

Business tendency in manufacturing, construction, trade and services – July 2023

In-depth questions about the current economic issues and the impact of war in Ukraine – assessment and expectations

21.07.2023

General business climate indicator and its components in the last six months

 **-14.0**

General business climate indicator for manufacturing

In July the assessments of general business climate indicator in most of presented kinds of activities are at a similar level as compared to the ones presented in June, although in manufacturing it is lower and in construction – slightly higher. In all areas, except for retail trade, the indicator is below the long-term mean¹. In majority of the areas, month-to-month level of both "diagnostic" and

"prognostic" components does not change.

Only entities from financial and insurance activities section (plus 18.8) as well as information and communication section (plus 11.2) assess business tendency as positive², however below the long-term mean (plus 25.8 and plus 18.2 respectively). The most pessimistic assessments are made by entities from manufacturing section (minus 14.0) along with construction section (minus 7.9).

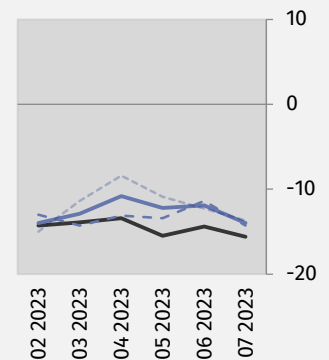
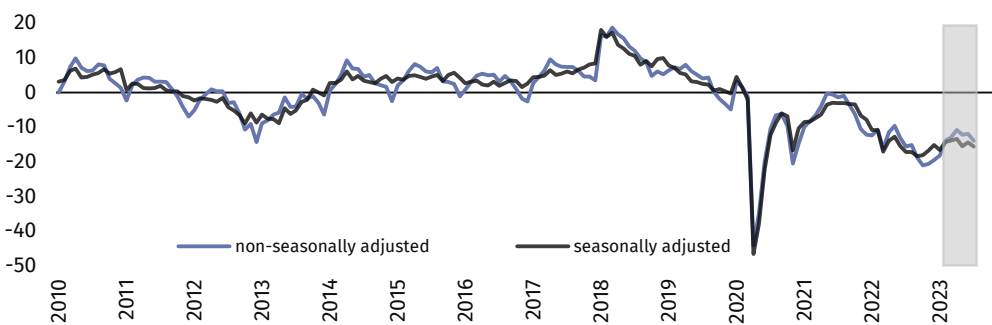
In the current month – answers provided between 1st and 10th of each month – supplementary set of questions has been added to the survey. This particular set aims to additionally diagnose the impact of war in Ukraine on business tendency and raises the issue of price developments (results in table 2).

— seasonally adjusted indicator (SA)
 — non-seasonally adjusted indicator (NSA)
 - - - "diagnostic" component (NSA)
 ····· "forecast" component (NSA)

Manufacturing (graph 1)



In the current month general business climate indicator (NSA³) takes the value minus 14.0 – lower than the one reported in June (minus 11.9).



¹ Long-term mean (arithmetic mean for each general business climate indicator) covers time series since 2000, apart from services (since 2003) and wholesale trade (since 2011).

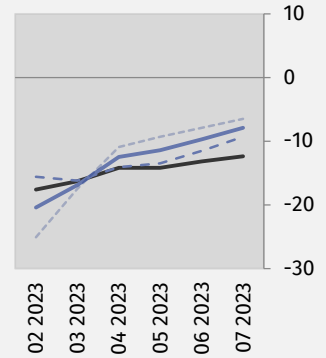
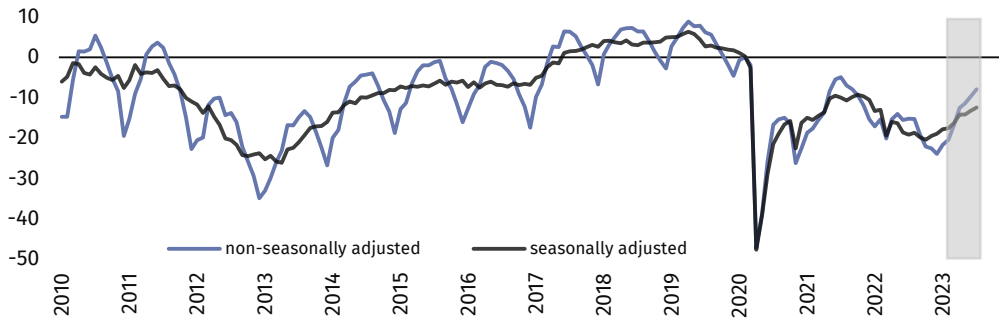
² By the phrase „positive” (positive value of the indicator) we consider a situation when percentage of entrepreneurs expecting improvement of their entities’ economic situation in the next three months or observing such an improvement outweighs percentage of entrepreneurs expecting its deterioration.

