



NARODOWY
BANK POLSKI

No 04/24 (October 2024)

NBP Quick Monitoring Survey

Economic climate in the enterprise sector
Summary



No 04/24 (October 2024)

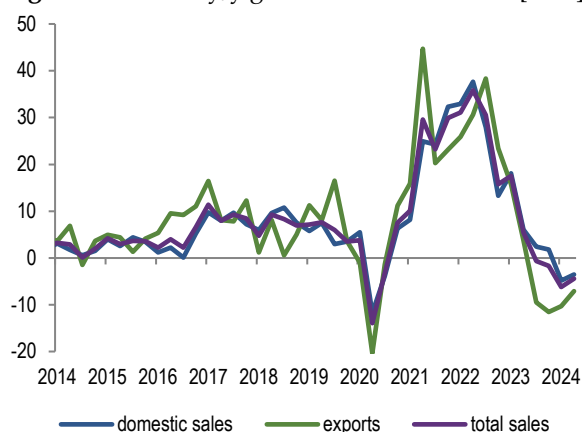
NBP Quick Monitoring Survey

Economic climate in the enterprise sector

Summary

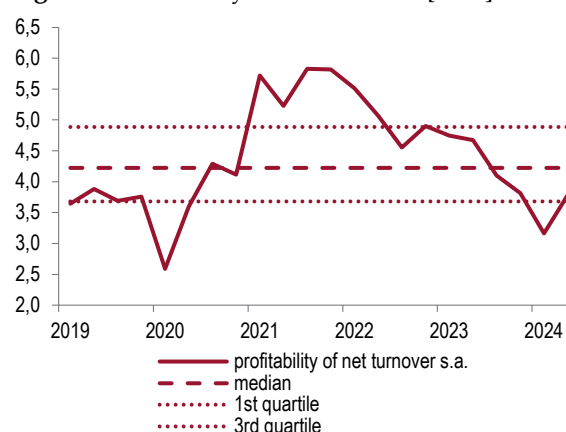
The financial situation of the non-financial corporations (NFC) sector in 2024 Q2 continued to be worse than the year before, but had improved on 2024 Q1. Although the marked decline in NCS net profit in y/y terms continued, it was significantly flatter than the quarter before. This was because the fall in sales revenue – both domestic and foreign – was slowing down, but remained steeper than that of costs, which were boosted by, among others, rapid wage growth. However, net turnover profitability rose on 2024 Q1 and was accompanied by an improvement in most other measures of corporate efficiency and performance. In contrast, there was a slight decrease – from very high levels – in the NFC sector liquidity.

Figure 1 Nominal y/y growth in sales revenue [in %]



Source: Financial statements, GUS data, NBP study

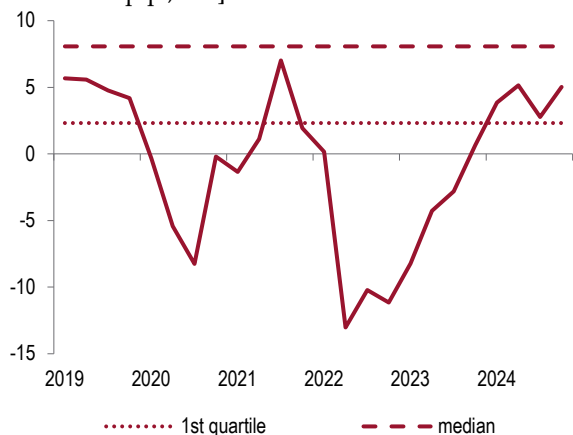
Figure 2 Profitability of net turnover [in %]



Source: Financial statements, GUS data, NBP study

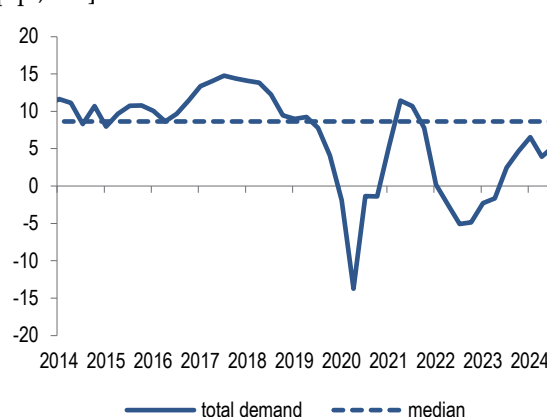
The findings of the NBP Quick Monitoring Survey suggest that the economic situation of enterprises in 2024 Q3 continued to be subdued compared with historical assessments. Yet firms expect an improvement both in Q4 and in the horizon of a year. A factor supporting the improvement in the sector’s situation will be the anticipated demand recovery, which, in the perspective of a year, will be accompanied by higher profitability of operations.

