preceding year, and since the 3rd quarter of last year, import has been growing faster than export.

The increase in sold production of industry in May of this year amounted to 8.1%, and in the period of five months of this year, production was higher by 11.7% than last year, with increasing labour productivity in that period by 8.2%, employment – by 3.3% and average gross wages and salaries – by 8.1%. Sale in enterprises producing mainly consumer durable goods, capital and intermediate goods was higher than average (18-19%). The year-on-year growth of construction and assembly production in construction was 16.3% in May, and in the period from January to May of this year – 40.0%. Capacity utilization of enterprises continues to be very high, both in manufacturing and construction.

In foreign trade, after four months of this year, the tendency of import growing faster than export continued (16.4% against 14.1%). The import increase, higher than average, was observed in import of capital goods (20.1%) and of consumer goods (18.8%). The share of import of commodities intended for indirect consumption decreased slightly. Price conditions in foreign trade improved – the increase of transaction prices in export was higher than in import.

The year-on-year producer prices in industry in May of this year, similarly to April, increased by 2.2%, of which manufacturing – by 1.9%. As compared to April of this year, prices in industry rose by 0.4%. Prices in manufacturing went up more than the average (0.5%). The average monthly prices in construction grew by 1.1%, and as a result, their year-on-year increase speeded up to 8.1%.

In the agricultural market, prices of most basic agricultural crop products were higher than in the previous year, however generally, for three months the growing tendencies of these prices have been slowing down. Prices of poultry for slaughter and milk went up, while prices of piglets traded on a market-place as well as prices of pigs and cattle for slaughter went down.

Prices of consumer services and goods in May of this year, similarly to the previous two months, rose by 0.5%. The price dynamic was mainly influenced by prices of food and non-alcoholic beverages that continued to increase (increase by 1.2%, impact – 0.33 point). Prices related to transport were growing more slowly than in the previous months but still faster than the average (0.8%). The year-on-year increase of consumer prices amounted to 2.3% (similarly as in April).

In the labour market in May and April, the dynamic of employment was higher than observed in the 1st quarter of this year. The registered unemployment fell below 2 million people, and the unemployment rate equalled to 13.0% at the end of May, i.e. by 3.5 points less than in the corresponding month of previous year, and by 0.7 point less than at the end of April of this year. Also according to the Labour Force Survey, a decrease in the unemployment rate was recorded in all basic categories of the unemployed persons, with the highest percentage still being observed among young people. The proportion of old unemployed persons is growing and the share of people without the benefits right remains large. An increase is observed in the number of job vacancies, mainly those directed to craft and related traders workers, as well as plant and machine operators and assemblers.

The considerable increase of people's income, observed in the previous year, continues. Average gross wages and salaries in the enterprise sector grow systematically – in May, the year-on-year real increase amounted to 6.6% and was, similarly as in April, higher than observed in the 1st quarter of this year. May was the third month in a row when the purchasing power of average gross retirement pays and pensions decrease with reference to the level after their revalorisation in March of the previous year. In the period from January to May, real gross retirement pays and pensions were, however, slightly higher than last year. For a longer period, a high increase of credits for households has been observed (including housing loans). The consumer's evaluations and forecasts concerning the financial situation of households and inclinations for major purchases keep improving.

After five months of 2007, the implementation of the state budget was higher on the side of revenues than on the side of expenditures. The state budget deficit equalled to PLN 4265.1 million, which accounted for 14.2% of the amount assumed in the Budget Act for 2007 (in the previous year 47.8%).

Selected indicators regarding the economic situation of the country

Specification	May 2007		January-May 2007
	changes in % against:		
	May 2006	April 2007	January-May 2006
Paid employment in the enterprise sector	+4,4	+0,2	+4,3
Registered unemployed persons (end of period).....	-23,1	-5,6	x
Average monthly gross wage and salary in enterprise sector	+8,9	-0,3	+8,2
of which in industry.....	+8,0	-0,1	+8,1
Sold production of industry (constant prices)	+8,1	+3,0	+11,7
mining and quarrying	-0,3	+0,5	+0,5
manufacturing.....	+9,0	+4,1	+14,2
electricity, gas and water supply	+0,6	-9,4	-7,3
Construction and assembly production (constant prices).....	+16,3	+13,3	+40,0
Dwellings completed	+33,9	+6,6	+3,3

Specification	March	April	May
	changes in % as compared with the previous month		
Prices of sold production of industry	+0,5	+0,5	+0,4
Prices of consumer goods and services	+0,5	+0,5	+0,5
of which:			
food and non-alkoholic beverages	+0,8	+0,9	+1,2
alkoholic beverages, tobacco	0,0	+0,1	+0,3
dwelling	+0,2	+0,3	+0,3
housing, water, electricity, gas and other fuels	+0,2	+0,3	+0,3
of which electricity, gas and other fuels	0,0	-0,1	-0,1
furnishings, household equipment and routine maintenance of the house	+0,1	+0,3	+0,2
transport	+2,5	+1,9	+0,8
of which fuels for personal transport equipment	+4,9	+3,8	+1,6

