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BANK POLSKI

No 04/21 (October 2021)

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# NBP Quick Monitoring Survey

Economic climate in the enterprise sector  
Summary



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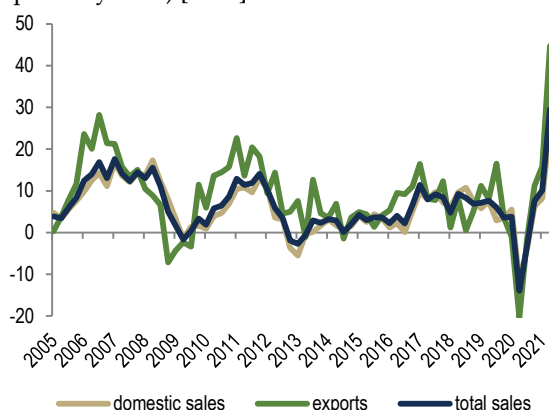
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# **NBP Quick Monitoring Survey**

## **Economic climate in the enterprise sector Summary**

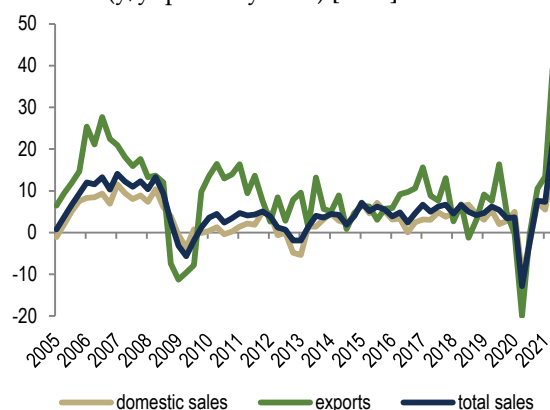
In 2021 Q2, domestic and foreign sales revenue of the non-financial corporations (NFC) sector covered by the F-01/I-01 statistics report of Poland (the Statistics Poland, GUS) – both in nominal and real terms – exceeded not only the values recorded before the onset of the pandemic, but also those indicated by long-term trends. The cost of goods sold also in 2021 Q2 rose at a markedly slower pace than revenue. The fastest growth was observed in the cost of materials and commodities as well as goods, while labour cost (although posting the fastest growth since 2008) and cost of third party services increased at a slower pace. The result on financial operations proved much better than a year ago – due to a significant dividend yield, among others. As a result, the aggregate financial result of the enterprise sector continued to grow at a very fast pace (y/y) in 2021 Q2, as albeit slower than in 2021 Q1.

