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

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

⬇ **-14.4**

General business climate indicator in manufacturing

In December the assessments of general business climate indicator in all of presented kinds of activities (apart from accommodation and food service activities section) are at a similar or lower level as compared to the ones presented in November. In the case of seasonally adjusted data, majority of these kinds of activities assess it similarly to the ones noted in the previous month. In all areas, except for retail trade, the indicator is below the long-term mean[1]. In most of areas, month-to-month level of "diagnostic" components does not change, whereas "forecasting" ones deteriorate.

Only entities from financial and insurance activities section (plus 18.9) as well as information and communication section (plus 12.1) assess business tendency as positive[2], however below the long-term mean (plus 25.6 and plus 18.0 respectively). The most pessimistic assessments are made by entities from manufacturing section (minus 14.4) along with construction section (minus 13.2).

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 labour market (results in table 2).
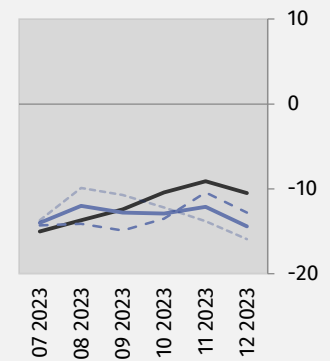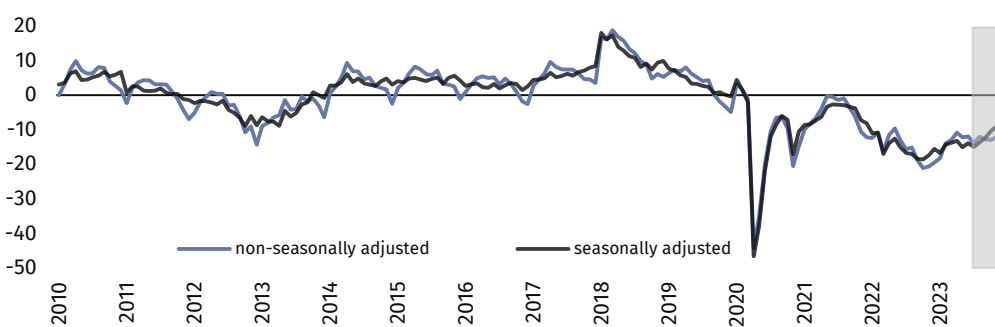
Manufacturing (graph 1)

In the current month general business climate indicator (NSA[3]) takes the value minus 14.4 (minus 12.1 in November).

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

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

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[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.
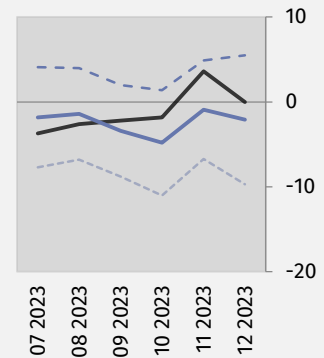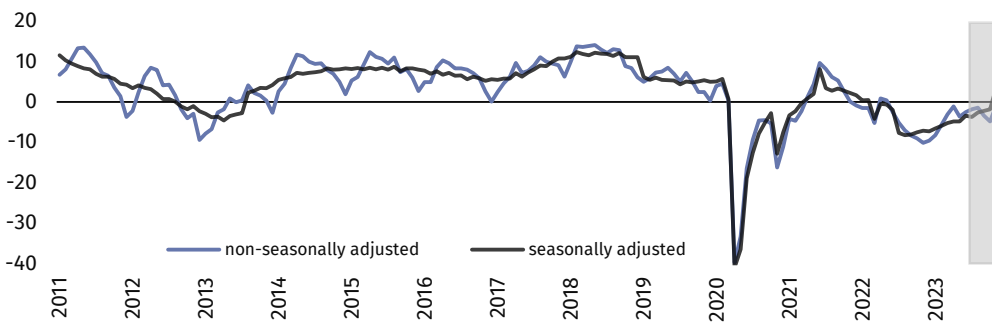
Construction (graph 2)