Selected indicators regarding the economic situation of the country

Specification a - 2006, b - 2007	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Registered unemployed persons (in thous.) a	2866,7	2865,9	2822,0	2703,6	2583,0	2487,6	2443,4	2411,6	2363,6	2301,8	2287,3	2309,4
..... b	2365,8	2331,1	2232,5	2103,1	1985,1							
Unemployment rate ¹⁾ (in %) a	18,0	18,0	17,8	17,2	16,5	15,9	15,7	15,5	15,2	14,9	14,8	14,9
..... b	15,1	14,9	14,4	13,7	13,0							
Paid employment in the enterprise sector in thous. persons a	4862	4861	4870	4889	4901	4918	4928	4943	4957	4971	4986	4995
..... b	5048	5070	5089	5105	5116							
Sold production of industry ²⁾ :												
previous month=100 a	92,0	100,0	116,4	90,4	107,3	102,6	93,8	102,4	109,2	104,3	97,3	93,3
..... b	100,2	97,9	114,7	91,4	103,0							
corresponding month of previous year=100 a	109,8	110,2	116,4	105,7	119,1	112,2	114,3	112,6	111,6	114,8	112,0	105,9
..... b	115,4	113,0	111,3	112,6	108,1							
Construction and assembly production ²⁾ :												
previous month=100 a	27,8	113,1	134,0	112,4	133,3	124,6	88,8	112,3	118,9	110,9	78,6	144,8
..... b	37,9	110,5	119,0	110,6	113,3							
corresponding month of previous year=100 a	92,2	96,5	115,5	104,1	113,4	115,7	104,9	115,3	121,0	128,7	123,3	117,9
..... b	160,5	156,7	139,1	136,9	116,3							
Dwellings completed (from the beginning of year) a	10192	18946	28284	35603	42206	50361	59906	68414	76581	87822	99363	115353
..... b	10138	18794	26454	34744	43583							
Price indices of consumer goods and services:												
previous month=100 a	100,2	100,0	99,9	100,7	100,5	99,7	100,0	100,3	100,2	100,1	100,0	99,8
..... b	100,4	100,3	100,5	100,5	100,5							
corresponding month of previous year=100 a	100,6	100,7	100,4	100,7	100,9	100,8	101,1	101,6	101,6	101,2	101,4	101,4
..... b	101,6	101,9	102,5	102,3	102,3							
December of previous year=100 a	100,2	100,2	100,1	100,8	101,3	101,0	101,0	101,3	101,5	101,6	101,6	101,4
..... b	100,4	100,7	101,1	101,6	102,2							
Price indices of sold production of industry:												
previous month=100 a	100,2	99,9	100,7	101,5	100,4	100,9	100,7	99,9	100,0	99,5	99,3	99,5
..... b	100,6	100,3	100,5	100,5	100,4							
corresponding month of previous year=100 a	100,3	100,7	100,9	101,7	102,3	103,0	103,5	103,3	103,6	103,2	102,5	102,6
..... b	103,1	103,5	103,3	102,2	102,2							

¹⁾ Ratio of registered unemployed persons to the economically active civil population.

²⁾ Indices were calculated in constant prices of 2000.

(cont.)

Specification a - 2006, b - 2007	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Average monthly nominal gross wage and salary in the enterprise sector ¹⁾ (in zł)	a	2471,09	2526,22	2613,67	2570,05	2549,70	2624,93	2647,80	2611,93	2611,16	2657,99	2759,65	3027,51
	b	2663,55	2687,48	2852,71	2786,29	2776,92							
previous month=100	a	88,6	102,2	103,5	98,3	99,2	103,0	100,9	98,6	100,0	101,8	103,8	109,7
	b	88,0	100,9	106,1	97,7	99,7							
corresponding month of previous year=100	a	103,6	104,8	105,4	104,0	105,2	104,5	105,6	105,3	105,1	104,7	103,1	108,5
	b	107,8	106,4	109,1	108,4	108,9							
Average monthly real gross wage and salary in the enterprise sector monthly average of 2000=100	a	105,0	107,3	111,2	108,6	107,2	110,6	111,5	109,6	109,5	111,5	115,7	127,2
	b	111,6	112,4	118,7	115,4	114,5							
Profitability rate of gross turnover ²⁾ - from the beginning of year (in %)	a	.	.	4,8	.	.	5,6	.	.	5,8	.	.	5,8
	b	.	.	6,1	.	.							
Profitability rate of net turnover ³⁾ – from the beginning of year (in %)	a	.	.	3,6	.	.	4,5	.	.	4,7	.	.	4,7
	b	.	.	4,9	.	.							
State budget balance - from the beginning of year (in mn zł)	a	772,2	-6716,2	-9275,4	10070,2	14717,9	17694,2	15543,4	14482,5	14610,2	16636,7	18580,5	25063,1
	b	3144,1	-2992,3	-5177,0	-2090,9	-4265,1							
Average exchange rates in zł – National Bank of Poland:													
100 US dollars	a	315,99	317,44	322,29	319,82	304,91	317,13	314,92	304,54	311,53	309,19	297,35	288,68
	b	298,37	298,05	293,59	282,79	279,97							
100 EUR	a	382,45	379,37	387,48	391,94	389,41	401,64	399,70	390,14	397,02	390,26	382,99	381,30
	b	387,87	389,58	388,69	381,92	378,24							
Foreign trade in mn zł													
exports	a	24577,5	24968,6	28754,9	26535,4	28664,0	29828,0	27764,2	27362,5	31969,8	33436,0	32156,7	26282,3
	b	28909,9	28803,8	33191,2	28700,2	.							
imports	a	27329,1	27981,8	32863,8	29346,6	33699,2	33211,3	32518,8	31539,3	35613,4	38018,2	36363,1	32470,9
	b	32873,1	31936,8	38447,3	33488,4	.							
balance	a	-2751,6	-3013,2	-4108,9	-2811,2	-5035,2	-3383,3	-4754,6	-4176,8	-3643,6	-4582,2	-4206,4	-6188,6
	b	-3963,2	-3133,0	-5256,1	-4788,2	.							

¹⁾ Including contributions to compulsory social security.²⁾ Relation of gross financial result to revenues from total activity.³⁾ Relation of net financial result to revenues from total activity.