**Figure 1** Nominal growth in sales revenue (y/y quarterly data) [in %]



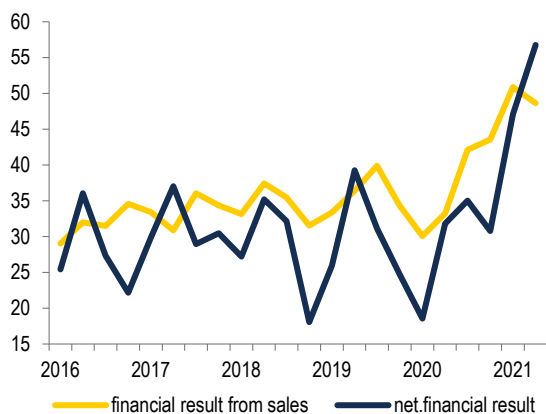
Source: Financial statements, GUS data

**Figure 2** Real (PPI-adjusted) growth in sales revenue (y/y quarterly data) [in %]



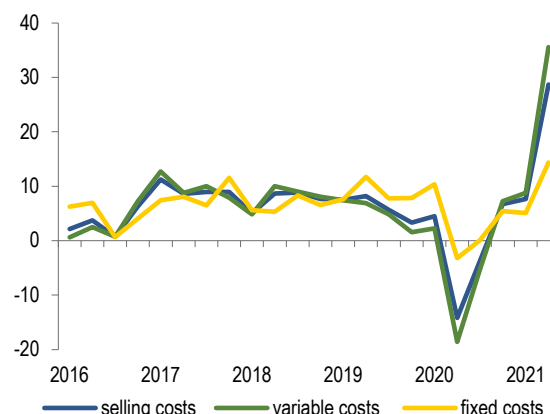
Source: Financial statements, GUS data

**Figure 3** Financial result from sales and net financial result (quarterly data, PLN billion)



Source: Financial statements, GUS data, NBP study

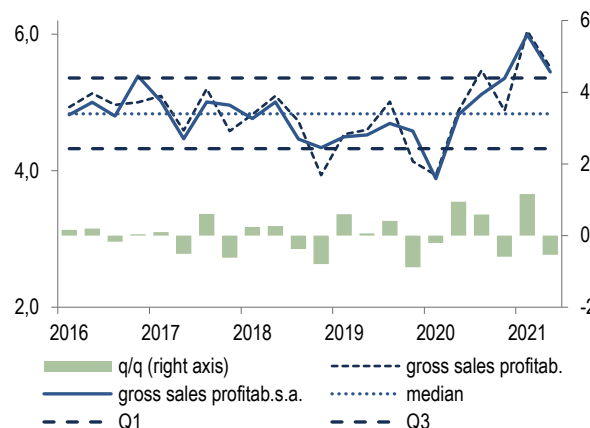
**Figure 4** Growth rate of fixed and variable costs (y/y, quarterly data)



Source: Financial statements, GUS data, NBP study

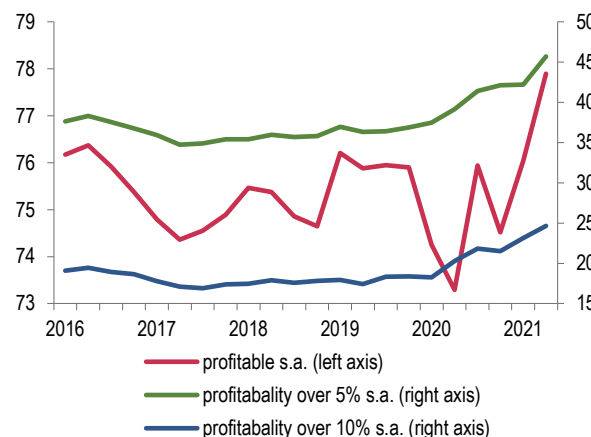
Although the findings of the cross-sectional analysis show that the financial situation of the enterprise sector in 2021 Q2 remained diversified, the great majority of enterprises recorded a rise in both profit and profitability. A marked improvement was observed particularly in the industries affected by the pandemic restrictions.

**Figure 5** Sales profitability ratio (quarterly data)



Source: Financial statements, GUS data, NBP study

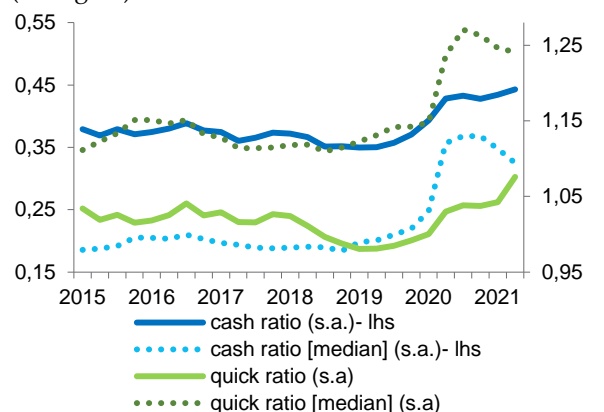
**Figure 6** Percentage of profitable companies and those with profitability above 5% and 10% (s.a. data)



Source: Financial statements, GUS data, NBP study

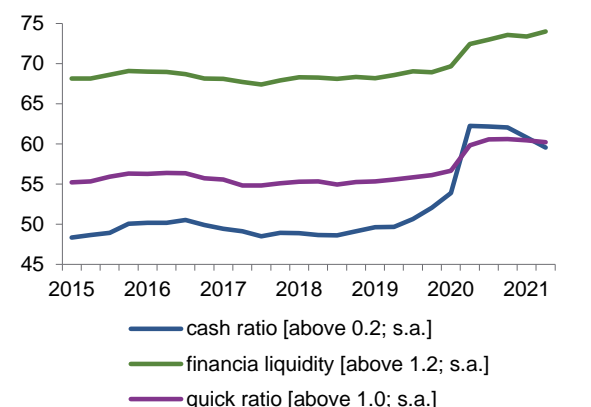
Owing to the excellent financial results of the NFCs, average liquidity ratios of companies in 2021 Q2 hit their all-time highs once again. However, the percentage of companies with the cash ratio above the reference level of 0.2 is on a gradual decline, while almost 60% of the respondents maintain very high liquidity.