In December general business climate indicator (NSA) takes the value minus 13.2 (minus 10.2 a month ago).
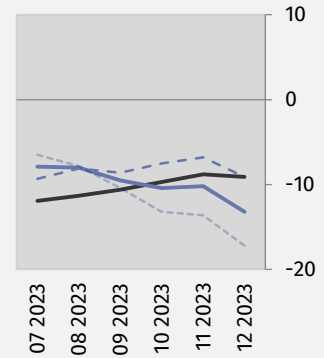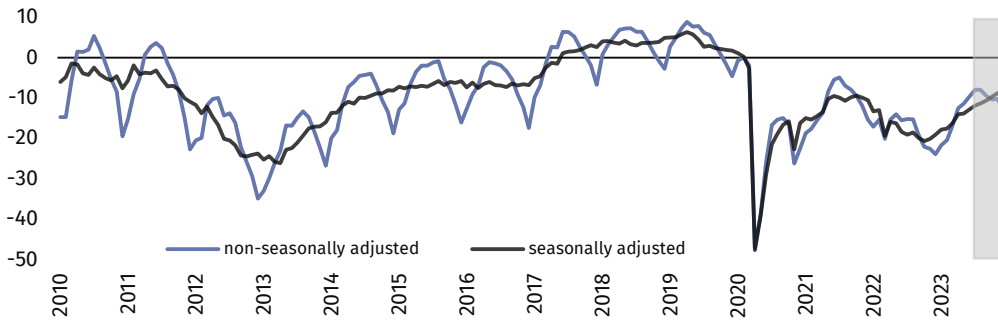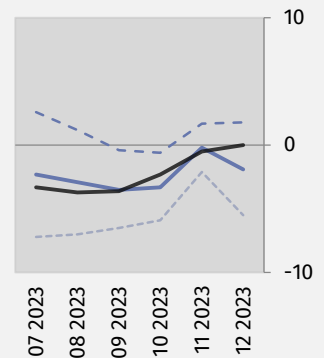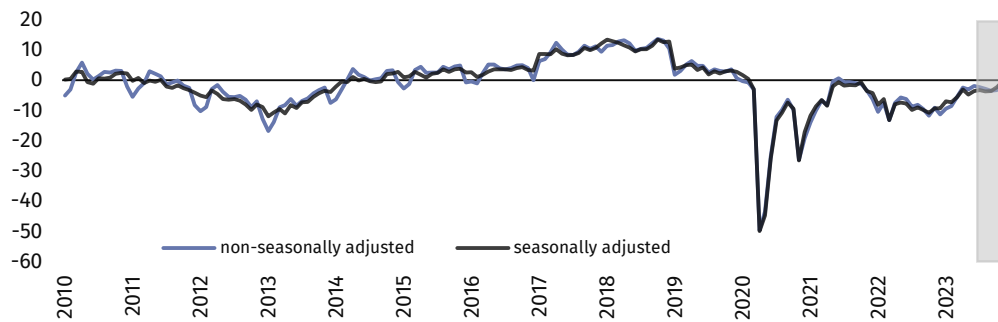

Wholesale trade (graph 3)

In the current month general business climate indicator (NSA) takes the value minus 2.1 (minus 0.9 in November).
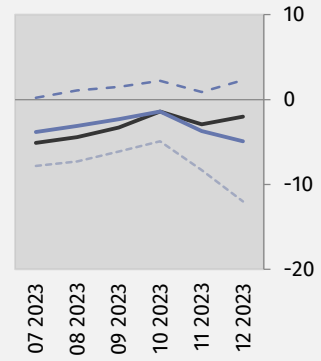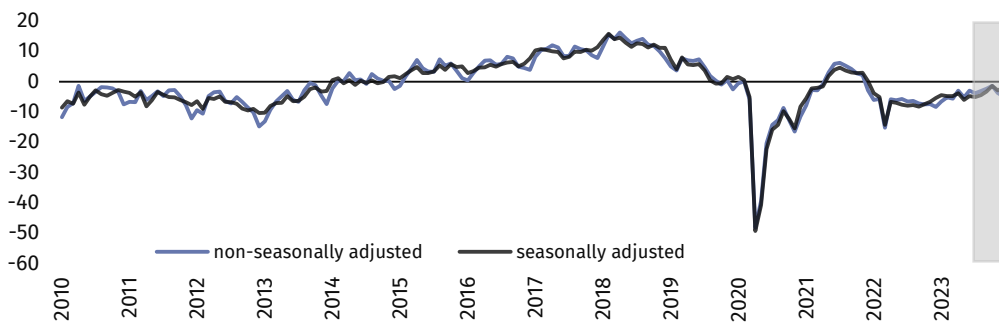

