

Socio-economic situation of Poland

In the period of January–September 2016, upward tendencies prevailed in the Polish economy. The growth rate in annual terms in sold production of industry was slower in the 3rd quarter of 2016 than in the preceding two quarters. The drop in construction and assembly production deepened in the period of July–September 2016. However, the dynamics of retail sales strengthened in comparison with the 1st half of 2016; the sales of services in transport grew at a stable rate.

A further improvement was observed on the labour market. In the 3rd quarter of 2016 the average paid employment in the enterprise sector rose, in annual terms, to a greater extent than in the 1st half of the year. In the period of the nine months of 2016, it was by 3.0% higher than a year before. The registered unemployment rate in subsequent months of 2016 decreased gradually and at the end of September 2016 amounted to 8,3%.

The growth in the average monthly nominal gross wages and salaries in the enterprise sector, in the period of January–September 2016, was higher than a year before, and in the 3rd quarter it was close to the one recorded in the 1st half of 2016. Gross retirement and other pension benefits from the non-agricultural social security system increased at a slower rate than a year before. Retirement and other pension benefits of private farmers were only slightly above the level recorded in September 2015. Along with the continuing drop in consumer prices, real wages and salaries, as well as retirement and other pension benefits grew faster than the nominal ones.

In the period of January–September 2016, the prices of consumer goods and services were by 0.9% lower than a year before; the drop rate was similar in subsequent quarters. In the 3rd quarter, a slowdown in the drop rate of the prices related to transport and dwelling was recorded, along with a slight acceleration of the growth rate of the prices of food and non-alcoholic beverages. Producer prices in the period of the three quarters of 2016 were below the level recorded in the same period of 2015, and in subsequent periods a gradual reduction in the drop rate was observed. In September 2016, producer prices in industry grew in annual terms, for the first time from the end of 2012. The prices of construction and assembly production were similar to the ones observed in September of the previous year.

The sold production of industry, in the period of the three quarters of 2016, grew by 3.8% in annual terms. A growth was recorded in manufacturing and water supply; sewerage, waste management and remediation activities, along with a drop in production in the remaining two sections. In most main industrial groupings (except for energy goods) production grew, with the highest increase being observed in the manufacture of durable consumer goods. Labour productivity in industry, in the period of the three quarters of 2016, was by 1.4% higher in annual terms, along with a growth in employment of 2.4%. In September, sold production of industry was by 3.2% higher than a year before. In the period of January–September 2016, construction and assembly production was lower than in the corresponding period of the previous year by 14.9%. A drop was observed in all divisions of construction, and in the entities dealing mainly with civil engineering this drop was deeper than average. In September 2016, construction and assembly production was by 15.3% lower in annual terms. Retail sales

increased by 5.3% in comparison with the period of the three quarters of the previous year; a growth occurred in most groups.

According to the business tendency survey conducted in October 2016, entrepreneurs' sentiments in manufacturing are still optimistic, but more cautious than a month before. The current domestic order-books increased slightly (following the limitation in the preceding months), and foreign order-books did not change. Production diagnoses are favourable (following the negative ones in the previous two months). In the upcoming three months entrepreneurs do not expect changes in the total order-books and production. However, the pessimistic indications regarding the current financial situation have worsened slightly, and its forecasts are slightly unfavourable (against the positive ones recorded in the preceding months). Construction entities assess business tendency climate slightly more negatively than in September 2016. This is influenced mainly by more pessimistic diagnoses and forecasts regarding order-books, production and the financial situation. Further reductions in employment, and the price drop in construction and assembly work, are predicted. Entrepreneurs in retail trade assess the business tendency climate positively, similarly to September 2016. Current sales are perceived slightly less favourably than a month before, though the forecasts in this area have been the best since November of the previous year. The current financial situation is still assessed pessimistically. Forecasts in this scope are slightly positive and similar to the expectations formulated in September 2016. The consumer tendency survey in October indicates the worsening of the pessimistic current sentiments and the sentiments regarding future tendencies, among others, in the scope of the current economic situation in the country, the future level of unemployment and the future saving opportunities.

In the agricultural market, in the period of the nine months of 2016, with supply being higher than a year before, the procurement prices of most agricultural products were lower than in the corresponding period of the previous year. The prices of rye, potatoes and pigs for slaughter increased. Price relations in the market of pigs and cereals failed to ensure the profitability of pigs breeding.

