

## Introduction

In the 1<sup>st</sup> quarter of 2014, a strengthening of the dynamics was observed in most economic areas. The growth in sold production of industry, in annual terms, was faster than in the 4<sup>th</sup> quarter of the previous year. As a result of a high dynamics in February and March of 2014, in the entire 1<sup>st</sup> quarter construction and assembly production was higher than a year before, when a deep drop was observed. The dynamics of retail sales and of the sales of communication services strengthened. The increase in the sales of transport services remained high, though it was slower than in the previous quarter. The prices of consumer goods and services continued to grow at a slow pace, and the prices of sold production of industry and of construction and assembly production remained lower than a year before.

Average monthly nominal gross wages and salaries in the enterprise sector, in annual terms, grew faster in the period of January-March of 2014 than in the 4<sup>th</sup> quarter of the previous year; also the growth in their purchasing power strengthened. The growth rate of nominal and real retirement pays and pensions both in the employee and in the farmers system slowed down.

On the labour market, some symptoms of a slight improvement in the difficult situation were observed. Average employment in the enterprise sector in the 1<sup>st</sup> quarter of 2014 slightly exceeded the previous year's level (against a drop observed in subsequent quarters of the previous year). The registered unemployment rate decreased to 13.5% at the end of March of 2014.

Sold production of industry in the period of January-March of 2014 was by 4.8% higher than a year before. A considerable sales growth was observed in manufacturing. Among the main industrial groupings, the sold production of all kinds of goods increased in annual terms, except for goods related to energy. Together with a slightly higher employment, as compared to the period of the first three months of the previous year, work productivity in industry grew by 4.3%. In March of 2014, an increase in sold production of industry reached 5.4% in annual terms (after eliminating the seasonal factors – 5.7%). Construction and assembly production in the 1<sup>st</sup> quarter of 2014 grew by 10.6%, against a deep fall in the corresponding period of the previous year. A growth was recorded in all divisions of construction. In March of 2014, construction and assembly production was higher than a year before by 17.4% (after eliminating the seasonal factors – by 15.5%). Retail sales in the period of January-March of 2014 rose, in annual terms, by 5.5% and in March of 2014 they were by 3.3% higher than a year before.

According to the surveys conducted in April of 2014, positive assessments of the general business tendency climate in manufacturing improved. Forecasts concerning the general economic situation and the domestic order-books are optimistic and better than in March of 2014. Production forecasts are positive and similar to those expressed a month before. Forecasts

concerning the financial situation are favourable and slightly better than in March of 2014, together with less pessimistic indications regarding the current situation. Entrepreneurs operating in construction formulate less negative assessments of the general business tendency climate, as compared to the preceding months. Positive forecasts on the order-books, economic situation and production are improving, together with less unfavourable projections regarding the financial situation. Retail trade entities assess the general tendency climate favourably and better than in March of 2014, which is influenced, among others, by positive current assessments and forecasts concerning the economic situation and sales. Indications regarding the current financial situation are less pessimistic, together with positive forecasts (against the unfavourable ones recorded a month before) in this respect.

On the agricultural market in the 1<sup>st</sup> quarter of 2014, under the conditions of a higher supply than a year before, the prices of most crop products, both in procurement and on marketplaces, were considerably lower than a year before. The prices of animals for slaughter, and the prices of piglets for further breeding on marketplaces, also decreased. However, the prices of potatoes, milk, dairy cows and one-year heifers were higher than in the 1<sup>st</sup> quarter of the previous year. The profitability of pigs fattening in March of 2014 was still low, though it improved in comparison with the previous month, and slightly in annual terms. It is estimated that the winter crops survived winter with generally no losses, in a good or moderate condition, and better than a year before. The fruit trees also came through the winter well.

In the period of January-February of 2014, a growth was recorded in foreign trade turnover (calculated in PLN), higher in exports than in imports. The turnover closed with a positive balance, against the negative one observed in the preceding years. Exports to developed countries (including the EU) was higher than a year before, whereas in imports a growth in trade with all groups of countries was observed.

The expenditures of the State budget, following three months of 2014, reached the level of PLN 84.5 bn, and revenues – PLN 67.0 bn. As a result, a deficit of PLN 17.5 bn was recorded, which accounted for 36.8% of the amount assumed in the Budget Act for 2014.

