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BANK POLSKI

No 01/24 (January 2024)

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# NBP Quick Monitoring Survey

Economic climate in the enterprise sector  
Summary



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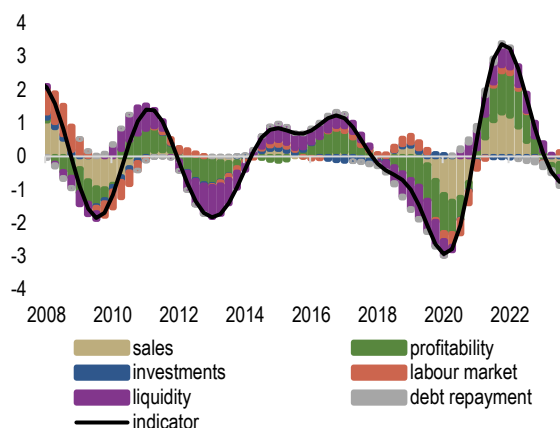
# **NBP Quick Monitoring Survey**

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

### **Summary**

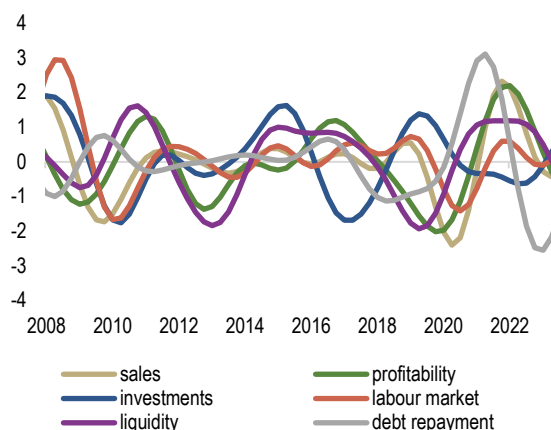
In 2023 Q3, the financial situation of the enterprise sector was worse than the quarter before as well as a year earlier. For the first time in three years, the sector's nominal sales revenue had declined in year-on-year terms. This was driven by a fall in foreign sales and weaker domestic sales growth. However, real sales revenue continued to grow, albeit at a slower pace than the quarter before.

**Figure 1** Synthetic economic and financial condition indicator (SSEF)



Source: Financial statements, GUS data, NBP study

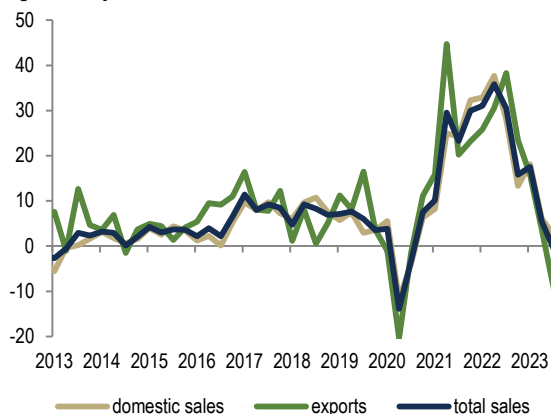
**Figure 2** Components of synthetic economic and financial condition indicator (SSEF)



Source: Financial statements, GUS data, NBP study

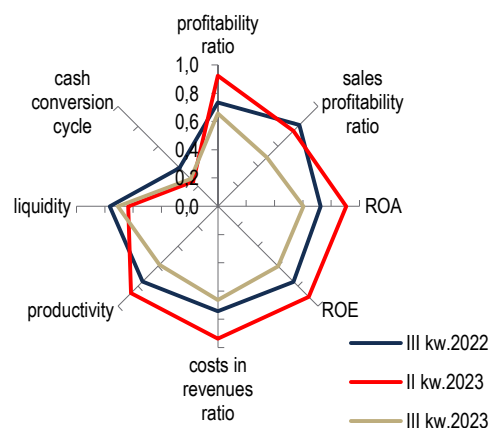
The fall in sales revenue was accompanied by lower sales profitability and a decline in efficiency indicators as well as some indicators of business performance. In turn, the liquidity of the sector – although slightly higher than in 2023 Q2 – was lower than in the corresponding period of 2022.