**Figure 7** Quick ratio (2<sup>nd</sup> degree) and cash ratio (1<sup>st</sup> degree)



Source: Financial statements, GUS data, NBP study

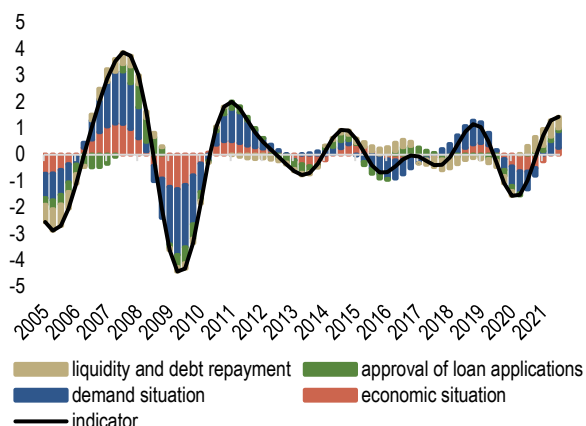
**Figure 8** Percentage of companies with liquidity ratios above their reference levels



Source: Financial statements, GUS data, NBP study

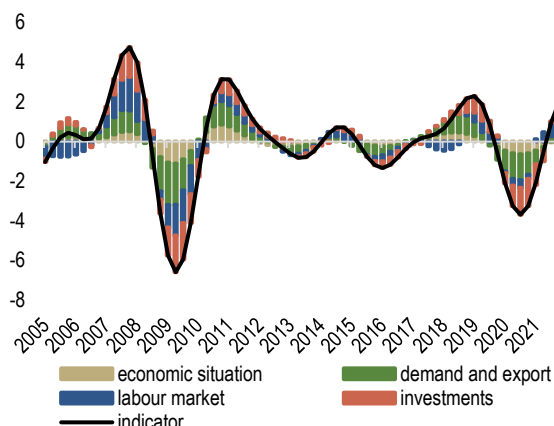
In 2021 Q3, the synthetic indicator of the current situation of enterprises climbed to the highest value for approx. 10 years. The rapid improvement of the indicator, following the shock triggered by the coronavirus pandemic and restrictions imposed on the free functioning of the economy, was mainly due to the exceptionally good liquidity situation of the enterprise sector (supported by the anti-crisis shield measures).

**Figure 9** Synthetic indicator of the current situation



Source: NBP Quick Monitoring Survey

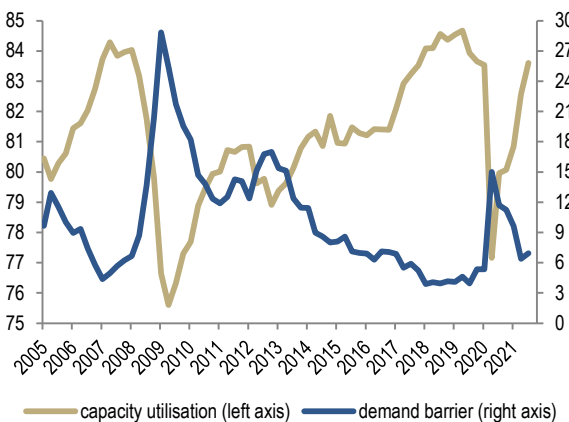
**Figure 10** Synthetic indicator of the future situation