Retail trade (graph 4)

In December general business climate indicator (NSA) takes the value minus 1.9 (minus 0.2 in the previous month).
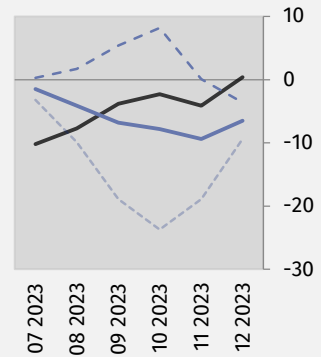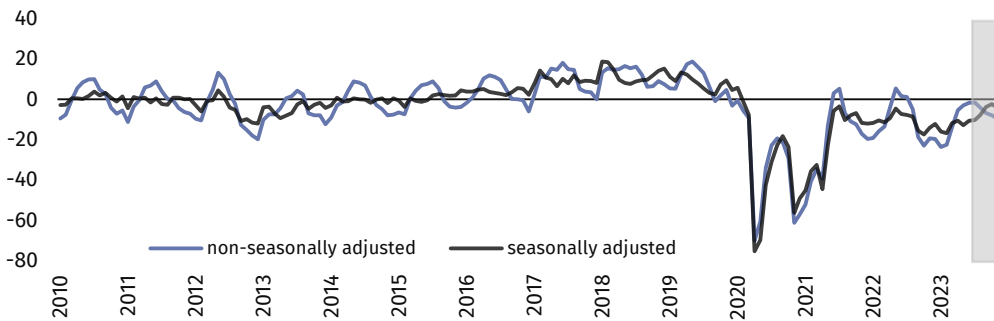

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Transportation and storage (graph 5)

In the current month general business climate indicator (NSA) takes the value minus 4.9 (minus 3.7 in November).
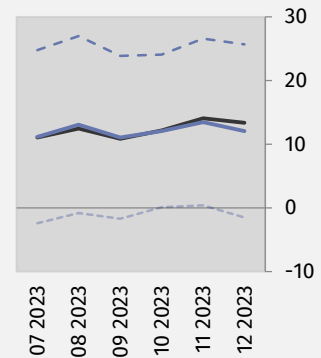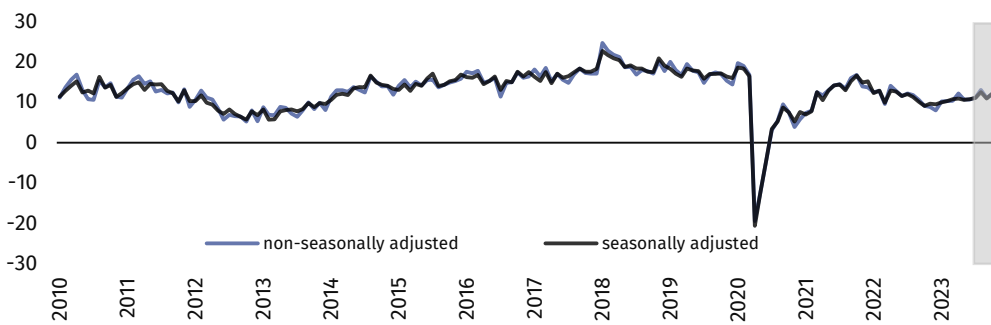

Accommodation and food service activities (graph 6)

In December general business climate indicator (NSA) takes the value minus 6.5 (minus 9.4 a month ago).

Information and communication (graph 7)

In the current month general business climate indicator (NSA) takes the positive value of 12.1 (plus 13.5 in November).

