

Socio-economic situation of Poland

In 2016, the economic growth rate in Poland was slower than a year before. Domestic consumer demand was the major growth factor, accompanied by a negative impact of investment demand. Net exports had a slightly positive impact.

According to the preliminary estimate, the annual growth in the gross domestic product in 2016 amounted to 2.8% in real terms (against a growth of 3.9% in 2015). Total consumption expenditure was by 3.6% higher than a year before, of which consumption expenditure in the household sector also grew by 3.6%. The gross capital formation decreased by 0.3% (following a growth of 4.9% in 2015), of which gross fixed capital formation dropped by 5.5% (against a rise of 6.1%). The investment rate in 2016 amounted to 18.5% (against 20.1% in 2015). Domestic demand was by 2.8% higher than a year before (when it increased by 3.4%). The gross value added in the national economy rose at a slower rate than a year before (2.7% against 3.8%). In industry the gross value added grew by 3.5% whereas in construction a drop of 11.9% was recorded. In transportation and storage a growth of 5.4% was recorded in the gross value added, and in trade; repair of motor vehicles – of 6.4%.

The positive tendencies, which had begun in 2014, continued in the labour market. According to estimates, the number of persons employed in the national economy at the end of 2016 was by over 2% higher than a year before. The average paid employment in the enterprise sector in 2016 rose by 2.8% in comparison with the previous year, i.e. at a faster rate than in 2015 (1.3%). According to the results of the labour demand survey, in the period of three quarters of 2016, more new jobs were created than in the corresponding period of 2015, and fewer jobs were liquidated. The inflow to unemployment in 2016 was lower than in the previous year; the number of persons removed from the unemployment register also decreased. The registered unemployment rate decreased to 8.3% at the end of December 2016 (from 9.7% a year before) and was the lowest in twenty-five years.

The average monthly gross nominal wages and salaries in the enterprise sector in 2016 rose by 3.8% in annual terms, i.e. at a rate close to the one recorded in the preceding two years. Along with a drop in consumer prices, the purchasing power of wages and salaries increased by 4.4%, i.e. similarly as in 2015. A growth maintained in the average nominal and real gross retirement and other pension benefits both in the employee and in the farmers' system, though it was much slower than in the preceding years.

The intensity of deflation processes weakened throughout the year. The prices of consumer goods and services in 2016 were by 0.6% lower than a year before (against a fall of 0.9% in 2015). The average annual price index of consumer goods and services in 2016 was much below the one assumed in the Budget Act. From the 2nd half of 2016, the drop rate in the consumer prices gradually weakened. In December, for the first time in over two years, consumer prices grew in comparison with the corresponding period of the previous year. This was influenced by a strengthening of the growth rate in the prices of food and non-alcoholic beverages, and a significant growth in the prices of goods and services in the scope of transport. The prices of sold production of industry, and of construction and assembly production, were slightly lower in 2016 than a year before. Their drop in the subsequent periods of 2016 gradually slowed down. In the last months of 2016, for the first time in approx. four years, producer prices grew in annual terms.

According to the preliminary estimate, sold production of industry in total was by 3.2% higher in 2016 than a year before (against a growth of 6.0% in 2015). A growth in production in enterprises

employing more than 9 persons in 2016 also amounted to 3.2%. A production growth was recorded in manufacturing, along with a slight rise in water supply; sewerage, waste management and remediation activities, whereas a drop was recorded in mining and quarrying, as well as in electricity, gas, steam and air conditioning supply. Production in most main industrial groupings (except for energy goods) was higher than a year before, with the highest increase being observed in the scope of consumer goods. In December 2016, sold production of industry grew by 2.3% in annual terms (after eliminating the seasonal factors the growth amounted to 3.9%).

It is estimated that construction and assembly production in total was by approx. 7% lower in 2016 than a year before (whereas in 2015 a rise of 3.7% was recorded). In entities employing more than 9 persons, the production drop amounted to 14.1%. Decreases were observed in all divisions of construction, including the deepest one in entities performing mainly specialised construction activities. A decrease in works with a restoration character was slightly sharper than that in investment works. In December 2016, a drop in construction and assembly production amounted to 8.0% (and after eliminating seasonal factors to 9.8%).

