

## Socio-economic situation of Poland

According to the preliminary estimate, the annual growth in the gross domestic product in 2017 amounted to 4.6% in real terms (compared to the growth rate of 2.9% in 2016). The domestic consumer demand remained the main growth factor, along with the positive (compared to negative a year before) influence of the investment demand and the slightly positive impact of net exports. Total consumption expenditure was by 4.2% higher than in the previous year, of which consumption expenditure in the household sector increased by 4.8%. Gross capital formation grew by 6.4% (after a decrease of 1.9% in 2016), including gross fixed capital formation, which increased by 5.4% (compared to the decrease of 7.9% a year before). Domestic demand was by 4.7% higher than in 2016 (when it increased by 2.2%). Gross value added in the national economy grew at a faster rate than observed in the previous year (4.3% compared to 2.8%). In the industry, gross value added grew by 6.2%, and in construction it increased by 11.5% (after a decrease a year before). In transportation and storage, the reported increase in value added was 10.9%, and in trade; repair of motor vehicles – 6.1%.

The positive tendencies, which had begun in 2014, strengthened in the labour market. According to estimates, the number of persons employed in the national economy at the end of 2017 was about 3% higher than a year before. The average paid employment in the enterprise sector in 2017 increased, compared to the previous year, by 4.5%, i.e. at a higher rate than in 2016 (2.8%). According to the results of the labour demand survey, in the period of three quarters of 2017 more new jobs were created than in the corresponding period of 2016; at the same time fewer jobs were liquidated. The inflow to unemployment in 2017 was much lower than in the previous year; the number of persons removed from the unemployment register also decreased. The register unemployment rate dropped to 6.6% at the end of December 2017 (from 8.2% a year before) and was the lowest in over twenty-five years.

The average monthly gross nominal wages and salaries in the enterprise sector in 2017 increased by 5.9% in annual terms, i.e. at a higher rate than in preceding eight years. Along with a consumer prices growth, the purchasing power of wages and salaries increased by 3.9%, i.e. slower as in 2016. The growth of average gross nominal retirement and other pensions in both systems maintained; it was slightly faster than a year before. The purchasing power of those benefits in non-agricultural social security system slightly increased, while and of individual farmers – decreased.

Prices of consumer goods and services, after two years of decline, increased in 2017 by 2.0% in annual terms. The average annual price index of consumer goods and services was higher than assumed in the Budget Act. A significant growth in the prices of food and non-alcoholic beverages was observed. After a decline in 2016, the prices associated with

transport increased significantly; prices related to, among others, dwelling were also higher than a year before. For the first time since 2012, the producer prices increased in annual terms: in industry by 2.9% and in construction by 0.6%.

According to the preliminary estimate, the sold production of industry in total was higher in 2017 than in the previous year by 6.6% (in 2016 the increase of 3.6% was recorded). In enterprises employing more than 9 persons the production growth amounted to 6.5%. The sales in manufacturing increased to the greatest extent; growth was also recorded in electricity, gas, steam and air conditioning supply and in water supply; sewerage, waste management and remediation activities. However, the decrease in production in mining and quarrying maintained. Production in all main industrial groupings was higher than a year before, including the greatest increase in respect of capital goods and intermediate goods. In December 2017 sold production of industry grew by 2.7% in annual terms (after eliminating the impact of seasonal factors the growth amounted to 7.3%).

It is estimated that the construction and assembly production in total was in 2017 by about 7% higher than in the previous year (compared to the decrease of 2.6% in 2016). In entities employing more than 9 persons the production growth amounted to 12.1%. The construction and assembly production was higher than a year before in all divisions of construction, including the highest increase in entities specialising in civil engineering. The sale of the investment works increased to a greater extent than the sale of works with restoration character. In December 2017 the construction and assembly production growth amounted to 12.7% in annual terms (after eliminating the impact of seasonal factors – 17.6%).

