

## Socio-economic situation of Poland

In May 2016, the upward tendencies continued in majority of basic areas of the economy, but the scale of the increase in industrial production and retail sales was slightly lower than a month before. A significant dynamics of sales of services in transport and communication maintained. The scale of the decrease in construction and assembly production was lower than in the two preceding months. The drop in the prices of consumer goods and services was slightly lower.

The situation on the labour market was better than a year before. In May 2016, the increase in average paid employment in the enterprise sector in annual terms was similar to the one reported a month before and amounted to 2.8%. The registered unemployment rate dropped to 9.1%. According to the results of the labour demand survey, slightly fewer new jobs were created in the 1<sup>st</sup> quarter of 2016 than in the corresponding period of the previous year; at the same time, slightly fewer jobs were liquidated.

In May 2016, a significant, although slower than a month before, increase in annual terms was maintained, in average monthly nominal gross wages and salaries in the enterprise sector, and in their purchasing power. The growth rate in average nominal and real retirement and other pensions from the non-agricultural social security system did not change considerably. The nominal retirement and other pensions of farmers were lower than in May of the previous year and their purchasing power also decreased.

The prices of consumer goods and services in May 2016 dropped in annual terms to a lesser extent than a month before. This was influenced by a slower decrease in prices of goods and services in transport and slightly higher than in April 2016 increase in the prices of food and non-alcoholic beverages. However, the decline in the prices of clothing and footwear deepened. The drop rate of the prices of sold production of industry in annual terms further weakened and the one of the prices of construction and assembly production was similar to the one recorded in the previous months.

The sold production of industry in May 2016 was by 3.5% higher than a year before (after eliminating seasonal factors, the growth amounted to 3.6%). Production increased in the manufacturing and water supply, sewerage, waste management and remediation activities sections. In main industrial groupings the highest increase in sales was recorded in the production of durable consumer goods, whereas a drop was recorded in the production of goods related to energy. Construction and assembly production in May 2016 was by 13.7% lower than a year before (after eliminating seasonal factors – by 12.7%). A drop in production was recorded in all construction divisions, while the deepest drop was in entities mainly dealing with specialised construction activities. Retail sales grew in annual terms by 4.3%.

The general business tendency climate in manufacturing in June 2016 is assessed positively, similarly to a month before. Current production is assessed less favourably and the forecasts of production are more cautious than in May 2016. Assessments regarding the current order-books have not changed; forecasts in that scope are less favourable than a month before. The pessimistic diagnosis of the financial situation of manufacturing entities worsened and the favourable

forecasts in that scope are more cautious than in the three preceding months. Construction entities, similarly as in May 2016 assess the general business tendency climate slightly negatively. Indications regarding the current order-books and production are less pessimistic than a month before. The positive forecasts in those areas are more cautious than the ones formulated in May 2016. The favourable forecasts regarding the financial situation maintained, with less negative current assessments. The enterprises sentiments in retail trade are slightly less positive than a month before. Optimistic, but worse than in May 2016 are mainly forecasts regarding demand for goods and indications regarding current and future sales. The current financial situation is perceived more unfavourably than a month before and the forecasts in that scope are slightly positive.

The current consumer sentiments in June 2016 are similar to the ones recorded a month before. The assessments, among others, regarding the current economic situation of the country and the financial situation of households improved, with more pessimistic indications concerning, among others, the current possibility of making major purchases. A deterioration was recorded in future private consumption tendencies – mainly regarding the possibility of saving and the economic situation of the country.

In May 2016, on the agricultural market the procurement prices of most basic agricultural products, except for rye and milk prices, were higher than a month before. The procurement prices of crop products (except for wheat) and young cattle for slaughter as well as pigs for slaughter were higher than a year before. The profitability of pigs production, despite a slight increase, remained low.

Foreign trade turnover (calculated in PLN) in the period January-April of 2016 increased more in exports than in imports. As a result, the total balance of trade turnover was higher than a year before. The exchange with developed countries (including EU countries) and imports from developing countries increased. After two years of decrease, exports to Central and Eastern European countries also increased. In the 1<sup>st</sup> quarter of 2016 the total terms of trade index was favourable, although lower than in the corresponding period of the previous year.

**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							
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							
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							
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							
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							
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							
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							
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							
of farmers													
corresponding month of previous year=100	a	102,9	103,2	104,9	104,4	105,5	104,4	103,6	103,1	103,3	103,0	102,8	102,7
	b	103,1	103,1	100,6	100,3	99,3							
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							
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							
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							
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	100,9							
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	99,3							
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							
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	99,3							

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	
<b>Sold production of industry<sup>1</sup> (constant prices<sup>2</sup>):</b>													
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	96,4							
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	103,5							
<b>Construction and assembly production (constant prices<sup>2</sup>):</b>													
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	107,9							
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							
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							
<b>Retail sales of commodities<sup>1</sup> (constant prices<sup>3</sup>):</b>													
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							
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							
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	.							
<b>Average exchange rates in zł - National Bank of Poland:</b>													
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							
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							
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							
<b>Foreign trade<sup>4</sup> in mln zł:</b>													
exports	a	58874,9	59612,4	65761,0	60490,2	59786,8	62942,3	61281,9	55634,1	66170,0	68641,5	67794,6	60258,5
	b	60091,7	65970,6	68536,0	66621,2	.							
imports	a	56836,4	57103,6	63970,5	60795,7	57042,2	62518,2	63305,7	56174,9	65489,0	66225,6	64648,0	57609,6
	b	56986,9	62950,3	65102,5	62696,9	.							
balance	a	2038,5	2508,8	1790,5	-305,5	2744,6	424,1	-2023,8	-540,8	681,0	2415,9	3146,6	2648,7
	b	3104,8	3020,3	3433,5	3924,3	.							

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 Preliminary data.