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification												
a – 2013	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
b – 2014												
Paid employment in the enterprise sector <sup>1</sup>												
in thous. persons ..... a	5507	5497	5489	5478	5479	5488	5489	5494	5495	5500	5501	5491
b	5506	5508	5515									
Registered unemployed persons (in thous. persons; end of period)..... a	2296	2337	2315	2256	2176	2109	2093	2083	2083	2075	2116	2158
b	2261	2256	2182									
Unemployment rate (in %; end of period) ..... a	14,2	14,4	14,3	14,0	13,6	13,2	13,1	13,0	13,0	13,0	13,2	13,4
b	14,0	13,9	13,5									
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> (in zł) .....												
a	3680,30	3709,99	3832,81	3830,89	3699,67	3808,63	3830,07	3760,45	3770,91	3834,17	3897,88	4221,50
b	3805,28	3856,56	4017,75									
previous month=100 .....												
a	89,5	100,8	103,3	99,9	96,6	102,9	100,6	98,2	100,3	101,7	101,7	108,3
b	90,1	101,3	104,2									
corresponding month												
of previous year=100 .....												
a	100,4	104,0	101,6	103,0	102,3	101,4	103,5	102,0	103,6	103,1	103,1	102,7
b	103,4	104,0	104,8									
Average monthly real gross wage and salary in the enterprise sector <sup>1</sup>												
corresponding month												
of previous year=100..... a	98,7	102,8	100,6	102,2	101,8	101,1	102,4	100,9	102,6	102,3	102,5	102,1
b	103,0	103,3	104,2									
Average monthly real gross retirement pay and pension:												
from non-agricultural social security system												
corresponding month of previous year=100..... a	104,1	104,0	104,3	104,5	104,6	104,9	103,9	104,1	104,0	104,4	104,4	104,8
b	103,9	104,3	102,1									
of farmers												
corresponding month of previous year=100..... a	106,7	107,2	104,7	104,8	105,3	105,5	104,3	104,5	104,4	104,7	105,0	105,0
b	103,7	103,8	100,8									
Price indices of consumer goods and services:												
previous month=100 .....												
a	100,1	100,0	100,2	100,4	99,9	100,0	100,3	99,7	100,1	100,2	99,8	100,1
b	100,1	100,1	100,1									
corresponding month												
of previous year=100 .....												
a	101,7	101,3	101,0	100,8	100,5	100,2	101,1	101,1	101,0	100,8	100,6	100,7
b	100,5	100,7	100,7									
Price indices of sold production of industry:												
previous month=100 .....												
a	100,1	100,0	100,2	100,6	100,5	100,5	100,8	100,5	100,5	100,7	100,5	100,7
b	100,1	100,2	100,3									
corresponding month												
of previous year=100 .....												
a	100,0	100,3	99,7	99,3	100,1	100,7	100,2	99,7	100,1	99,3	99,7	99,9
b	100,0	99,9	99,8									
Price indices of construction and assembly production:												
previous month=100 .....												
a	98,8	99,7	99,3	97,9	97,5	98,7	99,2	98,9	98,6	98,6	98,5	99,0
b	99,0	98,6	98,7									
corresponding month												
of previous year=100 .....												
a	99,8	99,8	99,8	99,9	99,8	99,9	99,9	99,8	99,9	99,9	99,9	99,9
b	99,8	99,8	99,9									
	98,6	98,4	98,2	98,1	98,0	98,0	98,1	98,1	98,2	98,2	98,3	98,3
	98,3	98,4	98,4									

<sup>1</sup> Data concern economic entities employing more than 9 persons.

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a - 2013													
b - 2014													
<b>Sold production of industry<sup>1</sup> (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	105,5	97,2	109,3	97,8	99,3	102,6	101,5	95,6	109,7	106,1	93,8	90,4
	b	103,0	98,2	109,4									
<b>corresponding month</b>													
of previous year=100 .....	a	100,4	97,9	97,1	102,8	98,2	102,8	106,3	102,2	106,3	104,6	102,9	106,7
	b	104,2	105,3	105,4									
<b>Construction and assembly production (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	39,7	99,7	120,9	107,9	116,3	119,1	107,8	99,2	109,4	114,3	91,1	121,5
	b	36,0	118,6	124,2									
<b>corresponding month</b>													
of previous year=100 .....	a	83,9	88,6	81,5	76,9	72,5	81,7	94,8	88,9	95,2	96,8	97,1	105,8
	b	96,1	114,4	117,4									
Dwellings completed (from the beginning of year) .....	a	13979	24937	37125	47745	57463	67976	80948	91423	102149	116749	129353	145388
	b	12187	23708	35669									
<b>Retail sales of commodities<sup>1</sup> (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	79,6	97,4	116,5	97,0	101,9	101,6	103,8	99,8	98,9	103,3	94,2	117,1
	b	78,7	99,5	112,5									
<b>corresponding month</b>													
of previous year=100 .....	a	102,4	98,7	100,0	100,1	101,2	102,6	104,3	103,5	104,1	103,7	104,2	105,9
	b	104,8	107,0	103,3									
<b>State budget balance - from the beginning of year (in mln zł) .....</b>													
	a	-8440,9	-21684,6	-24452,7	-31717,0	-30951,2	-25873,7	-25949,6	-26811,1	-29643,4	-39481,2	-38569,1	-42191,7
	b	-2601,1	-11718,2	-17492,5									
<b>Average exchange rates in zł - National Bank of Poland:</b>													
100 USD .....	a	311,45	311,97	320,58	318,25	321,49	325,12	326,88	317,67	317,50	307,04	309,98	304,81
	b	306,50	306,13	303,78									
100 EUR .....	a	413,69	417,34	415,81	414,09	417,59	428,65	427,56	422,95	423,76	419,08	418,82	417,57
	b	417,76	417,86	419,72									
100 CHF .....	a	336,79	339,24	339,08	339,46	336,53	347,75	345,82	342,76	343,49	340,33	339,96	340,88
	b	339,35	342,05	344,71									
<b>Foreign trade<sup>4</sup> in mln zł:</b>													
exports .....	a	49767,0	50828,8	52506,1	54264,3	50413,9	53920,1	54992,4	51550,1	57728,4	60883,4	55228,0	46516,5
	b	54615,4	50912,0	.									
imports .....	a	51523,7	50532,9	56141,0	52935,9	51698,1	52941,3	56042,9	51882,2	56732,2	61900,1	57356,5	48507,9
	b	54244,9	51156,0	.									
balance .....	a	-1756,7	295,9	-3634,9	1328,4	-1284,2	978,8	-1050,5	-332,1	996,2	-1016,7	-2128,5	-1991,4
	b	370,5	-244,0	.									

<sup>1</sup> Data concern economic entities employing more than 9 persons. <sup>2</sup> The average current prices from 2010. <sup>3</sup> The current prices from the period preceding the surveyed period. <sup>4</sup> Since January 2013 - preliminary data.