

## Introduction

In August of 2014 in the basic areas of economy weaker dynamics than in the preceding months was observed. The sold production of industry as well as construction and assembly production was lower than a year before, partially due to seasonal factors. A slight slowdown was observed in the growth of retail sales. The growth pace in sales of services in transport was also weaker than hitherto.

The prices of consumer goods and services in the second month in a row were lower than a year before. The prices of food and non-alcoholic beverages, clothing and shoes as well as goods and services in transport dropped more than in July, an increase in the prices of goods and services related to housing maintained. The decrease in prices in the sold production of industry and in the construction and assembly production was slightly slower than in July.

The average monthly nominal gross wages and salaries in the enterprise sector grew at the pace similar to the one observed in the past two months. As the consumer prices dropped, the growth of the purchasing power of wages strengthened slightly. Nominal and real retirement pays and pensions in the employee system continued to grow faster than those in the farmers system, at a pace close to the growth of wages and salaries.

The situation on the labour market was better than a year before. The average employment in the enterprise sector, similarly to previous months, was slightly higher than a year before. The registered unemployment rate again decreased – to 11.7% at the end of August of 2014. According to the labour demand survey, in the 1<sup>st</sup> half of 2014 more new jobs were created than a year before, and simultaneously the number of liquidated jobs decreased.

The sold production of industry in August of 2014 decreased in annual terms for the first time since May of 2013 – by 1.9% (after eliminating the seasonal factors the growth was noted – by 0.7%). A decrease was observed in all sections, except for water supply; sewerage, waste management and remediation activities. Out of the main industrial groupings, production of energy was still lower than a year before; a drop was also registered in capital goods and non-durable consumer goods. The construction and assembly production in August of 2014 was by 3.6% lower than a year before (after eliminating the seasonal factors it increased by 1.0%), what was influenced by the decrease of production in entities specializing in construction of buildings. Retail sales was by 2.8% higher than a year before.

In September of 2014 the general business tendency climate in manufacturing is less favourable than in the previous month. Compared to the positive assessment in August of 2014, the assessment of current production and domestic order-books are negative (while worsening the unfavourable assessment of foreign order-books), yet the forecasts in these areas are optimistic, but more careful, than a month ago. The financial situation is assessed negatively and the corresponding forecasts are less favourable than the predictions made in August of 2014. Construction entities assess the general business tendency climate more negatively than a month before, mainly due to the current assessments and forecasts regarding the order-books, production and financial situation that are negative and worse than in August of 2014. Retail trade entities assess the general business tendency climate similarly as in August 2014.

The optimistic forecasts regarding the demand for goods are similar to the forecasts expressed in the preceding month. Assessment of current sales was pessimistic (compared with the positive ones a month before), with slightly optimistic forecasts in this area which are more careful than in August. Negative assessments and forecasts of the financial situation maintain. In September of 2014, the pessimistic consumer sentiment clearly improved compared with the previous month.

On the agricultural market in August of 2014, the procurement prices of most basic crop products, except for rye, were lower than a year before. The prices of most animal products were also lower than in August of 2013. The preliminary results of the June's survey indicate an increase in annual terms in pigs stock and a slight one – in cattle stocks. According to the preliminary estimates of the main agricultural and horticultural crops, this year's crops of basic cereals, rape and turnip rape, ground vegetables and tree fruit will be higher than last year, while crops of potatoes, sugar beets and bush fruits – lower.

The foreign trade turnover in the period of January – July 2014 increased in comparison to the corresponding period of the previous year, more in exports than in imports. The negative balance of total trade improved significantly. The trade turnover with all groups of countries was higher, except for the Central and Eastern European countries. In the 1<sup>st</sup> half of 2014 the total terms of trade index was favourable and amounted to 103.6 (against 102.6 a year before).

After eight months of 2014, the State Budget deficit amounted to PLN 24.6 bn, which accounted for 51.9% of the amount planned in the Budget Act for 2014. The revenue amounted to PLN 184.5 bn, while expenditure – to PLN 209.1 bn, i.e. 66.4% and 64.3% respectively.

**SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY**

Specification		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a - 2013													
b - 2014													
<b>Paid employment in the enterprise sector<sup>1</sup></b>													
in thous. persons .....	a	5507	5497	5489	5478	5479	5488	5489	5494	5495	5500	5501	5491
	b	5506	5508	5515	5515	5515	5526	5531	5535				
<b>Registered unemployed persons (in thous. persons; end of period) .....</b>													
	a	2296	2337	2315	2256	2176	2109	2093	2083	2083	2075	2116	2158
	b	2261	2256	2182	2079	1987	1913	1879	1853				
<b>Unemployment rate (in %; end of period).....</b>													
	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	13,9	13,9	13,5	13,0	12,5	12,0	11,8	11,7				
<b>Average monthly nominal gross wage and salary in the enterprise sector<sup>1</sup> (in zł) .....</b>													
	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	3976,80	3878,31	3943,01	3964,91	3893,23				
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	99,0	97,5	101,7	100,6	98,2				
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	103,8	104,8	103,5	103,5	103,5				
<b>Average monthly real gross wage and salary in the enterprise sector<sup>1</sup></b>													
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	103,5	104,6	103,2	103,6	103,7				
<b>Average monthly real gross retirement pay and pension:</b>													
<b>from non-agricultural social security system</b>													
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	103,2	103,6	103,4	104,2	103,7				
<b>of farmers</b>													
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	101,0	101,2	101,3	101,7	101,9				
<b>Price indices of consumer goods and services:</b>													
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	100,0	99,9	100,0	99,8	99,6				
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	100,3	100,2	100,3	99,8	99,7				
December of previous year=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	100,2	100,1	100,1	99,9	99,5				
<b>Price indices of sold production of industry:</b>													
previous month=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	99,8	99,8	99,9	99,9	100,3				
corresponding month of previous year=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	99,3	99,0	98,2	97,9	98,5				
<b>Price indices of construction and assembly production:</b>													
previous month=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	99,9	100,0	100,0	100,0	100,0				
corresponding month of previous year=100 .....	a	98,6	98,4	98,2	98,1	98,0	98,0	98,1	98,1	98,2	98,2	98,3	98,3
	b	98,3	98,4	98,5	98,5	98,6	98,7	98,8	99,1				

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

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification a - 2013 b - 2014	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Sold production of industry <sup>1</sup> (constant prices <sup>2</sup> ):													
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	97,8	98,3	100,0	102,1	91,5				
corresponding month 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	105,5	105,5	104,4	101,8	102,4	98,1				
Construction and assembly production (constant prices <sup>2</sup> ):													
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	118,7	124,2	103,2	114,0	116,8	100,9	94,6				
corresponding month 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	112,2	110,0	108,0	101,1	96,4				
Dwellings completed (from the beginning of year) .....													
	a	14059	24999	37155	47771	57480	67962	80918	91380	102102	116540	129128	145136
	b	12566	24999	35601	47260	56154	66457	78897	88699				
Retail sales of commodities <sup>1</sup> (constant prices <sup>3</sup> ):													
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	102,3	97,5	99,2	105,2	99,6				
corresponding month 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	108,9	104,3	101,8	103,1	102,8				
State budget balance - from the beginning of year (in mln zł) .....													
	a	-8440,9	-21684,6	-24452,7	-31717,0	-30951,2	-25873,7	-25949,6	-26811,1	-29643,4	-39481,2	-38569,1	-42194,1
	b	-2601,1	-11718,2	-17491,0	-21179,9	-22362,6	-25298,6	-26403,2	-24636,4				
Average exchange rates in zł - National Bank of Poland:													
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	302,93	304,15	304,25	305,98	314,82				
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	418,41	417,90	413,69	414,47	419,32				
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	343,17	342,44	339,65	341,14	346,02				
Foreign trade <sup>4</sup> in mln zł:													
exports .....	a	50197,9	51233,0	52865,1	54595,6	51014,3	54495,8	55546,9	52051,9	59090,6	61895,0	56863,8	48028,9
	b	55291,8	53587,6	58011,3	58128,4	55828,2	55676,6	55579,6	.				
imports .....	a	51777,2	50757,1	56339,0	53298,0	52109,8	53463,5	56547,3	52500,3	57405,5	62871,1	58468,3	50561,1
	b	55452,1	54067,9	58415,6	57124,6	57569,7	55262,6	54935,6	.				
balance .....	a	-1579,3	475,9	-3473,9	1297,6	-1095,5	1032,3	-1000,4	-448,4	1685,1	-976,1	-1604,5	-2532,2
	b	-160,3	-480,3	-404,3	1003,8	-1741,3	414,0	644,0	.				

<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> In 2014 - preliminary data.