

Introduction

In July 2012 social and economic situation in Poland was developing under the influence of deteriorating economic situation on global markets and already previously observed trends showing that determinants of growth in domestic demand worsened. In some areas (industry, retail sales) there was a slightly better dynamics noted in July compared to relatively low one from a month ago; however, the situation in construction kept deteriorating. Slight growth of employment observed hitherto in enterprise sector restrained, while purchasing power of average monthly wages and salaries decreased, compared to the previous year. Despite the seasonal drop, the unemployment rate exceeded the level from a year ago. Financial situation of the surveyed enterprises was less favourable than in the 1st half of the last year. The rate of investment outlays growth in these enterprises was also slightly lower.

The prices of consumer goods and services grew in annual terms slowly than in June 2012 (4.0% compared to 4.3%). This was a result of deterioration in the dynamics of prices including prices of goods and services regarding transport, housing, food and non-alcoholic beverages. The rise in producer prices in industry and construction was less considerable than that noted in previous months.

The pace of growth of nominal average monthly gross wages and salaries in the enterprise sector (2.4%) in July 2012 was the slowest since the beginning of this year. As a result, despite a slowdown of the dynamics of consumer prices, the purchasing power of wages and salaries lowered in annual terms by 1.3%. Real average gross retirement pays and pensions in both systems were higher than a year ago.

On the agricultural market in July 2012, the increase in annual terms of most agricultural products, except for prices of potatoes and milk, held steady. In comparison with the previous month, the prices of rye, pigs for slaughter and milk decreased. Preliminary results of the June survey indicate that the livestock of cattle has slightly increased in annual terms.

In July of 2012, sold production of industry increased in annual terms by 5.2%, and after eliminating the seasonal factors it rose by 4.7%. The growth was recorded in all sections of industry, except for mining and quarrying, where the drop of sold production held steady. Among the main industrial groupings, the growth in sales of non-durable consumer goods was the fastest. Construction and assembly production decreased by 8.8% compared to its value from a year ago, and after eliminating the seasonal factors – by 2.8%. The drop in sales was recorded in all construction sectors; the deepest one in units involved mostly in civil engineering facilities. Retail sales grew by 3.4% in annual terms.

According to the business tendency surveys conducted in August 2012, the assessments of the general business tendency among enterprises operating in manufacturing remained negative, similar to the ones from July. The assessment of current order-books and production are pessimistic, with favourable forecasts in these areas. Difficulties in the ability to settle current financial liabilities maintain, and the negative forecasts in this area have worsened. The planned employment reductions may be higher than the ones projected in July of this year. Construction

enterprises formulate more unfavourable opinions than in the previous month about conditions for conducting business activity. Future order-books and production are expected to be limited to a larger extent than compared to last month, and employment reduction scale is expected to increase. Unfavourable assessments concerning current financial situation of these units maintain, and negative forecasts in this respect are worse than a month ago. Negative indicator of the general business tendency climate in retail sales shapes mainly under the influence of unfavourable assessments of current sales, the ability to settle financial liabilities and a bit less pessimistic forecasts concerning the demand for goods and future sales than in July 2012. Retail sales units foresee the possibility of restricting the employment in the scale comparable to the one indicated a month ago.

The financial situation of non-financial enterprises was worse in the 1st half of 2012 than a year ago. The increase of revenues from total activity was lower than the cost of obtaining revenues, which influenced on the deterioration of the cost level indicator. Economic activity results and net and gross financial results were lower than a year before. A slight increase was observed in the share of units showing net profit in the total number of enterprises but the share of this group in revenues from total business activity of the surveyed enterprises decreased. Basic economic and financial indices for enterprises were worse than a year ago. Exporters' relations have also deteriorated but they were still more favourable than with respect to the whole of surveyed enterprises. The investment outlays (in constant prices) increased by 7.6% in the 1st half of the previous year, whereas entities with foreign capital showed larger than average investment activity. The pace of investment outlays growth on buildings and structures increased, while the pace of investment purchases growth slowed down. The number of newly started investments was higher than in the 1st half of 2011 but estimated value of newly started investments was clearly below the level of the 1st half of the previous year.