Financial and insurance activities (graph 8)[4]

In December general business climate indicator (NSA) takes the value plus 18.9 (plus 17.8 in November).
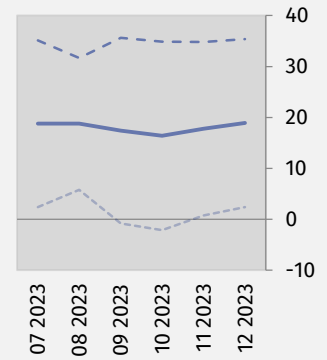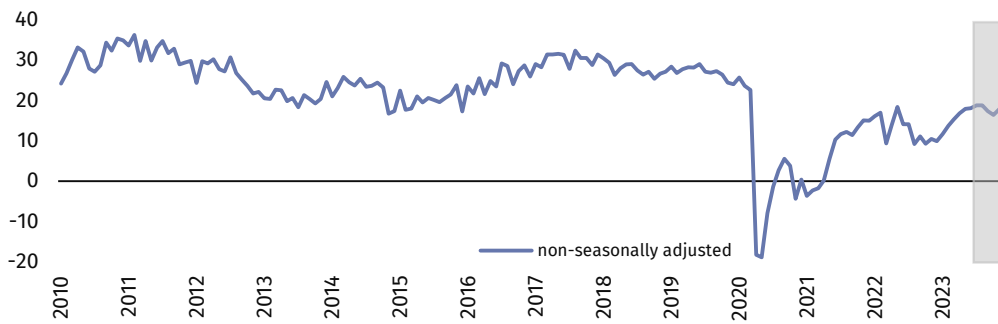

Table 1. General business climate indicators by kind of activity

SPECIFICATION		Analogous month of the previous year	Previous month	Current month	Long-term mean
Manufacturing	seasonally adjusted indicator (SA)	-15,5	-9,1	**-10,5**	1,2
	non-seasonally adjusted indicator (NSA)	-19,5	-12,1	**-14,4**	1,2
	"diagnostic" component (NSA)	-13,2	-10,4	**-12,8**	-2,0
	"forecast" component (NSA)	-25,7	-13,8	**-15,9**	4,5
Construction	seasonally adjusted indicator (SA)	-19,1	-8,8	**-9,1**	-3,5
	non-seasonally adjusted indicator (NSA)	-23,9	-10,2	**-13,2**	-3,5
	"diagnostic" component (NSA)	-14,8	-6,8	**-9,1**	-6,4
	"forecast" component (NSA)	-32,9	-13,6	**-17,2**	-0,5
Wholesale trade	seasonally adjusted indicator (SA)	-7,3	3,6	**0,0**	2,9
	non-seasonally adjusted indicator (NSA)	-9,6	-0,9	**-2,1**	2,9
	"diagnostic" component (NSA)	2,7	4,9	**5,5**	8,5
	"forecast" component (NSA)	-21,9	-6,7	**-9,7**	-2,7
Retail trade	seasonally adjusted indicator (SA)	-9,3	-0,5	**0,0**	-4,3
	non-seasonally adjusted indicator (NSA)	-11,3	-0,2	**-1,9**	-4,3
	"diagnostic" component (NSA)	-3,0	1,7	**1,8**	-3,4
	"forecast" component (NSA)	-19,5	-2,1	**-5,5**	-5,2
Transportation and storage	seasonally adjusted indicator (SA)	-5,4	-2,9	**-2,0**	-0,7
	non-seasonally adjusted indicator (NSA)	-8,3	-3,7	**-4,9**	-0,7
	"diagnostic" component (NSA)	2,0	0,9	**2,3**	0,7
	"forecast" component (NSA)	-18,5	-8,3	**-12,0**	-2,2
Accommodation and food service activities	seasonally adjusted indicator (SA)	-12,2	-4,1	**0,4**	-0,9
	non-seasonally adjusted indicator (NSA)	-19,5	-9,4	**-6,5**	-0,9
	"diagnostic" component (NSA)	-9,8	0,1	**-3,6**	-2,5
	"forecast" component (NSA)	-29,2	-18,9	**-9,4**	0,7
Information and communication	seasonally adjusted indicator (SA)	9,5	14,1	**13,4**	18,0
	non-seasonally adjusted indicator (NSA)	8,0	13,5	**12,1**	18,0
	"diagnostic" component (NSA)	23,8	26,6	**25,7**	25,9
	"forecast" component (NSA)	-7,8	0,4	**-1,5**	10,1
Financial and insurance activities	seasonally adjusted indicator (SA)[4]	.	.	**.**	.
	non-seasonally adjusted indicator (NSA)	9,9	17,8	**18,9**	25,6
	"diagnostic" component (NSA)	26,7	34,8	**35,4**	32,9
	"forecast" component (NSA)	-6,9	0,8	**2,4**	18,3