In the period of January–August 2016, the increase in foreign trade turnover, in comparison with corresponding period of the previous year, was slightly slower than a year before. Turnover with developed countries (including with the EU countries) increased, as well as exports to the Central and Eastern European countries and imports from developing countries. The exchange closed with a positive balance, higher than a year before. In the period of January–July 2016, the total terms of trade index was favourable, which was triggered, among others, by improved price relations in trade with the Central and Eastern European countries.

In the period of the three quarters of 2016, State Budget revenues amounted to PLN 238.6 bn, and expenditures to PLN 259.2 bn (i.e. 76.0% and 70.3% of the amounts assumed in the Budget Act for 2016 respectively). The deficit reached the level of PLN 20.6 bn, which accounted for 37.7% of the plan.

SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a – 2015 b – 2016	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Paid employment in the enterprise sector ¹ in thous. persons	a	5573	5573	5576	5575	5577	5578	5583	5588	5593	5608	5617	5626
	b	5703	5711	5727	5730	5734	5753	5762	5761	5771			
Registered unemployed persons (end of period) in thous. persons	a	1919	1919	1861	1782	1702	1622	1586	1564	1539	1517	1531	1563
	b	1648	1653	1601	1522	1457	1393	1362	1347	1324			
Unemployment rate (end of period) in %	a	11,9	11,9	11,5	11,1	10,7	10,2	10,0	9,9	9,7	9,6	9,6	9,7
	b	10,2	10,2	9,9	9,4	9,1	8,7	8,5	8,4	8,3			
Average monthly nominal gross wage and salary in the enterprise sector ¹ :													
in zloty	a	3942,78	3981,75	4214,14	4123,26	4002,16	4039,70	4095,26	4024,95	4059,19	4110,77	4164,01	4515,28
	b	4101,36	4137,55	4351,45	4313,57	4166,28	4252,19	4291,85	4212,56	4217,96			
previous month=100	a	90,0	101,0	105,8	97,8	97,1	100,9	101,4	98,3	100,9	101,3	101,3	108,4
	b	90,8	100,9	105,2	99,1	96,6	102,1	100,9	98,2	100,1			
corresponding month of previous year=100	a	103,6	103,2	104,9	103,7	103,2	102,5	103,3	103,4	104,1	103,3	104,0	103,1
	b	104,0	103,9	103,3	104,6	104,1	105,3	104,8	104,7	103,9			
sector ¹ — corresponding month of previous year=100	a	105,2	105,0	106,6	104,9	104,1	103,4	104,1	104,1	105,2	104,2	104,7	103,8
	b	104,9	104,8	104,3	105,9	105,2	106,1	105,9	105,7	104,4			
Average monthly real gross retirement pay and pension: from non-agricultural social security system													
corresponding month of previous year=100	a	104,5	104,6	104,8	103,3	103,1	102,8	103,1	103,1	103,3	103,3	103,4	103,4
	b	103,8	103,7	102,3	102,4	102,3	102,2	102,2	102,4	102,1			
of farmers													
corresponding month of previous year=100	a	102,9	103,2	104,9	104,4	105,5	104,3	103,6	103,1	103,3	103,0	102,8	102,7
	b	103,1	103,1	100,6	100,3	99,3	100,0	100,7	101,0	100,7			
Price indices of consumer goods and services:													
previous month=100	a	99,8	99,9	100,2	100,4	100,0	100,0	99,9	99,6	99,7	100,1	99,9	99,8
	b	99,5	99,9	100,1	100,3	100,1	100,2	99,7	99,8	100,0			
corresponding month of previous year=100	a	98,6	98,4	98,5	98,9	99,1	99,2	99,3	99,4	99,2	99,3	99,4	99,5
	b	99,1	99,2	99,1	98,9	99,1	99,2	99,1	99,2	99,5			
December of previous year=100	a	99,8	99,6	99,8	100,3	100,3	100,3	100,2	99,9	99,6	99,7	99,6	99,5
	b	99,5	99,4	99,5	99,8	99,9	100,1	99,8	99,5	99,5			
Price indices of sold production of industry:													
previous month=100	a	99,9	99,9	100,1	99,6	100,4	100,6	99,6	99,3	99,9	100,1	100,0	99,8
	b	99,5	99,6	99,7	100,3	101,2	100,2	99,9	99,6	100,3			
corresponding month of previous year=100	a	97,2	97,2	97,5	97,3	97,9	98,6	98,2	97,3	97,2	97,7	98,2	99,2
	b	98,8	98,5	98,1	98,8	99,6	99,2	99,5	99,9	100,2			
Price indices of construction and assembly production:													
previous month=100	a	99,9	99,9	100,0	100,0	99,9	100,0	99,9	99,9	99,9	99,9	99,9	99,9
	b	99,9	99,9	99,9	100,0	100,0	100,1	100,1	100,1	100,1			
corresponding month of previous year=100	a	99,5	99,6	99,7	99,7	99,7	99,6	99,6	99,4	99,4	99,3	99,3	99,1
	b	99,3	99,3	99,2	99,3	99,4	99,5	99,6	99,9				

1 Data concern economic entities employing more than 9 persons.

SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY (cont.)

