

## Introduction

In 2012, with the continuing unfavourable conditions in the global and European economy, and with the weakening national business tendencies, a slowdown in the economic growth rate was recorded in Poland. In subsequent periods, the difficulties on the labour market intensified: the employment dynamics worsened and the unemployment increased. A high, though slower than a year before, growth in the prices of consumer goods and services in the last months of the year was reduced.

According to the preliminary estimate, the gross domestic product in 2012 increased by 2.0% in real annual terms (compared to a growth of 4.3% in 2011). Total consumption was higher than in 2011 by 0.4% (of which individual consumption – by 0.5%) whereas gross capital formation dropped by 1.0%. Gross fixed capital formation increased slightly (by 0.6%), following a growth in 2011. The domestic demand was slightly higher than a year before (by 0.1%). It is preliminarily estimated that net exports exerted a positive impact on the economic growth rate. The gross value added in the national economy increased by 1.9% in annual terms. The highest growth in the gross value added concerned transportation and storage (of 7.9%). A growth was also recorded in trade; repair of motor vehicles (of 1.5%) and in industry (of 1.2%). However, the gross value added in construction was lower than in 2011 (by 0.5%).

Average employment in the enterprise sector in 2012 increased only slightly as compared to the previous year (by 0.1%). In subsequent quarters, its dynamics weakened, and in the 4<sup>th</sup> quarter a drop (of 0.6%) in average employment was recorded in annual terms. Registered unemployment increased. With the number of the newly registered unemployed being higher than in 2011, the number of persons removed from unemployment rolls dropped. The number of unemployed persons at the end of December of 2012 considerably exceeded the number recorded a year before, and the unemployment rate grew to 13.4%.

A growth in the prices of consumer goods and services in 2012 was considerable, though slower than in the previous year (3.7% against 4.3%). Its rate was mainly influenced by a high dynamics of the prices of goods and services related to transport, the prices of food and non-alcoholic beverages and the prices related to housing. In the 4<sup>th</sup> quarter, a weakening of the dynamics of consumer prices was observed. In December of 2012, the growth rate slowed down to 2.4% (i.e. slightly below the inflation target defined by the Monetary Policy Council).

Average monthly nominal gross wages and salaries in the enterprise sector grew at a slower rate than in 2011 (3.4% against 5.0%), and their purchasing power, for the first time for several years, was lower than in the previous year (by 0.2% against a growth of 0.9% in 2011). However, real retirement pays and pensions were higher than a year before – a growth of 1.3% was recorded in the employee system and as regards individual farmers – of 2.8%.

Total sold production of industry in 2012, according to preliminary estimates, was higher than a year before by 0.8% (against a growth of 7.7% in 2011). In enterprises employing more than 9 persons, production grew by 1.0%. However, the dynamics was gradually dropping: following a growth in production in the first two quarters, a drop was recorded in subsequent periods, of

which a considerable one in the 4<sup>th</sup> quarter. Sold production in 2012 grew in all sections, except for mining and quarrying. Among the main industrial groupings, production increased in enterprises producing mainly non-durable consumer goods and – slightly – in enterprises producing mainly intermediate goods. In December of 2012, a sales drop was deeper than a month before (10.6%, after eliminating seasonal factors – 5.1%). Production dropped in most sections, of which the most in manufacturing.

Total construction and assembly production in 2012 was by approx. 1% lower than a year before (against a growth of 12.3% in 2011). In enterprises employing more than 9 persons, a drop in sales of 1.0% was recorded, which was influenced by a decrease observed in the last two quarters of the year. In 2012, the production in enterprises dealing mainly with construction of buildings and with specialised construction activities was lower than a year before. Civil engineering units recorded a slight growth in production. A decrease in production, observed since June, deepened in December of 2012 to the level of 24.8% (after eliminating seasonal factors – of 21.5%).

Producer prices in industry in 2012 grew slower than a year before (3.3% against 7.6%). The dynamics in subsequent quarters was systematically weakening, and in the 4<sup>th</sup> quarter a slight price drop (of 0.1%) was recorded. The prices of construction and assembly production in 2012 also grew at a slower rate than in 2011, and they were only slightly higher than a year before.

Total retail sales, according to preliminary estimates, in 2012 was by 0.8% higher than in the previous year (against a growth of 3.2% in 2011). In enterprises employing more than 9 persons, this growth amounted to 2.3%, and in subsequent periods the dynamics weakened. In the 4<sup>th</sup> quarter, a sales drop of 2.0% was recorded, as a result of the decrease in sales in December, following a slight increase in the two preceding months.

