

## Socio-economic situation of Poland – main tendencies

In the 1<sup>st</sup> half of 2017, growth tendencies were observed in the basic areas of the economy. In some kinds of activity, the dynamics in the 2<sup>nd</sup> quarter was slightly slower than in the 1<sup>st</sup> quarter. Sold production of industry in the period of April-June 2017 increased in annual terms to a lesser extent than in the first three months of 2017; the growth pace in retail sales and in sales of services in transport slightly slowed down. The growth in construction and assembly production strengthened (after a deep decrease in the previous year).

In the 2<sup>nd</sup> quarter, the average monthly nominal and real gross wages and salaries in the enterprise sector grew in annual terms faster than in the 1<sup>st</sup> quarter. Nominal retirement and other pensions both in the employee and in the farmers' systems grew at a slower pace than wages in the enterprise sector. Along with higher than in the previous year consumer prices, the purchasing power of retirement and other pensions from the non-agricultural social security system in the 1<sup>st</sup> half of 2017 remained similar to the previous year, and farmers - decreased.

The average paid employment in the enterprise sector in the 1<sup>st</sup> half of 2017 increased annually by 4.3%; in the 2<sup>nd</sup> quarter the growth was slightly slower than in the 1<sup>st</sup> quarter. The inflow into the registered unemployment was lower than in the six months of the previous year; the number of persons removed from the unemployment rolls decreased. The registered unemployment rate dropped to 7.1% at the end of June 2017.

Sold production of industry in the 1<sup>st</sup> half of 2017 grew in annual terms by 5.7%. Sales was higher than a year before in most sections (with the exception of mining and quarrying), faster than average increase was observed in manufacturing. The production in all main industrial groupings increased, the most of capital goods. Labour productivity in industry in the period of January-June 2017 was by 2.5% higher than a year before, along with a growth in employment by 3.1%. In June 2017 sold production of industry grew by 4.5% in annual terms.

Construction and assembly production, after a deep decline in the previous year, in the 1<sup>st</sup> half of 2017 increased by 7.6% in comparison with the same period of the previous year. The increase in production was recorded in all construction sections, much higher than the average - in units specialising in civil engineering. In June 2017 construction and assembly production grew by 11.6% in annual terms.

Retail sales increased in comparison with the corresponding period of the previous year – in the 1<sup>st</sup> half of 2017 by 6.9% and in June by 5.8%

Prices of consumer goods and services in the 1<sup>st</sup> half of 2017 were by 1.9% higher than in the corresponding period of 2016, when a decline was observed. In the 2<sup>nd</sup> quarter the growth was slightly slower than in the 1<sup>st</sup> quarter. In the period of January-June 2017, after a decline in the previous year, the prices of goods and services related to transport increased significantly, and to a lesser extent - related to dwelling; a faster increase than in the 1<sup>st</sup> half of previous year in prices of food and non-alcoholic beverages was recorded. In June 2017, the growth rate of prices of consumer goods and services was slightly slower than in previous months, among others,

as a result of the weakening of the dynamics of prices of goods and services related to transport. Producer prices in the 1<sup>st</sup> half of 2017 increased in annual terms, after the decline observed in the previous four years. In the 2<sup>nd</sup> quarter of 2017 the dynamics of industrial producer prices slowed, and prices of construction and assembly production remained unchanged.

According to the business tendency surveys conducted in July 2017, entrepreneurs assess the general business tendency climate in manufacturing optimistic, similar as in June 2017. Favourable, after negative in the previous month, are indications of the current financial situation. Diagnoses of production maintain optimistic, with positive but cautious than in June 2017 assessments of the current order-books. The forecasts in these areas remain positive. Construction entities continue to assess the business climate favourably, as in June 2017. Assessments of the current order-books and production remain optimistic; slightly less negative are diagnoses of financial situation of enterprises. Forecasts in these areas are slightly less favourable than ones formulated in the previous month. The entrepreneurs' sentiments in the retail trade are positive, similarly to June 2017. Favourable, but slightly more cautious than in the previous month, are assessments of current sales, with the continuing positive predictions in this regard. The forecasts of demand for goods are still optimistic. Favourable, similarly to June 2017, are the indications related to current and future financial situation.

The consumer sentiments on current and future tendencies in July 2017 are less optimistic than in the previous month. This is influenced, among others, by the worsening assessments of the current possibilities of making major purchases, indications regarding the current financial situation of the household, as well as forecasts for the unemployment rate.