Source: NBP Quick Monitoring Survey

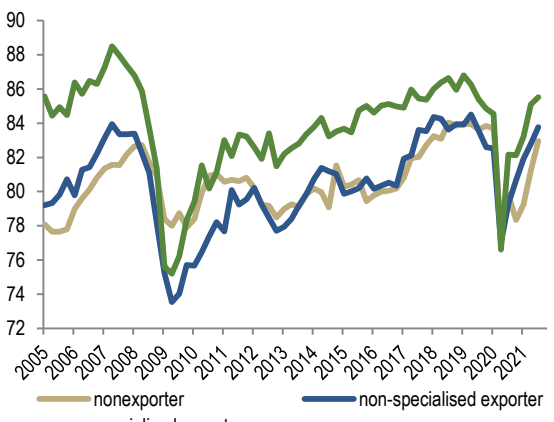
In 2021 Q3, capacity utilisation increased across all classes of enterprises, classified according to the purpose of production and services, both among exporters and non-exporters. The rapidly rising capacity utilisation after the COVID-19 crisis was one of the reasons why problems with stock shortages, especially shortage of materials and commodities, escalated in this quarter. In the respondents' opinion, the key consequences of these shortages were higher costs, delays in orders' execution and partly unrealised revenues and profits.

**Figure 11** Capacity utilisation (s.a.) and demand barrier (s.a.) [in %]



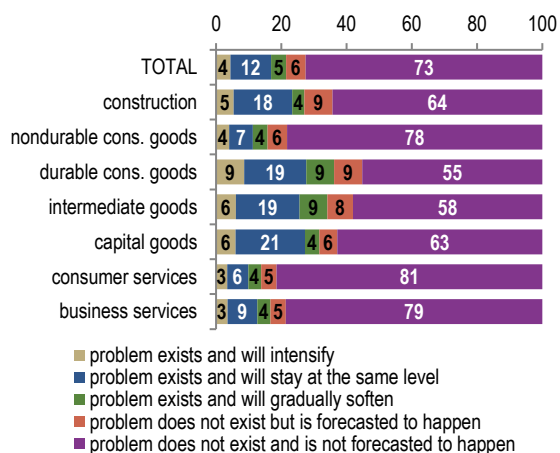
Source: NBP Quick Monitoring Survey

**Figure 12** Capacity utilisation by export category (s.a.) [in %]



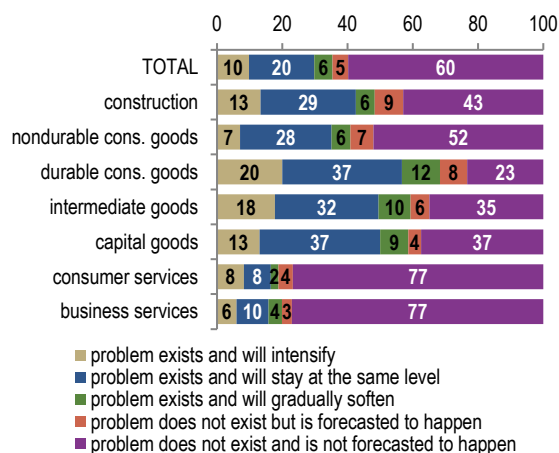
Source: NBP Quick Monitoring Survey

**Figure 13** Problem of demand exceeding production capacity (percentage of responses) [in %]



Source: NBP Quick Monitoring Survey

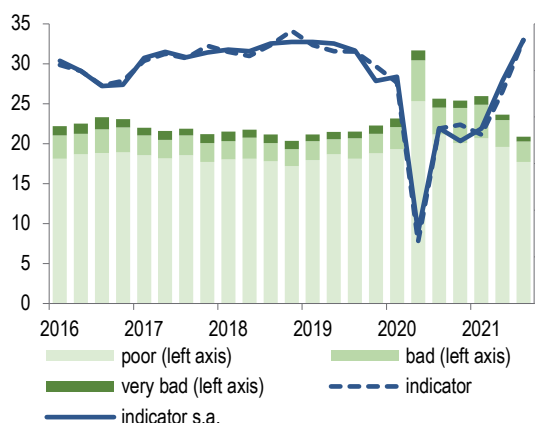
**Figure 14** Problem of shortage of materials and commodities (percentage of responses) [in %]



Source: NBP Quick Monitoring Survey

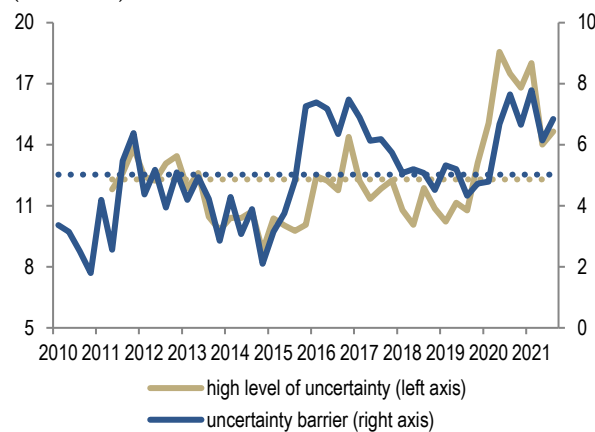
2021 Q3 also saw an improvement in the situation of companies in most industries and classes surveyed and – due to the low base effect, among others – its scale was one of the largest in the last few years. At the same time, the uncertainty felt by companies increased slightly as compared to the second quarter, persisting above the long-term average.

