

## Socio-economic situation of Poland – main tendencies

In July of 2015 the course of basic socio-economic processes did not differ substantially from the tendencies observed in the 2<sup>nd</sup> quarter. An increase, in annual terms, was maintained in sold production of industry, retail sales and sales of transportation services. The drop, recorded in the 2<sup>nd</sup> quarter of 2015 in construction and assembly production was limited and in July of 2015 the production was at a similar level to the one recorded a year before. Further improvement in the situation on the labour market was observed.

Financial results obtained in the 1<sup>st</sup> half of 2015 by non-financial enterprises improved as compared to those recorded the year before. Financial results of the bank sector were, however, weaker than those achieved a year before. Further growth in investment activity of enterprises was observed; among entities with foreign capital it was faster than the average one.

Prices of consumer goods and services in July of 2015 were slightly below the level recorded a year before – by 0.7%. The drop scale was slightly smaller than in the previous months, which was affected by a slower than in June of 2015 drop in prices of goods and services related to transport, as well as clothing and footwear. The drop in producer prices in industry and construction in annual terms maintained and was similar to the one recorded from the beginning of the year.

Average monthly nominal gross wages and salaries in the enterprise sector in July of 2015 were growing faster than in June of 2015. Growth in the purchasing power of wages and salaries in annual terms was similar to the one recorded in the 2<sup>nd</sup> quarter of 2015, i.e. it amounted to 4.1%. Nominal and real retirement and other pensions in the employee system were growing slightly faster than a month before, and that of individual farmers – slower.

Growth in average paid employment in the enterprise sector in July of 2015 in annual terms was similar to the one recorded in June of 2015 and in the 2<sup>nd</sup> quarter of 2015. Registered unemployment was at a lower level than in the previous periods; the unemployment rate decreased to 10.1%. The results of the Labour Force Survey for the 2<sup>nd</sup> quarter of 2015 point to a more beneficial situation on the labour market than a year before. The number of employees increased; the employment rate improved slightly, and the unemployment rate was the lowest in the past six years. The relation of the number of not employed to employed persons improved in annual terms.

Sold production of industry in July of 2015 was by 3.8% higher than in the corresponding period of the previous year (after eliminating the impact of seasonal factors, it increased by 3.9%). Growth was recorded in manufacturing (by 4.6%) and in water supply; sewerage, waste management and remediation activities (by 2.2%), at a simultaneous drop in production in electricity, gas, steam and air conditioning supply (by 2.0%), as well as in mining and quarrying (by 1.4%). Production in most main industrial groupings was higher than a year before (except for energy goods); the highest growth concerned capital goods. Construction and assembly production did not change substantially in annual terms (a drop by 0.1% was recorded and after elimination of seasonal factors - an increase by 0.3%). Retail sales was by 3.5% higher than in July of 2014.

According to the business tendency surveys conducted in August of 2015 the business sentiments of entrepreneurs in manufacturing are optimistic, slightly better than a month before. Favourable assessments of the current domestic order-books and slightly negative assessments of the foreign order-books are maintained, with more positive forecasts in these areas. Indications

of the current financial situation remain slightly negative, and forecasts are optimistic, similar to the ones observed in July of 2015. Positive assessments of the current production are weaker, while forecasts are more favourable. Construction entities assess the general business tendency climate slightly negatively, similarly to the month before. Slightly negative assessments of the current order-books and production remain unchanged, and forecasts are less optimistic. As in July of 2015, the current financial situation is assessed unfavourably, and forecasts indicate the lack of significant changes within the next three months in this area. Positive assessments of the general business tendency climate in retail trade are maintained. The expected demand for goods, as well as current and expected sales are assessed favourably, slightly better than a month before. After deterioration in July of 2015, forecasts of the financial situation are again slightly optimistic. In August of 2015 consumers formulate better than a month before current assessments and forecasts concerning individual consumption.

On the agricultural market, in July of 2015, at significantly lower supply than a year before, an increase was observed in procurement prices of basic species of cereals. Procurement prices of potatoes and products of animal origin were at a lower level than in the corresponding period of the previous year. In marketplace turnover the prices of products of both vegetable and animal origin were lower in annual terms. Profitability of pigs fattening deteriorated. Agri-meteorological conditions observed in July and August of 2015 (increasing shortage of soil moisture) have an unfavourable impact on the production situation in agriculture.

In the 1<sup>st</sup> half of 2015 the surveyed non-financial enterprises achieved more favourable financial results than a year before. A significant improvement, in comparison with the corresponding period of the year before, was observed in: the financial result from the sale of products, goods and materials, as well as gross and net financial results. Economic and financial indicators of the surveyed enterprises were shaped more favourably than in the 1<sup>st</sup> half of 2014, including higher gross and net turnover profitability rates; the cost level indicator improved. An increase was observed in the share of number of enterprises showing net profit in the total number of the surveyed enterprises, as well as in the share of this group of enterprises in the total revenues from the total activity of the surveyed enterprises. The export sales level increased, and basic economic and financial relations achieved by exporters improved and were better than for the total number of surveyed enterprises.