**Figure 3** Nominal y/y growth in sales revenue (quarterly data) [in %]



Source: Financial statements, GUS data, NBP study

**Figure 4** Key performance and efficiency indicators

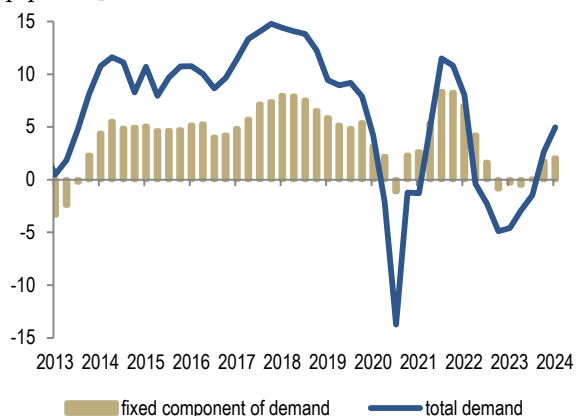


Source: Financial statements, GUS data, NBP study

At the same time, the results of the NBP Quick Monitoring Survey suggest that the economic situation of enterprises improved in 2023 Q4. Moreover, the surveyed enterprises expect the business climate to improve

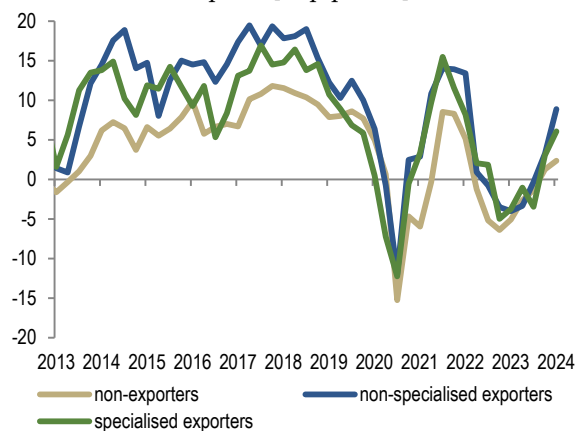
further both in the horizon of 2024 Q1 and the whole of the current year. Such optimistic expectations were expressed by all the groups covered by the survey. Companies anticipate that the main driver of demand growth in 2024 Q1 will be the recovery in domestic demand, while stronger foreign demand amid a moderate growth in domestic demand will play a greater role in the horizon of one year. The expected more favourable demand conditions, together with an increase in profitability forecast by companies are reflected in a higher share of firms expecting their economic situation to improve in 2024. Nevertheless, the outlook for the economic situation remains moderately optimistic (the indicator has not exceeded the long-term median).

**Figure 5** Quarterly demand forecast indicator [in p.p., s.a.]



Source: NBP Quick Monitoring Survey

**Figure 6** Quarterly demand forecast indicator by involvement in exports [in p.p., s.a.]

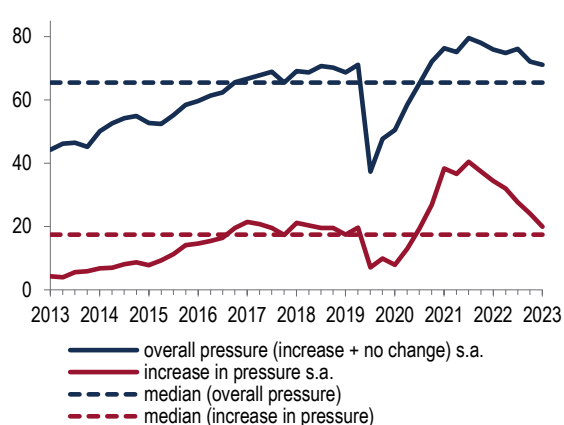


Source: NBP Quick Monitoring Survey

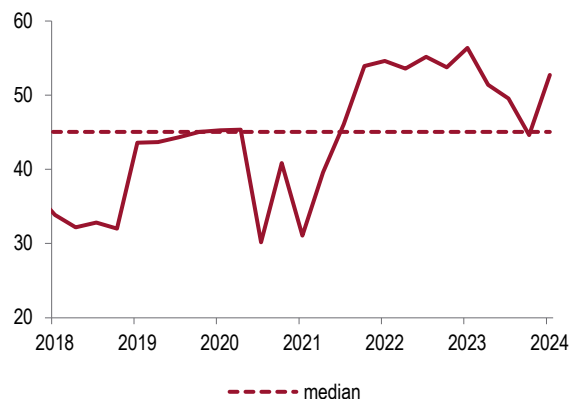
The respondents of the NBP Quick Monitoring Survey assess the outlook for the labour market more favourably. The quarterly forecasts of employment have stabilised at a high level; however, annual forecasts have risen once again, exceeding slightly the historical median level. The share of respondents planning to raise wages in 2024 Q1 was higher than a quarter ago, markedly exceeding the 10-year median in 2024 Q1. The average amount of pay rises planned in this period has also risen slightly. Firms' plans to increase wages may to a great extent reflect adjustments related to the increase in the minimum wage, particularly given the continued slight easing of wage pressures experienced by firms.

