



NARODOWY
BANK POLSKI

No 03/23 (July 2023)

NBP Quick Monitoring Survey

Economic climate in the enterprise sector

Summary



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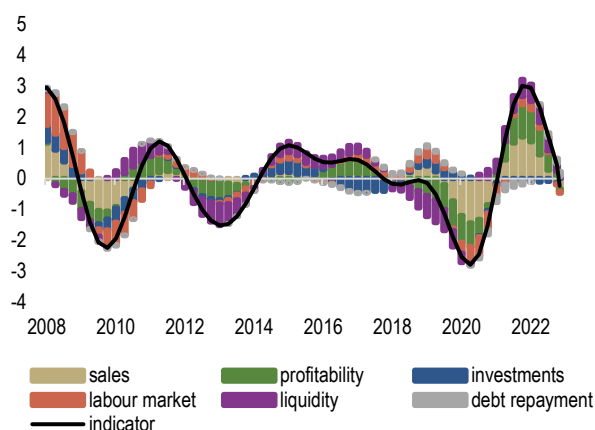
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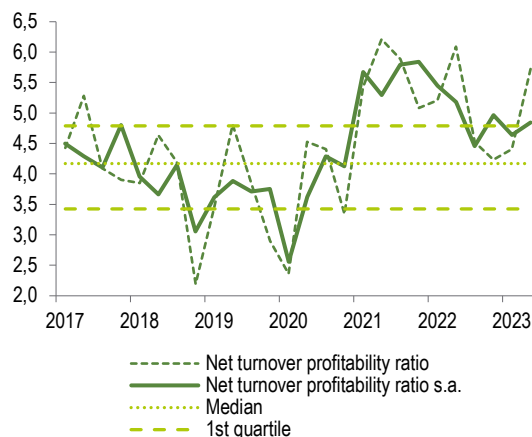
In 2023 Q1, the economic and financial condition of the non-financial corporation (NFC) sector deteriorated, which is indicated by the synthetic indicator of the economic and financial condition (SSEF) based on Statistics Poland reporting (GUS F-1 reports). In particular the sector's profitability dropped from very high levels observed a year ago. Also financial results from sales of the NFC sector declined slightly, yet continued at a high level.

Figure 1 Synthetic economic and financial condition indicator (SSEF) in NFCs



Source: Financial statements, GUS data, NBP study

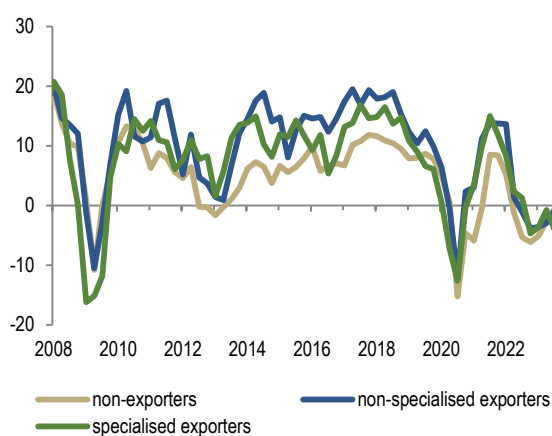
Figure 2 Net turnover profitability ratio (quarterly data)



Source: Financial statements, GUS data, NBP study

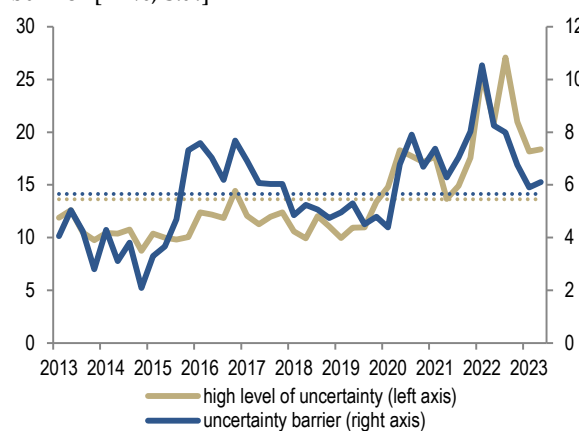
The results of the NBP Quick Monitoring Survey suggest that in 2023 Q2 the economic climate in the enterprise sector remained subdued but ceased to deteriorate. In 2023 Q3 firms expect a slight decline in demand for goods and services caused by the projected decline in domestic demand amid weakened growth in external demand. On the other hand, in annual terms enterprises expect demand to stabilize. At the same time, the uncertainty of the assessments expressed by respondents participating in the NBP Quick Monitoring Survey remains high.

Figure 3 Quarterly demand forecasts indicator by involvement in exports [in p.p, s.a.]