³ NSA – non-seasonally adjusted indicator, SA – seasonally adjusted indicator.



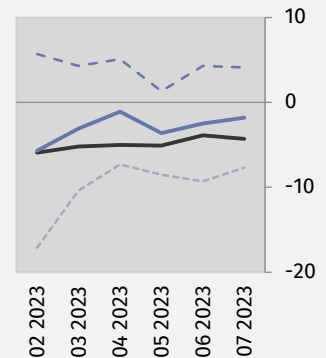
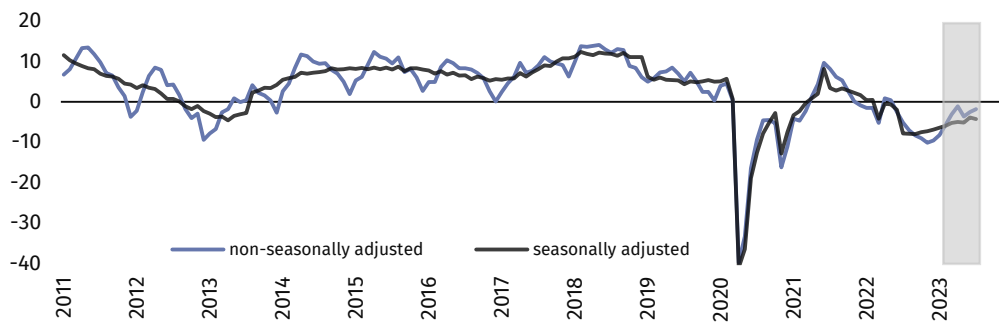
Construction (graph 2)

In July general business climate indicator (NSA) takes the value minus 7.9 and it is slightly higher than the one recorded a month ago (minus 9.7).



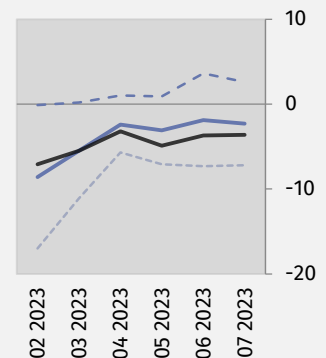
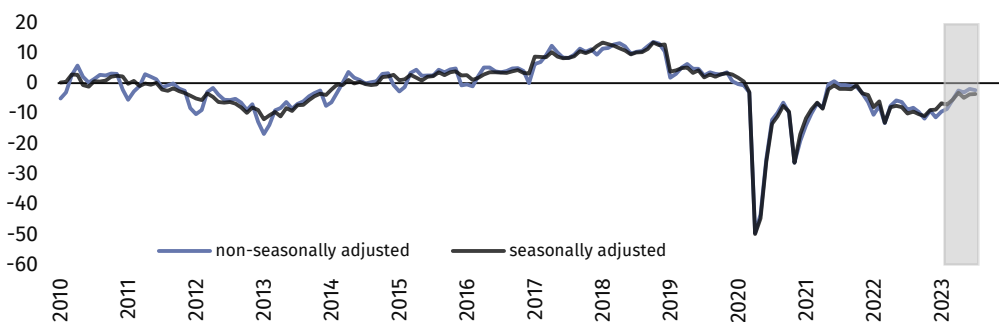
Wholesale trade (graph 3)

In the current month general business climate indicator (NSA) takes the value minus 1.8 – similar to the one reported in June (minus 2.5).



