

## Introduction

In the 1<sup>st</sup> half of 2015 the Polish economy continued to grow at a moderate, quite stable pace. Sold production of industry was higher than a year before, as was construction and assembly production; retail sales also grew. The increase was observed as well in the sales of services – a slight one in transport, and a faster one in communication. Foreign trade commodity turnover over five months of this year was higher than a year before, and the exports grew faster than imports.

Average monthly nominal gross wages and salaries in the enterprise sector in the 1<sup>st</sup> half of 2015 were higher as compared to the corresponding period of the previous year. While consumer prices dropped, the purchasing power of wages and salaries strengthened. The growth of nominal retirement and other pensions in the employee system was slower than a year before, whereas in the farmers system it was faster. The purchasing power of retirement and other pensions benefits increased in both systems.

On the labour market further improvement of the difficult situation was observed. In the 1<sup>st</sup> half of 2015 the increase of average paid employment in the enterprise sector by 1.1% in annual terms was recorded. Inflow to registered unemployment was lower than in the period of January-June of the previous year; the number of persons removed from registers also decreased. As a result the registered unemployment rate decreased to 10.3% at the end of June of 2015.

Sold production of industry increased in the 1<sup>st</sup> half of 2015 by 4.6% in annual terms. Production was higher in all sections except for electricity, gas, steam and air conditioning supply, where production continued to decrease. In the all main industrial groupings production was higher than a year before, with production growing to the highest extent in enterprises manufacturing mainly capital goods and durable consumer goods. Labour productivity in industry over six months of the current year increased by 3.0% in annual terms, with paid employment growing by 1.6%. Construction and assembly production in the 1<sup>st</sup> half of 2015 was 1.0% higher than a year before (against the increase by 9.8% in the corresponding period of the previous year), with a drop having been recorded solely in construction of buildings among divisions of construction. The retail sales increased by 3.9% in this period.

In June of 2015 the dynamics strengthened as compared to previous months in majority of areas of economy. The pace of growth in industry production and retail sales accelerated (up to 7.6% and 6.6%, respectively, in annual terms). Following the increase observed in construction and assembly production in previous months, the decrease by 2.5% was recorded.

According to business tendency surveys conducted in July of 2015, entrepreneurs sentiments in manufacturing are optimistic, similarly to the previous month. Favourable assessments concerning current domestic order-books and negative – concerning foreign order-books are improving, with positive predictions in those areas. Indications relating to the current financial situation are slightly less negative, whereas forecasts – less favourable than a month before. Assessments of the current production are slightly more careful than in June of 2015, and forecasts in this area remain optimistic. Construction enterprises assess business tendency

slightly negatively, similarly as a month before. This is partly influenced by the improvement of unfavourable current assessments and positive forecasts as regards the financial situation, together with optimistic, but more careful than a month before, forecasts of the order-books. Forecasts on the production continue to be positive. General business tendency climate in retail trade is assessed positively, similarly as in June of 2015. Retail trade entities assess current sales favourably, better than a month before. Forecasts regarding demand for goods and future sales are optimistic and similar to those of June. Pessimistic assessments of the current financial situation are improving, as compared to negative (against positive a month before) predictions in this respect.

Current consumer sentiments in July of 2015 remain pessimistic and similar to the ones observed a month before. Assessments of the future economic situation of the country worsened the most, and in the scope of current major purchases – mostly improved. Sentiments concerning individual consumption tendencies expected in the following months are more negative than in the previous month, which is mainly affected by worse indications regarding future unemployment level and the future economic situation of the country. As compared to the assessments from the previous year, both the current and the future consumer confidence indicator has been recorded to be clearly better.

Prices of consumer goods and services in the 1<sup>st</sup> half of 2015 were lower by 1.2% than a year before. Goods and services prices associated with transport, clothing and footwear, as well as food and non-alcoholic beverages dropped, while the prices of, among others, goods and services related to communication and dwellings increased. In subsequent months the pace of consumer prices drop gradually slowed down. In the period of January-June of 2015 the drop in producer prices in industry and construction was maintained.

On the agricultural market in the 1<sup>st</sup> half of 2015, while supply increased, prices of majority of basic products of plant and animal origin were lower than in the corresponding period of the previous year. Only the prices of cattle for slaughter were higher. Profitability of pigs production remained low, and prices of piglets showed a declining tendency. Insufficient amount of rainfalls in many regions of the country in June of 2015 contributed to surface soil layer drying up, which may adversely affect yielding of plants.

