

## Introduction

In July of 2010, the tendencies hitherto observed in the basic socio-economic processes maintained. The difficult situation on the labour market was improving gradually. Following the high dynamics in June, the growth rate of sold production in industry, construction and in retail sales was slower. The financial results of non-financial enterprises, recorded in the 1<sup>st</sup> half of 2010, improved in relation to the ones obtained a year before. The investment activity of enterprises has maintained at a low level.

In July of 2010, another slight year-on-year growth in average employment in the enterprise sector and a decline in registered unemployment were recorded. Preliminary results of the labour force survey for the 2<sup>nd</sup> quarter of 2010 indicate an improvement in the number of employed persons, as well as in the relation of not employed to employed persons, both compared with the previous quarter and in annual terms. The number of unemployed persons and the unemployment rate dropped in comparison to the 1<sup>st</sup> quarter of 2010, though their level was still higher than in the 2<sup>nd</sup> quarter of the previous year.

The growth rate in an average monthly nominal gross wage and salaries in the enterprise sector in July of 2010 experienced further weakening. The real wages and salaries only slightly exceeded the level recorded in the previous year, despite the weakening in the consumer price dynamics. A growth rate in the nominal and real average monthly retirement pays and pensions in both systems was similar to the one recorded a month before, and faster than that of wages and salaries.

Sold production of industry in July of 2010 was still growing at a considerable rate (10.3% in annual terms, after eliminating seasonal factors – 11.3%). Similar as in the two preceding months, an increase in the sales was recorded in all industry sections, with the highest one occurring in manufacturing. After seven months of 2010, production was by 10.4% higher than a year before, and the highest growth rate concerned the sales of durable consumer goods. Producer prices grew in annual terms; a considerable acceleration of their growth rate was observed especially in industry, including manufacturing, as well as mining and quarrying. Construction and assembly production in July of 2010 exceeded the level recorded a year before by 0.8% (in the corresponding month of the previous year – by 10.7%, respectively), which was influenced, to a large extent, by the activity of entities performing mostly specialised construction works and dealing with civil engineering.

In the August survey, manufacturing enterprises and trade units assess the general business tendency climate slightly more optimistically than a month before. Manufacturing units plan to extend their order books and production, with positive, similar to those in July, forecasts in the scope of ability to pay current debts. The assessments of trade units concerning current and future

sales are also better than a month before. However, these entities still project difficulties with settling their financial liabilities. Construction enterprises formulate positive assessments, though more careful than in July of 2010, also in the scope of current and future order books as well as production. These enterprises perceive their financial situation as more difficult than a month before, and their forecasts in this scope are less optimistic than a month earlier.

Based on the preliminary estimates of major agricultural and garden crops, it results that the majority of this year's crops will be lower than the high ones obtained a year before (which is mostly the effect of weather conditions unfavourable to plant production), though higher than the multiannual average. On the agricultural market in July of 2010, with a low supply for procurement, the prices of basic cereals increased as compared to the previous month, and were higher than a year before. Milk prices also increased, while the prices of most animal products dropped. The results of the June's survey indicate that a growth in cattle for slaughter, observed since 2005, was slightly slower than in the previous periods, mainly due to the restriction on the number of cows in a herd.

In the 1<sup>st</sup> half of 2010, a growth was recorded in the foreign commodity turnover, which was faster on the exports side than on the imports side, while the dynamics in the 2<sup>nd</sup> quarter was higher than in the 1<sup>st</sup> one. In the period of January-May of 2010, together with a decrease in transaction prices (calculated in PLN), the growth rate in the turnover expressed in constant prices gradually accelerated. However, the terms of trade index was at an unfavourable level, which was considerably influenced by the high dynamics of prices of the commodities imported from the Central and Eastern European countries.

The financial situation of the non-financial enterprises surveyed in the 1<sup>st</sup> half of 2010 was more favourable than a year before. The result on financial operations improved. As a consequence of the net loss being lower than a year before, and of the slight increase in the net profit, an improvement in the net financial result was recorded. The cost level indicator was slightly better. The majority of other economic and financial relations was more favourable. The value of investment outlays of enterprises decreased, and a deeper than average decline was indicated by entities with foreign participation. However, the total number of investments newly started in the enterprises surveyed increased, and their estimated value grew considerably.

After seven months of 2010, the State budget deficit reached the level of PLN 34.9 billion, which accounted for 66.9% of the amount assumed in the Budget Act for 2010. The State budget revenues amounted to PLN 139.6 billion, and expenditures – to PLN 174.5 billion, i.e. 56.1% and 57.9% of the planned amount, respectively.

## 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	1812,8					
Unemployment rate <sup>1</sup> (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	11,4					
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	5350					
Sold production of industry <sup>2</sup> :													
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	106,8	93,9					
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	114,3	110,3					
Construction and assembly production <sup>2</sup> :													
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	124,5	97,0					
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	100,8					
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	74180					
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	99,8					
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	102,0					
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	102,0					
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	101,0	100,3					
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	102,1	103,9					
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	100,1	99,9					
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	100,1	100,2					

<sup>1</sup> Ratio of registered unemployed persons to the economically active civil population.

<sup>2</sup> 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 <sup>1</sup> (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	3433,32					
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	100,9					
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	102,1					
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	120,1					
Profitability rate of gross turnover <sup>2</sup> - from the beginning of year (in %)	a	.	.	3,0	.	.	4,9	.	.	5,2	.	.	5,0
	b	.	.	5,0	.	.	5,0	.					
Profitability rate of net turnover <sup>3</sup> – from the beginning of year (in %)	a	.	.	2,2	.	.	4,0	.	.	4,2	.	.	4,1
	b	.	.	4,0	.	.	4,1	.					
State budget balance - from the beginning of year (in mln zł) .....	a	2918,0	-5250,9	-11219,8	-15306,1	-16356,7	-16629,2	-15037,1	-15655,8	-21343,7	-23918,6	-24342,1	-23845,0
	b	-4779,2	-16835,6	-22707,6	-26957,0	-32046,2	-36800,3	-34946,3					
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	319,50					
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	408,18					
Foreign trade <sup>4</sup> in mln zł													
exports .....	a	30128,3	34526,7	38634,1	34290,5	33709,3	36355,5	35397,7	30718,1	38593,2	40068,6	38056,9	33006,5
	b	32978,6	35564,7	39327,0	37122,0	38541,6	41230,6	.					
imports .....	a	34497,6	37061,9	42350,0	37746,5	36435,5	40149,3	39360,7	34896,4	40494,8	42955,7	40790,8	36643,4
	b	35660,3	38617,9	43596,3	39850,2	42232,9	43853,7	.					
balance .....	a	-4369,3	-2535,2	-3715,9	-3456,0	-2726,2	-3793,8	-3963,0	-4178,3	-1901,6	-2887,1	-2733,9	-3636,9
	b	-2681,7	-3053,2	-4269,3	-2728,2	-3691,3	-2623,1	.					

<sup>1</sup> Including contributions to compulsory social security.<sup>2</sup> Relation of gross financial result to revenues from total activity.<sup>3</sup> Relation of net financial result to revenues from total activity.<sup>4</sup> Since January 2010 – preliminary data.