

## Introduction

In the 3<sup>rd</sup> quarter of 2011, Poland belonged to the group of countries whose GDP dynamics considerably exceeded the EU average. A real growth in the gross domestic product was close to the one recorded in the 1<sup>st</sup> half-year of 2011, amounting to 4,2% in annual terms. After eliminating the influence of seasonal factors, the GDP in the 3<sup>rd</sup> quarter of 2011 increased in comparison to the previous quarter by 1,0%.

The total gross value added was by 4,0% higher than a year before. The highest growth, though lower than in the preceding periods, concerned the gross value added in construction (of 11,9%). A growth maintained in the gross value added in industry (of 5,5%), and in trade; repair of motor vehicles (of 5,3%). Domestic demand was still the major factor behind the GDP growth, though the consumer demand dynamics weakened, while the growth in investment demand strengthened. Despite the unfavourable external conditions, the influence of net exports on the GDP growth was positive (against the negative one in the 2<sup>nd</sup> quarter of 2011).

The financial situation of the surveyed enterprises in the three quarters of 2011 was more favourable than a year before – the financial results were higher, and the basic economic and financial relations slightly improved. The level of revenues from export sales was higher than in the period of January-September of the previous year. Exporters achieved considerably better financial results than a year before, and the basic economic and financial indicators in this group of entities were more favourable than for all enterprises in total, and than in the period of the three quarters of 2010. Total investment outlays in the period of January-September of 2011 grew by 12,0% in annual terms, after a deep decline a year ago. Outlays on buildings and structures increased by 3,5%, while on purchases – by 18,1%. The growth of total outlays in entities with foreign participation was above the average level. The number of investments started and their estimated value were higher than a year before.

In October of 2011, a weakening of the relatively high economic activity was observed in some areas. Sold production of industry was still growing, in annual terms, at a relatively good rate, though slightly slower than in the two preceding months. The dynamics of construction and assembly production was lower than the high dynamics recorded in the previous periods. Retail sales also grew slower. However, a considerable growth maintained in the sales of transport services. Domestic demand was influenced by increased inflation, which was accompanied by the stabilising of a moderate growth in average nominal wages and salaries, as well as retirement pays and pensions.

On the labour market, the slowdown in the growth rate of average employment in the enterprise sector in annual terms, observed from the beginning of 2011, maintained. The registered unemployment rate at the end of October of 2011 maintained at the level recorded in the three preceding months (11.8%, i.e. 0.3 percentage points more than a year before). Preliminary results of the Labour Force Survey for the 3<sup>rd</sup> quarter of 2011 indicate a slight year-on-year growth in the number of employed persons. The activity rate and the ratio of not employment to employed persons, slightly improved. The

unemployment rate according to the LFS decreased in comparison with the previous quarter of 2011, though it was still higher than a year before, amounting to 9.3%.

Sold production of industry in October of 2011 was by 6.5% higher than a year before, and after eliminating the seasonal factors – by 7.0%. A growth occurred in all sections, except mining and quarrying. Among the main industrial groupings, the highest growth concerned the production of capital goods, with a drop in the sales of goods related to energy. Construction and assembly production in October of 2011 increased by 8.9% in annual terms, and after eliminating the seasonal factors, a growth of 14.9% was recorded.

According to November's survey, the general business tendency climate in manufacturing and in construction is assessed more pessimistically than a month before. This is influenced by the current and future assessments regarding the order-books and production, weaker than in October of 2011. Negative forecasts concerning the financial situation worsened. The prices of industrial products may grow slightly slower, and those of construction and assembly work – slightly faster than in October of 2011. The general business tendency indicator in retail trade is unfavourable, and slightly worse than a month before. It is influenced by the still negative current and future assessments concerning the ability to settle financial liabilities. Current sales are assessed slightly less pessimistically than a month before, and as regards future sales, enterprises still indicate slight optimism. Trade units indicate the possibility that the growth in the prices of goods may be faster than in the preceding months.

The year-on-year growth in the prices of consumer goods and services in October of 2011 was higher than a month before, mainly due to a considerable dynamics of the prices of goods and services related to transport, as well as the prices of food and non-alcoholic beverages. The considerable growth in producer prices in industry maintained, whereas the growth in construction was still insignificant.

On the agricultural market, in October of 2011, the prices of most basic agricultural products reached a considerably higher level than a year before. In monthly terms, a growth concerned the prices of pigs and cattle for slaughter, as well as milk, whereas the prices of cereals (except rye), potatoes and poultry for slaughter dropped. The profitability of pigs fattening remained at the previous month's level.

