

## Introduction

In the 1<sup>st</sup> quarter of 2013, slowdown tendencies in the economy observed in the last quarter of the previous year maintained. Sold production of industry declined in annual terms, though to a minor extent than in the preceding quarter. Whereas, the drop in construction and assembly production deepened. The growth pace in the sales of transport services was slightly slower. In the period of January-March of 2013, retail sales reached the previous year's level, following a drop which occurred in the last quarter of the previous year.

Average employment in the enterprise sector, similarly to the preceding quarter, was lower than a year before. The registered unemployment rate at the end of March of 2013 amounted to 14.3%, and was by 1.0 pp higher than at the end of March of the previous year. Average monthly nominal gross wages and salaries in the enterprise sector grew in the period of January-March of 2013 slowly than in the 4<sup>th</sup> quarter of the previous year. The purchasing power of wages and salaries reached a slightly higher level than a year before, which was influenced by a considerable weakening of the growth pace of the prices of consumer goods and services. Nominal and real retirement pays and pensions both in the employee and in the farmers system grew faster than wages and salaries.

In the 1<sup>st</sup> quarter of 2013, the prices of consumer goods and services grew (in annual terms) considerably slower, than in subsequent quarters of the previous year. In March of 2013, consumer prices were by 1.0% higher, which constituted the lowest growth for nearly seven years. The prices of sold production of industry, as well as the prices of construction and assembly production, were lower than a year before.

In the 1<sup>st</sup> quarter of 2013, sold production of industry was by 2.0% lower than in the corresponding period of the previous year. A drop was recorded both in manufacturing and in electricity, gas, steam and air-conditioning supply. Among the main industrial groupings, a drop in sales was recorded in all types of goods, except for consumer goods. Together with a slight drop in employment, work productivity in industry was by 0.9% lower than a year before. In March of 2013, similarly to the previous month, sold production of industry decreased (by 2.9%), whereas after eliminating the influence of seasonal factors, a growth in production was recorded (of 0.6%). Following a considerable growth recorded a year before, in the 1<sup>st</sup> quarter of 2013 construction and assembly production decreased in annual terms by 15.1%. In March of 2013, together with unfavourable weather conditions, a drop in construction and assembly production of 18.5% was recorded (after eliminating seasonal factors, production was by 15.7% lower than a year before).

According to the surveys conducted in April of 2013, the assessments of the general business tendency climate in manufacturing are negative and similar to the ones recorded a

month before. The nearest three months are expected to bring an extension of order-books and production, with unfavourable assessments in these areas. Indications concerning the current financial situation remain negative, and no changes in this scope are forecasted in the nearest three months. The assessments of the general business tendency climate in construction are slightly less pessimistic than in the previous months. The negative forecasts concerning production, the financial situation and employment improved, through the current assessments remained unfavourable in most categories surveyed. Entities operating in retail trade assess the general business tendency climate in a negative manner, similarly to March of 2013. Enterprises operating in manufacturing, in construction as well as trade units indicate an insufficient demand, employment costs and uncertainty of the economic environment among the most strenuous limits to conducting economic activity.

In the agricultural market, under the conditions of a generally increased supply, the procurement prices of most basic agricultural plant products (except for rye) were higher in the 1<sup>st</sup> quarter of 2013 than a year before. However, the prices of animals for slaughter, as well as the prices of milk, decreased. In the marketplace turnover, most prices of basic agricultural products exceeded the previous year's level. With high cereal prices, the profitability of pigs fattening was still low.

In the period of January-February of 2013, the dynamics of foreign trade turnover was considerably weaker than a year before. Exports in PLN were at a similar level as a year before whereas imports dropped significantly. As a result, for the first time in many years, the commodity turnover closed with a positive balance. In January of 2013, the total terms of trade index reached a favourable level (101.5 against 97.9 a year before), which was influenced by a growth in the export prices, accompanied by a decrease of import prices.

The State Budget expenditures, following the 1<sup>st</sup> quarter of 2013, reached the level of PLN 85.8 billion, and revenues – PLN 61.4 billion. As a result, a deficit of PLN 24.4 billion was recorded, accounting for 68.6% of the amount assumed in the Budget Act for 2013.

