1.2. SUMMARY

FORECASTS:

- In the next four quarters we will observe gradual weakening of GDP growth and all its components. In particular, the dynamics of gross fixed capital formation will slow down significantly (to 4.2% in the second quarter of 2012).
- In the coming four quarters the labor market will remain relatively stable, with a possible slight increase in unemployment at the end of the forecast period. At the same time, we anticipate the real growth of wages to double comparing to the figure of the first half of this year and to reach 2.2% in the first and second quarter of 2012.
- In the second half of the current year and at the beginning of the next year the inflation rate should decline gradually. According to INE PAN experts, interest rates will be reduced in the first quarter of 2012 by 0.25 percentage point.
- Stable economic growth in the first half of 2011 – likely slowdown in the second half of the year.
- Changes in the structure of barriers to economic activity suggest that replication of the 2009 scenario is very probable; this would imply intensification of the demand barrier in the coming quarters.
- Many segments of the planned highway and express road network will not be ready for the Euro Cup 2012.
- The EU climate package will be decisive for the prospective directions of development of the Polish power industry; it is bound to have an impact on the whole Polish economy.
- Substantial cuts to public sector expenditure should stimulate a debate about the structure of spending, its efficiency and financing.
- Drop of confidence and tensions on financial markets, together with incapacity of politicians to take fast and consistent action preventing bankruptcy of indebted euro zone countries may lead to recession.

OPINIONS:

- Domestic demand as the main engine of growth – acceleration of investment activity.
- Neutral contribution of net exports.
- Rise in inflation and NBP interest rates.
- The dynamics of consumption, a key factor of economic growth last year, has decreased, foreshadowing economic slowdown.
- Increased inflation has constrained real wage growth; wages fund has risen thanks to growing employment.
- The level of unemployment is higher than in the previous year and the pre-crisis period. Favorable tendencies on the labor market have been weakening.
- Firms are accumulating cash and withholding investments; such policies have a negative impact on the Polish economy.
- The dynamics of the bankruptcy levels in individual sectors show that the construction and related services fare worst, suggesting a forthcoming economic slowdown.
- Following two years of stagnation, investment expenditures start growing slowly; however, they are mainly of modernization nature.
- The year 2011 have seen a stronger stock level mismatch; however, the situation seems to be temporary.

- Fiscal consolidation threatens to weigh down on growth exactly at the moment when the Polish economy will need a stimulus.
- The public finance reform should take into account institutional factors, which are no less important than issues of taxes and expenditures.
- The dynamics of banking assets has further increased in comparison to the previous year. In the last half-year, apart from the debt instruments, the major role was played by lending, including corporate loans, together with household loans dominated by mortgage and accompanied by stagnating consumer finance.
- The net profit of the banking sector in the first half of the year turned out to be the largest in three years, mainly due to the increased interest spread following the interest rate rises, the credit expansion and the reduced provisions on reserves. This allowed for improvement of the sector's efficiency indicators and strengthening of the capital base, so important in the situation of imminent deteriorating funding conditions on the interbank market.
- Thanks to the stable economic conditions in the first half of 2011, the Warsaw Stock Exchange continued its dynamic growth.
- Clouds are thickening over the NewConnect market.
- The collapse of market indexes in the first half of August marks the beginning of a new bear market or – depending on interpretation – a new phase in the bear market that unfolded in 2008.
- The bankruptcy of Greece can be postponed, but it cannot be avoided. Its announcement will mark a "moment of truth" for the financial markets of the euro zone, and – indirectly – also for the Polish one.
- We are witnessing a change of the model of the capitalist economy. Corporationism is being replaced, or has already been replaced, by the rule of financial markets.
- Problems of public finance debt are threatening the recovery of the American economy.
- The worsening prospects for the US and EU countries' growth, connected with the debt crisis, restrict the growth prospects in Poland.
- The European Union is facing the most serious economic crisis since the beginning of the integration process. This is not only a crisis of public finance sectors in many member states, but also a crisis of economic governance in the EU as well as a crisis affecting the fundamentals of growth, including the level of competitiveness of southern parts of the UE.
- The economic crisis affecting the EU can be overcome only through increased economic integration, including fiscal one. We asses positively the compromise on the so-called 'six-pack'.
- Improved economic policy coordination in the EU, including the implementation of the so-called 'six-pack', should influence the role of the cohesion policy in overcoming the crisis.
- The crisis has shown that what matters for a stable economic growth is primarily the quality of national economic policies. In the case of Polish economy, a need for fiscal consolidation should not overshadow a necessity for building a potential for long run economic growth.