**Figure 15** Assessment of the current situation (balance, in pp.) and percentage of companies in a poor, bad and very bad situation (in %)



Source: NBP Quick Monitoring Survey

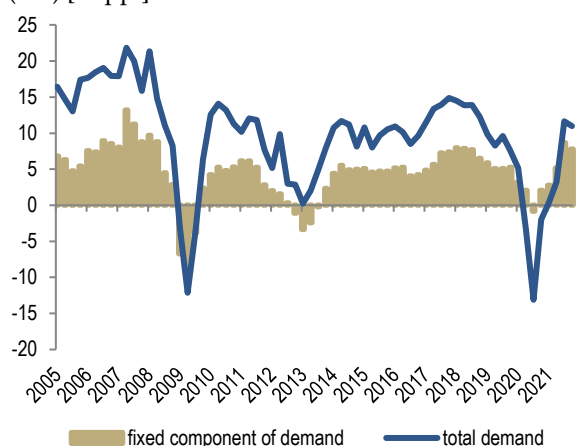
**Figure 16** Percentage of companies assessing uncertainty as high and percentage of companies considering uncertainty as a barrier to development (in %; s.a.)



Source: NBP Quick Monitoring Survey

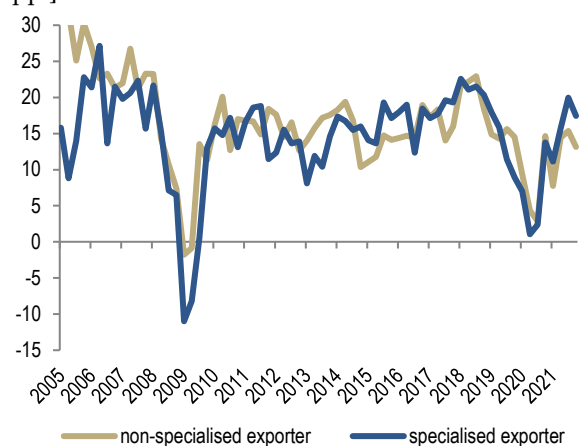
Forecasts point to a slight slowdown in the improvement of aggregate demand– both in a quarterly and yearly horizon. Such export outlook indices also suggest that both in 2021 Q4 and in a yearly horizon export growth will decline slightly. However, their current levels are so high that the situation will continue to be favourable.

**Figure 17** Quarterly Demand Forecast Indicator (s.a.) [in pp.]



Source: NBP Quick Monitoring Survey

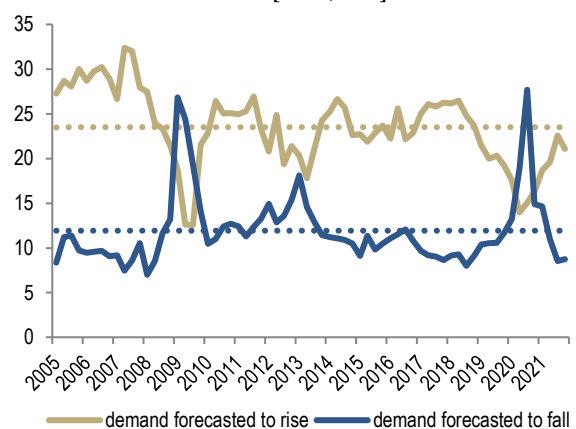
**Figure 18** Quarterly Export Outlook Index (s.a.) [in pp.]