Specification a - 2015 b - 2016	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Sold production of industry ¹ (constant prices ²):													
previous month=100	a	96,8	101,4	113,4	92,0	98,6	104,6	98,7	92,9	115,1	101,9	97,4	96,4
	b	91,9	106,9	107,0	96,9	96,1	107,4	90,0	103,4	110,4			
corresponding month of previous year=100	a	101,6	105,0	108,8	102,4	102,8	107,4	103,8	105,3	104,0	102,4	107,8	106,7
	b	101,3	106,8	100,7	106,0	103,2	106,0	96,6	107,5	103,2			
Construction and assembly production (constant prices ²):													
previous month=100	a	34,8	116,7	128,2	108,7	106,4	112,5	103,4	99,2	111,6	104,2	96,6	127,7
	b	31,9	114,3	120,6	109,9	107,8	113,4	96,6	97,2	118,7			
corresponding month of previous year=100	a	101,3	99,7	102,9	108,5	101,3	97,5	99,9	104,8	97,5	94,8	101,2	99,6
	b	91,4	89,5	84,2	85,1	86,3	87,0	81,2	79,5	84,7			
Dwellings completed (from the beginning of year)	a	11748	21241	31703	42138	52548	63966	76852	88067	101331	116296	130032	147711
	b	12776	25059	37442	51158	62071	73773	85968	98250	112337			
Retail sales of commodities ¹ (constant prices ³):													
previous month=100	a	78,0	98,4	117,1	97,4	100,5	101,0	102,2	98,2	99,9	104,7	94,1	122,0
	b	75,1	101,3	113,6	99,7	99,3	103,1	100,2	101,4	98,6			
corresponding month of previous year=100	a	103,6	102,4	106,6	101,5	104,7	106,6	103,5	102,0	102,9	103,6	105,7	107,0
	b	103,2	106,2	103,0	105,5	104,3	106,5	104,4	107,8	106,3			
State budget balance - from the beginning of year (in mln zł)	a	-586,9	-11324,0	-16660,1	-16693,1	-19631,1	-26139,8	-26591,6	-25860,4	-31136,1	-34487,9	-36128,7	-42606,7
	b	1759,9	-3098,3	-9587,2	-11125,5	-13482,5	-18683,8	-14387,3	-14929,4	.			
Average exchange rates in zł – National Bank of Poland:													
100 USD	a	367,39	367,66	381,38	373,47	365,20	371,03	377,34	376,85	375,13	378,07	395,71	394,17
	b	403,97	395,65	386,44	379,85	389,91	392,00	397,07	383,54	385,67			
100 EUR	a	427,97	417,76	412,78	402,91	407,83	415,97	415,40	419,36	421,69	424,60	425,03	429,05
	b	439,35	439,60	429,34	430,68	440,76	440,19	439,66	430,03	432,50			
100 CHF	a	392,73	393,22	389,12	388,12	392,11	398,17	396,27	389,29	386,05	390,37	392,36	396,23
	b	401,76	398,95	393,11	393,89	398,74	403,74	404,65	395,49	395,86			
Foreign trade ⁴ in mln zł:													
exports	a	59078,5	59866,7	66087,0	60697,3	60056,4	63477,6	61858,2	56006,2	67099,8	69393,8	66998,7	60215,6
	b	60013,0	65520,3	68313,2	67820,4	65578,3	69112,8	61608,6	59646,9	.			
imports	a	57030,8	57402,1	64269,2	61125,9	57414,1	62907,7	63813,0	56835,9	66435,3	67425,7	66370,0	59943,6
	b	57452,8	63433,7	66020,8	64360,8	61700,4	65360,6	60297,4	60494,0	.			
balance	a	2047,7	2464,6	1817,8	-428,6	2642,3	569,9	-1954,8	-829,7	664,5	1968,1	628,7	272,0
	b	2560,2	2086,6	2292,4	3459,6	3877,9	3752,2	1311,2	-847,1	.			

1 Data concern economic entities employing more than 9 persons. 2 The average current prices from 2010. 3 The current prices from the period preceding the surveyed period. 4 For 2016 - preliminary data.