**Figure 7** Share of firms declaring wage pressure [% , s.a.]

**Figure 8** Impact of wage pressure on wage increase forecasts [share of firms planning wage increases versus the total number of firms declaring presence of wage pressure, %, s.a.]



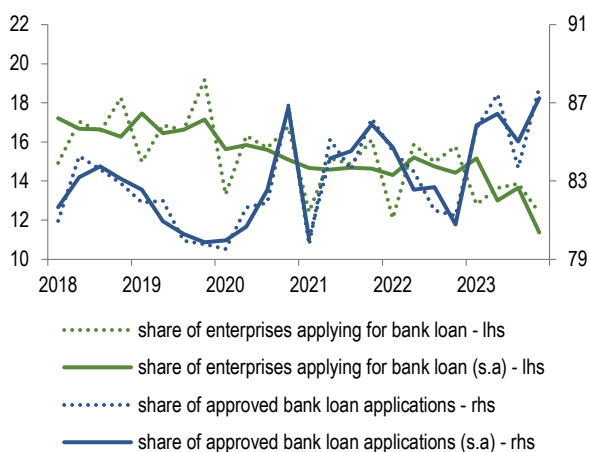
Source: NBP Quick Monitoring Survey



Source: NBP Quick Monitoring Survey

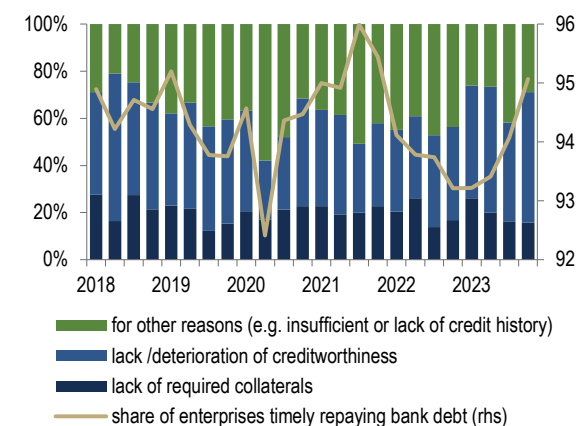
The businesses surveyed in the NBP Quick Survey Monitoring continued to indicate little need of bank financing, and, according to the forecasts they made, the situation will not change in 2024 Q1. At the same time, the quality of debt service by businesses, as well as credit availability, remain high. In particular, only a small share of businesses mention insufficient availability of bank financing as a barrier restricting their investment activity.