Source: NBP Quick Monitoring Survey

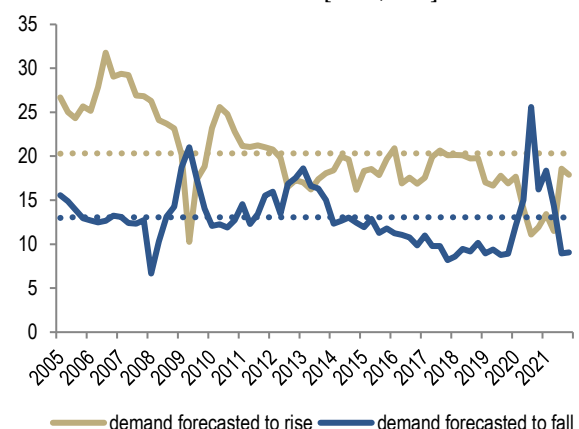
Forecasts for the NFC sector for 2021 Q4 and the next 12 months also point to a lower scale of improvement in the situation of companies than in the previous quarter. While the indicators of quarterly and annual forecasts have markedly fallen in quarter-on-quarter terms, they continue to be higher than last year. Companies also expect profitability to improve at a slower pace.

**Figure 19** Percentage of exporters forecasting a rise and decline in demand [in %, s.a.]



Source: NBP Quick Monitoring Survey

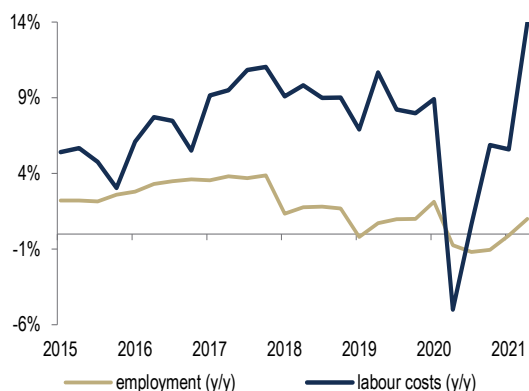
**Figure 20** Percentage of non-exporters forecasting a rise and decline in demand [in %, s.a.]



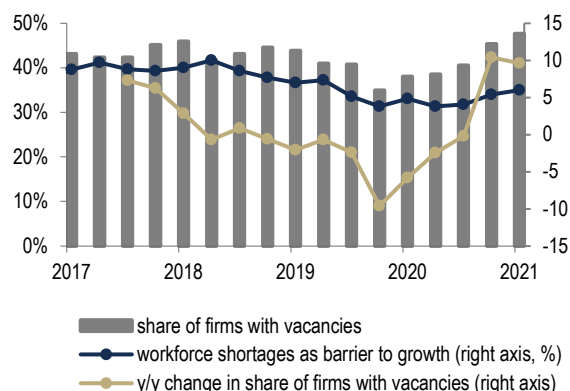
Source: NBP Quick Monitoring Survey

The respondents point to a further rise in labour demand. In 2021 Q3, the percentage of enterprises reporting job vacancies reached the highest level since 2016. Labour shortage is the most frequently reported by large companies. The forecasts for labour demand in 2021 Q4 are also record high – the share of companies planning to increase their workforce has attained an all-time high. Annual employment forecasts are also optimistic.

**Figure 21** Employment and labour cost growth (y/y)



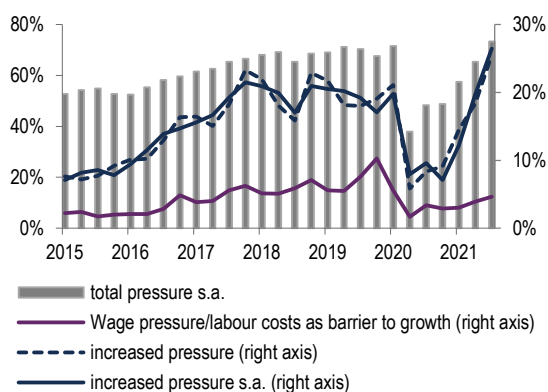
**Figure 22** Percentage of companies reporting job vacancies; percentage of companies considering labour shortage as a barrier to development