Investment outlays of the surveyed enterprises were higher than in the corresponding period of the previous year (growth at constant prices by 10.9% against 14.4% in the 1<sup>st</sup> half of 2014). Outlays for buildings and structures increased to a greater extent than outlays for purchases. The investment activity of entities with foreign capital increased more than for all of the surveyed enterprises – by 15.0% (a year before the outlays in this group increased by 3.4%, i.e. clearly less than on average). The number of investments initiated by the surveyed enterprises, in total, as well as their estimated value, were higher in annual terms.

Foreign trade turnover (calculated in PLN) in the 1<sup>st</sup> half of 2015 increased in annual terms, more in exports than in imports. The balance of turnover in total was positive against a negative one in the corresponding period of the previous year. Exchange with developed countries (including EU countries) and with developing countries increased. Deep decrease in turnover with Central and Eastern European countries was still observed, mainly due to weakened exchange with Russia and Ukraine. In the period of January-May of 2015 the total turnover at constant prices was higher than in the corresponding period of the previous year.

In the period of January-July of 2015 the State Budget revenue amounted to PLN 163.5 billion, and expenditure - to PLN 190.1 billion (i.e. respectively 55.0% and 55.4% of the amount of the assumed in the Budget Act for 2015). A deficit in the amount of PLN 26.6 billion was recorded, which accounted for 57.7% 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 – 2014													
b – 2015													
Paid employment in the enterprise sector <sup>1</sup> in thous. persons .....	a	5506	5508	5515	5515	5515	5526	5531	5535	5537	5545	5551	5549
	b	5573	5573	5576	5575	5577	5578	5583					
Registered unemployed persons (end of period) in thous. persons .....	a	2261	2256	2182	2079	1987	1913	1879	1853	1822	1785	1800	1825
	b	1919	1919	1861	1782	1702	1622	1586					
Unemployment rate (end of period) in % .....	a	13,9	13,9	13,5	13,0	12,5	12,0	11,8	11,7	11,5	11,3	11,4	11,5
	b	12,0	12,0	11,7	11,2	10,8	10,3	10,1					
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> :													
in zloty .....	a	3805,28	3856,56	4017,75	3976,80	3878,31	3943,01	3964,91	3893,23	3900,49	3980,92	4004,80	4379,26
	b	3942,78	3981,75	4214,14	4123,26	4002,16	4039,70	4095,26					
previous month=100 .....	a	90,1	101,3	104,2	99,0	97,5	101,7	100,6	98,2	100,2	102,1	100,6	109,4
	b	90,0	101,0	105,8	97,8	97,1	100,9	101,4					
corresponding month of previous year=100 .....	a	103,4	104,0	104,8	103,8	104,8	103,5	103,5	103,5	103,4	103,8	102,7	103,7
	b	103,6	103,2	104,9	103,7	103,2	102,5	103,3					
Average monthly real gross wage and salary in the enterprise sector <sup>1</sup> — corresponding													
month of previous year=100 .....	a	103,0	103,3	104,2	103,5	104,6	103,2	103,6	103,7	103,7	104,3	103,2	104,7
	b	105,2	105,0	106,6	104,9	104,1	103,4	104,1					
Average monthly real gross retirement pay and pension:													
from non-agricultural social security system													
corresponding month of previous year=100.....	a	103,9	104,3	102,1	103,2	103,6	103,4	104,2	103,7	103,7	103,7	103,9	104,2
	b	104,5	104,6	104,8	103,3	103,1	102,8	103,1					
of farmers													
corresponding month of previous year=100.....	a	103,8	103,8	100,8	101,0	101,2	101,3	101,7	101,9	101,9	102,0	102,4	102,9
	b	102,8	103,2	104,9	104,5	105,5	104,4	103,6					
Price indices of consumer goods and services:													
previous month=100 .....	a	100,1	100,1	100,1	100,0	99,9	100,0	99,8	99,6	100,0	100,0	99,8	99,7
	b	99,8	99,9	100,2	100,4	100,0	100,0	99,9					
corresponding month of previous year=100 .....	a	100,5	100,7	100,7	100,3	100,2	100,3	99,8	99,7	99,7	99,4	99,4	99,0
	b	98,6	98,4	98,5	98,9	99,1	99,2	99,3					
December of previous year=100 .....	a	100,1	100,2	100,3	100,2	100,1	100,1	99,9	99,5	99,4	99,5	99,2	99,0
	b	99,8	99,6	99,8	100,3	100,3	100,3	100,2					
Price indices of sold production of industry:													
previous month=100 .....	a	100,0	99,9	99,8	99,8	99,8	99,9	99,9	100,3	100,0	99,6	99,5	98,8
	b	99,9	99,9	100,1	99,6	100,4	100,6	99,6					
corresponding month of previous year=100 .....	a	99,0	98,6	98,7	99,3	99,0	98,2	97,9	98,5	98,4	98,7	98,4	97,3
	b	97,2	97,2	97,5	97,3	97,9	98,6	98,3					
Price indices of construction and assembly production:													
previous month=100 .....	a	99,8	99,8	99,9	99,9	100,0	100,0	100,0	100,0	100,0	100,0	99,9	99,9
	b	99,9	99,9	100,0	100,0	99,9	100,0	99,9					
corresponding month of previous year=100 .....	a	98,3	98,4	98,5	98,5	98,6	98,7	98,8	99,1	99,2	99,3	99,4	99,2
	b	99,5	99,6	99,7	99,7	99,7	99,6	99,6					

