

Introduction

The basic tendencies in the economy indicate that the growth rate in the 1st half of 2010 did not considerably differ from the one recorded both in the 1st quarter of 2010 and in the 4th quarter of the previous year. In the period of April-June of 2010, the strengthening of positive business tendencies was observed in industry and in the part of services. In the 2nd quarter of 2010, the dynamics of retail sales also slightly improved, though the growth rate in the entire half of the year remained relatively low. Construction and assembly production was below the level recorded in the period of January-June of the previous year. However, following the severe decline period in the 1st quarter of 2010, its growth has been observed since May of 2010. An increase in the economic activity had a favourable impact on the difficult situation on the labour market. In subsequent months, a gradual reconstruction of the level of an average employment in the enterprise sector was recorded, as a result of which in the 2nd quarter it was already slightly higher than a year before. Since March of 2010, the unemployment rate had been dropping, though it still exceeded the one recorded in the previous year. The prices of consumer goods and services grew slower than a year before. However, with the dynamics of gross wages and salaries in the enterprise sector being weaker than in the 1st half of the previous year, their purchasing power was only slightly higher than in the period of January-June of the previous year.

Sold production of industry in the 1st half of 2010, in consequence of improving results in all sections, considerably exceeded the level recorded a year before (by 10.6%). A growth in production was recorded in all main industrial groupings, with the highest one in production of durable consumer goods – of 27.1% and in production of intermediate goods – of 14.0%. Together with a lower employment than in the 1st half of the previous year, labour productivity in industry was 13.0% higher (against a drop of 3.9%, respectively, a year before). The results of construction and assembly production in the 1st half of 2010 were influenced by severe winter conditions, as well as by a drop in the investment activity, observed in the 1st quarter of 2010. As a consequence, in the entire 1st half of 2010, production was lower than a year before by 6.1%, though its growth was recorded in May and June. As compared with the period of the first six months of 2010, the number of dwellings completed declined (by 16.0%), mainly as a result of a deep decline in construction for sale or rent. Although the number of the construction permits issued was lower than a year before, the number of dwellings started increased considerably (by 19.5%). Producer prices in

industry and in construction in the 1st half of 2010 were at a lower level than a year before, though in May of 2010 the downward tendencies were reversed.

In July of 2010, enterprises formulate positive assessments of the business tendency climate. Manufacturing and construction entities forecast an extension of both production and order books. The predictions of these companies regarding the financial situation are also favourable. Forecasts of retail sales entities, regarding the sales and orders from suppliers, improved. Manufacturing and trade companies are still planning to reduce employment, though on a lower scale than in June, whereas construction companies forecast an increase in the number of employees.

Average employment in the enterprise sector in the period of six months of 2010 was by 0.5% lower than a year before, while in the 2nd quarter of 2010 a slight increase was recorded. Starting in March of 2010, the unemployment rate was gradually dropping, and in June of 2010 it reached the level of 11.6%, i.e. higher than a year before (by 1.0 percentage point).

In the 1st half of 2010, the growth rate in average monthly nominal wages and salaries in the enterprise sector was slower than a year before (3.3% in annual terms, against 5.0%), and a weakening of the dynamics was mainly noticeable in the 1st quarter of 2010. Together with a moderate increase in the prices of consumer goods and services, in annual terms, the purchasing power of gross wages and salaries in the period of January-June of 2010 increased by 0.6%, i.e. at the rate similar to the one recorded in the 2nd half year of the previous year.

The production situation in agriculture in the 1st half year of 2010 was influenced by unfavourable weather conditions (severe winter, late spring, flood and local flooding in many regions of the country). On the agricultural market, the increased supply for cereal and animals for slaughter (except for beef), in annual terms, was accompanied by a drop in the prices of these products. With the procurement being lower, milk prices remained on relatively stable level and were higher than year before.

In the period of January-May of 2010, within the commodity turnover in foreign trade a higher increase was recorded in exports than in imports; as a result, a negative balance of turnover was lower than in the previous year. Together with a drop in transactional prices (expressed in PLN) in the period of January-April of 2010, as compared with a corresponding period of the previous year, the turnover grew considerably in constant prices. However, the terms of trade index was unfavourable, which was influenced by a high increase in import prices from the Central and Eastern European countries.

In the 1st half year of 2010, expenditures (PLN 151.0 billion) of the State Budget were higher than revenues (PLN 114.2 billion), recording a deficit of PLN 36.8 billion (which accounted for 70.5% of the amount assumed in the Budget Act for 2010).

SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a - 2009, b - 2010		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Registered unemployed persons (in thous.)	a	1634,4	1718,8	1758,8	1719,9	1683,4	1658,7	1676,1	1689,0	1715,9	1744,3	1811,1	1892,7
	b	2052,5	2101,5	2076,7	1973,8	1907,9	1843,9						
Unemployment rate ¹ (in %)	a	10,4	10,9	11,1	10,9	10,7	10,6	10,7	10,8	10,9	11,1	11,4	11,9
	b	12,7	13,0	12,9	12,3	11,9	11,6						
Paid employment in the enterprise sector													
in thous. persons	a	5374	5352	5325	5309	5292	5280	5273	5270	5267	5267	5265	5255
	b	5301	5293	5294	5308	5320	5336						
Sold production of industry ² :													
previous month=100	a	93,7	102,4	115,6	93,1	98,2	106,0	97,4	95,6	115,0	101,9	96,8	94,6
	b	94,6	103,1	119,1	90,8	101,6	107,0						
corresponding month of previous year=100	a	84,7	85,4	98,1	87,8	94,8	95,5	95,6	100,1	98,7	98,7	109,9	107,4
	b	108,5	109,2	112,5	109,7	113,5	114,5						
Construction and assembly production ² :													
previous month=100	a	37,9	117,2	115,1	112,0	107,7	116,2	105,5	99,2	106,1	107,6	85,5	141,0
	b	31,1	104,2	136,2	117,8	117,5	124,4						
corresponding month of previous year=100	a	107,4	101,9	101,2	100,5	100,3	100,5	110,7	111,0	105,7	102,7	109,9	103,2
	b	84,7	75,3	89,1	93,7	102,3	109,6						
Dwellings completed (from the beginning of year)	a	22096	31833	41498	54391	64300	76147	91619	103187	114841	130353	143922	160002
	b	12789	22651	34044	43838	53053	63993						
Price indices of consumer goods and services:													
previous month=100	a	100,5	100,9	100,7	100,7	100,5	100,2	100,1	99,6	100,0	100,1	100,3	100,0
	b	100,6	100,2	100,3	100,4	100,3	100,3						
corresponding month of previous year=100	a	102,8	103,3	103,6	104,0	103,6	103,5	103,6	103,7	103,4	103,1	103,3	103,5
	b	103,5	102,9	102,6	102,4	102,2	102,3						
December of previous year=100	a	100,5	101,3	102,0	102,7	103,2	103,4	103,5	103,1	103,1	103,3	103,5	103,5
	b	100,6	100,9	101,2	101,6	101,9	102,2						
Price indices of sold production of industry:													
previous month=100	a	102,3	102,6	100,0	99,1	99,7	100,8	98,5	99,6	99,8	100,4	99,6	99,8
	b	100,4	99,9	99,8	101,4	102,0	100,8						
corresponding month of previous year=100	a	103,6	105,7	105,5	104,8	103,7	104,1	102,8	102,2	101,6	102,0	101,9	102,1
	b	100,2	97,6	97,4	99,6	101,9	101,9						
Price indices of construction and assembly production:													
previous month=100	a	99,9	99,8	99,9	99,9	99,8	100,0	99,9	99,9	100,0	100,1	100,1	100,0
	b	99,8	99,9	100,0	100,1	100,1	100,2						
corresponding month of previous year=100	a	102,4	101,8	101,3	100,7	100,3	99,9	99,6	99,3	99,2	99,1	99,2	99,3
	b	99,3	99,4	99,5	99,7	100,0	100,2						

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

² Indices were calculated in constant prices of 2005.

(cont.)

Specification a - 2009, b - 2010		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	3215,75	3195,56	3332,65	3294,76	3193,90	3287,88	3361,90	3268,69	3283,18	3312,32	3403,92	3652,40
	b	3231,13	3288,29	3493,42	3398,67	3346,61	3403,65						
previous month=100	a	93,8	99,4	104,3	98,9	96,9	102,9	102,3	97,2	100,4	100,9	102,8	107,3
	b	88,5	101,8	106,2	97,3	98,5	101,7						
corresponding month of previous year=100	a	108,1	105,1	105,7	104,8	103,8	102,0	103,9	103,0	103,3	102,0	102,3	106,5
	b	100,5	102,9	104,8	103,2	104,8	103,5						
Average monthly real gross wage and salary in the enterprise sector monthly average of 2000=100	a	117,5	115,9	120,1	117,9	113,8	116,9	119,5	116,6	117,1	118,0	121,0	130,0
	b	114,4	116,2	123,1	119,3	117,2	118,8						
Profitability rate of gross turnover ² - from the beginning of year (in %)	a	.	.	3,0	.	.	4,9	.	.	5,2	.	.	5,0
	b	.	.	5,0	.	.	.						
Profitability rate of net turnover ³ – from the beginning of year (in %)	a	.	.	2,2	.	.	4,0	.	.	4,2	.	.	4,1
	b	.	.	4,0	.	.	.						
State budget balance - from the beginning of year (in mn zł)	a	2918,0	-5250,9	-11219,8	-15306,1	-16356,7	-16629,2	-15037,1	-15655,8	-21343,7	-23918,6	-24342,1	-23790,0
	b	-4779,2	-16835,6	-22707,6	-26957,0	-32046,2	-36800,3						
Average exchange rates in zł – National Bank of Poland:													
100 US dollars	a	317,17	363,14	354,12	334,80	323,37	321,46	305,96	289,56	285,95	284,69	279,90	283,52
	b	285,18	293,85	286,72	287,99	321,37	335,71						
100 EUR	a	421,81	464,42	462,37	441,93	441,05	450,81	430,53	413,11	416,35	421,73	417,34	414,27
	b	407,20	401,55	389,19	387,04	405,21	410,25						
Foreign trade ⁴ in mn zł													
exports	a	30128,3	34526,7	38634,1	34290,5	33709,3	36355,5	34951,4	30429,0	38165,7	39658,1	36786,2	30592,7
		32923,0	35538,6	39091,2	36807,0	37649,8	.						
imports	a	34497,6	37061,9	42350,0	37746,5	36435,5	40149,3	38771,4	34008,2	39524,4	41862,5	39299,6	35076,8
		35559,8	38520,7	43354,9	39033,1	40893,8	.						
balance	a	-4369,3	-2535,2	-3715,9	-3456,0	-2726,2	-3793,8	-3820,0	-3579,2	-1358,7	-2204,4	-2513,4	-4484,1
		-2636,8	-2982,1	-4263,7	-2226,1	-3244,0	.						

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.⁴ Since January 2010 – preliminary data.