In the 1st half of 2012, an increase in foreign trade turnover in PLN in annual terms was recorded, but in the second quarter its growth rate slowed down in comparison to the first one. The exchange was ended with a lower amount of total negative balance, than in the 1st half of 2012, which was caused by faster dynamics of exports rather than imports. Exports in constant prices in the period from January to May 2012 was slightly higher than a year ago, while imports decreased. The price relations in foreign trade developed more unfavourably than a year ago.

In the period from January to July 2012 the State budget deficit amounted to PLN 24.3 billion, which accounted for 69.6% of the amount assumed in the Budget Act for 2012. Revenue amounted to PLN 166.1 billion, while expenditure amounted to PLN 190.4 billion, i.e. 56.5% and 57.9% of the plan respectively.

SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

Specification a – 2011 b – 2012	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Paid employment in the enterprise sector ¹ in thous. persons	a	5501	5513	5509	5514	5514	5527	5528	5520	5515	5512	5515	5503
	b	5551	5543	5539	5531	5530	5531	5529					
Registered unemployed persons (in thous. persons; end of period)	a	2105	2150	2134	2044	1963	1883	1863	1855	1862	1868	1915	1983
	b	2122	2168	2142	2073	2014	1964	1953					
Unemployment rate (in %; end of period)	a	13,1	13,4	13,3	12,8	12,4	11,9	11,8	11,8	11,8	11,8	12,1	12,5
	b	13,2	13,5	13,3	12,9	12,6	12,4	12,3					
Average monthly nominal gross wage and salary in the enterprise sector ¹ (in zł)	a	3391,59	3422,14	3633,54	3597,84	3483,99	3600,47	3611,56	3591,23	3581,94	3617,16	3682,19	4015,37
	b	3666,41	3568,32	3770,66	3719,81	3617,98	3754,48	3700,01					
previous month=100	a	88,1	100,9	106,2	99,0	96,8	103,3	100,3	99,4	99,7	101,0	101,8	109,0
	b	91,3	97,3	105,7	98,7	97,3	103,8	98,5					
corresponding month of previous year=100	a	105,0	104,1	104,0	105,9	104,1	105,8	105,2	105,4	105,2	105,1	104,4	104,4
	b	108,1	104,3	103,8	103,4	103,8	104,3	102,4					
Average monthly real gross wage and salary in the enterprise sector ¹ corresponding month of previous year=100	a	101,5	100,7	99,9	101,5	99,3	101,6	101,3	101,2	101,3	100,9	99,8	99,9
	b	103,9	100,1	100,0	99,5	100,3	100,2	98,7					
Average monthly real gross retirement pay and pension: from non-agricultural social security system corresponding month of previous year=100.....	a	102,2	102,3	100,1	100,0	99,3	100,2	100,4	100,1	100,6	100,2	99,6	99,8
	b	100,4	100,0	101,4	101,2	101,8	100,8	101,1					
of farmers corresponding month of previous year=100.....	a	100,5	100,4	98,1	98,2	97,4	98,3	98,7	98,4	98,8	98,5	97,9	97,9
	b	98,8	98,5	103,4	103,4	103,6	102,8	103,2					
Price indices of consumer goods and services: previous month=100	a	101,2	100,2	100,9	100,5	100,6	99,6	99,7	100,0	100,1	100,7	100,7	100,4
	b	100,7	100,4	100,5	100,6	100,2	100,2	99,5					
corresponding month of previous year=100	a	103,6	103,6	104,3	104,5	105,0	104,2	104,1	104,3	103,9	104,3	104,8	104,6
	b	104,1	104,3	103,9	104,0	103,6	104,3	104,0					
December of previous year=100	a	101,2	101,4	102,3	102,9	103,5	103,1	102,8	102,7	102,8	103,5	104,2	104,6
	b	100,7	101,1	101,7	102,2	102,4	102,6	102,1					
Price indices of sold production of industry: previous month=100	a	100,4	101,2	101,6	100,7	99,7	100,3	100,4	100,6	101,7	100,1	100,9	100,4
	b	100,1	99,5	100,1	100,7	100,4	99,5	99,8					
corresponding month of previous year=100	a	106,2	107,5	109,5	108,8	106,3	105,6	105,9	106,8	108,4	108,5	109,1	108,2
	b	107,9	106,0	104,4	104,4	105,2	104,4	103,7					
Price indices of construction and assembly production: previous month=100	a	100,1	100,1	100,2	100,2	100,2	100,3	100,2	100,3	100,1	100,1	100,0	100,0
	b	99,9	99,9	100,0	100,0	99,9	99,9	99,9					
corresponding month of previous year=100	a	100,3	100,4	100,6	100,6	100,7	100,8	101,1	101,4	101,6	101,6	101,7	101,8
	b	101,5	101,4	101,3	101,1	100,9	100,5	100,1					

¹ Data concern economic entities employing more than 9 persons.

SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification a – 2011 b - 2012	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Sold production of industry ¹ (constant prices ²):												
previous month=100 a	93,7	103,3	115,2	90,7	102,7	101,0	94,0	104,1	112,6	97,6	100,5	95,1
..... b	95,0	99,2	110,7	92,4	104,2	98,0	97,7					
corresponding month of previous year=100 a	110,3	110,5	106,8	106,7	107,8	102,0	101,8	107,9	107,4	106,4	108,5	107,7
..... b	109,1	104,8	100,8	102,8	104,3	101,2	105,2					
Construction and assembly production (constant prices ²):												
previous month=100 a	30,7	111,5	142,4	109,7	125,9	117,6	96,6	101,5	118,3	95,7	92,5	140,6
..... b	35,5	94,5	131,6	114,6	123,7	105,0	92,9					
corresponding month of previous year=100 a	111,0	118,7	124,2	115,6	123,9	117,0	116,5	110,8	118,1	108,9	113,0	114,6
..... b	132,2	112,0	103,5	108,1	106,2	94,8	91,2					
Dwellings completed (from the beginning of year) a	10289	18329	27500	36973	45726	54568	65064	75965	86839	101027	114443	130954
..... b	12470	23786	36293	46452	56525	68129	79538					
Retail sales of commodities ¹ (constant prices ³):												
previous month=100 a	70,8	101,8	117,4	101,7	98,3	101,9	101,3	101,5	101,3	102,8	93,5	120,3
..... b	74,9	101,0	115,0	97,0	100,8	100,2	102,2					
corresponding month of previous year=100 a	102,3	108,6	105,1	113,6	108,5	106,4	104,2	106,9	107,7	106,8	107,4	104,2
..... b	109,9	108,9	106,9	101,8	104,3	102,6	103,4					
State budget balance - from the beginning of year (in mln zł) a	-2762,0	14409,2	17499,7	21585,5	23728,3	20222,2	21083,6	20680,7	21888,5	22470,4	21573,4	25124,4
..... b	-5301,8	16515,6	22968,6	24819,9	26981,0	21085,6	24342,6					
Average exchange rates in zł – National Bank of Poland:												
100 USD a	291,48	287,87	286,88	274,67	274,19	275,86	279,11	287,70	314,29	317,69	326,09	339,59
..... b	338,84	316,08	313,20	317,27	334,72	343,99	340,61					
100 EUR a	389,69	392,86	401,74	397,06	393,95	396,95	399,07	412,32	433,32	435,62	442,39	447,66
..... b	437,75	418,40	413,70	417,56	428,84	430,72	418,96					
100 CHF a	305,03	303,12	311,88	305,92	314,00	327,99	338,24	368,94	361,93	354,41	359,34	364,68
..... b	361,35	346,60	343,00	347,36	357,00	358,65	348,84					
Foreign trade ⁴ in mln zł:												
exports a	40153,3	42483,4	48187,9	44225,9	46415,3	45259,8	42486,9	45945,9	52812,9	52071,3	52126,2	46570,2
..... b	48097,2	47401,4	51028,6	47524,6	49391,1	48218,2	.					
imports a	44300,5	47210,9	52935,3	50553,5	52021,9	51666,4	48956,6	51626,1	56269,0	56928,9	57444,7	53458,9
..... b	52900,6	52802,2	54761,9	50596,1	54743,5	50897,2	.					
balance a	-4147,2	-4727,5	-4747,4	-6327,6	-5606,6	-6406,6	-6469,7	-5680,2	-3456,1	-4857,6	-5318,5	-6888,7
..... b	-4803,4	-5400,8	-3733,3	-3071,5	-5352,4	-2679,0	.					

¹ Data concern economic entities employing more than 9 persons. ² The average current prices from 2005. ³ The current prices from the period preceding the surveyed period.

⁴ Preliminary data.