

## Introduction

In the 1<sup>st</sup> half of 2011, the relatively high pace of economic growth maintained. Similarly to the previous periods, Poland belonged to the group of EU countries with the highest GDP dynamics. The real growth in the gross domestic product in the 2<sup>nd</sup> quarter of 2011 was close to the one recorded in the 1<sup>st</sup> quarter, amounting to 4,3% in annual terms. After eliminating the impact of seasonal factors, the GDP growth in the 2<sup>nd</sup> quarter, as compared to the preceding quarter, was similar as in the first three months of 2011, amounting to 1,1%, and in annual terms to 4,5%.

The GDP growth was generated by the domestic demand, with neutral influence of net exports. The dynamics of total consumption was slower than in the previous periods, due to the slight weakening of the growth in private consumption (to 3,5%), with a decrease by 1,3% in public consumption. The significant accumulation growth (12,3% in annual terms) maintained, of which the gross outlays on fixed assets increased more than in the 1<sup>st</sup> quarter (7,8%). The gross value added in the national economy was by 4,2% higher, compared to the corresponding period of the previous year, and the highest growth was recorded in construction (17,0%). In industry, the gross value added increased by 4,1% in annual terms, i.e. less than in the previous quarter. The dynamics of the gross value added improved in market services.

In July of 2011, in certain areas a weakening of the positive tendencies was observed. A growth in manufacturing, in annual terms, was slower than the average in the period of January-June of 2011. The results on retail sales and some services were less favourable. However, a considerable increase in construction and assembly production, as well as in transport services, was still observed.

On the labour market, a growth of average employment in the enterprise sector maintained in July of 2011. The registered unemployment rate decreased in monthly terms, amounting to 11.7% (against 11.5% at the end of July of 2010). The preliminary results of the labour force survey for the 2<sup>nd</sup> quarter of 2011 indicate a growth in the number of employed persons, and an improvement in the relation of unemployed persons to the employed ones. The number of unemployed persons and the unemployment rate dropped in relation to the 1<sup>st</sup> quarter of 2011, reaching the level similar to the one recorded a year ago.

July of 2011 was the second month in a row in which the slowdown of the high growth rate, progressing till May, in the prices of consumer goods and services was observed in annual terms. The weakening of the dynamics of consumer prices was mainly influenced by lower growths in the prices of food and non-alcoholic beverages, as well as in the prices of goods and services related to transport. The purchasing power of average wages and salaries in the enterprise sector in July of 2011, similarly to the previous month, was only slightly higher than a year before. Average real retirement pays and pensions from the non-agricultural social security system only slightly exceeded the previous year's level, and those of individual farmers remained lower.

The prices of most basic agricultural products (except for potatoes and piglets prices for further breeding) in July of 2011 were still much higher than a year before. In monthly terms, a seasonal drop was recorded in the prices of most cereals, potatoes and cattle for slaughter. The results of the June survey indicate that the livestock of cattle slightly increased in annual terms.

Sold production of industry in July of 2011 reached the level by 1.8% higher than a year before, and after eliminating the seasonal factors it was by 4.6% higher. Production increased in manufacturing, as well as in water supply, sewerage, waste management and remediation, together with a drop in the remaining two sections. Among the main industry groupings, production was still growing in the scope of intermediate and capital goods, whereas it dropped in the scope of the remaining goods, including the sharpest drop in durable consumer goods. Producer prices in industry grew, in annual terms, slightly faster than a month before. In construction, together with a continual slight price growth, a considerable increase in production was still recorded (16.4% in annual terms, and after eliminating seasonal factors 18.9%). Retail sales grew slower than in the previous months, and were by 4.2% higher than a year before.

In the opinion of entrepreneurs, the general business tendency climate in manufacturing, in August of 2011, is assessed in a positively, similarly as a month before. Current assessments of the order-books and production worsened, with a continually favourable forecasts in this scope. These entities still indicate certain difficulties regarding the timely settlement of their current financial liabilities. In construction, after four months of positive assessments, in August of 2011 a negative indicator of the general business tendency climate was recorded. Less optimistic assessments concern both the current and future order book and production. Enterprises indicate the deterioration in their financial situation. The units operating in retail trade assess business tendencies in a negative way, which is influenced, among others, by the necessity to limit the current and future sales, reported by enterprises, and by the fact that the projections concerning the ability to settle financial liabilities in a timely manner are more pessimistic than those formulated in July. The enterprises operating in trade and industry project a growth in the prices of goods, whereas construction companies indicate a possibility of a slight price drop.