The turnover in foreign trade grew, in comparison to the period of January-October of the previous year, at the rate similar on the exports and imports side. The commodity turnover increased with all groups of countries, including especially with the Central and Eastern European countries. In the period of the eight months of 2011, exports in constant prices grew by 7.3% and imports by 6.4%. The turnover conditions worsened – the terms of trade index was unfavourable, amounting to 98.4 against 99.1 in the period of January-August of the previous year.

The State budget deficit, after the ten months of 2011, amounted to PLN 22.5 billion, which accounted for 56.1% of the amount assumed in the Budget Act for 2011.

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a - 2010, b - 2011	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Registered unemployed persons (in thous.)	a	2053	2102	2077	1974	1908	1844	1813	1800	1813	1819	1858	1955
	b	2105	2150	2134	2044	1963	1883	1863	1855	1862	1868		
Unemployment rate (in %)	a	12,9	13,2	13,0	12,4	12,1	11,7	11,5	11,4	11,5	11,5	11,7	12,4
	b	13,1	13,4	13,3	12,8	12,4	11,9	11,8	11,8	11,8	11,8		
Paid employment in the enterprise sector													
in thous. persons	a	5301	5293	5294	5308	5320	5336	5350	5352	5364	5375	5381	5379
	b	5501	5513	5509	5514	5514	5527	5528	5520	5515	5512		
Average monthly nominal gross wage and salary in the enterprise sector													
(in zł)	a	3231,13	3288,29	3493,42	3398,67	3346,61	3403,65	3433,32	3407,26	3403,68	3440,22	3525,67	3847,91
	b	3391,59	3422,14	3633,54	3597,84	3483,99	3600,47	3611,56	3591,23	3581,94	3617,16		
previous month=100	a	88,5	101,8	106,2	97,3	98,5	101,7	100,9	99,2	99,9	101,1	102,5	109,1
	b	88,1	100,9	106,2	99,0	96,8	103,3	100,3	99,4	99,7	101,0		
corresponding month of previous year=100	a	100,5	102,9	104,8	103,2	104,8	103,5	102,1	104,2	103,7	103,9	103,6	105,4
	b	105,0	104,1	104,0	105,9	104,1	105,8	105,2	105,4	105,2	105,1		
Average monthly real gross wage and salary in the enterprise sector													
corresponding month of previous year=100	a	97,0	99,9	102,1	100,8	102,5	101,3	100,2	102,3	101,3	101,2	101,1	102,3
	b	101,5	100,7	99,9	101,5	99,3	101,6	101,3	101,2	101,3	100,9		
Average monthly real gross retirement pay and pension:													
from non-agricultural social security system													
corresponding month of previous year=100	a	104,1	104,8	103,9	103,6	103,9	103,6	103,7	103,9	103,1	102,7	102,9	102,9
	b	102,2	102,3	100,1	100,0	99,3	100,1	100,4	100,1	100,6	100,2		
of farmers													
corresponding month of previous year=100	a	102,4	103,1	102,0	102,2	102,4	102,0	102,3	102,1	101,3	101,1	101,2	101,0
	b	100,5	100,4	98,0	98,1	97,4	98,3	98,7	98,4	98,8	98,5		
Price indices of consumer goods and services:													
previous month=100	a	100,6	100,2	100,3	100,4	100,3	100,3	99,8	99,6	100,6	100,5	100,1	100,4
	b	101,2	100,2	100,9	100,5	100,6	99,6	99,7	100,0	100,1	100,7		
corresponding month of previous year=100	a	103,5	102,9	102,6	102,4	102,2	102,3	102,0	102,0	102,5	102,8	102,7	103,1
	b	103,6	103,6	104,3	104,5	105,0	104,2	104,1	104,3	103,9	104,3		
December of previous year=100	a	100,6	100,9	101,2	101,6	101,9	102,2	102,0	101,5	102,1	102,6	102,8	103,1
	b	101,2	101,4	102,3	102,9	103,5	103,1	102,8	102,7	102,8	103,5		
Price indices of sold production of industry:													
previous month=100	a	100,4	99,9	99,8	101,4	102,0	101,0	100,1	99,8	100,1	100,0	100,4	101,2
	b	100,4	101,2	101,6	100,7	99,7	100,3	100,4	100,6	101,7	100,1		
corresponding month of previous year=100	a	100,2	97,6	97,4	99,6	101,9	102,1	103,8	104,0	104,3	103,9	104,7	106,2
	b	106,2	107,5	109,5	108,8	106,3	105,6	105,9	106,8	108,4	108,5		
Price indices of construction and assembly production:													
previous month=100	a	99,8	99,9	100,0	100,1	100,1	100,1	99,9	100,0	100,0	100,0	100,0	100,1
	b	100,1	100,1	100,2	100,2	100,2	100,3	100,2	100,3	100,1	100,0		
corresponding month of previous year=100	a	99,3	99,4	99,5	99,7	100,0	100,1	100,2	100,2	100,2	100,1	100,0	100,0
	b	100,3	100,4	100,6	100,6	100,7	100,8	101,1	101,4	101,6	101,6		