In the period of January-May of 2015, while the dynamics of exports was higher than that of imports, the balance of trade turnover improved significantly and was positive, as compared to a negative one recorded a year before. In the geographical structure of turnover the share of, among others, EU countries increased, especially of Germany, whereas that of the Central and Eastern European countries significantly decreased, especially of Russia. Over the period of January-April of 2015, the total terms of trade index was favourable and amounted to 101.4 (compared to 104.1 a year before).

In the 1<sup>st</sup> half of 2015 the State Budget revenue amounted to PLN 137.0 bn (which accounted for 46.1% of the amount assumed in the Budget Act for 2015), and expenditure – to PLN 163.2 bn (47.5% respectively). A deficit reached the level of 26.1 bn, which accounted for 56.7% of the plan.

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a – 2014													
b – 2015													
Paid employment in the enterprise sector <sup>1</sup> in thous. persons .....	a	5506	5508	5515	5515	5515	5526	5531	5535	5537	5545	5551	5549
	b	5573	5573	5576	5575	5577	5578						
Registered unemployed persons (end of period) in thous. persons .....	a	2261	2256	2182	2079	1987	1913	1879	1853	1822	1785	1800	1825
	b	1919	1919	1861	1782	1702	1622						
Unemployment rate (end of period) in % .....	a	13,9	13,9	13,5	13,0	12,5	12,0	11,8	11,7	11,5	11,3	11,4	11,5
	b	12,0	12,0	11,7	11,2	10,8	10,3						
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> :													
in zloty .....	a	3805,28	3856,56	4017,75	3976,80	3878,31	3943,01	3964,91	3893,23	3900,49	3980,92	4004,80	4379,26
	b	3942,78	3981,75	4214,14	4123,26	4002,16	4039,70						
previous month=100 .....	a	90,1	101,3	104,2	99,0	97,5	101,7	100,6	98,2	100,2	102,1	100,6	109,4
	b	90,0	101,0	105,8	97,8	97,1	100,9						
corresponding month of previous year=100 .....	a	103,4	104,0	104,8	103,8	104,8	103,5	103,5	103,5	103,4	103,8	102,7	103,7
	b	103,6	103,2	104,9	103,7	103,2	102,5						
Average monthly real gross wage and salary in the enterprise sector <sup>1</sup> — corresponding													
month of previous year=100 .....	a	103,0	103,3	104,2	103,5	104,6	103,2	103,6	103,7	103,7	104,3	103,2	104,7
	b	105,2	105,0	106,6	104,9	104,1	103,4						
Average monthly real gross retirement pay and pension:													
from non-agricultural social security system													
corresponding month of previous year=100.....	a	103,9	104,3	102,1	103,2	103,6	103,4	104,2	103,7	103,7	103,7	103,9	104,2
	b	104,5	104,6	104,8	103,3	103,1	102,8						
of farmers													
corresponding month of previous year=100.....	a	103,8	103,8	100,8	101,0	101,2	101,3	101,7	101,9	101,9	102,0	102,4	102,9
	b	102,8	103,2	104,9	104,5	105,5	104,4						
Price indices of consumer goods and services:													
previous month=100 .....	a	100,1	100,1	100,1	100,0	99,9	100,0	99,8	99,6	100,0	100,0	99,8	99,7
	b	99,8	99,9	100,2	100,4	100,0	100,0						
corresponding month of previous year=100 .....	a	100,5	100,7	100,7	100,3	100,2	100,3	99,8	99,7	99,7	99,4	99,4	99,0
	b	98,6	98,4	98,5	98,9	99,1	99,2						
December of previous year=100 .....	a	100,1	100,2	100,3	100,2	100,1	100,1	99,9	99,5	99,4	99,5	99,2	99,0
	b	99,8	99,6	99,8	100,3	100,3	100,3						
Price indices of sold production of industry:													
previous month=100 .....	a	100,0	99,9	99,8	99,8	99,8	99,9	99,9	100,3	100,0	99,6	99,5	98,8
	b	99,9	99,9	100,1	99,6	100,4	100,4						
corresponding month of previous year=100 .....	a	99,0	98,6	98,7	99,3	99,0	98,2	97,9	98,5	98,4	98,7	98,4	97,3
	b	97,2	97,2	97,5	97,3	97,9	98,4						
Price indices of construction and assembly production:													
previous month=100 .....	a	99,8	99,8	99,9	99,9	100,0	100,0	100,0	100,0	100,0	100,0	99,9	99,9
	b	99,9	99,9	100,0	100,0	99,9	100,0						
corresponding month of previous year=100 .....	a	98,3	98,4	98,5	98,5	98,6	98,7	98,8	99,1	99,2	99,3	99,4	99,2
	b	99,5	99,6	99,7	99,7	99,7	99,6						