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

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a - 2014													
b - 2015													
<b>Sold production of industry<sup>1</sup> (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	103,0	98,2	109,4	97,8	98,3	100,0	102,1	91,5	116,5	103,6	92,5	97,4
	b	96,8	101,4	113,4	92,0	98,6	104,6	98,7					
corresponding month of previous year=100 .....	a	104,2	105,3	105,5	105,5	104,4	101,8	102,4	98,1	104,2	101,7	100,3	108,1
	b	101,6	105,0	108,8	102,4	102,8	107,4	103,8					
<b>Construction and assembly production (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	36,0	118,7	124,2	103,2	114,0	116,8	100,9	94,6	119,8	107,2	90,6	129,6
	b	34,8	116,7	128,2	108,7	106,4	112,5	103,4					
corresponding month of previous year=100 .....	a	96,1	114,4	117,4	112,2	110,0	108,0	101,1	96,4	105,6	99,0	98,4	105,0
	b	101,3	99,7	102,9	108,5	101,3	97,5	99,9					
Dwellings completed (from the beginning of year) ..	a	12511	24973	35562	47208	56101	66418	79677	88821	100142	114866	127871	143166
	b	11634	21132	31715	41737	51712	63746	76117					
<b>Retail sales of commodities<sup>3</sup> (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	78,7	99,5	112,5	102,3	97,5	99,2	105,2	99,6	99,0	104,0	92,1	120,1
	b	78,0	98,4	117,1	97,4	100,5	101,0	102,2					
corresponding month of previous year=100 .....	a	104,8	107,0	103,3	108,9	104,3	101,8	103,1	102,8	103,0	103,7	101,4	104,0
	b	103,6	102,4	106,6	101,5	104,7	106,6	103,5					
<b>State budget balance - from the beginning of year (in mln zł) .....</b>													
	a	-2601,1	-11718,2	-17491,0	-21179,9	-22362,6	-25298,6	-26403,2	-24603,5	-22444,6	-27233,2	24790,7	-28976,8
	b	-586,9	-11324,0	-16660,1	-16693,1	-19631,1	-26139,8	-26591,7					
<b>Average exchange rates in zł - National Bank of Poland:</b>													
100 USD .....	a	306,50	306,13	303,78	302,93	304,15	304,25	305,98	314,82	324,75	331,52	337,77	342,87
	b	367,39	367,66	381,38	373,47	365,20	371,03	377,34					
100 EUR .....	a	417,76	417,86	419,72	418,41	417,90	413,69	414,47	419,32	419,01	420,50	421,15	422,33
	b	427,97	417,76	412,78	402,91	407,83	415,97	415,40					
100 CHF .....	a	339,35	342,05	344,71	343,17	342,44	339,65	341,14	346,02	346,95	348,14	350,11	351,23
	b	392,73	393,22	389,12	388,12	392,11	398,17	396,27					
<b>Foreign trade<sup>4</sup> in mln zł:</b>													
exports .....	a	56030,8	54454,7	58898,1	59029,0	56910,6	56521,4	57391,5	50637,4	62470,7	65554,3	61273,5	54299,6
	b	58578,3	59576,2	65287,7	60083,0	59317,8	60455,5	.					
imports .....	a	56454,5	55023,8	59925,7	58365,2	59027,7	57100,5	59524,5	52454,2	61593,1	66345,8	62043,8	56708,7
	b	56456,1	56614,4	63035,4	59868,3	55808,5	59549,0	.					
balance .....	a	-423,7	-569,1	-1027,6	663,8	-2117,1	-579,1	-2133	-1816,8	877,6	-791,5	-770,3	-2409,1
	b	2122,2	2961,8	2252,3	214,7	3509,3	906,5	.					

<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> Preliminary data.