According to the preliminary estimate, retail sales in 2016 were by 4.7% higher than a year before (against a growth of 5.4% in 2015). The growth rate in sales amounted to 5.7% in enterprises employing more than 9 persons. In December 2016, retail sales increased by 6.1% in annual terms.

According to the business tendency survey conducted in January 2017, enterprises dealing with manufacturing assess business tendencies favourably (following the negative assessments in the two preceding months), mainly due to the improved forecasts in most surveyed areas. Indications of these units regarding the current order-books are still pessimistic, along with the worsening of the unfavourable assessments concerning current production. Assessments regarding the financial situation are slightly less pessimistic. Construction entities assess general business tendency climate less negatively than in December 2016. The pessimistic assessments regarding order-books, production and the financial situation improved, whereas the negative diagnoses in those areas worsened. Retail trade entities in January 2017 assess business tendency climate positively, better than in December 2016. Indications concerning current sales are optimistic and the best in nine years. However, forecasts in this field, similarly as those concerning the future demand for goods, are more negative than a month before. Assessments of the current financial situation are slightly positive (following the negative ones which continued since September 2008); forecasts in this area have remained pessimistic.

In January 2017 the consumer confidence indices (both current and preceding) improved, of which consumer assessments regarding the possibility of current major purchases were better; consumers formulate less pessimistic assessments concerning the future saving opportunities.

According to the preliminary estimates, the gross agricultural output in 2016 rose by 6.7% in comparison to 2015. The growth concerned both crop output (of 9.6%) and animal output (of 3.7%). The survey conducted at the beginning of December 2016 revealed a stop in the downward trend in pig livestock, observed for almost two years in all age and utility groups (the total livestock grew by 4.9% in annual terms). In December 2016, cattle livestock was by 3.9% higher than a year before, which was influenced by growing numbers of heads in all categories, including the highest one observed for calves and young cattle. In the agricultural market in 2016, along with increased procurement, the prices of most basic crop and animal products (except for rye and pigs for slaughter) were lower than a year before. As a result of a deeper drop in the prices of agricultural products sold

by farmers, as compared to the prices of goods and services purchased for the purpose of the current agricultural production and for investment purposes, the “price gap” index was at an unfavourable level (similarly as in the four preceding years), amounting to 98.2 against 99.1 in 2015.

In the period of January-November 2016, in foreign trade turnover (calculated in PLN) a faster growth, in annual terms, was observed in exports than in imports. As a result, the positive balance of the total turnover was much higher than a year before. Trade with all groups of countries increased, except for exports to developing countries and imports from the Central and Eastern European countries. In the period of January-October 2016, the turnover at constant prices grew in comparison with the corresponding period of 2015, and the total terms of trade index was more favourable than a year before (101.1 against 100.4).

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	5779	5792	5799
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	1308	1314	1335
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	8,2	8,2	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	4259,37	4329,71	4635,77
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	101,0	101,7	107,1
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	103,6	104,0	102,7
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	103,7	104,0	101,8
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	101,8	101,4	100,7
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	102,9	102,7
	b	103,1	103,1	100,6	100,3	99,3	100,0	100,7	101,0	100,7	100,5	100,4	99,2
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	100,5	100,1	100,7
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	99,8	100,0	100,8
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	100,1	100,2	100,8
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	100,5	101,2	101,0
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	100,6	101,8	103,0
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	100,0	100,0	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	99,8	99,8	99,9	100,0	100,2

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	97,5	101,8	95,7
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	98,7	103,1	102,3
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	98,3	105,4	134,8
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	79,9	87,2	92,0
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	86651	99401	112071	126781	143316	162727
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	103,0	96,6	120,6
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	104,6	107,4	106,1
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	-20615,4	-24641,3	-27567,7	.
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	390,75	406,00	420,49
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	430,86	438,39	443,71
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	396,15	407,49	412,56
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	60157,1	65764,9	68540,3	67843,5	65779,2	69393,6	62271,3	61611,3	69130,6	68148,0	71371,3	.
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	57662,0	63760,0	66371,5	64962,7	62911,1	66456,7	61555,3	62584,3	68456,8	67588,2	68796,4	.
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	2495,1	2004,9	2168,8	2880,8	2868,1	2936,9	716,0	-973,0	673,8	559,8	2574,9	.

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.