Retail trade (graph 4)

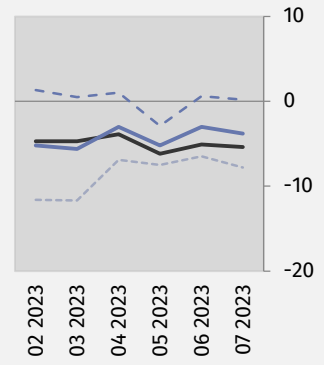
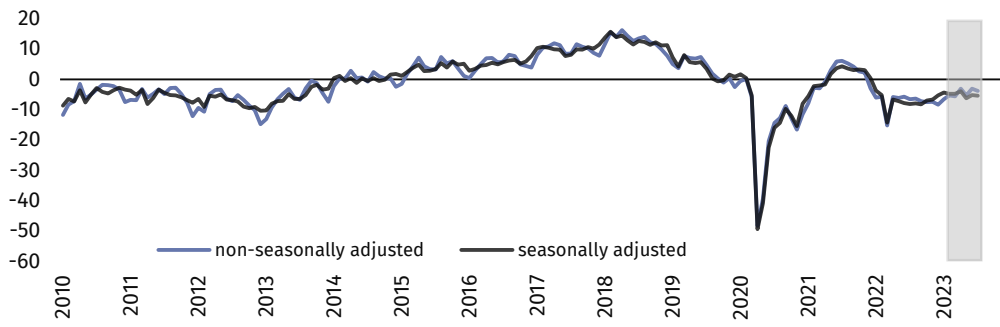
In July general business climate indicator (NSA) takes the value minus 2.3 and it is similar to the one reported in the previous month (minus 1.9).





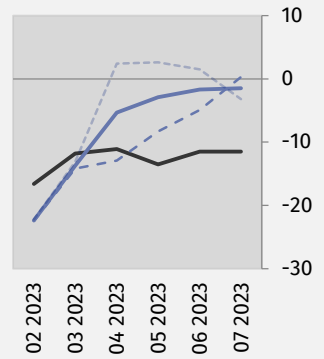
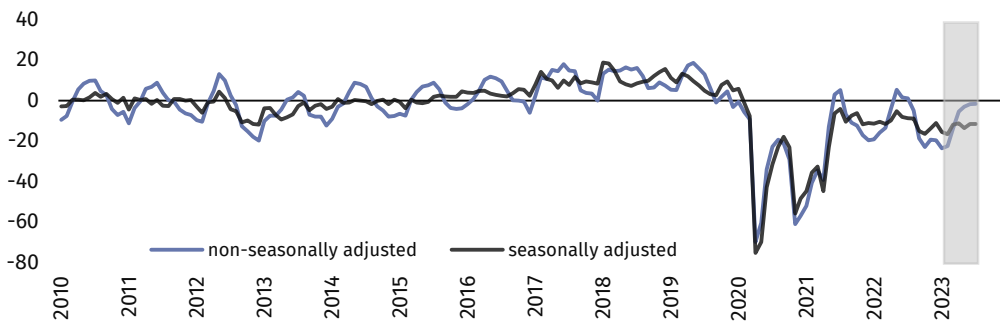
Transportation and storage (graph 5)

In the current month general business climate indicator (NSA) takes the value minus 3.8 – similar to the one reported in June (minus 3.0).



