



NARODOWY
BANK POLSKI

No 02/24 (April 2024)

NBP Quick Monitoring Survey

Economic climate in the enterprise sector
Summary



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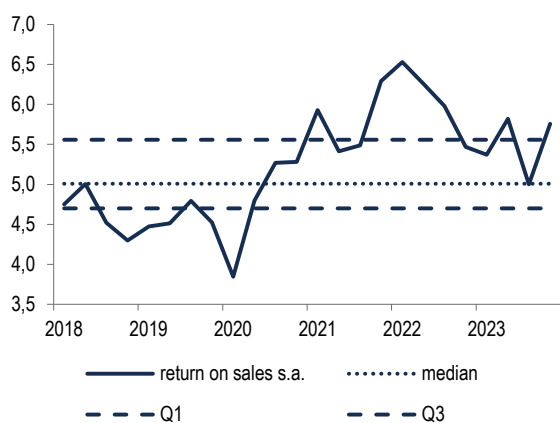
NBP Quick Monitoring Survey

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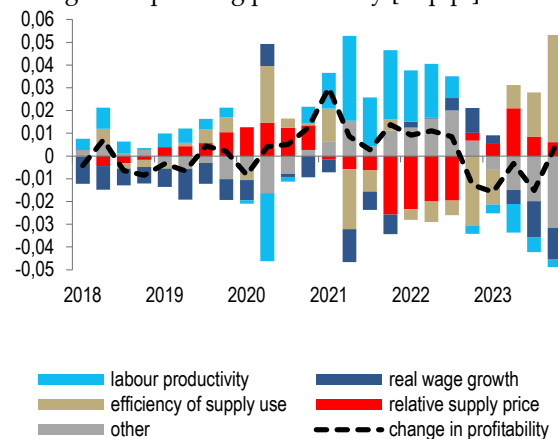
In 2023 Q4, the financial situation of the enterprise sector deteriorated. The net financial result of the sector was significantly lower than a year ago. However, this fall was a result of a significant increase in losses not related to sales, recorded mainly in the energy and fuel sector. On the other hand, the sector's result on sales increased slightly. The higher profit on these activities was achieved despite lower revenues – resulting from the deepening decline in foreign sales and the further weakening of domestic sales growth – and was the effect of higher return on sales. Above all, the improvement was supported by a fall in costs of materials and raw materials as well as the fall in expenditure on goods for resale. On the other hand, the scale of the fall in operating costs continued to be limited by rising labour costs, whose share in operating costs was higher than the long-term average. The growth in return on sales in 2023 Q4 was accompanied by a deterioration in some of the other measures of effectiveness and efficiency: net turnover profitability, labour productivity and financial liquidity.

Figure 1 Return-on-sales ratio [in %]



Source: Financial statements, GUS data, NBP study

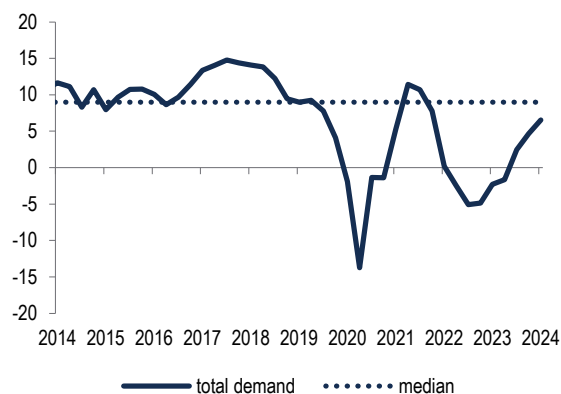
Figure 2 Impact of the changes in the utilisation of production factors and relative prices on y/y changes in operating profitability [in p.p.]



Source: Financial statements, GUS data, NBP study

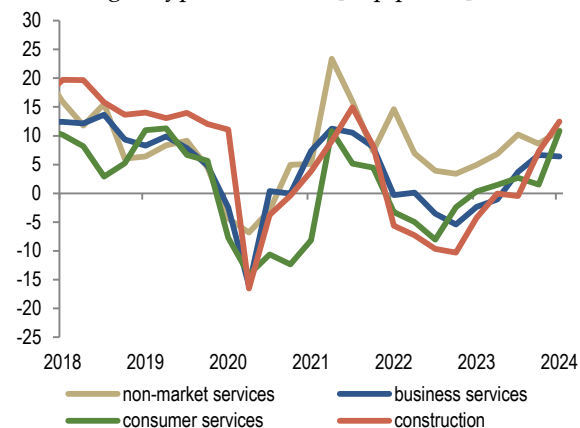
At the same time, the results of the NBP Quick Monitoring Survey suggest that in 2024 Q1 the economic situation of enterprises improves somewhat. The surveyed firms also expect further improvement in 2024 Q2. This will be supported by the forecasted recovery in demand, which is to include the domestic and foreign markets. Consumer services and construction recorded a particularly marked increase in the demand forecast to levels above the long-term average. Enterprises providing non-market services also formulated very favourable forecasts.