**Figure 9** Percentage of filed and approved loan applications



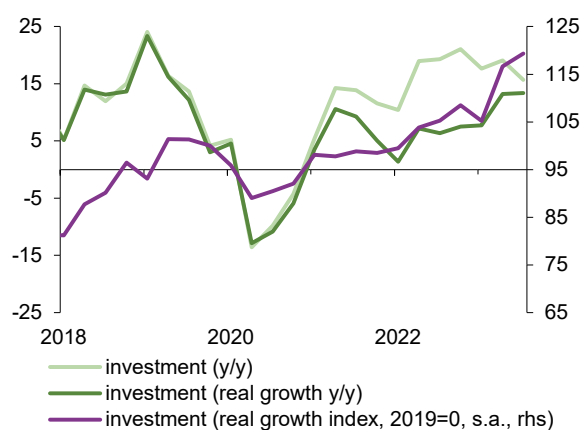
Source: NBP Quick Monitoring Survey

**Figure 10** Declared credit debt service and structure of reasons to reject a loan application [% of responses]

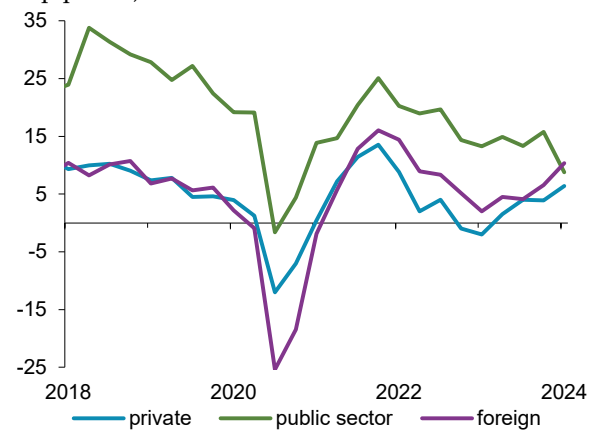


Source: NBP Quick Monitoring Survey

Investment outlays of firms covered by the GUS F-01/I-01 financial report increased considerably in 2023 Q3. At the same time, in light of the NBP Quick Monitoring Survey, the outlook for investment activity continues to improve, despite weaker forecasts in this respect formulated by large companies, particularly public sector ones.

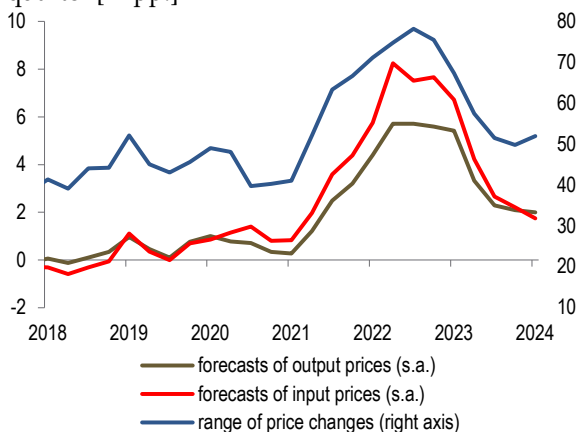
**Figure 11** Investment growth in medium-sized and large non-financial enterprises (in %)

Source: Financial statements, GUS data, NBP study

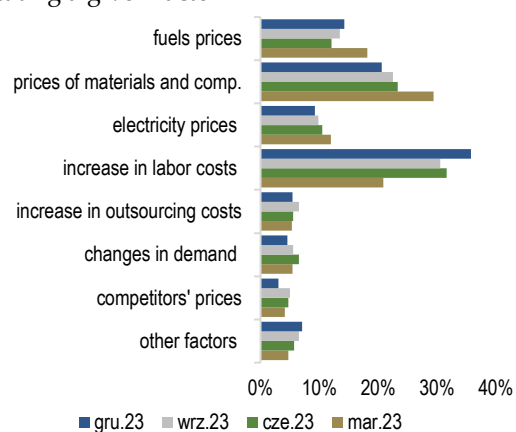
**Figure 12** Planned change in the scale of investment during the year by ownership (balance of changes<sup>1</sup>, in p.p., s.a.)

Source: NBP Quick Monitoring Survey

The respondents of the NBP Quick Monitoring Survey expect the stabilisation in their own prices in 2024 Q1. At the same time, close to half of the businesses reported that, should unit costs increase, they would have considerable difficulty in passing this increase on in prices. In contrast, firms expect a slight increase in own price growth over the coming 12 months, pointing at rising labour costs as the prime factor responsible for the expected price growth.

**Figure 13** Expectations of change in own prices and prices of raw materials and commodities in the next quarter [in pp.]

Source: NBP Quick Monitoring Survey

**Figure 14** Factors determining the forecast increase in the price of output – percentage of firms indicating a given factor

Source: NBP Quick Monitoring Survey

<sup>1</sup> The indicator shows the balance of planned y/y changes in investment outlays (share of firms planning an increase in outlays minus the share of firms planning a decrease in outlays). These are consecutive forecasts for a given year; thus, in subsequent rounds of the survey during the year, the horizon of the forecasts is shorter.

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). The current edition of the study has been complemented with data from the Annual NBP Survey. The survey was conducted in December 2023 on a sample of 2022 enterprises.
2. NBP Quick Monitoring Surveys have been conducted without interruption since the end of 1997. The latest survey took place in December 2023. 2525 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 September 2023 was 17,587. 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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