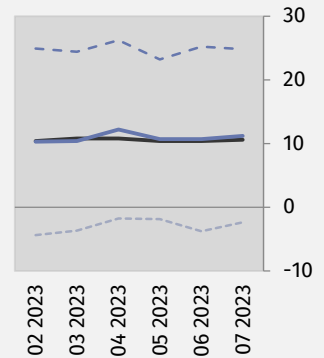
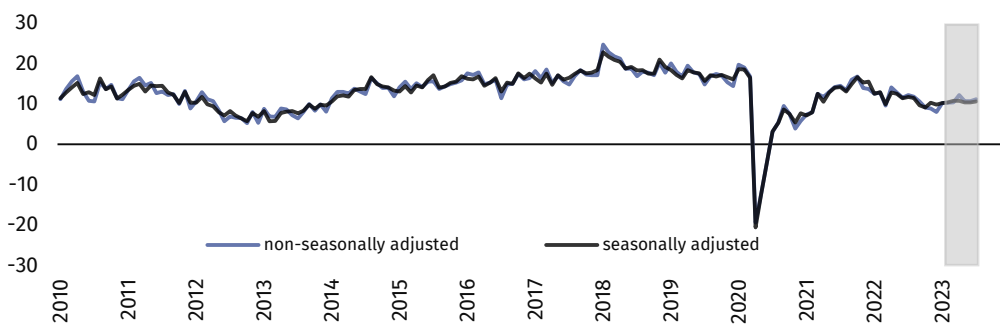
Accommodation and food service activities (graph 6)

In July general business climate indicator (NSA) takes the value minus 1.5, and it is similar to the one recorded a month ago (minus 1.7).



Information and communication (graph 7)

In the current month general business climate indicator (NSA) takes the positive value (plus 11.2) – similar to the one reported in June (plus 10.7).





Financial and insurance activities (graph 8)⁴

In July general business climate indicator (NSA) takes the value plus 18.8 and it is similar to the one recorded a month ago (plus 18.1).

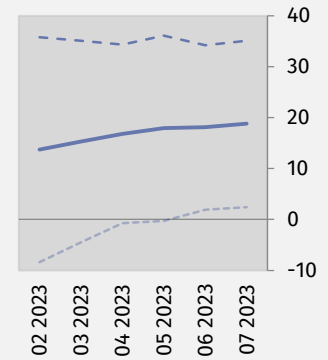
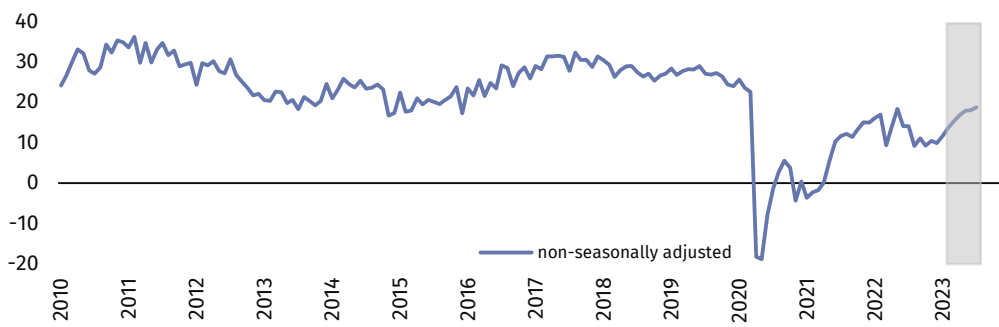










