

Introduction

In the 1st quarter of 2012, the pace of economic growth in Poland remained stable despite a weakening, and was one of the highest among EU countries. According to the preliminary estimate, gross domestic product increased in annual real terms by 3.5%, while in the previous quarters it was growing at a rate exceeding 4%. With a favourable influence of net exports, the main factor generating economic growth was domestic demand. Final consumption expenditure rose by 1.3%, which resulted from a growth in individual consumption expenditure by 2.1% and a deepening of the decline in public consumption (to 1.3%). Gross capital formation was by 11.6% higher than a year ago, of which gross fixed capital formation – by 6.7%. The gross value added in the national economy was by 3.2% higher than in the previous year, and the highest dynamics was recorded in construction (an increase of 9.6%). A considerable growth was also observed in the gross value added in transportation and storage (by 6.4%) and in trade; repair of motor vehicles (by 5.5%), while in industry the growth pace slowed down to 3.4%.

Financial results of the surveyed enterprises in the 1st quarter of 2012 were better than a year ago, except for the result on the sales of products, goods and materials. However, the increase of revenues from total activity was lower than cost of obtaining revenues, which caused a slight decline of basic economic and financial relations. A slight increase was observed in the share of units showing net profit in the total number of enterprises. Despite the decline, the economic and financial indices for exporters were still better than for enterprises in total. The investment activity of the surveyed enterprises increased – total outlays (in constant prices) were higher by 12.3% than in the 1st quarter of the previous year. The banking sector also obtained more favourable financial results than a year ago.

In the 1st quarter of 2012, foreign trade turnover in PLN was higher than a year ago, although its growth rate slowed down in comparison to the previous year. The value of trade with all groups of countries grew, but the dynamics of external trade with developed countries (including EU countries) was considerably slower than with other countries. The negative balance of total turnover improved. In the period January-February of 2012, the terms of trade index was unfavourable and, similarly to the previous year, amounted to 97.7.

In April of 2012, sold production of industry increased in annual terms by 2.9%, and after eliminating the seasonal factors it rose by 5.0%. The growth was recorded in all sections of industry, except for mining and quarrying, where the drop, recorded since the beginning of the year, deepened. Among the main industrial groupings, only the sales of durable consumer goods was lower than in the previous year. In April of 2012, construction and assembly production exceeded the level recorded a year ago by 8.1%, and after eliminating the seasonal factors – by 10.1%. Retail sales grew to a considerably lesser

extent than in the previous months (by 1.8% in annual terms), which was influenced mainly by a decline in the prices of food, beverages and tobacco products.

The situation on the labour market in April of 2012 was still difficult, similar to the one from the previous year. Average employment in the enterprise sector was only slightly higher than a year before, and the registered unemployment rate, despite the seasonal drop, still slightly exceeded the level recorded a year ago and amounted to 12.9%. Preliminary results of the labour force survey for the 1st quarter of 2012 indicate a slight growth in the number of employed persons and the employment rate in comparison to the corresponding period of the previous year. However, a simultaneous increase in the number of unemployed persons and the unemployment rate was observed.

In April of 2012 the dynamics of average nominal gross wages and salaries in the enterprise sector, in annual terms, was weaker than in the previous months and slower than that of consumer prices. As a result, the purchasing power of average gross wages and salaries lowered in comparison to April of the previous year. The increase of average real retirement pays and pensions maintained, both of individual farmers and in the employee insurance system.

The prices of consumer goods and services in April of 2012 grew in annual terms at a slightly faster pace than in the previous month. An acceleration in the dynamics of consumer goods and services prices connected with dwelling, and those of alcoholic beverages and tobacco products was recorded. The increase in the prices of food and non-alcoholic beverages as well as goods and services related to transport was less considerable than that noted in March of 2012. The dynamics of producer prices slowed down both in industry and construction.

On the agricultural market in April of 2012, under the conditions of a considerably decreased supply of most basic agricultural products in annual terms, an increase was recorded in the prices of most livestock products. However, a drop concerned the prices of crop products, except for the prices of rye. The profitability of pigs fattening was still low, and the preliminary results of the survey carried out at the end of March of 2012 point to an increase in the scale of reduction of the number of this livestock species. According to the preliminary estimates, the sown area of cereals in 2012 is slightly larger than in the previous year, and that of rape and turnip rape – substantially lower.

According to the surveys conducted in May of 2012, the assessments of the general business tendency climate formulated by enterprises operating in manufacturing are positive, though slightly more careful than those expressed in the previous month. However, the assessments of construction companies are pessimistic, similar to the ones from April. Entities operating in those sections forecast a lower than a month ago extension of the future order-books and production. The planned employment reductions may be higher than the ones projected in April of 2012. Difficulties in the ability to settle current financial liabilities in manufacturing are slightly decreasing, and the forecasts in

this area remain unchanged. Construction enterprises perceive their current financial situation slightly less pessimistic than in the previous month, and their forecasts in this respect are more negative. Retail sales units indicate a decline in the unfavourable assessments of the general business tendency climate in monthly terms. The forecasts concerning the sales and demand for goods are negative, in contrast to the positive ones in the previous two months. Difficulties in settling current financial liabilities and those projected for the next three months are increasing. A weakening is expected in the growth rate of goods prices in retail trade, and a lower employment reduction scale than projected in April of 2012.

The State budget deficit after four months of 2012 amounted to PLN 24.8 billion, which accounted for 70.9% of the amount assumed in the Budget Act for 2012.

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 (constant prices ¹):												
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
corresponding month of previous year=100	b 95,0	99,2	110,7	92,5								
a 110,3	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	109,1	104,8	100,8	102,9								
Construction and assembly production (constant prices ¹):												
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
corresponding month of previous year=100	b 35,5	94,5	131,6	114,6								
a 111,0	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	132,2	112,0	103,5	108,1								
Dwellings completed (from the beginning of year)	a 10289	18329	27500	36973	45726	54568	65064	75965	86839	101027	114443	130954
b 11622	11622	23716	36272	46459								
Retail sales of commodities (constant prices ²):												
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
corresponding month of previous year=100	b 74,9	101,0	115,0	97,0								
a 102,3	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	109,9	108,9	106,9	101,8								
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	-25112,9
b -5301,8	-5301,8	-16515,6	-22956,8	-24809,1								
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	338,84	316,08	313,20	317,27								
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	437,75	418,40	413,70	417,56								
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	361,35	346,60	343,00	347,36								
Foreign trade ³ in mln zł:												
exports	a 40050,7	42330,0	48032,9	44175,7	46165,3	45026,0	42235,9	45843,8	52444,0	52107,4	51200,4	45157,2
b 47994,1	47994,1	47260,3	50159,2	.								
imports	a 44034,4	46955,9	52620,5	49965,3	51583,5	51347,1	48416,7	51160,4	55317,6	55978,6	56208,1	50839,7
b 52697,3	52697,3	52021,9	52654,0	.								
balance	a -3983,7	-4625,9	-4587,6	-5789,6	-5418,2	-6321,1	-6180,8	-5316,6	-2873,6	-3871,2	-5007,7	-5682,5
b -4703,2	-4703,2	-4761,6	-2494,8	.								

¹ The average current prices from 2005.

² The current prices from the period preceding the surveyed period.

³ Preliminary data.