

Economic Bulletin

Budget deficit expected at 27 billion zlotys in 2009 – Finance Minister

Poland's budget deficit will be increased by 9 billion zlotys to 27 billion zlotys in 2009, Finance Minister Jacek Rostowski said.

"It is inevitable to increase the deficit (...) to the level of 27 billion zlotys," Rostowski told a press conference.

"We are planning growth at 0.2 per cent of the GDP in 2009," he added.

Spending will be lower by 22.7 billion zlotys, the minister said. "Profits from dividends (...) will be higher by 5.3 billion zlotys than those projected in the original version of the budget," he said.

Receipt shortages will reach 37 billion zlotys, the minister said. "The crisis causes lower spending, chiefly consumption spending, (...) so our receipts will be inevitably lower than what we expected when we constructed the budget in autumn last year. The shortages will reach 37 billion zlotys," Rostowski said.

Taxes will not be raised this year but they might be in 2010. "This will be decided in the context of work on the 2010 budget, late in August or in September," he added.

Money.pl.: A Pole to spend PLN 1,000 for vacations in Poland

A statistical Pole will spend some PLN 1,000 for vacations in Poland and twice that much for vacations abroad, indicates a recent survey run by Money.pl portal. According to the portal 39 pct of Poles will spend vacations in the country and 34 pct abroad. Two thirds of those who will spend vacations in the country will go to the seaside or lakes. The rest plans to go to the mountains or visit other cities.

14 pct of Poles will visit Croatia, 10 pct – Spain. Italy and Greece will be visited by 9 pct of Poles each. Tunisia and Egypt

■ The unemployment rate in May 2009 stood at 10.8 pct versus 11.0 pct in April 2009, the Central Statistical Office GUS reported Thursday. The number of jobless registered with job placement offices totalled 1,683.4 thousand people at the end of May.

■ The Monetary Policy Council (RPP) on Wednesday cut all interests rates by 25 base points. The central bank (NBP) reference rate will not be lower than 3.50 percent. The RPP decision means that the 7-day intervention rate will be not lower than 3.50 percent, the lombard rate 5.00 percent, and the re-discount rate – 3.75 percent. The deposit rate will not be lower than 2.00 percent.

■ The International Monetary Fund predicts a decline of the Polish GDP by 0.5 pct in 2009 and a slight grow, by around 1 pct, in 2010, the IMF wrote in a communiqué issues Tuesday. According to the IMF the deficit of Poland's public finances sector may reach 6 pct of GDP in 2009. A 5.5 pct deficit is admissible from the point of view of the security of public finances, the communiqué reads.

■ New orders for Poland's industry fell in May by 15.4 pct year-on-year, after a 20.3 decline in April 2009, the Central Statistical Office GUS said on Thursday. Month-on-month the

will be visited by 7 pct each. From 2 to 5 pct plan to go to Bulgaria, France, Tunisia, Portugal, Great Britain or Scandinavian countries.

28 pct do not plan to go on vacations and 3 pct plan to work abroad during a holiday leave.

new orders rose by 3.6 pct compared to a 2.5 pct decline in April 2009.

■ The retail trade in May went up by 1.1 pct in May 2009 after a 1.0 pct y/y decline in April 2009 and a 2.1 pct decline in April 2009, the Central Statistical Office GUS reported Thursday. In real terms the retail trade in May 2009 fell by 0.5 pct y/y, after a 0.7 pct y/y decline in April 2009.

■ Between January and May 2009 industry's labour profitability was 5.2 pct lower than in the same period of 2008 with employment decline of 4.3 pct and growth of a monthly gross wage by 5.3 pct year-on-year, the Central Statistical Office GUS reported on Thursday.

■ The State Treasury debt at the end of April rose 0.1 per cent month-on-month or by 524.4 million zlotys to 601 billion and 597.5 million zlotys, the Finance Ministry said on Monday. Since the start of the year, the debt grew by 31.68 billion zlotys or 5.6 per cent.

Lewiatan: 54 pct of firms report sale downfall between January and May 2009

In the first four months of 2009 a total of 54 pct of firms recorded sale decline of 31 pct on the average from the comparable period of 2008. At the same time 44 pct of firms believe that their conditions would improve in the 2nd half of the year, indicates a recent survey run by the Polish Confederation of Private Employers PKPP Lewiatan.

The survey covered 358 randomly selected firms. Lewiatan expert Małgorzata Krzysztozek said optimism does not have any substantiation in macroeconomic parameters. "Businessman often forget that to cope well with crisis firms should be restructured and cost of operations should be cut," Krzysztozek said and added that "the above is often related to "lay-offs."

According to the Lewiatan survey one third of firms laid off workers in the four months of 2009 with most of them in middle-sized firms (49 pct) and big firms (37 pct). Nearly half of said firms pointed to economic crisis as the reason behind lay-offs. The biggest number of lay offs was reported from industrial, transport firms and the warehouse and communication sectors. In the 2nd half of 2009 lay offs are planned by one fourth of firms. Lay off plans have been declared by 34 pct big and 39 pct SMEs.

Sale decline was report by 12.5 pct of big firms, 34.3 pct of medium-sized firms and 48 pct of small firms compared to the same period of 2008. The biggest sale decline was reported by firms from industrial processing, construction, real estate, warehouses management and communication sector.

"As many as 20 pct of Polish firm-owners admit that their future is uncertain. Such situation has occurred never before. Uncertainty was indicated

FINANCE

The State Treasury will be entitled to dividends from profits of the Warsaw Stock Exchange and the National Securities Deposit under a Sejm amendment on trading in financial instruments.

WARSAW STOCK EXCHANGE

The treasury ministry has positively evaluated offers of four foreign stock exchanges to buy a majority stake in the Warsaw Stock Exchange. The exchanges in question are: Deutsche Boerse, London Stock Exchange (LSE), NASDAQ OMX and New York Stock Exchange Euronext (NYSE Euronext), the treasury ministry reported.

BANKS

The value of housing credit granted by banks in May 2009 rose by PLN 3 bln 934.9 mln from April his year, the National Bank of Poland has said. In April the value of housing credits fell by PLN 7 bln 907.2 mln. In foreign currencies the value of credits in May rose by PLN 2 bln 484.9 mln month-on-month, after a PLN 9 bln 37 mln decline in April. The value of credits in PLN in May rose by 1 bln 450 mln, after a growth by PLN 1 bln 129.8 mln in April.

INVESTMENTS

Japan Tobacco International (JTI) Has invested USD 100 mln in the construction of and equipment for a cigarette-making plant in Gostków Stary, central Poland.

by 27 pct of big and 14 pct of small firms,” Krzysztof said.

She added that “despite uncertain future firms are not afraid of investments thought they implement them below their plans.” She added that only 11 pct of the surveyed by Lewiatan suspended investments, 30 pct implements less investments than they envisaged, 36 pct goes according to the plan and only 2 pct have investment plans for the future.

1 USD = 3.21 PLN

1 EUR = 4.50 PLN

The plant employs more than 400 people and the annual output is to reach 5.5 bln cigarettes. By 2011 the annual production is to exceed 20 bln cigarettes.