Figure 3 Index of quarterly demand forecast [in p.p., s.a.]



Source: NBP Quick Monitoring Survey

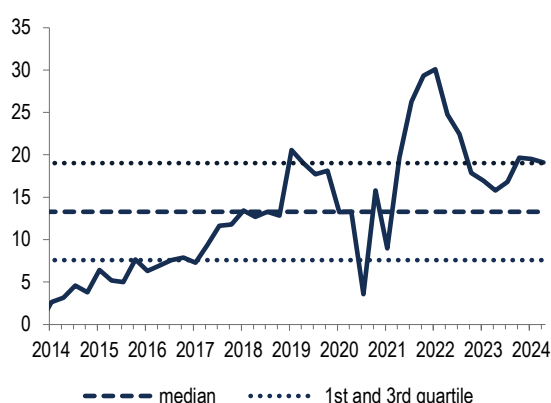
Figure 4 Index of quarterly demand forecast according to type of services [in p.p., s.a.]



Source: NBP Quick Monitoring Survey

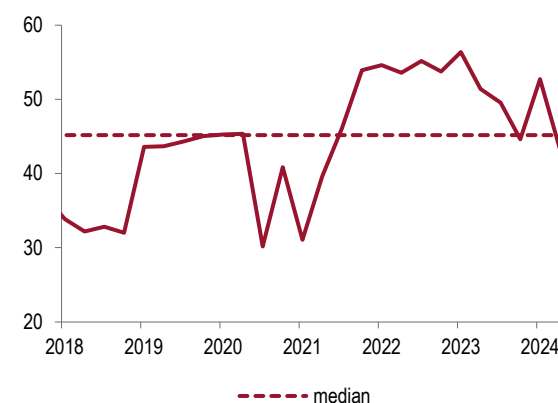
The expected economic recovery does not translate, however, into a revision of firms' plans regarding hiring. Although relatively high in historical terms, the index of quarterly employment forecast remained close to the level of the previous reading. At the same time, the willingness of companies to raise wages has decreased, and this despite a slight increase in wage pressure: the share of entities declaring wage increases in 2024 Q2 declined significantly, also among firms experiencing upward pressure on wages from employees. This was accompanied by a fall in the scale of planned wage rises.

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



Source: NBP Quick Monitoring Survey

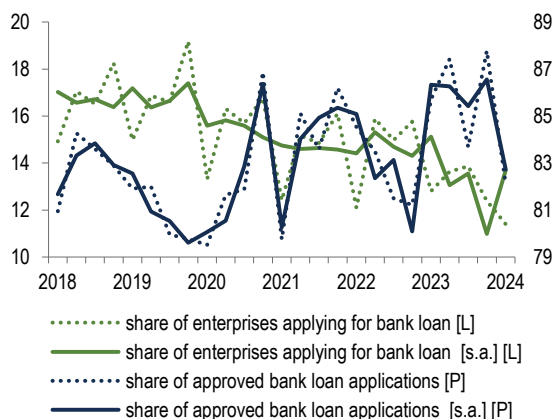
Figure 6 Percentage of firms planning wage increases among firms declaring presence of wage pressure [% , s.a.]



Source: NBP Quick Monitoring Survey

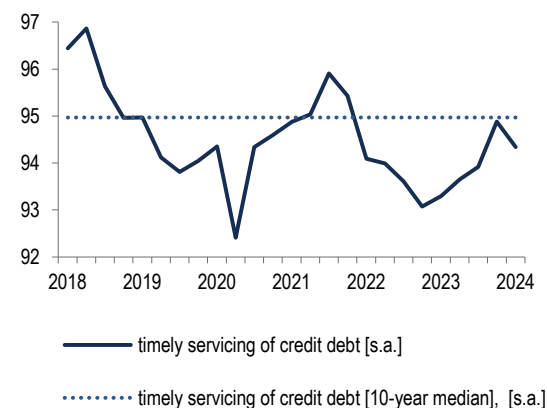
At the end of 2023, credit debt of the non-financial corporation sector was lower than a year earlier. However, the results of the NBP Quick Monitoring Survey suggest that 2024 Q1 saw a recovery in demand for credit: the percentage of entities applying for credit increased significantly, both in the group of large firms and in the SME segment. However, the fall in the share of firms that received a positive credit decision had a curbing effect on growth in lending to the enterprise sector. However, despite a significant deterioration, the quality of credit debt servicing remained high.

