

Introduction

The basic tendencies in April of this year indicate that after the dynamics weakened temporarily in March, the quite high pace of growth continued in main areas of economy. A further fall in unemployment as well as an increase in employment were observed. Average monthly wages and salaries in the enterprise sector and social benefits kept growing in annual terms. The increase in prices in basic areas of national economy in April, in relation to the corresponding period of the previous year, was slightly slower than in the preceding periods. The surveyed enterprises in the 1st quarter of this year showed better financial results than in the preceding year, however, in view of a slightly faster increase of costs than revenues, the basic economic and financial indicators weakened. In the type structure of total costs, an increase was observed in the share of services made by other contractors' costs as well as wages and salaries. The considerable growth in new capital formation continued.

In April, sold production of industry was by 14.9% higher than in the previous year (after seasonal adjustment, the growth amounted to 11.9%). An increase in production was recorded in all sections. In the period from January to April of this year, the year-on-year increase in total production was 9.8%, of which in enterprises producing mainly capital goods – approx. 21% and durable consumer goods – approx. 17%. Labour productivity in industry grew in that period by 6.1%, with an increase of employment by 3.5% and average gross wages and salaries – by 11.2%. In April of this year, construction and assembly production was by 23.0% higher than in the previous year (after seasonal adjustment – by 15.0%), which was accompanied by rapidly growing both employment (by 10.1%) and average wages and salaries (by 18.7%). The business tendency surveys conducted in May of this year show optimistic forecasts of industrial and construction and assembly enterprises as regards the order books, production and the financial situation, although they are more conservative than in the previous month.

After the three months of this year, the foreign trade turnover increased (in annual terms) to a higher extent on the import than on the export side, which worsened the foreign trade balance with all groups of countries, to the largest degree – with the developing countries and the Central and Eastern Europe countries. Similarly as in the previous year, a positive foreign trade balance with the developed countries was observed, and a negative balance in foreign trade with other groups of countries. In the structure of import, the import of goods for investment purposes increased the most. In the period from January to February of this year, the terms of trade indicator decreased, as compared to the previous year, with

price relations in foreign trade with the Central and Eastern Europe countries deteriorating considerably, and with the European Union countries improving.

In the first quarter of this year, the financial results of non-financial enterprises were higher than in the previous year. However, the basic economic and financial indicators weakened. A slightly faster pace of increase in costs than in revenues from the total activity worsened the cost level indicator as well as the profitability rate of gross and net turnover. The share of export sales in net revenues from sales of products, goods and materials of total entities declined from 21.1% to 20.6%. Similarly as in the previous years, the basic economic and financial relations achieved by exporters were more favourable than average (excluding the financial liquidity ratio of the first and second degree), however the year-on-year weakening of these indicators in this group was greater than for the total surveyed enterprises.

In April of this year, the high dynamics of average employment in the enterprise sector continued (an increase by 5.6% in annual terms). The greatest increase occurred in the following sections: real estate, renting and business activities as well as construction. The registered unemployment rate fell to 10.5%, reaching the lowest level since the end of 1998. The preliminary results of the Labour Force Survey for the first quarter also reflect continuation of the positive tendencies in the labour market – in annual terms, an increase in the number of the employed was observed, as well as an improvement in the employment rate and the professional activity rate, and a decrease in the unemployment rate (to 8.1%).

In April of this year, the purchasing power of average gross monthly wages and salaries in the enterprise sector increased by 8.5% in annual terms (against the increase by 6.1% in the corresponding period of the previous year). The acceleration of the dynamics in real wages and salaries was connected with the high dynamics of nominal wages and salaries. The increase in wages and salaries, which was higher than average, was observed, among others, in mining and quarrying, construction, real estate, renting and business activities. The valorisation of retirement pays and pensions conducted in March resulted in April being the second month in a row, in which average real gross retirement pays and pensions were higher than in the previous year.

As regards the inflation phenomena in April of this year, there was a slightly slower year-on-year increase in consumer prices than in the preceding two months. Prices of food and non-alcoholic beverages, as well as housing related goods and services were rising the most. In industry, the year-on-year growth of prices amounted to 2.5% and was the lowest since the beginning of this year, which was due to a weaker dynamics of prices in mining and quarrying and in manufacturing than in the preceding periods, with an increased pace of price

growth in electricity, gas and water supply. Lower than in the previous months was also the rise of prices in construction (6.2%).