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification a - 2010, b - 2011	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Sold production of industry (constant prices <sup>1</sup> ):												
previous month=100 .....	a 94,6	103,1	119,1	90,8	101,6	106,8	94,1	98,2	113,1	98,4	98,6	95,8
corresponding month of previous year=100 .....	b 93,7	103,3	115,2	90,7	102,7	101,0	94,0	104,1	112,6	97,6		
a 108,5	109,2	112,5	109,7	113,5	114,3	110,5	113,6	111,8	108,0	110,0	111,4	
b 110,3	110,5	106,8	106,7	107,8	102,0	101,8	107,9	107,4	106,5			
Construction and assembly production (constant prices <sup>1</sup> ):												
previous month=100 .....	a 31,1	104,2	136,2	117,8	117,5	124,5	97,0	106,7	111,0	103,8	89,2	138,7
corresponding month of previous year=100 .....	b 30,7	111,5	142,4	109,7	125,9	117,6	96,6	101,5	118,3	95,7		
a 84,7	75,3	89,1	93,7	102,3	109,6	100,8	108,4	113,4	109,4	114,2	112,3	
b 111,0	118,7	124,2	115,6	123,9	117,0	116,5	110,8	118,1	108,9			
Dwellings completed (from the beginning of year) .....	a 12791	22655	34047	44852	53838	63779	75441	85990	97674	109414	121632	135835
b 10289	18336	27508	37006	45795	54673	64551	75384	87274	100882			
Retail sales of commodities (constant prices <sup>2</sup> ):												
previous month=100 .....	a 75,3	95,9	121,3	93,9	102,7	103,9	103,6	99,0	100,4	103,6	93,1	124,6
corresponding month of previous year=100 .....	b 70,8	101,8	117,4	101,7	98,3	101,9	101,3	101,5	101,3	102,8		
a 98,8	97,2	105,9	96,0	102,0	104,5	102,4	105,1	106,4	106,4	106,1	109,1	
b 102,3	108,6	105,1	113,6	108,5	106,4	104,2	106,9	107,7	106,8			
State budget balance - from the beginning of year (in mln zł) .....	a -4779,2	-16835,6	-22707,6	-26957,0	-32046,2	-36568,7	-34870,3	-36975,9	-39535,5	-41890,2	-42613,1	-44591,1
b -2762,0	-14409,2	-17499,7	-21585,5	-23728,3	-20222,2	-21083,6	-20680,7	-21888,5	-22537,2			
Average exchange rates in zł - National Bank of Poland:												
100 USD .....	a 285,18	293,85	286,72	287,99	321,37	335,71	319,50	308,94	303,18	284,82	289,13	301,97
b 291,48	287,87	286,88	274,67	274,19	275,86	279,11	287,70	314,29	317,69			
100 EUR .....	a 407,20	401,55	389,19	387,04	405,21	410,25	408,18	398,72	395,58	395,62	395,31	399,59
b 389,69	392,86	401,74	397,06	393,95	396,95	399,07	412,32	433,32	435,62			
100 CHF .....	a 275,73	273,71	268,85	269,97	285,04	297,78	303,08	297,25	301,96	293,58	294,32	311,55
b 305,03	303,12	311,88	305,92	314,00	327,99	338,24	368,94	361,93	354,41			
Foreign trade in mln zł:												
exports .....	a 34236,9	36286,1	40612,0	38498,9	40021,8	43053,8	40591,0	38076,8	44360,5	43939,3	42551,4	38829,7
b 39977,4	42259,5	47873,2	43999,3	46227,4	44721,1	41865,1	45313,0	50380,1	.			
imports .....	a 36572,4	39626,3	45147,3	41568,7	44284,2	46905,5	45435,3	44136,5	48287,7	48787,4	49527,1	45942,2
b 43720,4	46725,7	52151,9	49352,5	51101,8	50835,2	47703,5	50068,5	52436,1	.			
balance .....	a -2335,5	-3340,2	-4535,3	-3069,8	-4262,4	-3851,7	-4844,3	-6059,7	-3927,2	-4848,1	-6975,7	-7112,5
b -3743,0	-4466,2	-4278,7	-5353,2	-4874,4	-6114,1	-5838,4	-4755,5	-2056,0	.			

<sup>1</sup> The average current prices from 2005.

<sup>2</sup> The current prices from the period preceding the surveyed period.