Figure 3 Quarterly forecasts of the situation [net balance in p.p., s.a.]



Source: NBP Quick Monitoring Survey

Figure 4 Quarterly demand forecast indicator [in p.p., s.a.]



Source: NBP Quick Monitoring Survey

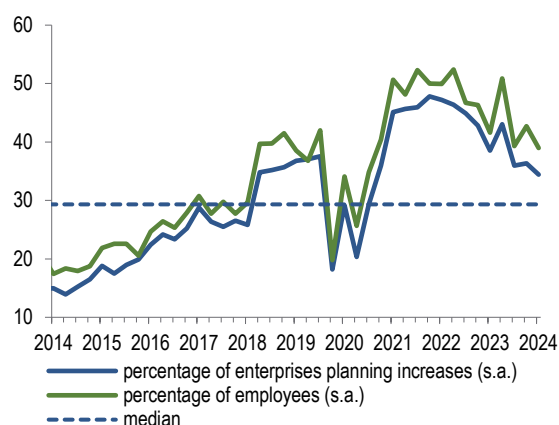
Employment in the NFC sector declined slightly again in 2024 Q2. However, the expected demand recovery translated into an improved employment outlook. At the same time, as wage pressure eased, the percentage of firms announcing pay rises in 2024 Q4 declined, although the scale of the planned rises did not change.

Figure 5 Year-on-year employment growth [in %]



Source: Financial statements, GUS data, NBP study

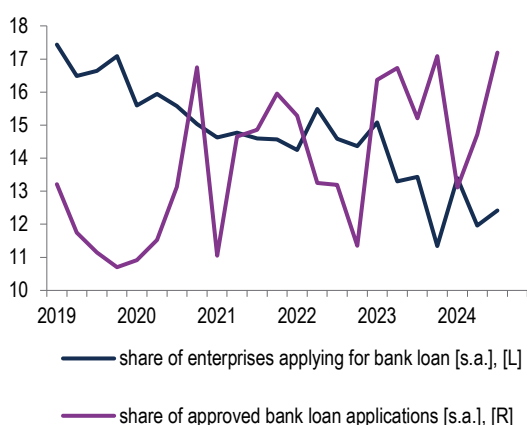
Figure 6 Share of firms expecting average pay to rise in the next quarter [in %]



Source: NBP Quick Monitoring Survey

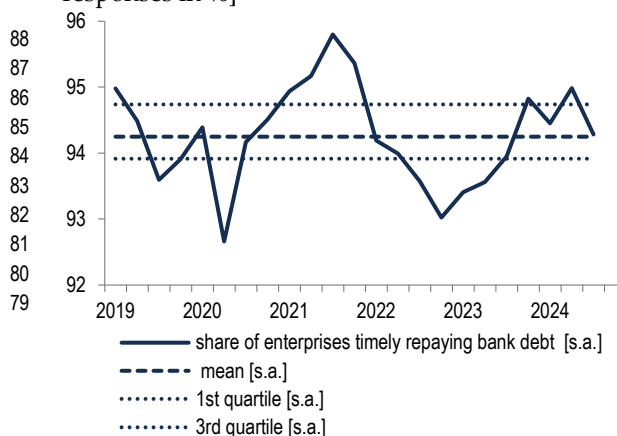
NCS debt resulting from bank loans at the end of Q2 rose in y/y terms, which was driven by a slight increase in investment loans, amid an increasingly slower decline in short-term loans. In 2024 Q3, firms' interest in incurring bank loans increased slightly, although mainly in the SME sector. At the same time, the availability of this form of funding increased. Although the declared quality of bank loan servicing in Q3 deteriorated, the share of enterprises reporting no problems with timely settling of these commitments was running at the long-term average. Moreover, the share of impaired loans remained low.