Table 1. General business climate indicators by kind of activity







SPECIFICATION		Analogous month of the previous year	Previous month	Current month	Long-term mean
Manufacturing 	seasonally adjusted indicator (SA)	-17,2	-14,4	-15,6	1,4
	non-seasonally adjusted indicator (NSA)	-15,6	-11,9	-14,0	1,5
	“diagnostic” component (NSA)	-10,5	-11,4	-14,3	-1,8
	“forecast” component (NSA)	-20,6	-12,3	-13,7	4,8
Construction 	seasonally adjusted indicator (SA)	-19,2	-13,2	-12,4	-3,4
	non-seasonally adjusted indicator (NSA)	-15,2	-9,7	-7,9	-3,3
	“diagnostic” component (NSA)	-10,9	-11,5	-9,3	-6,4
	“forecast” component (NSA)	-19,5	-7,9	-6,5	-0,3
Wholesale trade 	seasonally adjusted indicator (SA)	-7,8	-3,9	-4,3	3,0
	non-seasonally adjusted indicator (NSA)	-5,1	-2,5	-1,8	3,1
	“diagnostic” component (NSA)	5,6	4,3	4,1	8,7
	“forecast” component (NSA)	-15,7	-9,3	-7,7	-2,5
Retail trade 	seasonally adjusted indicator (SA)	-10,0	-3,7	-3,6	-4,3
	non-seasonally adjusted indicator (NSA)	-8,8	-1,9	-2,3	-4,3
	“diagnostic” component (NSA)	-0,3	3,6	2,6	-3,5
	“forecast” component (NSA)	-17,3	-7,3	-7,2	-5,2
Transportation and storage 	seasonally adjusted indicator (SA)	-8,1	-5,1	-5,4	-0,7
	non-seasonally adjusted indicator (NSA)	-6,5	-3,0	-3,8	-0,7
	“diagnostic” component (NSA)	2,5	0,6	0,2	0,7
	“forecast” component (NSA)	-15,5	-6,5	-7,8	-2,0
Accommodation and food service activities 	seasonally adjusted indicator (SA)	-8,6	-11,5	-11,5	-0,9
	non-seasonally adjusted indicator (NSA)	1,2	-1,7	-1,5	-0,8
	“diagnostic” component (NSA)	1,0	-4,9	0,3	-2,6
	“forecast” component (NSA)	1,3	1,5	-3,2	1,0
Information and communication 	seasonally adjusted indicator (SA)	11,7	10,4	10,6	18,1
	non-seasonally adjusted indicator (NSA)	12,2	10,7	11,2	18,2
	“diagnostic” component (NSA)	26,4	25,2	24,8	26,0
	“forecast” component (NSA)	-2,0	-3,8	-2,4	10,3
Financial and insurance activities 	seasonally adjusted indicator (SA) ⁴
	non-seasonally adjusted indicator (NSA)	14,1	18,1	18,8	25,8
	“diagnostic” component (NSA)	29,9	34,2	35,1	32,9
	“forecast” component (NSA)	-1,7	1,9	2,4	18,6

⁴ Time series does not require to be seasonally adjusted. Non-seasonally adjusted data can be analyzed and interpreted in the same way as seasonally adjusted data.

In-depth questions about the current economic issues and the impact of war in Ukraine







Survey was conducted between 1st and 10th of the current month on a sample of entities operating in manufacturing, construction, trade as well as services. Questions were divided into two sections – questions regarding the impact of war in Ukraine and questions on price developments. Answers to this additional set are provided by respondents on a voluntary basis. The table below presents the percentage (weighted) of respondents' answers to a given question variant. Data were aggregated according to methodology of aggregation (weighing) which is used by default in regular survey.

Table 2. In-depth questions about the current economic issues

Questions	 Manufacturing	 Construction	 Wholesale trade	 Retail trade	 Transportation and storage	 Accommodation and food service activities
THE IMPACT OF WAR IN UKRAINE						
1. Negative effects of the ongoing war in Ukraine and its impact on your business activity in the current month will be:						
lack of negative effects	21,5	30,0	28,6	29,5	22,5	24,4
minor	63,0	56,1	57,2	59,0	60,2	60,6
serious	13,7	10,4	9,2	8,6	12,0	10,0
a threat to company's stability	1,8	3,5	5,0	2,9	5,3	5,0
sum (lack of negative effects + minor)	84,5	86,1	85,8	88,5	82,7	85,0
sum (serious + a threat to company's stability)	15,5	13,9	14,2	11,5	17,3	15,0
2. Out of negative effects of the ongoing war in Ukraine reported in the previous month, which of them relate to your company the most:						
drop in sales – drop in revenues	28,6	16,2	28,9	25,2	21,5	24,4
increase in costs	63,6	76,9	58,5	68,6	67,9	84,8
disruption in supply chain	32,6	24,4	24,0	18,7	22,9	8,3
large organizational disturbances in company's functioning	1,3	2,6	2,6	1,8	3,7	0,3
problems with current financing	2,8	7,5	6,0	4,2	5,5	8,0
surplus stocks	8,0	1,2	7,7	5,8	1,1	1,7
terminating contracts with eastern contractors	13,2	1,2	11,6	4,8	8,8	0,3
3. If your company employs workers from Ukraine, did you report in the last month one of the following situations connected with the ongoing war:⁵						
outflow of workers from Ukraine	30,4	16,9	12,4	21,1	29,0	33,4
minor	29,8	15,7	12,3	20,2	27,1	31,3
serious	0,6	1,2	0,1	0,9	1,9	2,1
inflow of workers from Ukraine	29,6	15,1	11,7	21,2	27,6	38,5
minor	28,6	14,7	11,5	21,0	26,7	36,2
serious	1,0	0,4	0,2	0,2	0,9	2,3
does not concern	67,7	82,4	86,5	77,5	69,9	60,5