According to the preliminary estimate, the retail sales in total in 2017 was by 4.9% higher than a year before (against a growth by 6.2% in 2016). In enterprises employing more than 9 persons the growth rate of retail sales amounted to 7.3% in annual terms. In December 2017 retail sales was by 5.2% higher than in the corresponding month of the previous year.

According to business tendency surveys, in January 2018 the manufacturing enterprises assess the business tendencies positively. Both current assessments and forecasts for production, order-books and financial situation are positive. Construction entities evaluate the business climate in January 2018 slightly positively, better than in the corresponding month of the preceding nine years. Diagnoses in terms of the order-books and construction and assembly production are slightly less negative than in December, together with the remaining pessimistic assessments of the current financial situation. Construction companies predict that their order-books may not change, and the forecasts of construction and assembly production and of the financial situation of the enterprises are less unfavourable than a month ago. Retail trade entities in January 2018 also assess the business tendency climate positively. Assessments of current sales and financial

situation are more optimistic than in December 2017, while relevant forecasts are slightly negative, against the positive ones a month ago.

In January 2018 the consumer confidence indices (both current and preceding) are better than a month ago, including the consumers' predictions concerning the future saving opportunities and the financial situation of household, which increased to the greatest extent. Consumers perceive the present and future economic situation of the country more positively, their expectations concerning the future unemployment level are also more optimistic.

The gross agricultural output in 2017, according to the preliminary estimates, increased by 1.4% in comparison to 2016. The growth concerned both crop output (by 0.4%) and animal output (by 2.5%). The survey conducted at the beginning of December 2017 revealed that the upward trend in pig livestock was maintained. The total livestock grew by 4.6% in annual terms, and the growth was observed for almost all age- and utility- groups, except for piglets. In December 2017, the cattle livestock was by 1.1% higher than a year before, which was influenced by growing numbers of heads in all categories; including the highest one observed for bovines aged between 1 and 2. In the agricultural market in 2017, with an increased procurement of cereals, their prices were higher than a year before. The reduced supply of potatoes was accompanied by the fall in prices. Prices and the supply of the majority of the animal products increased (except for the prices of poultry for slaughter). As a result of a higher increase in prices of agricultural products sold by farmers than the increase in prices of the goods and services purchased for the purposes of the current agricultural production and for investment purposes, the "price gap" index was at a favourable level (for the first time since 2011) and amounted to 110.0.

In the foreign trade turnover in the period of January-November 2017 the faster growth of imports than exports in annual terms was observed. Trade with all groups of countries, mostly with the Central and Eastern European countries, increased. Total balance of turnover was positive, but lower than a year before. In the period of January-October 2017 trade at constant prices increased, compared to the corresponding period in 2016; the total terms of trade index was unfavourable and amounted to 99.8.

**SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY**

Specification a - 2016 b - 2017	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	5703	5711	5727	5730	5734	5753	5762	5761	5771	5779	5792	5799
	b	5960	5976	5982	5991	5990	6002	6022	6026	6031	6036	6053	6065
Registered unemployed persons (end of period) in thous. persons	a	1648	1653	1601	1522	1457	1393	1362	1347	1324	1308	1314	1335
	b	1397	1383	1324	1253	1202	1152	1140	1136	1117	1070	1068	1082
Unemployment rate (end of period) in %	a	10,2	10,2	9,9	9,4	9,1	8,7	8,5	8,4	8,3	8,2	8,2	8,2
	b	8,5	8,4	8,0	7,6	7,3	7,0	7,0	7,0	6,8	6,6	6,5	6,6
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> :													
in zloty	a	4101,36	4137,55	4351,45	4313,57	4166,28	4252,19	4291,85	4212,56	4217,96	4259,37	4329,71	4635,77
	b	4277,32	4304,95	4577,86	4489,07	4390,99	4508,08	4501,52	4492,63	4473,06	4574,35	4610,79	4973,73
previous month=100	a	90,8	100,9	105,2	99,1	96,6	102,1	100,9	98,2	100,1	101,0	101,7	107,1
	b	92,3	100,6	106,3	98,1	97,8	102,7	99,9	99,8	99,6	102,3	100,8	107,9
corresponding month of previous year=100	a	104,0	103,9	103,3	104,6	104,1	105,3	104,8	104,7	103,9	103,6	104,0	102,7
	b	104,3	104,0	105,2	104,1	105,4	106,0	104,9	106,6	106,0	107,4	106,5	107,3
sector <sup>1</sup> — corresponding month of previous year=100	a	104,9	104,8	104,3	105,9	105,2	106,1	105,9	105,7	104,4	103,7	104,0	101,8
	b	102,6	101,8	103,1	102,1	103,4	104,5	103,2	104,8	103,9	105,4	104,1	105,3
Average monthly real gross retirement pay and pension:													
from non-agricultural social security system													
corresponding month of previous year=100	a	103,8	103,7	102,3	102,4	102,3	102,2	102,2	102,4	102,1	101,8	101,4	100,7
	b	99,9	99,3	100,2	100,1	100,3	100,4	100,1	100,2	99,7	100,8	101,4	100,2
of farmers													
corresponding month of previous year=100	a	103,1	103,1	100,6	100,3	99,3	100,0	100,7	101,0	100,7	100,5	100,4	99,2
	b	98,6	98,0	99,7	99,5	99,4	99,7	99,4	99,4	99,0	99,3	99,0	99,6
Price indices of consumer goods and services:													
previous month=100	a	99,5	99,9	100,1	100,3	100,1	100,2	99,7	99,8	100,0	100,5	100,1	100,7
	b	100,4	100,3	99,9	100,3	100,0	99,8	99,8	99,9	100,4	100,5	100,5	100,2
corresponding month of previous year=100	a	99,1	99,2	99,1	98,9	99,1	99,2	99,1	99,2	99,5	99,8	100,0	100,8
	b	101,7	102,2	102,0	102,0	101,9	101,5	101,7	101,8	102,2	102,1	102,5	102,1
December of previous year=100	a	99,5	99,4	99,5	99,8	99,9	100,1	99,8	99,5	99,5	100,1	100,2	100,8
	b	100,4	100,7	100,7	100,9	101,0	100,8	100,6	100,5	100,9	101,4	101,9	102,1
Price indices of sold production of industry:													
previous month=100	a	99,5	99,6	99,7	100,3	101,2	100,2	99,9	99,6	100,3	100,5	101,2	101,2
	b	100,3	100,1	99,9	99,8	99,4	99,6	100,3	100,4	100,5	100,3	100,0	99,7
corresponding month of previous year=100	a	98,8	98,5	98,1	98,8	99,6	99,2	99,5	99,9	100,2	100,6	101,8	103,2
	b	104,0	104,5	104,8	104,2	102,4	101,8	102,2	103,0	103,2	103,0	101,8	100,3
Price indices of construction and assembly production:													
previous month=100	a	99,9	99,9	99,9	100,0	100,0	100,1	100,1	100,1	100,0	100,0	100,1	100,1
	b	100,0	99,9	100,0	100,1	100,0	100,0	100,1	100,2	100,3	100,3	100,3	100,2
corresponding month of previous year=100	a	99,3	99,3	99,2	99,3	99,4	99,5	99,6	99,8	99,8	99,9	100,0	100,2
	b	100,3	100,3	100,4	100,4	100,4	100,3	100,3	100,4	100,7	101,0	101,2	101,4