Source: NBP Quick Monitoring Survey

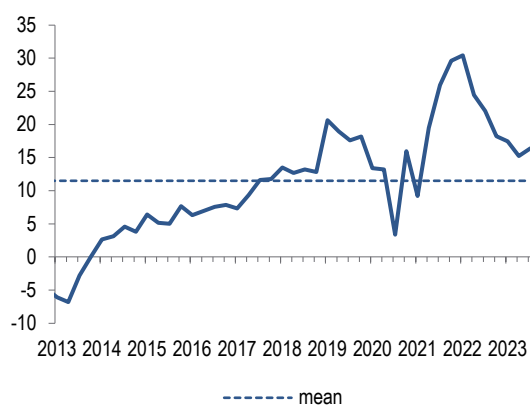
Figure 4 Percentage of enterprises assessing uncertainty as high and declaring it to be a growth barrier [in %, s.a.]



Source: NBP Quick Monitoring Survey

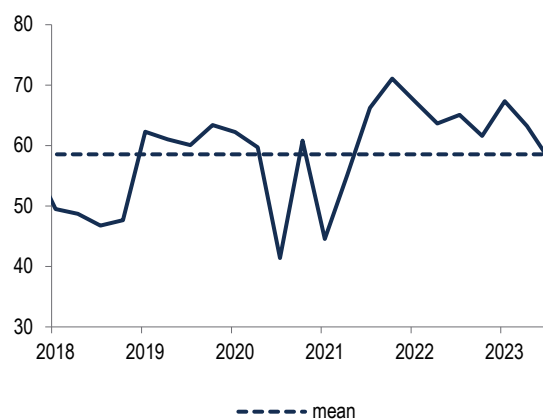
In the light of GUS F-01 reports, in 2023 Q1 employment in the enterprise sector was higher than a year before, yet it was partly caused by a marked increase in the number of firms filing the reports. At the same time, the surveyed enterprises indicate that the demand for labour – after having dropped considerably – picked up slightly in 2023 Q2. Rising employment coupled with wage increases led to a marked increase in labour costs. Due to the weakening growth in the prices of commodities and materials, wages play an increasingly important role in determining the overall cost level. The findings of the NBP Quick Monitoring Survey show, however, that the percentage of enterprises declaring growing wage pressure dropped slightly and its impact on wage growth declined for another consecutive quarter. Also the scale of planned wage increases shrank.

Figure 5 Index of quarterly employment forecasts [in p.p., s.a.]



Source: NBP Quick Monitoring Survey

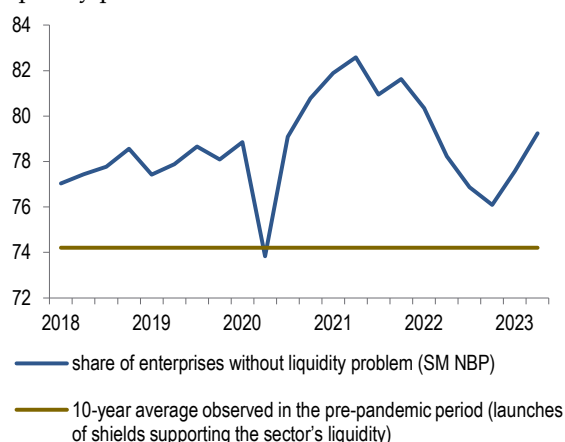
Figure 6 Impact of wage pressure on wage increase forecasts [share of firms planning wage increases versus the total number of firms declaring mounting wage pressure, %, s.a.]



Source: NBP Quick Monitoring Survey

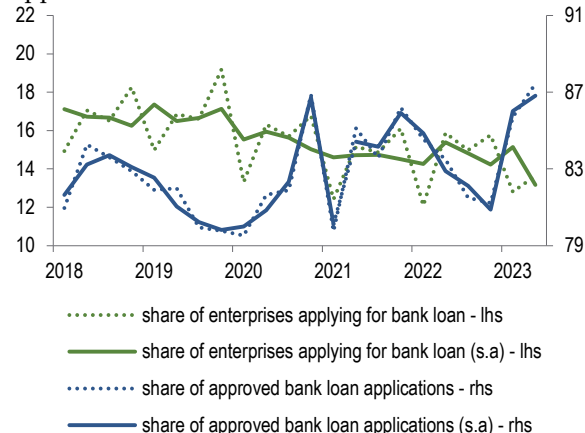
Both the data resulting from GUS F-01 reports as well as the findings of the NBP Quick Monitoring Survey point to the continuing relatively robust liquidity amid high availability of external financing. The percentage of enterprises which do not experience any liquidity problems rose, and for the first time in 6 quarters more firms expected their liquidity to improve rather than deteriorate within a one-year horizon. In Q1 bank loan availability improved, but – in the light of the findings of the NBP Quick Monitoring Survey – the popularity of this source of financing among enterprises is falling.