⁵ It is permissible to choose one answer for each of variants at once (“outflow” and “inflow”), therefore the sum of variants can exceed 100%. The answer “does not concern” is ticked when company does not employ workers from Ukraine or has not observed their “outflow” or “inflow” in the last month.

Table 2. In-depth questions about the current economic issues (cont.)

Questions	 Manufacturing	 Construction	 Wholesale trade	 Retail trade	 Transportation and storage	 Accommodation and food service activities
PRICE DEVELOPMENTS						
4. How in your opinion will the prices of services/materials/raw materials used by your company as part of its activity develop?						
In the short term (1-3 months) – compared to the current situation						
they will rise faster	9,6	14,2	12,1	18,1	13,6	30,9
they will rise slower	45,1	56,8	49,4	50,5	51,8	50,7
they will stabilise	37,1	27,1	33,6	30,0	29,0	15,5
they will fall	8,2	1,9	4,9	1,4	5,6	2,9
In the longer term (next 12 months) – compared to the current situation						
they will rise faster	7,2	12,9	10,3	15,6	12,8	24,6
they will rise slower	44,8	53,0	49,0	48,8	50,0	48,0
they will stabilise	42,7	32,0	37,2	33,5	32,8	24,3
they will fall	5,3	2,1	3,5	2,1	4,4	3,1
5. Which of the following factors will have the biggest impact on the operating costs of your company throughout the next quarter?						
increase in costs						
prices of energy and fuel	77,2	83,6	80,1	83,5	87,5	88,2
prices of rent, premises etc.	40,9	47,0	51,4	62,9	54,2	63,0
prices of components and services	70,6	68,3	61,6	58,5	59,1	69,8
costs of labour	83,3	85,3	79,7	83,5	82,7	86,5
prices of direct import	37,5	33,7	38,4	34,7	33,1	30,5
changes in regulations and legal requirements	41,5	50,6	50,1	47,3	46,5	46,5
costs of financing (credits, loans etc.)	45,6	55,4	50,9	52,6	49,4	49,1
others	25,0	34,3	29,8	28,3	34,7	27,3
decrease in costs						
prices of energy and fuel	10,2	3,3	5,0	5,6	4,8	2,1
prices of rent, premises etc.	4,6	4,9	3,2	4,0	2,9	1,8
prices of components and services	5,8	2,4	3,3	3,2	2,5	4,4
costs of labour	1,1	2,0	1,4	1,5	1,3	3,5
prices of direct import	6,3	8,1	5,7	4,4	4,9	10,4
changes in regulations and legal requirements	3,7	3,9	2,6	2,1	3,0	6,7
costs of financing (credits, loans etc.)	7,6	5,6	5,9	4,1	3,4	5,8
others	5,9	5,4	5,2	4,3	3,6	8,3
6. Will the observed and expected changes in terms of financing of your company (cost of bank credits and their availability, mercantile credit, deferred payments etc.) cause, in the next 12 months, in the case of:						
investment decisions						
deferring	34,0	36,9	31,7	32,9	27,5	30,4
acceleration	5,3	2,8	1,4	2,7	3,3	1,5
I have no opinion	60,7	60,3	66,9	64,4	69,2	68,1
production/sale						
limitation	21,1	24,0	21,7	23,0	18,8	22,2
increase	7,0	7,4	6,1	6,1	3,7	6,1
I have no opinion	71,9	68,6	72,2	70,9	77,5	71,7
employment						
limitation	27,0	27,7	26,7	27,7	24,5	24,8
increase	5,6	6,4	4,7	5,8	4,6	5,4
I have no opinion	67,4	65,9	68,6	66,5	70,9	69,8

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