

1.2. SUMMARY

FORECASTS:

- According to INE PAN forecasts, in 2012 the growth rate of GDP will deteriorate slowly and in the fourth quarter will amount to 2.6%. In the forecast period, the growth rate of domestic demand will be lower than the GDP growth rate on average by 0.5 percentage points. The average annual dynamics of exports will amount to 7.4% and will be higher than the dynamics of imports by circa 1.5 percentage points.
- In the current year a noticeable deterioration in the labor market will occur. The unemployment rate will be on average higher than last year by about 0.6 percentage points. Nevertheless, a slight increase in real growth of wages can be expected.
- In 2012 inflation will fall gradually. According to INE PAN experts, interest rates will remain unchanged at 4.5%.
- The dynamics of consumption has been slowing and its contribution to economic growth has been decreasing. These tendencies suggest forthcoming economic slowdown.
- Bankruptcy rate increased in 2011, fueled mainly by construction enterprises. There are grounds to believe that the trend will continue in 2012.
- Fiscal consolidation has not harmed GDP growth so far, but this year its impact may increase.

OPINIONS:

- Stronger than expected GDP growth in 2011 – slowdown in sight.
- Stable exports and imports during the whole 2011.
- Increasing inflation.
- Real wages have increased, but their dynamics has been the weakest for a few years.
- Labor market situation is the worst since the beginning of the financial crisis; unemployment rate remains high, dynamics of employment and number of vacancies have decreased, job searching time has lengthened.
- Excess liquidity of Polish enterprises has finally started to decrease. Unfortunately, enterprises are not increasing investment expenditures, but put the cash into bank deposits, securities and purchases of raw materials (out of fear of their price increases).
- Despite good financial results, enterprises are afraid of an economic slowdown; new orders are decreasing, public investments are shrinking, hence maintaining the current level of demand is uncertain.
- Purchases of machines and equipment for modernization and reconstruction dominate the structure of investment expenditures; only large enterprises are investing in production capacity, but the scale of such investments is limited.
- In 2011 stock structure changed and its adjustment deteriorated, mainly in trade enterprises.
- The external pressure on development of telecom infrastructure has increased; this, in conjunction with the falling profitability of telecoms, forces them to cooperate or merge.
- The coming Euro Cup 2012 provided a strong stimulus to the development of transport infrastructure in Poland. Nonetheless, achieved progress differs between branches of transport.
- European Union has strengthened its pressure on the choice of directions for the development of energy production in Poland, and particularly on resignation from basing it on coal.
- The monopolistic position of Russia poses the greatest obstacle to the diversification of fossil fuels supply to Poland.

- Small steps strategy in reforming the budget has been successful so far – the deficit is falling substantially without any deep and fundamental reforms; but in the long term it will be difficult to continue this strategy and public finances may require deeper changes.
- There are arguments in favor of higher rating for Poland, but the key obstacle is the risk of further financial turbulence in Europe, which could undermine Polish economy.
- The dynamics of banking assets in 2011 has increased in comparison to the previous year. Apart from the debt instruments, the major role was played by lending, in particular corporate loans. Household loans were still dominated by mortgage, with strongly shrinking consumer finance.
- The profit of the banking sector is the largest since the beginning of the transformation and establishment of commercial banking in Poland. Interest rate rises contributed to increasing interest outcome, and economic growth stimulated credit expansion and reducing provisions on reserves. This allowed the banking sector to improve its efficiency indicators and strengthen the capital base.
- The August's deep decline of market indexes around the world was the most important event on the global financial markets scene last year.
- The development of the NewConnect market reached the phase equivalent to overinvestment in corporations.
- The development of Catalyst, the WSE's bond market, should be evaluated very favorably. It is becoming more and more competitive against the bank credit.
- The situation in the euro zone is responsible for both current deterioration of the condition of the global economy and its poor prospects for development.
- Actions taken last year reduced tensions in the short term, but the sources of the euro zone problems remained. The risk of a new wave of the crisis is still present.
- External environment of the Polish economy introduces uncertainty to its prospects for development. External trends have adverse effects on economic activity in Poland.
- There is no risk of not absorbing EU funds for operational programs in Poland.
- High level of EU funds absorption in Poland does not necessarily mean that they are utilized effectively. We observe a growing number of arguments suggesting that the administrative system of their implementation puts too much emphasis on the speed rather than effectiveness of absorption.
- The fact that EU-funded programs positively stimulate the GDP in the short run is not sufficient for claiming that these funds serve as mechanisms for building long-run competitiveness of Polish economy.