1 Data concern economic entities employing more than 9 persons.

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

Specification a - 2016 b - 2017	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	91,9	106,9	107,0	96,9	96,1	107,4	90,0	103,4	110,4	97,5	101,8	95,5
	b	98,2	99,0	117,6	86,7	105,5	102,7	91,5	105,8	105,9	105,1	98,9	89,8
corresponding month of previous year=100	a	101,3	106,8	100,7	106,0	103,2	106,0	96,6	107,5	103,2	98,7	103,1	102,1
	b	109,1	101,1	111,1	99,4	109,2	104,4	106,2	108,7	104,2	112,3	109,1	102,7
<b>Construction and assembly production<sup>1</sup> (constant prices<sup>2</sup>):</b>													
previous month=100	a	31,9	114,3	120,6	109,9	107,8	113,4	96,6	97,2	118,7	98,3	105,4	134,8
	b	35,4	106,0	149,3	97,9	112,1	116,6	103,6	100,2	110,8	102,6	105,0	126,9
corresponding month of previous year=100	a	91,4	89,5	84,2	85,1	86,3	87,0	81,2	79,5	84,7	79,9	87,2	92,0
	b	102,1	94,7	117,2	104,3	108,4	111,6	119,8	123,5	115,3	120,3	119,8	112,7
Dwellings completed (from the beginning of year)	a	12771	25027	37423	51134	62041	73741	86624	99352	112017	128637	145210	163325
	b	15355	26899	40587	51853	65499	78379	95719	110126	124343	139898	157483	178258
<b>Retail sales of commodities<sup>1</sup> (constant prices<sup>3</sup>):</b>													
previous month=100	a	75,1	101,3	113,6	99,7	99,3	103,1	100,2	101,4	98,6	103,0	96,6	120,6
	b	77,7	97,2	116,5	98,6	100,0	101,6	101,2	101,5	99,1	102,5	98,1	116,6
corresponding month of previous year=100	a	103,2	106,2	103,0	105,5	104,3	106,5	104,4	107,8	106,3	104,6	107,4	106,1
	b	109,5	105,2	107,9	106,7	107,4	105,8	106,8	106,9	107,5	107,1	108,8	105,2
State budget balance - from the beginning of year (in mln zł)	a	1759,9	-3098,3	-9587,2	-11125,5	-13482,5	-18683,8	-14387,3	-14929,4	-20615,4	-24641,3	-27567,7	-46159,5
	b	6749,4	856,1	-2284,3	-982,7	-160,6	5860,4	2351,6	4888,0	3775,1	2669,3	-2412,4	.
<b>Average exchange rates in zł – National Bank of Poland:</b>													
100 USD	a	403,97	395,65	386,44	379,85	389,91	392,00	397,07	383,54	385,67	390,75	406,00	420,49
	b	411,66	404,87	401,84	395,62	380,70	375,04	368,05	361,27	357,99	363,03	360,31	354,82
100 EUR	a	439,35	439,60	429,34	430,68	440,76	440,19	439,66	430,03	432,50	430,86	438,39	443,71
	b	437,06	430,97	429,21	423,85	420,40	420,83	423,61	426,65	427,02	426,68	422,93	420,16
100 CHF	a	401,76	398,95	393,11	393,89	398,74	403,74	404,65	395,49	395,86	396,15	407,49	412,56
	b	407,92	404,24	400,88	395,34	385,80	387,08	382,91	374,71	372,20	369,68	363,28	359,38
<b>Foreign trade<sup>4</sup> in mln zł:</b>													
exports	a	60048,0	65693,5	68288,2	67421,7	66092,2	69818,4	62752,8	62213,8	70043,6	69990,3	73932,6	67182,7
	b	69606,5	69452,8	81324,9	68912,5	72685,4	72891,5	67343,9	68858,9	76644,6	78953,3	75863,8	.
imports	a	58015,1	64223,6	66715,5	65315,6	63554,5	66706,1	62008,7	63386,1	69396,6	68873,8	71415,7	66858,8
	b	67732,3	70355,2	79156,9	66625,7	72831,7	73754,0	67868,5	67775,7	74565,4	77473,4	76573,2	.
balance	a	2032,9	1469,9	1572,7	2106,1	2537,7	3112,3	744,1	-1172,3	647,0	1116,5	2516,9	323,9
	b	1874,2	-902,4	2168,0	2286,8	-146,3	-862,5	-524,6	1083,2	2079,2	1479,9	-719,4	.

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 Since 2017 - preliminary data.