According to preliminary estimates, the global agricultural production in 2012 slightly increased in comparison with 2011 (by 0.7%). This was influenced by a growth in plant production (of 2.6%), accompanied by a lower animal production (by 1.6%) than a year before. The surveys conducted at the end of 2012 indicate a deep decrease in the number of pigs (of 14.8% in annual terms), and a slight increase in the number of cattle (of 0.4%). In the agricultural market, the prices of most plant products were at a lower level than in 2011. However, the prices of basic animal products, except for milk prices, were considerably higher than in 2011. As a result of a weaker dynamics of the prices of agricultural products sold by farmers, as compared to the prices of goods and services purchased by producers, the “price gap” index reached an unfavourable level of 98.1, following two years of favourable price relations. The December surveys on business tendencies in agricultural holdings indicate unfavourable assessments concerning the general situation of agricultural holdings, the profitability of production and the demand for agricultural products. The forecasts concerning the 1<sup>st</sup> half of 2013 are also pessimistic. The holdings specialising in plant production assessed business tendencies considerably better than the holdings specialising in animal production. The most pessimistic assessments were found among the group owning multi-specialty holdings.

In the period of January-November of 2012, the foreign trade turnover, calculated in PLN, increased in annual terms, though its dynamics was considerably weaker than a year before. The slower growth in imports, as compared to exports, triggered an improvement in the negative balance of total turnover. The trade with the Central and Eastern European countries increased considerably. However, a drop in imports from developed countries (including EU countries) was recorded, together with a relatively slight increase in exports. The total terms of trade index in the period of January-October of 2012 was unfavourable, amounting to 98.0 (against 98.1 a year before).

According to the surveys conducted in January of 2013, manufacturing enterprises formulate less pessimistic assessments of the general business tendency climate than in December of the previous year, which is mainly due to the projections concerning lower limitation of production and the order-books, and due to the improvement of the unfavourable forecasts regarding the financial situation. Construction entities also assess business tendencies in a negative way, though slightly better than a month before, which is mainly influenced by slightly less unfavourable forecasts concerning the order-books, production and the financial situation. Current assessments in most surveyed categories are worsening in both sections, including especially the assessments concerning production and the domestic order-books. The attitudes of retail sales units are more pessimistic than in December of 2012.

# 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 <sup>1</sup>												
in thous. persons ..... a	5501	5513	5509	5514	5514	5527	5528	5520	5515	5512	5515	5503
..... b	5551	5543	5539	5531	5530	5531	5529	5522	5514	5510	5497	5474
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	1965	1979	1995	2058	2137
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	13,4	13,3	12,9	12,6	12,3	12,3	12,4	12,4	12,5	12,9	13,4
Average monthly nominal gross wage and salary in the enterprise sector <sup>1</sup> (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	3686,45	3640,84	3718,19	3780,64	4111,69
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	99,6	98,8	102,1	101,7	108,8
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	102,7	101,6	102,8	102,7	102,4
Average monthly real gross wage and salary in the enterprise sector <sup>1</sup>												
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	99,0	98,0	99,5	100,0	100,0
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	101,3	101,2	101,7	102,4	102,7
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	103,3	103,3	103,9	104,6	104,8
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	99,7	100,1	100,4	100,1	100,1
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	103,8	103,8	103,4	102,8	102,4
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	101,8	101,9	102,3	102,3	102,4
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	99,6	100,0	100,5	99,3	99,8	99,4
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	103,6	103,0	101,8	101,0	99,9	98,9
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	99,8	99,8	99,8	99,9	99,9	99,8
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	99,7	99,3	99,1	98,9	98,6

<sup>1</sup> Data concern economic entities employing more than 9 persons.

# SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
a - 2011													
b - 2012													
Sold production of industry <sup>1</sup> (constant prices <sup>2</sup> ):													
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	97,9	99,3	106,1	107,8	95,2	85,8
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	105,4	100,6	94,8	104,7	99,1	89,4
Construction and assembly production (constant prices <sup>2</sup> ):													
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	105,7	102,2	112,4	90,9	111,6
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	91,3	95,0	82,1	96,4	94,7	75,2
Dwellings completed (from the beginning of year) .....	a	10289	18329	27500	36973	45726	54568	65064	75965	86839	101027	114443	130954
	b	12468	23783	36292	47377	57409	67843	79716	92677	104805	119365	134698	152527
Retail sales of commodities <sup>1</sup> (constant prices <sup>3</sup> ):													
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	100,5	98,4	103,7	93,7	115,1
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	102,3	99,6	100,5	100,7	96,4
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	-20680,8	-21888,6	-22470,4	-21573,4	-25124,4
	b	-5301,8	-16515,6	-22968,6	-24819,9	-26981,0	-21085,6	-24338,8	-22911,8	-21128,9	-34206,1	-30477,2	.
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	330,21	321,54	316,72	322,37	312,30
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	409,12	413,14	410,91	413,54	409,38
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	340,64	341,68	339,65	343,10	338,71
Foreign trade <sup>4</sup> 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	48513,4	47847,4	51630,2	48198,1	50343,1	50055,9	49827,3	48104,9	50996,5	56762,9	51435,4	.
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	53169,7	53206,4	55470,1	51839,1	55594,3	53316,3	52574,7	49620,5	52008,5	57204,0	53911,9	.
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	-4656,3	-5359,0	-3839,0	-3641,0	-5251,2	-3260,4	-2747,4	-1515,6	-1012,0	-441,1	-2476,5	.

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

<sup>4</sup> Preliminary data.