

## Introduction

In November of this year, the growing tendencies in economy continued, which is reflected by high dynamics of sold production of industry, construction and services. Similarly to 2006, a high pace of economic growth stimulated by domestic demand, both capital and consumption demand, was recorded. Gross fixed capital formation in the period of three quarters of this year was higher than last year by 21.7%, i.e. it was the highest in ten years. The high dynamics of investing was influenced by the favourable financial situation of enterprises observed for a few years, a positive evaluation of prospects for domestic and foreign demand according to economic entities, as well as the necessity of increasing capacity utilisation. Consumption demand was formed by high dynamics of real wages and salaries, an attractive offer of consumer goods and increase of credits, with the continuing high tendency of consumer confidence.

In November of this year, sold production of industry was by 8.3% higher than last year, and in the period of eleven months, by 9.9%, with an increase in labour productivity by 6.2% and in average monthly gross wages and salaries by 9.2%. Among main industrial groupings, sale in enterprises producing durable consumer goods and capital goods grew the most (by approx. 19% and approx. 17%, respectively).

The year-on-year increase in construction and assembly production in November of this year amounted to 11.1%, and in the period from January to November of this year – by 16.1%. The positive tendencies in dwelling construction strengthened. In November of this year, the number of completed dwellings was by 24.4% higher than last year, and in the period from January to November of this year – by 16.3%. Within eleven months, the number of dwellings in which construction has begun grew by 36.9%, and the number of dwellings for which permits have been granted – by 49.1%.

In November of this year, the high growth in retail sales realised by commercial and non-commercial enterprises continued (15.1% in annual terms). As a result, in the period from January to November of this year, retail sales increased by 14.6%.

Foreign trade turnover was growing considerably, although more slowly than last year. With lower dynamics in export than in import, the negative foreign trade balance deteriorated. In the period from January to October of this year, as compared to the corresponding period of last year, export calculated in EUR increased by 14.2%, and import – by 16.4%. Export to the Central and Eastern Europe countries grew significantly (by 26.1%), of which to Russia (by 26.3%) and Ukraine (by 29.7%). As regards the increase in import (39.4%), the first position was occupied by

China, which, after Germany and Russia, was the third greatest supplier of goods. The negative balance amounted to EUR 13.2 billion, against EUR 10 billion last year.

In the period from January to November of this year, an increase in prices of both consumer goods and services (2.3%) as well as construction and assembly production (7.7%) was higher than in the previous year. Whereas the growth in prices of sold production of industry (2.3%) was similar as observed in the corresponding period of 2006. In November of this year, consumer prices were by 3.7% higher than in December of last year (against 1.6% respectively in the previous year). In comparison to October of this year, prices of consumer goods and services rose by 0.7%, while in annual terms – by 3.6% (against 1.4% last year), exceeding the upper limit of the inflation target specified by the Monetary Policy Council (2.5%).

In November of this year, in the agricultural market, most of the basic products of plant origin as well as poultry and milk cost much more than in the corresponding month of the previous year. This affected the rise in prices of food and non-alcoholic beverages, which in that period amounted to 7.6%, against 2.2% last year. As compared to October, prices in the agricultural market decreased, excluding prices of milk and potatoes in procurement.

The high pressure on a rise in wages and salaries continued. In November of this year, in the enterprise sector, they were higher in nominal terms by 12.0% (in real terms by 8.3%) than last year, and after eleven months – by 9.5% (in real terms by 7.1%). Further growth in wages and salaries in construction was recorded (in November of this year, the year-on-year nominal increase amounted to 16.9%). Wages and salaries in industry were characterised by relatively high dynamics (an increase by 12.6%) as well as in trade and repairs (12.1%).

Increased inflation affected the decrease in average real social benefits. In November of this year, the purchasing power of average retirement pays and pensions in the employee system was by 1.9% lower than in November of the previous year (in the period of eleven months of this year, it grew insignificantly – by 0.3%). Real retirement pays and pensions of individual farmers decreased (by 3.6% and 1.3%, respectively).

In the labour market, demand for workers was growing systematically. Employment increased and unemployment declined. In November of this year, in the enterprise sector, employment was by 247.4 thousand people (by 5.0%) higher than last year. At that time, registered unemployment dropped by 567.8 thousand, and its rate equalled to 11.2% (in November 2006 – 14.8%).

The increase of the state budget revenues was much higher than that of expenditures (19.6%, against 11.5%). As a result, the budget deficit equalled to PLN 6.0 billion, which accounted for 20% of the amount assumed in the Budget Act for 2007.