<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 - 2014													
b - 2015													
<b>Sold production of industry<sup>1</sup> (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	103,0	98,2	109,4	97,8	98,3	100,0	102,1	91,5	116,5	103,6	92,5	97,4
	b	96,8	101,4	113,4	92,0	98,6	104,7						
corresponding month of previous year=100 .....	a	104,2	105,3	105,5	105,5	104,4	101,8	102,4	98,1	104,2	101,7	100,3	108,1
	b	101,6	105,0	108,8	102,4	102,8	107,6						
<b>Construction and assembly production (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	36,0	118,7	124,2	103,2	114,0	116,8	100,9	94,6	119,8	107,2	90,6	129,6
	b	34,8	116,7	128,2	108,7	106,4	112,4						
corresponding month of previous year=100 .....	a	96,1	114,4	117,4	112,2	110,0	108,0	101,1	96,4	105,6	99,0	98,4	105,0
	b	101,3	99,7	102,9	108,5	101,3	97,5						
Dwellings completed (from the beginning of year) ..	a	12511	24973	35562	47208	56101	66418	79677	88821	100142	114866	127871	143166
	b	11634	21132	31715	41737	51712	63746						
<b>Retail sales of commodities<sup>3</sup> (constant prices<sup>2</sup>):</b>													
previous month=100 .....	a	78,7	99,5	112,5	102,3	97,5	99,2	105,2	99,6	99,0	104,0	92,1	120,1
	b	78,0	98,4	117,1	97,4	100,5	101,0						
corresponding month of previous year=100 .....	a	104,8	107,0	103,3	108,9	104,3	101,8	103,1	102,8	103,0	103,7	101,4	104,0
	b	103,6	102,4	106,6	101,5	104,7	106,6						
State budget balance - from the beginning of year (in mln zł) .....	a	-2601,1	-11718,2	-17491,0	-21179,9	-22362,6	-25298,6	-26403,2	-24603,5	-22444,6	-27233,2	24790,7	-28976,8
	b	-586,9	-11324,0	-16660,1	-16693,1	-19631,1	-26148,7						
<b>Average exchange rates in zł - National Bank of Poland:</b>													
100 USD .....	a	306,50	306,13	303,78	302,93	304,15	304,25	305,98	314,82	324,75	331,52	337,77	342,87
	b	367,39	367,66	381,38	373,47	365,20	371,03						
100 EUR .....	a	417,76	417,86	419,72	418,41	417,90	413,69	414,47	419,32	419,01	420,50	421,15	422,33
	b	427,97	417,76	412,78	402,91	407,83	415,97						
100 CHF .....	a	339,35	342,05	344,71	343,17	342,44	339,65	341,14	346,02	346,95	348,14	350,11	351,23
	b	392,73	393,22	389,12	388,12	392,11	398,17						
<b>Foreign trade<sup>4</sup> in mln zł:</b>													
exports .....	a	55718,8	54071,7	58525,3	58676,5	56460,0	55997,0	56901,5	50029,5	61611,0	64294,2	59698,1	50376,4
	b	58508,6	59519,2	65192,8	59913,9	58584,6	.						
imports .....	a	56094,1	54642,6	59408,9	57898,9	58480,6	56539,0	58852,6	51783,0	60745,7	64245,3	60017,5	53864,6
	b	56321,5	56349,6	62977,9	59682,5	54430,1	.						
balance .....	a	-375,3	-570,9	-883,6	777,6	-2020,6	-542,0	-1951,1	-1753,5	865,3	48,9	-319,4	-3488,2
	b	2187,1	3169,6	2214,9	231,4	4154,5	.						

<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> Preliminary data.