In the 1<sup>st</sup> half of 2011, a growth in annual terms was observed in the total turnover of foreign trade, however imports grew faster than exports, which caused a deepening of the negative balance of total commodity turnover. In comparison with the period of January-June of 2010, the value of commodity turnover increased with all groups of countries.

The financial situation of non-financial enterprises in the 1<sup>st</sup> half of 2011 was more favourable than a year before. The financial results were higher, and a considerable increase in net profits, as well as limited net losses were recorded. The basic economic and financial relations improved. The growth in revenues from total activity, being faster than the growth in cost of obtaining revenues from the total activity, resulted in a decreased cost level indicator. The basic economic and financial indicators achieved by the entities conducting sales for export were more favourable than for all enterprises in general, and than a year before.

Following a deep decline a year before, in the 1<sup>st</sup> half of 2011 the value of investment outlays incurred by enterprises grew considerably (by 9.0%). A significant enlivening was observed in the scope of investment purchases; the outlays on buildings and structures also increased. The outlays in construction, transport and storage, as well as in electricity, gas, steam and air conditioning supply were much higher than a year before. A growth was also observed in manufacturing. The outlays dropped in water supply; sewerage, waste management and remediation activities, in real estate activities, as well as in trade; repair of motor vehicles. The dynamics of outlays recorded in the group of entities with foreign participation was higher than average. The number of investments started was higher

than a year before, with a slightly lower estimate value (in relation to the high value in the 1<sup>st</sup> half of the previous year) of new investments.

The deficit of the State budget after seven months of 2011 amounted to PLN 21.1 billion, accounting for 52.5% of the amount assumed in the Budget Act for the current year.

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a - 2010, b - 2011		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Registered unemployed persons (in thous.)	a	2053	2102	2077	1974	1908	1844	1813	1800	1813	1819	1858	1955
	b	2105	2150	2134	2044	1963	1883	1863					
Unemployment rate (in %)	a	12,9	13,2	13,0	12,4	12,1	11,7	11,5	11,4	11,5	11,5	11,7	12,3
	b	13,0	13,2	13,1	12,6	12,2	11,8	11,7					
Paid employment in the enterprise sector													
in thous. persons	a	5301	5293	5294	5308	5320	5336	5350	5352	5364	5375	5381	5379
	b	5501	5513	5509	5514	5514	5527	5528					
Average monthly nominal gross wage and salary in the enterprise sector													
(in zł)	a	3231,13	3288,29	3493,42	3398,67	3346,61	3403,65	3433,32	3407,26	3403,68	3440,22	3525,67	3847,91
	b	3391,59	3422,14	3633,54	3597,84	3483,99	3600,47	3611,56					
previous month=100	a	88,5	101,8	106,2	97,3	98,5	101,7	100,9	99,2	99,9	101,1	102,5	109,1
	b	88,1	100,9	106,2	99,0	96,8	103,3	100,3					
corresponding month of previous year=100	a	100,5	102,9	104,8	103,2	104,8	103,5	102,1	104,2	103,7	103,9	103,6	105,4
	b	105,0	104,1	104,0	105,9	104,1	105,8	105,2					
Average monthly real gross wage and salary in the enterprise sector													
corresponding month of previous year=100	a	97,0	99,9	102,1	100,8	102,5	101,3	100,2	102,3	101,3	101,2	101,1	102,3
	b	101,5	100,7	99,9	101,5	99,3	101,6	101,3					
Average monthly real gross retirement pay and pension:													
from non-agricultural social security system													
corresponding month of previous year=100	a	104,1	104,8	103,9	103,6	103,9	103,6	103,7	103,9	103,1	102,7	102,9	102,9
	b	102,2	102,3	100,1	100,0	99,3	100,1	100,4					
of farmers													
corresponding month of previous year=100	a	102,4	103,1	102,0	102,2	102,4	102,0	102,3	102,1	101,3	101,1	101,2	101,0
	b	100,5	100,4	98,0	98,1	97,4	98,3	98,7					
Price indices of consumer goods and services:													
previous month=100	a	100,6	100,2	100,3	100,4	100,3	100,3	99,8	99,6	100,6	100,5	100,1	100,4
	b	101,2	100,2	100,9	100,5	100,6	99,6	99,7					
corresponding month of previous year=100	a	103,5	102,9	102,6	102,4	102,2	102,3	102,0	102,0	102,5	102,8	102,7	103,1
	b	103,6	103,6	104,3	104,5	105,0	104,2	104,1					
December of previous year=100	a	100,6	100,9	101,2	101,6	101,9	102,2	102,0	101,5	102,1	102,6	102,8	103,1
	b	101,2	101,4	102,3	102,9	103,5	103,1	102,8					
Price indices of sold production of industry:													
previous month=100	a	100,4	99,9	99,8	101,4	102,0	101,0	100,1	99,8	100,1	100,0	100,4	101,2
	b	100,4	101,2	101,6	100,7	99,7	100,3	100,4					
corresponding month of previous year=100	a	100,2	97,6	97,4	99,6	101,9	102,1	103,8	104,0	104,3	103,9	104,7	106,2
	b	106,2	107,5	109,5	108,8	106,3	105,6	105,9					
Price indices of construction and assembly production:													
previous month=100	a	99,8	99,9	100,0	100,1	100,1	100,1	99,9	100,0	100,0	100,0	100,0	100,1
	b	100,1	100,1	100,2	100,2	100,2	100,3	100,3					
corresponding month of previous year=100	a	99,3	99,4	99,5	99,7	100,0	100,1	100,2	100,2	100,2	100,1	100,0	100,0
	b	100,3	100,4	100,6	100,6	100,7	100,8	101,2					