Figure 7 Percentage of submitted and accepted credit applications [in %]



Source: NBP Quick Monitoring Survey

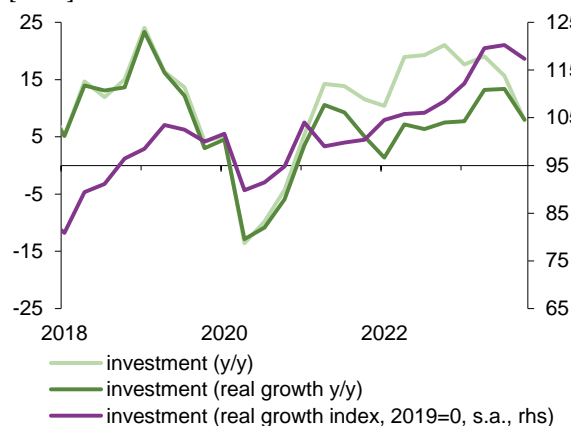
Figure 8 Share of firms declaring timely servicing of credit debt [in %]



Source: NBP Quick Monitoring Survey

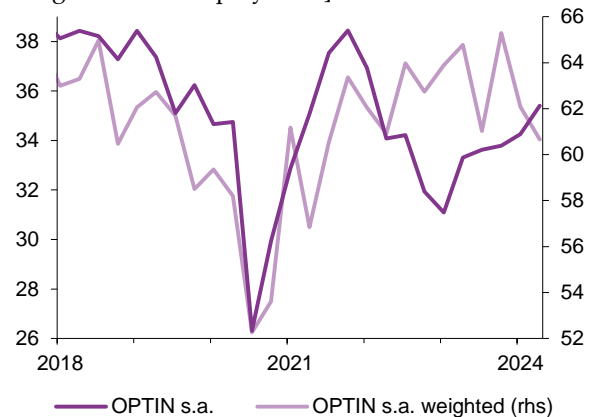
In 2023, despite a deterioration of the financial situation of entities covered by the F-01/I-01 GUS report, the investment activity increased significantly, while real growth of fixed capital formation was the highest since 2019. The results of the NBP Quick Monitoring Survey suggest that the investment outlook remains favourable. For five quarters, the interest of firms in starting new investments has been gradually growing and they increasingly declare their intention to continue projects that have already started. However, investment sentiment of major companies remains weakened.

Figure 9 Year-on-year growth in investment of medium-sized and large non-financial enterprises [in %]



Source: Financial statements, GUS data, NBP study

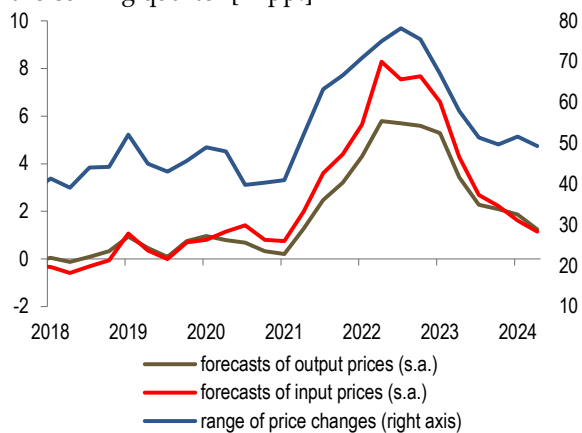
Figure 10 OPTIN, percentage of firms with a positive outlook for investment activity [in %, s.a., weighted with employment]



Source: Financial statements, GUS data, NBP study

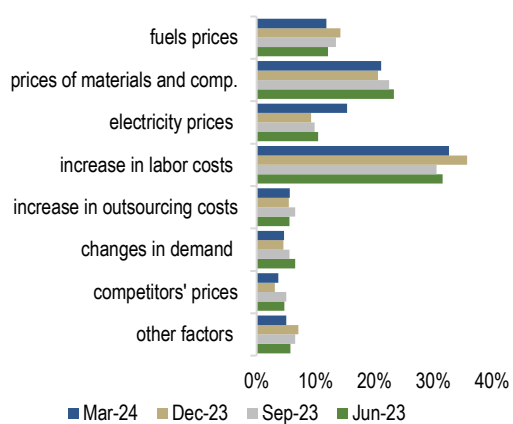
Enterprises surveyed in the NBP Quick Monitoring Survey indicate a further fall in the scale of planned increases in own prices in 2024 Q2. Price forecasts declined in the majority of analysed areas of economic activity, and their fall was related to the slower – in the opinion of surveyed entities – growth in unit production costs.

Figure 11 Expected changes in own production prices and prices of materials and raw materials in the coming quarter [in pp.]



Source: NBP Quick Monitoring Survey

Figure 12 Factors having a decisive impact on the forecast growth in production prices [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 March 2024. 2617 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 December 2023 was 17,808. 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