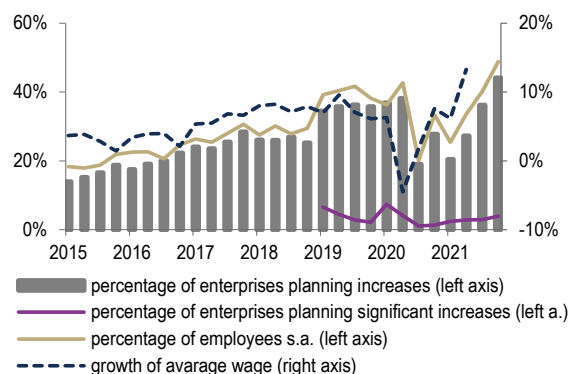
Source: Financial statements, GUS data, NBP study      Source: NBP Quick Monitoring Survey

The rise in labour demand was accompanied by a significant increase in wage pressure. Moreover, the percentage of companies expecting average wages to rise in the coming quarter hit its all-time high. However, the average level of the expected wage rise remained similar to that recorded in the previous period. Although the percentage of enterprises reporting faster wage growth compared to labour productivity growth increased by 22.4% (by 4 pp. q/q), it continues to be lower than directly before the onset of the pandemic.

**Figure 23** Percentage of companies experiencing wage pressure; percentage of companies declaring wage pressure/high labour costs as a barrier to growth



**Figure 24** Percentage of companies planning wage rises within a quarter



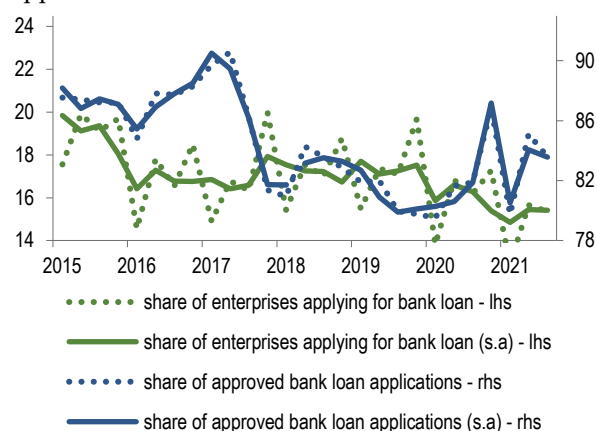
Source: NBP Quick Monitoring Survey

Source: NBP Quick Monitoring Survey

The surveyed companies declared that in 2021 Q3 the demand for bank loans remained low, as only 15% of the respondents applied for loans. On the other hand, the availability of bank loans increased (y/y) – approx. 84% of loan applications received a positive loan decision. According to the NBP Quick Monitoring Survey, the balance of the expected loan demand in 2021 Q4 did rise slightly (q/q), and large companies anticipate to increase their debt. However, when analysing the above results, it should be emphasised that enterprises currently have ample financial resources at their disposal.

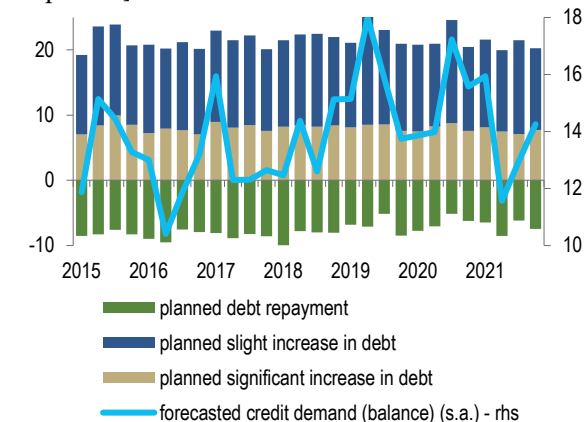


**Figure 25** Percentage of filed and approved loan applications



Source: NBP Quick Monitoring Survey

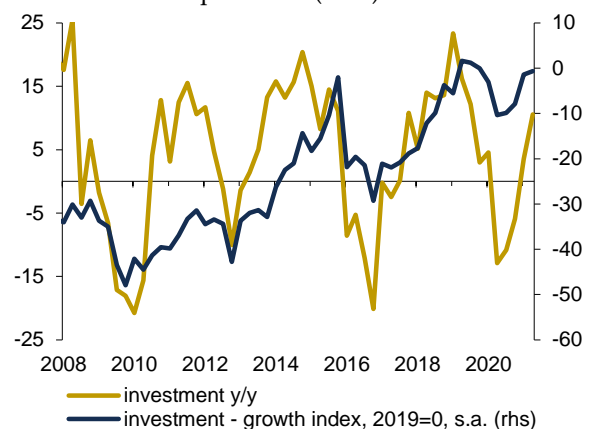
**Figure 26** Forecasts of loan demand [percentage of responses]



Source: NBP Quick Monitoring Survey

The expected rise in demand and the sound economic and financial situation of enterprises supported further improvement of the already positive investment sentiment in the sample – in the public sector, in industry, in large companies and exporter enterprises in particular.