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification a - 2010, b - 2011	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Sold production of industry (constant prices <sup>1</sup> ):												
previous month=100 .....	a 94,6	103,1	119,1	90,8	101,6	106,8	94,1	98,2	113,1	98,4	98,6	95,8
b	93,7	103,3	115,2	90,7	102,7	101,0	94,0					
corresponding month												
of previous year=100 .....	a 108,5	109,2	112,5	109,7	113,5	114,3	110,5	113,6	111,8	108,0	110,0	111,4
b	110,3	110,5	106,8	106,7	107,8	102,0	101,8					
Construction and assembly production (constant prices <sup>1</sup> ):												
previous month=100 .....	a 31,1	104,2	136,2	117,8	117,5	124,5	97,0	106,7	111,0	103,8	89,2	138,7
b	30,7	111,5	142,4	109,7	125,9	117,6	96,5					
corresponding month												
of previous year=100 .....	a 84,7	75,3	89,1	93,7	102,3	109,6	100,8	108,4	113,4	109,4	114,2	112,3
b	111,0	118,7	124,2	115,6	123,9	117,0	116,4					
Dwellings completed (from the beginning of year) .....	a 12791	22655	34047	44852	53838	63779	75441	85990	97674	109414	121632	135835
b	10292	18341	27513	36640	45825	55403	65249					
Retail sales of commodities (constant prices <sup>2</sup> ):												
previous month=100 .....	a 75,3	95,9	121,3	93,9	102,7	103,9	103,6	99,0	100,4	103,6	93,1	124,6
b	70,8	101,8	117,4	101,7	98,3	101,9	101,3					
corresponding month												
of previous year=100 .....	a 98,8	97,2	105,9	96,0	102,0	104,5	102,4	105,1	106,4	106,4	106,1	109,1
b	102,3	108,6	105,1	113,6	108,5	106,4	104,2					
State budget balance - from the beginning of year (in mln zł) .....	a -4779,2	-16835,6	-22707,6	-26957,0	-32046,2	-36568,7	-34870,3	-36975,9	-39535,5	-41890,2	-42613,1	-44591,1
b	-2762,0	-14409,2	-17499,7	-21585,5	-23728,3	-20222,2	-21124,8					
Average exchange rates in zł – National Bank of Poland:												
100 US dollars .....	a 285,18	293,85	286,72	287,99	321,37	335,71	319,50	308,94	303,18	284,82	289,13	301,97
b	291,48	287,87	286,88	274,67	274,19	275,86	279,11					
100 EUR .....	a 407,20	401,55	389,19	387,04	405,21	410,25	408,18	398,72	395,58	395,62	395,31	399,59
b	389,69	392,86	401,74	397,06	393,95	396,95	399,07					
Foreign trade in mln zł:												
exports .....	a 34236,9	36286,1	40612,0	38498,9	40021,8	43053,8	40591,0	38076,8	44360,5	43939,3	42551,4	38829,7
b	40113,5	42144,3	47765,3	43701,9	45672,8	44027,7	.					
imports .....	a 36572,4	39626,3	45147,3	41568,7	44284,2	46905,5	45435,3	44136,5	48287,7	48787,4	49527,1	45942,2
b	43593,9	46495,6	52003,6	48984,8	50317,5	48399,4	.					
balance .....	a -2335,5	-3340,2	-4535,3	-3069,8	-4262,4	-3851,7	-4844,3	-6059,7	-3927,2	-4848,1	-6975,7	-7112,5
b	-3480,4	-4351,3	-4238,3	-5282,9	-4644,7	-4371,7	.					

<sup>1</sup> The average current prices from 2005.

<sup>2</sup> The current prices from the period preceding the surveyed period.