### Selected indicators regarding the economic situation of the country

Specification	November 2007		January– November 2007
	changes in % against:		
	November 2006	October 2007	January– November 2006
Paid employment in the enterprise sector .....	+5,0	+0,3	+4,7
Registered unemployed persons (end of period).....	-24,8	-0,1	x
Average monthly gross wage and salary in enterprise sector ...	+12,0	+4,8	+9,5
of which in industry.....	+12,6	+9,8	+9,2
Sold production of industry (constant prices) .....	+8,3	-4,9	+9,9
mining and quarrying .....	-6,4	-10,4	-0,6
manufacturing.....	+8,6	-5,8	+11,3
electricity, gas and water supply .....	+12,2	+9,7	-1,5
Construction and assembly production (constant prices).....	+11,1	-16,3	+16,1
Dwellings completed .....	+24,4	-2,6	+16,3

Specification	September	October	November
	changes in % as compared with the previous month		
Prices of sold production of industry .....	0,0	-0,3	0,0
Prices of consumer goods and services .....	+0,8	+0,6	+0,7
of which:			
food and non-alkoholic beverages .....	+2,4	+1,7	+1,5
alkoholic beverages, tobacco .....	+0,6	+0,3	+0,2
dwelling .....	+0,3	+0,5	+0,3
housing, water, electricity, gas and other fuels .....	+0,3	+0,6	+0,4
of which electricity, gas and other fuels .....	+0,4	+0,9	+0,6
furnishings, household equipment and routine maintenance of the house .....	+0,1	+0,2	+0,2
transport .....	+0,2	0,0	+1,3
of which fuels for personal transport equipment .....	+0,4	-0,2	+2,5

## Selected indicators regarding the economic situation of the country

Specification a - 2006, b - 2007	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Registered unemployed persons (in thous.) ..... a	2866,7	2865,9	2822,0	2703,6	2583,0	2487,6	2443,4	2411,6	2363,6	2301,8	2287,3	2309,4
..... b	2365,8	2331,1	2232,5	2103,1	1985,1	1895,1	1856,1	1821,9	1777,8	1720,9	1719,4	
Unemployment rate <sup>1)</sup> (in %) ..... a	18,0	18,0	17,8	17,2	16,5	15,9	15,7	15,5	15,2	14,9	14,8	14,8
..... b	15,1	14,8	14,3	13,6	12,9	12,3	12,1	11,9	11,6	11,3	11,2	
Paid employment in the enterprise sector in thous. persons ..... a	4862	4861	4870	4889	4901	4918	4928	4943	4957	4971	4986	4995
..... b	5048	5070	5089	5105	5116	5144	5160	5182	5192	5220	5233	
Sold production of industry <sup>2)</sup> :												
previous month=100 ..... a	92,0	100,0	116,4	90,4	107,3	102,6	93,8	102,4	109,2	104,3	97,3	93,3
..... b	100,2	97,9	114,7	91,4	103,0	100,2	98,1	100,9	105,7	109,7	95,1	
corresponding month of previous year=100 ..... a	109,8	110,2	116,4	105,7	119,1	112,2	114,3	112,6	111,6	114,8	112,0	105,9
..... b	115,4	113,0	111,3	112,6	108,1	105,6	110,4	108,9	105,4	110,8	108,3	
Construction and assembly production <sup>2)</sup> :												
previous month=100 ..... a	27,8	113,1	134,0	112,4	133,3	124,6	88,8	112,3	118,9	110,9	78,6	144,8
..... b	37,9	110,5	119,0	110,6	113,2	111,2	101,4	108,5	104,1	115,4	83,7	
corresponding month of previous year=100 ..... a	92,2	96,5	115,5	104,1	113,4	115,7	104,9	115,3	121,0	128,7	123,3	117,9
..... b	160,5	156,7	139,1	136,9	116,3	103,7	118,5	114,4	100,2	104,3	111,1	
Dwellings completed (from the beginning of year) .... a	10192	18946	28284	35603	42206	50361	59906	68414	76581	87822	99363	115353
..... b	10185	18902	26976	35732	44221	52887	64357	75773	86444	101180	115532	
Price indices of consumer goods and services:												
previous month=100 ..... a	100,2	100,0	99,9	100,7	100,5	99,7	100,0	100,3	100,2	100,1	100,0	99,8
..... b	100,4	100,3	100,5	100,5	100,5	100,0	99,7	99,6	100,8	100,6	100,7	
corresponding month of previous year=100 ..... a	100,6	100,7	100,4	100,7	100,9	100,8	101,1	101,6	101,6	101,2	101,4	101,4
..... b	101,6	101,9	102,5	102,3	102,3	102,6	102,3	101,5	102,3	103,0	103,6	
December of previous year=100 ..... a	100,2	100,2	100,1	100,8	101,3	101,0	101,0	101,3	101,5	101,6	101,6	101,4
..... b	100,4	100,7	101,1	101,6	102,2	102,2	101,9	101,6	102,3	103,0	103,7	
Price indices of sold production of industry:												
previous month=100 ..... a	100,2	99,9	100,7	101,5	100,4	100,9	100,7	99,9	100,0	99,5	99,3	99,5
..... b	100,6	100,3	100,5	100,5	100,4	100,5	100,3	100,3	100,0	99,7	100,0	
corresponding month of previous year=100 ..... a	100,3	100,7	100,9	101,7	102,3	103,0	103,5	103,3	103,6	103,2	102,5	102,6
..... b	103,1	103,5	103,3	102,2	102,1	101,7	101,4	101,8	101,8	102,0	102,6	