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

Specification a – 2012 b – 2013	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
<b>Paid employment in the enterprise sector<sup>1</sup></b>												
in thous. persons ..... a	5551	5543	5539	5531	5530	5531	5529	5522	5514	5510	5497	5474
b	5507	5497	5489									
<b>Registered unemployed persons (in thous. persons; end of period).....</b>												
a	2122	2168	2142	2073	2014	1964	1953	1965	1979	1995	2058	2137
b	2296	2337	2315									
<b>Unemployment rate (in %; end of period).....</b>												
a	13,2	13,4	13,3	12,9	12,6	12,3	12,3	12,4	12,4	12,5	12,9	13,4
b	14,2	14,4	14,3									
<b>Average monthly nominal gross wage and salary in the enterprise sector<sup>1</sup> (in zł) .....</b>												
a	3666,41	3568,32	3770,66	3719,81	3617,98	3754,48	3700,01	3686,45	3640,84	3718,19	3780,64	4111,69
b	3680,30	3709,99	3832,81									
previous month=100 .....												
a	91,3	97,3	105,7	98,7	97,3	103,8	98,5	99,6	98,8	102,1	101,7	108,8
b	89,5	100,8	103,3									
corresponding month of previous year=100 .....												
a	108,1	104,3	103,8	103,4	103,8	104,3	102,4	102,7	101,6	102,8	102,7	102,4
b	100,4	104,0	101,6									
<b>Average monthly real gross wage and salary in the enterprise sector<sup>1</sup></b>												
corresponding month of previous year=100.....												
a	103,9	100,1	100,0	99,5	100,3	100,2	98,7	99,0	98,0	99,5	100,0	100,0
b	98,7	102,8	100,6									
<b>Average monthly real gross retirement pay and pension:</b>												
<b>from non-agricultural social security system</b>												
corresponding month of previous year=100.....												
a	100,4	100,0	101,4	101,2	101,8	100,8	101,1	101,3	101,2	101,7	102,4	102,7
b	104,1	104,0	104,3									
<b>of farmers</b>												
corresponding month of previous year=100.....												
a	98,8	98,5	103,4	103,4	103,6	102,8	103,2	103,3	103,3	103,9	104,6	104,8
b	106,7	107,2	104,7									
<b>Price indices of consumer goods and services:</b>												
previous month=100 .....												
a	100,7	100,4	100,5	100,6	100,2	100,2	99,5	99,7	100,1	100,4	100,1	100,1
b	100,1	100,0	100,2									
corresponding month of previous year=100 .....												
a	104,1	104,3	103,9	104,0	103,6	104,3	104,0	103,8	103,8	103,4	102,8	102,4
b	101,7	101,3	101,0									
December of previous year=100 .....												
a	100,7	101,1	101,7	102,2	102,4	102,6	102,1	101,8	101,9	102,3	102,3	102,4
b	100,1	100,0	100,2									
<b>Price indices of sold production of industry:</b>												
previous month=100 .....												
a	100,1	99,5	100,1	100,7	100,4	99,5	99,6	100,0	100,5	99,3	99,8	99,4
b	100,0	100,3	99,8									
corresponding month of previous year=100 .....												
a	107,9	106,0	104,4	104,4	105,2	104,4	103,6	103,0	101,8	101,0	99,9	98,9
b	98,8	99,7	99,4									
<b>Price indices of construction and assembly production:</b>												
previous month=100 .....												
a	99,9	99,9	100,0	100,0	99,9	99,9	99,8	99,8	99,8	99,9	99,9	99,9
b	99,8	99,8	99,8									
corresponding month of previous year=100 .....												
a	101,5	101,4	101,3	101,1	100,9	100,5	100,1	99,7	99,3	99,1	98,9	98,7
b	98,6	98,4	98,2									

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

## SELECTED INDICATORS REGARDING THE ECONOMIC SITUATION OF THE COUNTRY

(cont.)

Specification a - 2012 b - 2013	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Sold production of industry <sup>1</sup> (constant prices <sup>2</sup> ):													
previous month=100 .....	a	95,0	99,6	110,2	92,4	104,0	98,0	98,1	99,4	105,5	107,8	95,2	87,2
	b	105,5	97,2	109,2									
corresponding month of previous year=100 .....	a	108,5	104,6	100,9	102,6	104,2	101,0	105,2	100,2	95,2	104,7	99,5	90,4
	b	100,4	97,9	97,1									
Construction and assembly production (constant prices <sup>2</sup> ):													
previous month=100 .....	a	35,5	94,5	131,5	114,4	123,3	105,7	92,9	105,7	102,2	112,4	90,9	111,5
	b	39,7	99,7	120,9									
corresponding month of previous year=100 .....	a	131,9	111,9	103,2	107,8	105,6	94,8	91,3	94,9	82,1	96,4	94,6	75,1
	b	83,9	88,6	81,5									
Dwellings completed (from the beginning of year) .....													
	a	12468	23783	36292	47377	57409	67843	79716	92677	104805	120230	135792	152904
	b	13187	24456	37161									
Retail sales of commodities <sup>1</sup> (constant prices <sup>3</sup> ):													
previous month=100 .....	a	74,9	101,0	115,0	97,0	100,8	100,2	102,2	100,5	98,4	103,7	93,7	115,1
	b	79,6	97,4	116,5									
corresponding month of previous year=100 .....	a	109,9	108,9	106,9	101,8	104,3	102,6	103,4	102,3	99,6	100,5	100,7	96,4
	b	102,4	98,7	100,0									
State budget balance - from the beginning of year (in mln zł) .....													
	a	-5301,8	-16515,6	-22968,6	-24819,9	-26981,0	-21085,6	-24338,8	-22911,8	-21128,9	-34206,1	-30477,2	30407,2
	b	-8440,9	-21684,6	-24405,7									
Average exchange rates in zł - National Bank of Poland:													
100 USD .....	a	338,84	316,08	313,20	317,27	334,72	343,99	340,61	330,21	321,54	316,72	322,37	312,30
	b	311,45	311,97	320,58									
100 EUR .....	a	437,75	418,40	413,70	417,56	428,84	430,72	418,96	409,12	413,14	410,91	413,54	409,38
	b	413,69	417,34	415,81									
100 CHF .....	a	361,35	346,60	343,00	347,36	357,00	358,65	348,84	340,64	341,68	339,65	343,10	338,71
	b	336,79	339,24	339,08									
Foreign trade <sup>4</sup> in mln zł:													
exports .....	a	48562,6	47897,9	51702,5	48267,7	50441,9	50146,4	49930,5	48223,6	51201,3	57062,1	52514,9	41144,7
	b	48437,4	48144,8	.									
imports .....	a	53301,2	53342,3	55632,3	51960,2	55741,1	53485,2	52760,0	49762,0	52234,0	57601,4	55248,6	47219,4
	b	49779,5	46458,0	.									
balance .....	a	-4738,6	-5444,4	-3929,8	-3692,5	-5299,2	-3338,8	-2829,5	-1538,4	-1032,7	-539,3	-2733,7	-6074,7
	b	-1342,1	1686,8	.									

<sup>1</sup> Data concern economic entities employing more than 9 persons. <sup>2</sup> The average current prices from 2010. <sup>3</sup> The current prices from the period preceding the surveyed period.

<sup>4</sup> Preliminary data.