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[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 labour market. 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	27,4	33,7	35,0	36,4	26,1	33,4
minor	61,1	54,4	55,0	54,0	57,7	60,1
serious	10,0	9,2	7,3	7,4	12,4	3,9
a threat to company's stability	1,5	2,7	2,7	2,2	3,8	2,6
sum (lack of negative effects + minor)	88,5	88,1	90,0	90,4	83,8	93,5
sum (serious + a threat to company's stability)	11,5	11,9	10,0	9,6	16,2	6,5
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	24,0	15,2	23,8	21,7	21,1	18,3
increase in costs	58,8	77,3	58,1	66,4	69,2	80,4
disruption in supply chain	30,7	19,6	24,2	18,8	21,4	6,5
large organizational disturbances in company's functioning	0,8	2,3	2,0	1,9	4,3	0,8
problems with current financing	1,9	5,9	4,5	2,8	6,4	6,2
surplus stocks	5,3	2,2	6,1	6,2	0,8	0,8
terminating contracts with eastern contractors	13,8	2,7	10,1	6,5	8,4	0,9
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	28,8	16,0	11,2	16,2	30,6	29,0
minor	28,1	14,3	10,8	16,1	29,5	28,3
serious	0,7	1,7	0,4	0,1	1,1	0,7
inflow of workers from Ukraine	27,2	15,3	10,5	17,7	30,0	29,7
minor	26,6	14,2	10,2	17,5	29,3	28,8
serious	0,6	1,1	0,3	0,2	0,7	0,9
does not concern	69,9	83,1	88,0	81,8	67,0	68,7

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[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	Manufac-turing	Construc-tion	Wholesale trade	Retail trade	Transporta-tion and storage	Accommoda-tion and food service activities
LABOUR MARKET						
4. Do you intend in the next three months:						
in the case of workers relatively easy to replace – compared to the current situation:						
increase the employment	11,7	4,9	2,7	2,8	5,9	3,5
remain the employment unchanged	75,5	81,3	87,3	86,1	84,4	81,2
decrease the employment	12,8	13,8	10,0	11,1	9,7	15,3
in the case of workers relatively difficult to replace – compared to the current situation:						
increase the employment	7,0	7,5	2,1	1,3	9,2	2,0
remain the employment unchanged	88,2	85,0	92,3	92,8	85,3	89,9
decrease the employment	4,8	7,5	5,6	5,9	5,5	8,1
5. Which of the following factors and to what extend will have the biggest impact on salary level in your company in the next three months?						
significantly						
maintaining the real value of salaries (inflationary increases)	57,3	57,5	49,7	48,5	57,2	65,7
financial situation of the company	60,2	61,0	57,0	57,3	65,9	67,2
maintaining the competitive salaries	35,0	28,1	29,4	26,4	27,5	21,2
others	11,1	14,1	13,3	9,7	12,2	12,7
insignificantly/no impact						
maintaining the real value of salaries (inflationary increases)	33,1	29,6	34,0	34,1	29,6	19,7
financial situation of the company	25,0	24,8	26,0	22,9	20,2	18,0
maintaining the competitive salaries	36,8	40,5	36,8	35,7	42,5	47,7
others	45,5	43,1	40,2	36,5	45,2	44,6
6. To what extend are your decisions concerning employment and salaries based on in the next three months:						
significantly						
based on current data	65,8	65,6	60,7	64,6	70,3	64,9
based on expectations regarding changes that may occur in the long term (a year	47,7	42,0	38,6	42,4	48,8	38,9
insignificantly/no impact						
based on current data	33,9	33,8	38,5	35,1	29,0	34,1
based on expectations regarding changes that may occur in the long term (a year	49,7	55,5	57,7	53,4	50,1	57,2

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