In the agricultural market, the average prices of products of plant and animal origin were similar as in the previous month and higher than in the previous year. The profitability rate of fattening of pigs, which has been very low for a long time, significantly deepened the falling tendencies in the stock of pigs in all weight and utility groups, as already observed earlier.

In the period from January to April of this year, revenues of the state budget were higher than expenditures. As a result, a surplus was recorded, amounting to PLN 600.9 million.

Selected indicators regarding the economic situation of the country

Specification	April 2008		January-April 2008
	changes in % against:		
	April 2007	March 2008	January–April 2007
Paid employment in the enterprise sector	+5,6	+0,1	+5,8
Registered unemployed persons (end of period).....	-23,6	-5,7	x
Average monthly gross wage and salary in enterprise sector	+12,6	-0,2	+11,9
of which in industry	+12,6	-0,8	+11,2
Sold production of industry (constant prices)	+14,9	+4,0	+9,8
mining and quarrying	+8,8	+14,6	+2,8
manufacturing	+15,7	+5,3	+10,0
electricity, gas and water supply	+6,9	-13,8	+10,1
Construction and assembly production (constant prices).....	+23,0	+17,0	+17,0
Dwellings completed	+36,7	+11,2	+31,8

Specification	February	March	April
	changes in % as compared with the previous month		
Prices of sold production of industry	+0,6	+0,2	+0,1
Prices of consumer goods and services	+0,4	+0,4	+0,4
of which:			
food and non-alkoholic beverages	+0,2	+0,4	+0,7
alkoholic beverages, tobacco	+0,2	+0,2	+0,2
clothing and footwear	-1,6	+1,0	-0,1
dwelling	+1,7	+0,3	+0,2
housing, water, electricity, gas and other fuels	+2,1	+0,3	+0,2
of which electricity, gas and other fuels	+3,3	+0,1	0,0
furnishings, household equipment and routine maintenance of the house	+0,2	+0,2	+0,2
transport	-0,2	+0,8	+0,2
of which fuels for personal transport equipment.....	-1,2	+1,3	-0,1

Selected indicators regarding the economic situation of the country

Specification a - 2007, b - 2008	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Registered unemployed persons (in thous.) ... a	2365,8	2331,1	2232,5	2103,1	1985,1	1895,1	1856,1	1821,9	1777,8	1720,9	1719,4	1746,6
b	1813,4	1778,5	1702,2	1605,7								
Unemployment rate ¹⁾ (in %) a	15,1	14,8	14,3	13,6	12,9	12,3	12,1	11,9	11,6	11,3	11,2	11,4
b	11,7	11,5	11,1	10,5								
Paid employment in the enterprise sector in thous. persons a	5048	5070	5089	5105	5116	5144	5160	5182	5192	5220	5233	5241
b	5348	5371	5384	5389								
Sold production of industry ²⁾ :												
previous month=100 a	100,2	97,9	114,7	91,4	103,0	100,2	98,1	100,9	105,7	109,7	95,2	91,5
b	104,3	101,7	100,7	104,0								
corresponding month of previous year=100 a	115,4	113,0	111,3	112,6	108,1	105,6	110,4	108,9	105,4	110,8	108,5	106,4
b	110,7	115,0	101,0	114,9								
Construction and assembly production ²⁾ :												
previous month=100 a	37,9	110,5	119,0	110,6	113,2	111,2	101,4	108,5	104,1	115,4	83,7	147,5
b	35,7	125,0	114,7	117,0								
corresponding month of previous year=100 a	160,5	156,7	139,1	136,9	116,3	103,7	118,5	114,4	100,2	104,3	111,0	113,0
b	106,6	120,7	116,3	123,0								
Dwellings completed (from the beginning of year) a	10186	18903	26979	35738	44146	52828	64355	75914	86952	102935	116483	133698
b	12685	24341	35114	47090								
Price indices of consumer goods and services:												
previous month=100 a	100,4	100,3	100,5	100,5	100,5	100,0	99,7	99,6	100,8	100,6	100,7	100,3
b	100,7	100,4	100,4	100,4								
corresponding month of previous year=100 a	101,6	101,9	102,5	102,3	102,3	102,6	102,3	101,5	102,3	103,0	103,6	104,0
b	104,0	104,2	104,1	104,0								
December of previous year=100 a	100,4	100,7	101,1	101,6	102,2	102,2	101,9	101,6	102,3	103,0	103,7	104,0
b	100,7	101,1	101,5	101,8								
Price indices of sold production of industry:												
previous month=100 a	100,6	100,3	100,5	100,5	100,4	100,5	100,3	100,3	100,0	99,7	99,9	99,3
b	101,2	100,6	100,2	100,1								
corresponding month of previous year=100 a	103,1	103,5	103,3	102,2	102,1	101,7	101,4	101,8	101,8	102,0	102,5	102,3
b	102,9	103,2	102,9	102,5								