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

<sup>2)</sup> Indices were calculated in constant prices of 2000.

(cont.)

Specification a - 2006, b - 2007	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	2471,09	2526,22	2613,67	2570,05	2549,70	2624,93	2647,80	2611,93	2611,16	2657,99	2759,65	3027,51
b	2663,55	2687,48	2852,71	2786,29	2776,92	2869,69	2893,71	2885,97	2858,83	2951,67	3092,01	
previous month=100 .....												
a	88,6	102,2	103,5	98,3	99,2	103,0	100,9	98,6	100,0	101,8	103,8	109,7
b	88,0	100,9	106,1	97,7	99,7	103,3	100,8	99,7	99,1	103,2	104,8	
corresponding month of previous year=100 .....												
a	103,6	104,8	105,4	104,0	105,2	104,5	105,6	105,3	105,1	104,7	103,1	108,5
b	107,8	106,4	109,1	108,4	108,9	109,3	109,3	110,5	109,5	111,0	112,0	
Average monthly real gross wage and salary in the enterprise sector												
monthly average of 2000=100 .....												
a	105,0	107,3	111,2	108,6	107,2	110,6	111,5	109,6	109,5	111,5	115,7	127,2
b	111,6	112,4	118,7	115,4	114,5	118,2	119,4	119,5	117,5	120,6	125,7	
Profitability rate of gross turnover <sup>2)</sup> - from the beginning of year (in %)												
a	.	.	4,8	.	.	5,6	.	.	5,8	.	.	5,8
b	.	.	6,1	.	.	6,5	.	.	6,4	.	.	
Profitability rate of net turnover <sup>3)</sup> - from the beginning of year (in %)												
a	.	.	3,6	.	.	4,5	.	.	4,7	.	.	4,7
b	.	.	4,9	.	.	5,3	.	.	5,2	.	.	
State budget balance - from the beginning of year (in mn zł) .....												
a	772,2	-6716,2	-9275,4	-10070,2	-14717,9	-17694,2	-15543,4	-14482,5	-14610,2	-16636,7	-18580,5	-25063,1
b	3144,1	-2992,3	-5177,0	-2090,9	-4297,2	-3646,6	541,3	304,1	178,9	-4403,9	-6012,6	
Average exchange rates in zł – National Bank of Poland:												
100 US dollars .....												
a	315,99	317,44	322,29	319,82	304,91	317,13	314,92	304,54	311,53	309,19	297,35	288,68
b	298,37	298,05	293,59	282,79	279,97	283,99	275,00	279,81	272,86	260,42	249,15	
100 EUR .....												
a	382,45	379,37	387,48	391,94	389,41	401,64	399,70	390,14	397,02	390,26	382,99	381,30
b	387,87	389,58	388,69	381,92	378,24	380,79	376,85	381,00	378,99	370,52	365,56	
Foreign trade in mn zł												
exports .....												
a	24577,0	24983,4	29384,8	26564,7	28668,5	29939,6	27790,1	27487,6	32108,5	33560,8	32070,2	26643,8
b	29152,7	29304,5	33796,6	30124,4	31610,2	31648,6	31092,1	31194,4	33030,0	36509,5	.	
imports .....												
a	27428,1	28094,0	33006,6	29459,6	33826,8	33354,7	32932,9	31746,5	35988,1	38329,2	36266,7	33596,8
b	33652,8	32737,6	39782,8	35534,6	37029,8	37478,1	37608,8	34428,6	38154,8	41299,5	.	
balance .....												
a	-2851,1	-3110,6	-3621,8	-2894,9	-5158,3	-3415,1	-5142,8	-4258,9	-3879,6	-4768,4	-4196,5	-6953,0
b	-4500,1	-3433,1	-5986,2	-5410,2	-5419,6	-5829,5	-6516,7	-3294,2	-5124,8	4790,0	.	

<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.