**Figure 27** Investment in medium-sized and large non-financial corporations (in %)



Source: Financial statements, GUS data, NBP study

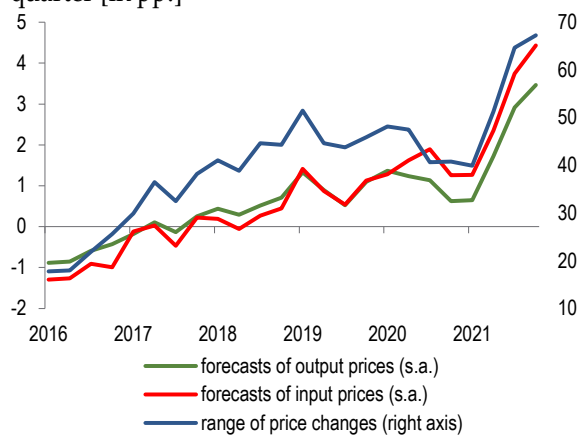
**Figure 28** OPTIN s.a. (share of companies with positive forecasts of investment activity, in %)



Source: NBP Quick Monitoring Survey

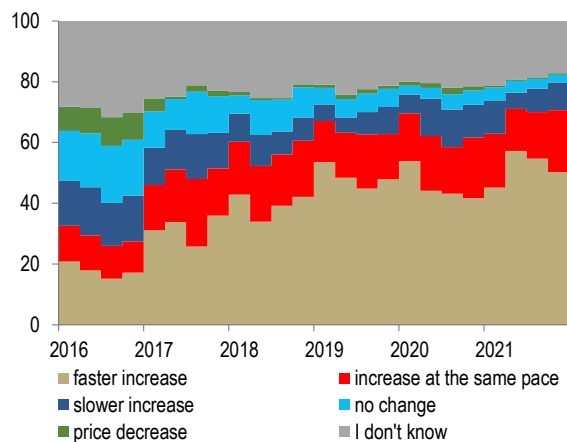
Growth in producer prices of enterprises surveyed in the NBP Quick Monitoring is expected to accelerate further in 2021 Q4. The expected rise in the prices of offered products is mainly due to rising prices of supplies, which is often related to the developments in the prices of materials and commodities in the global market amid their shortages. The enterprises affected by shortages of commodities expect prices to grow in 2021 Q4 twice as fast as forecast by other enterprises. Also over the horizon of the next 12 months companies much more frequently expect producer prices to increase.

**Figure 29** Expectations of changes in own prices and prices of materials and commodities in the coming quarter [in pp.]



Source: NBP Quick Monitoring Survey

**Figure 30** Forecasts of CPI in one-year horizon [in %]



Source: NBP Quick Monitoring Survey

Technical notes:

1. The study is based on two data sources: the NBP Quick Monitoring Survey and Reports on income, costs, financial results and investment outlays on fixed assets (hereinafter referred to as GUS Reports).
2. NBP Quick Monitoring Surveys have been conducted without interruption since the end of 1997. The latest survey took place in September 2021. 2,711 entities selected from all over the country participated in the survey, representing: all the NACE sections apart from agriculture, forestry and fisheries; both ownership sectors; the SME sector and large entities. The micro enterprise sector is under-represented.
3. Enterprises are obliged to submit the GUS Reports at the end of each quarter. The reporting obligation applies to enterprises employing more than 49 persons as at the end of the preceding year. The number of enterprises covered by the survey as at the end of June 2021 was 16,646. The following are subject to the reporting obligation: all NACE sections apart from the financial sector and agriculture, forestry and fisheries.

The full version of the report in Polish is available on the NBP website:

[http://www.nbp.pl/home.aspx?c=/ascx/koniunktura\\_prezentacja.ascx](http://www.nbp.pl/home.aspx?c=/ascx/koniunktura_prezentacja.ascx)

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