¹⁾ Ratio of registered unemployed persons to the economically active civil population.

²⁾ Indices were calculated in constant prices of 2000.

(cont.)

Specification a - 2007, b - 2008	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	
Average monthly nominal gross wage and salary in the enterprise sector ¹⁾ (in zł)	a	2663,55	2687,48	2852,71	2786,29	2776,92	2869,69	2893,71	2885,97	2858,83	2951,67	3092,01	3246,00
	b	2969,65	3032,70	3144,41	3137,74								
previous month=100	a	88,0	100,9	106,1	97,7	99,7	103,3	100,8	99,7	99,1	103,2	104,8	105,0
	b	91,5	102,1	103,7	99,8								
corresponding month of previous year=100	a	107,8	106,4	109,1	108,4	108,9	109,3	109,3	110,5	109,5	111,0	112,0	107,2
	b	111,5	112,8	110,2	112,6								
Average monthly real gross wage and salary in the enterprise sector monthly average of 2000=100	a	111,6	112,4	118,7	115,4	114,5	118,2	119,4	119,5	117,5	120,6	125,7	131,7
	b	119,8	121,8	125,8	125,2								
Profitability rate of gross turnover ²⁾ - from the beginning of year (in %)	a	.	.	6,1	.	.	6,5	.	.	6,4	.	.	6,1
	b	.	.	5,8	.	.		.	.		.	.
Profitability rate of net turnover ³⁾ - from the beginning of year (in %)	a	.	.	4,9	.	.	5,3	.	.	5,2	.	.	5,0
	b	.	.	4,6	.	.		.	.		.	.
State budget balance - from the beginning of year (in mn zł)	a	3144,1	-2992,3	-5177,0	-2090,9	-4297,2	-3646,6	541,3	304,1	178,9	-4403,9	-6024,8	-16921,7
	b	4407,3	-136,6	1802,9	600,9								
Average exchange rates in zł – National Bank of Poland:													
100 US dollars	a	298,37	298,05	293,59	282,79	279,97	283,99	275,00	279,81	272,86	260,42	249,15	247,54
	b	245,37	243,05	228,16	218,52								
100 EUR	a	387,87	389,58	388,69	381,92	378,24	380,79	376,85	381,00	378,99	370,52	365,56	360,42
	b	360,80	358,25	353,74	344,44								
Foreign trade in mn zł													
exports	a	29325,8	29519,2	34055,7	30435,7	31847,0	31947,7	31279,4	31479,8	33512,5	37686,4	35518,0	27290,1
	b	32701,4	34662,2	35345,0	.								
imports	a	33975,8	33163,0	40117,1	35988,9	37403,2	38163,9	38150,5	35221,1	39107,1	43279,1	40844,2	35293,5
	b	37921,2	39786,6	42411,3	.								
balance	a	-4650,0	-3643,8	-6061,4	-5553,2	-5556,2	-6216,2	-6871,1	-3741,3	-5594,6	-5592,7	-5326,2	-8003,4
	b	-5219,8	-5124,4	-7066,3	.								

¹⁾ Including contributions to compulsory social security.

²⁾ Relation of gross financial result to revenues from total activity.

³⁾ Relation of net financial result to revenues from total activity.