In the agricultural market, in the 1<sup>st</sup> half of 2017, the average procurement prices of plant products (except for potatoes prices) were higher than in the same period of the previous year. Above the level of a year before were the procurement prices of animal products (except for prices of poultry for slaughter). The profitability of pigs breeding remained low, although the price relationship was gradually improved and in June 2017 they were more favourably than a year before. With the spring precipitation in June, in some regions quite generous, caused excessive soil moisture, grain hatch fiefs, and flooding in some places.

In the period of January-May 2017, foreign trade turnover was higher than in the same period of the previous year. Imports grew faster than exports and, consequently, a positive balance of total turnover was lower than a year before. The exchange of goods increased with all groups of countries, most of all with Central and Eastern European countries. The turnover at constant prices in the period of January-April 2017 increased, in comparison with the same period of the previous year; terms of trade index was unfavourable.

In the 1<sup>st</sup> half of 2017, the State Budget revenue amounted to PLN 176.7 bn (i.e. 54.3% of the amount assumed in the Budget Act for 2017) and expenditure – to PLN 170.8 bn (respectively 44.4%). As a result, a surplus of PLN 5.9 bn was recorded.

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

Specification		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a - 2016													
b - 2017													
Paid employment in the enterprise sector <sup>1</sup> in thous. persons	a	5703	5711	5727	5730	5734	5753	5762	5761	5771	5779	5792	5799
	b	5960	5976	5982	5991	5990	6002						
Registered unemployed persons (end of period) in thous. persons	a	1648	1653	1601	1522	1457	1393	1362	1347	1324	1308	1314	1335
	b	1397	1383	1324	1253	1202	1152						
Unemployment rate (end of period) in %	a	10,2	10,2	9,9	9,4	9,1	8,7	8,5	8,4	8,3	8,2	8,2	8,3
	b	8,6	8,5	8,1	7,7	7,4	7,1						
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> :													
in zloty													
a	4101,36	4137,55	4351,45	4313,57	4166,28	4252,19	4291,85	4212,56	4217,96	4259,37	4329,71	4635,77	
b	4277,32	4304,95	4577,86	4489,07	4390,99	4508,08							
previous month=100													
a	90,8	100,9	105,2	99,1	96,6	102,1	100,9	98,2	100,1	101,0	101,7	107,1	
b	92,3	100,6	106,3	98,1	97,8	102,7							
corresponding month of previous year=100													
a	104,0	103,9	103,3	104,6	104,1	105,3	104,8	104,7	103,9	103,6	104,0	102,7	
b	104,3	104,0	105,2	104,1	105,4	106,0							
Average monthly real gross wage and salary in the enterprise sector <sup>1</sup> — corresponding month of previous year=100													
a	104,9	104,8	104,3	105,9	105,2	106,1	105,9	105,7	104,4	103,7	104,0	101,8	
b	102,6	101,8	103,1	102,1	103,4	104,5							
Average monthly real gross retirement pay and pension:													
from non-agricultural social security system													
corresponding month of previous year=100													
a	103,8	103,7	102,3	102,4	102,3	102,2	102,2	102,4	102,1	101,8	101,4	100,7	
b	99,9	99,3	100,2	100,1	100,3	100,4							
of farmers													
corresponding month of previous year=100													
a	103,1	103,1	100,6	100,3	99,3	100,0	100,7	101,0	100,7	100,5	100,4	99,2	
b	98,6	98,0	99,7	99,5	99,4	99,7							
Price indices of consumer goods and services:													
previous month=100													
a	99,5	99,9	100,1	100,3	100,1	100,2	99,7	99,8	100,0	100,5	100,1	100,7	
b	100,4	100,3	99,9	100,3	100,0	99,8							
corresponding month of previous year=100													
a	99,1	99,2	99,1	98,9	99,1	99,2	99,1	99,2	99,5	99,8	100,0	100,8	
b	101,7	102,2	102,0	102,0	101,9	101,5							
December of previous year=100													
a	99,5	99,4	99,5	99,8	99,9	100,1	99,8	99,5	99,5	100,1	100,2	100,8	
b	100,4	100,7	100,7	100,9	101,0	100,8							
Price indices of sold production of industry:													
previous month=100													
a	99,5	99,6	99,7	100,3	101,2	100,2	99,9	99,6	100,3	100,5	101,2	101,2	
b	100,3	100,1	99,9	99,8	99,4	99,6							
corresponding month of previous year=100													
a	98,8	98,5	98,1	98,8	99,6	99,2	99,5	99,9	100,2	100,6	101,8	103,2	
b	104,0	104,5	104,8	104,2	102,4	101,8							
Price indices of construction and assembly production:													
previous month=100													
a	99,9	99,9	99,9	100,0	100,0	100,1	100,1	100,1	100,0	100,0	100,1	100,1	
b	100,0	99,9	100,0	100,1	100,0	99,9							
corresponding month of previous year=100													
a	99,3	99,3	99,2	99,3	99,4	99,5	99,6	99,8	99,8	99,9	100,0	100,2	
b	100,3	100,3	100,4	100,4	100,4	100,2							