Figure 7 Percentage of enterprising without liquidity problems



Source: NBP Quick Monitoring Survey

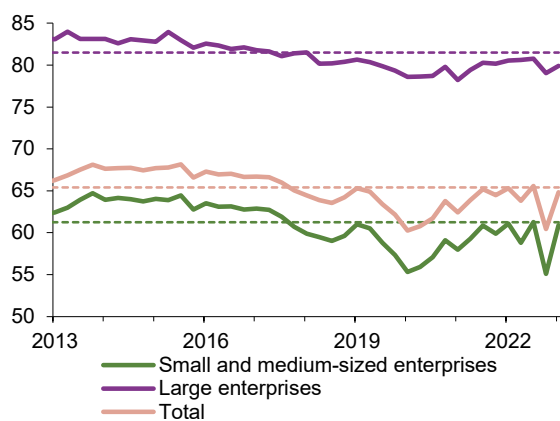
Figure 8 Percentage of filed and approved loan applications



Source: NBP Quick Monitoring Survey

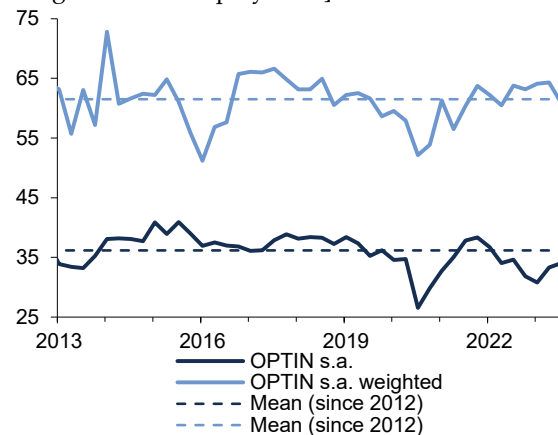
The findings of the NBP Quick Monitoring Survey show that the investment climate in the non-financial sector, despite some improvement, remains weak. The percentage of firms planning to embark on new investment remains low and in one-quarter horizon, the number of firms intending to increase the scale of investment outlays is the same as the number of those who intend to limit it. Deteriorating sentiment was also observed among the largest enterprises, who had become less interested in undertaking new investment projects and give up the already started projects more often.

Figure 9 Investors by employment level [% of firms, s.a.]



Source: Financial statements, GUS data, NBP study

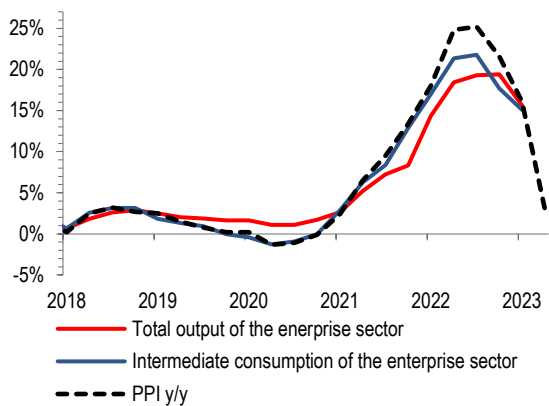
Figure 10 OPTIN s.a. [percentage of firms with positive outlook for investment activity, in % weighted with employment]



Source: Financial statements, GUS data, NBP study

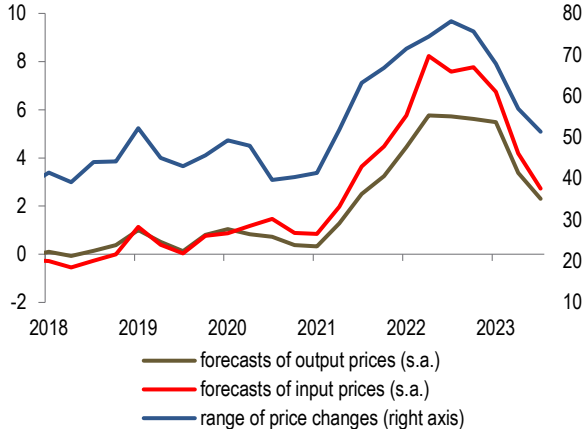
The findings of the NBP Quick Monitoring Survey point to several disinflationary processes in the non-financial corporation (NFC) sector. Especially Q1 was the one to see a marked decline in production price growth and the assessments and forecasts of the surveyed enterprises point to their further decline in Q2 and Q3 and also within one-year horizon. What is more, enterprises inform that due to, among other things, weaker demand it is more difficult for them to pass rising production costs through to prices of offered goods and services. Also the firms' expectations of consumer price inflation in the nearest 12 months have fallen markedly.

Figure 11 Annual growth in global production prices in the enterprise sector, intermediate consumption and PPI [in %]



Source: GUS data, NBP study

Figure 12 Expected changes in own production prices and prices of materials and raw materials in the coming quarter [in pp.]



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 June 2023. 2642 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 March 2023 was 17,036. 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

nbp.pl