Figure 7 Percentage of filed and approved loan applications [in %]



Source: NBP Quick Monitoring Survey

Figure 8 Declared servicing of credit debt [share of responses in %]

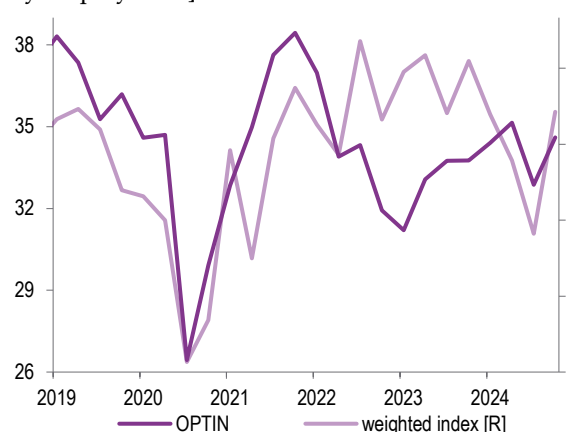


Source: NBP Quick Monitoring Survey

In 2024 Q2, the fall in NFC sector investment activity deepened. This was due to stronger investment cutbacks in large enterprises than the quarter before, related, among other things, to the end of the use of funds under

the previous EU financial framework, and the slow pace of absorption of funds under the new framework. In contrast, recovery in the investment activity of the SME sector continued. Furthermore, the findings of the NBP Quick Monitoring Survey suggest rising investment optimism in enterprises. Indeed, the number of firms interested in continuing commenced investments and in starting new ones increased, whereas plans for quarterly and annual changes in the level of expenditure were revised upwards.

Figure 9 OPTIN, share of firms with positive forecasts of investment activity [in %, s.a., weighted by employment]



Source: NBP Quick Monitoring Survey

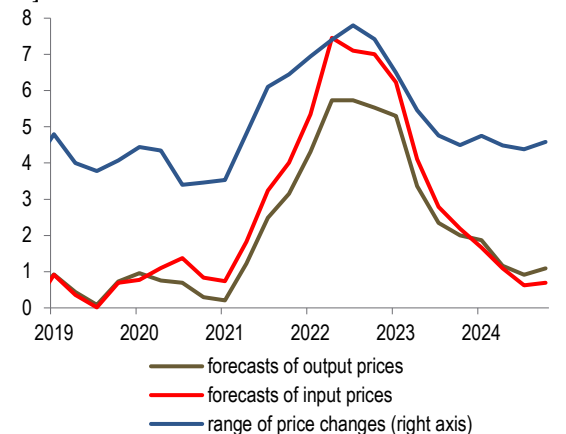
Figure 10 Share of firms continuing commenced investments [in %, s.a., weighted by employment]



Source: NBP Quick Monitoring Survey

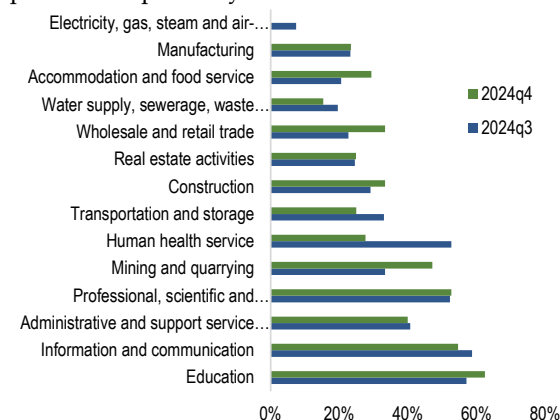
The businesses surveyed by the NBP Quick Monitoring point to a slight rise in the scale of own price increases planned for 2024 Q4. Rising procurement costs continued to be cited by the largest number of companies as the key driver of the planned price rises, although there was a slight increase in the share of entities for whom labour costs was the decisive factor. More businesses than a quarter ago also expect own price increases within a year.

Figure 11 Expected changes in own production prices and prices of materials and commodities [in %]



Source: NBP Quick Monitoring Survey

Figure 12 Share of firms indicating labour costs as the main reason for the forecasted increase in production prices by section



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 2024. 2601 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 2024 was 17,251. 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