1 Data concern economic entities employing more than 9 persons.

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

Specification a - 2016 b - 2017	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
<b>Sold production of industry<sup>1</sup> (constant prices<sup>2</sup>):</b>													
previous month=100	a	91,9	106,9	107,0	96,9	96,1	107,4	90,0	103,4	110,4	97,5	101,8	95,5
	b	98,2	99,0	117,6	86,7	105,5	102,7						
corresponding month of previous year=100	a	101,3	106,8	100,7	106,0	103,2	106,0	96,6	107,5	103,2	98,7	103,1	102,1
	b	109,1	101,1	111,1	99,4	109,2	104,5						
<b>Construction and assembly production (constant prices<sup>2</sup>):</b>													
previous month=100	a	31,9	114,3	120,6	109,9	107,8	113,4	96,6	97,2	118,7	98,3	105,4	134,8
	b	35,4	106,0	149,3	97,9	112,1	116,7						
corresponding month of previous year=100	a	91,4	89,5	84,2	85,1	86,3	87,0	81,2	79,5	84,7	79,9	87,2	92,0
	b	102,1	94,7	117,2	104,3	108,4	111,6						
Dwellings completed (from the beginning of year)	a	12771	25027	37423	51134	62041	73741	86624	99352	112017	128637	145210	163325
	b	15355	26899	40587	51178	63903	78276						
<b>Retail sales of commodities<sup>1</sup> (constant prices<sup>3</sup>):</b>													
previous month=100	a	75,1	101,3	113,6	99,7	99,3	103,1	100,2	101,4	98,6	103,0	96,6	120,6
	b	77,7	97,2	116,5	98,6	100,0	101,6						
corresponding month of previous year=100	a	103,2	106,2	103,0	105,5	104,3	106,5	104,4	107,8	106,3	104,6	107,4	106,1
	b	109,5	105,2	107,9	106,7	107,4	105,8						
State budget balance - from the beginning of year (in mln zł)	a	1759,9	-3098,3	-9587,2	-11125,5	-13482,5	-18683,8	-14387,3	-14929,4	-20615,4	-24641,3	-27567,7	-46159,5
	b	6749,4	856,1	-2284,3	-982,7	-160,6	5860,1						
<b>Average exchange rates in zł - National Bank of Poland:</b>													
100 USD	a	403,97	395,65	386,44	379,85	389,91	392,00	397,07	383,54	385,67	390,75	406,00	420,49
	b	411,66	404,87	401,84	395,62	380,70	375,04						
100 EUR	a	439,35	439,60	429,34	430,68	440,76	440,19	439,66	430,03	432,50	430,86	438,39	443,71
	b	437,06	430,97	429,21	423,85	420,40	420,83						
100 CHF	a	401,76	398,95	393,11	393,89	398,74	403,74	404,65	395,49	395,86	396,15	407,49	412,56
	b	407,92	404,24	400,88	395,34	385,80	387,08						
<b>Foreign trade<sup>4</sup> in mln zł:</b>													
exports	a	60270,0	65863,6	68653,9	67895,0	65925,9	69572,4	62420,3	61821,7	69366,7	68433,8	73145,8	64830,0
	b	68168,8	67970,1	79496,4	67239,7	67848,0	.						
imports	a	57735,7	63840,2	66377,8	64970,5	62959,4	66466,7	61688,6	62786,3	68644,5	67876,0	69941,6	64251,9
	b	66468,2	68970,6	77961,3	64906,7	68555,7	.						
balance	a	2534,3	2023,4	2276,1	2924,5	2966,5	3105,7	731,7	-964,6	722,2	557,8	3204,2	578,1
	b	1700,6	-1000,5	1535,1	2333,0	-707,7	.						

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 Preliminary data.