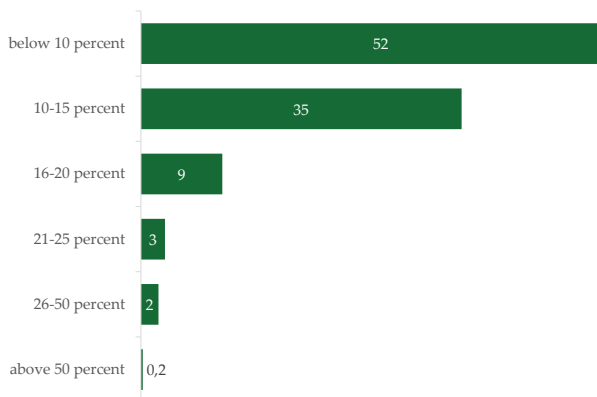
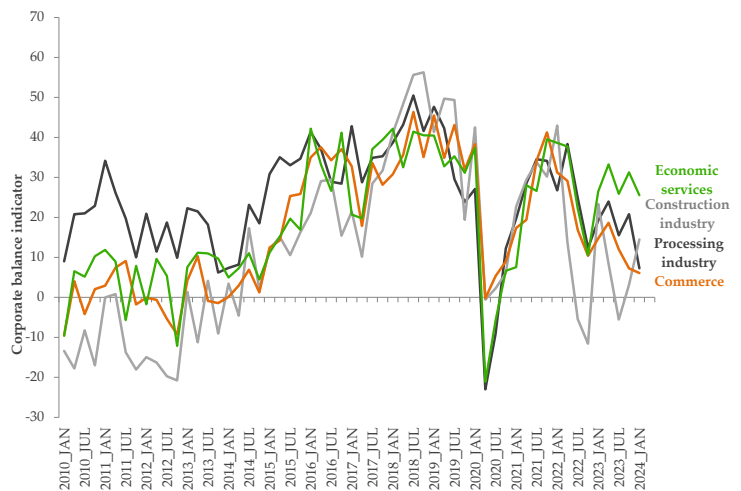


# Monthly Bulletin of Economic Trends

## Quarterly Business Climate Survey January 2024

According to the January 2024 survey, the Quarterly Business Climate Index decreased from +21 to +13 points compared to October 2023.

Throughout 2023, there have been alternating periods of recovery and deterioration, resulting in the current BCI being only 3 points ... [More](#)



## The expected development of domestic sales prices

In October 2023, three-quarters (75%) of domestic firms in the competitive sector expected an increase in their domestic prices in the next six months.

A bit more than half (52%) of the respondents expected a rise in prices likely to be below 10%, around a third (35%) ....[More](#)

## International trends

In Germany, the IFO business climate index increased compared to January. The manufacturing purchasing manager index (PMI) decreased, and the unemployment rate remained the same in Germany compared to the previous period....[More](#)

## QUARTERLY BUSINESS CLIMATE SURVEY JANUARY 2024

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In the Quarterly Business Survey of the Institute for Economic and Enterprise Research (IEER), 350 top representatives of companies with 20 employees or more were asked about the business climate and prospects of their companies. The IEER Business Climate Survey aims to map the current, short-term business expectations of company managers, based on the information available to entrepreneurs at the time of the survey and their subjective assessment of the situation.

### Business climate tendencies

In the Quarterly Business Survey of the Institute for Economic and Enterprise Research (IEER), 350 top representatives of companies with 20 employees or more were asked about the business climate and prospects of their companies. The IEER Business Climate Survey aims to map the current, short-term business expectations of company managers, based on the information available to entrepreneurs at the time of the survey and their subjective assessment of the situation.

According to the results of the January 2024 survey, the Quarterly Business Climate Index decreased from its October 2023 +21 points to +13. During 2023, there were alternating periods of recovery and deterioration, resulting in the current value of the Business Climate Index being only 3 points higher than in October 2022. Prior to this, the Quarterly Business Climate Index reached a similar level in October 2020 (+10 points) during the second wave of the COVID-19 pandemic, and before the pandemic it had last reached a similar level in October 2014 (+12 points). The assessment of the situation of domestic businesses is increasingly uncertain and fragmented. The current value of the

Uncertainty Index (39 points) is closest to the January to April 2023 and April to October 2021 periods, in addition before the pandemic to the July 2019 value.

### Business Climate Index By company features

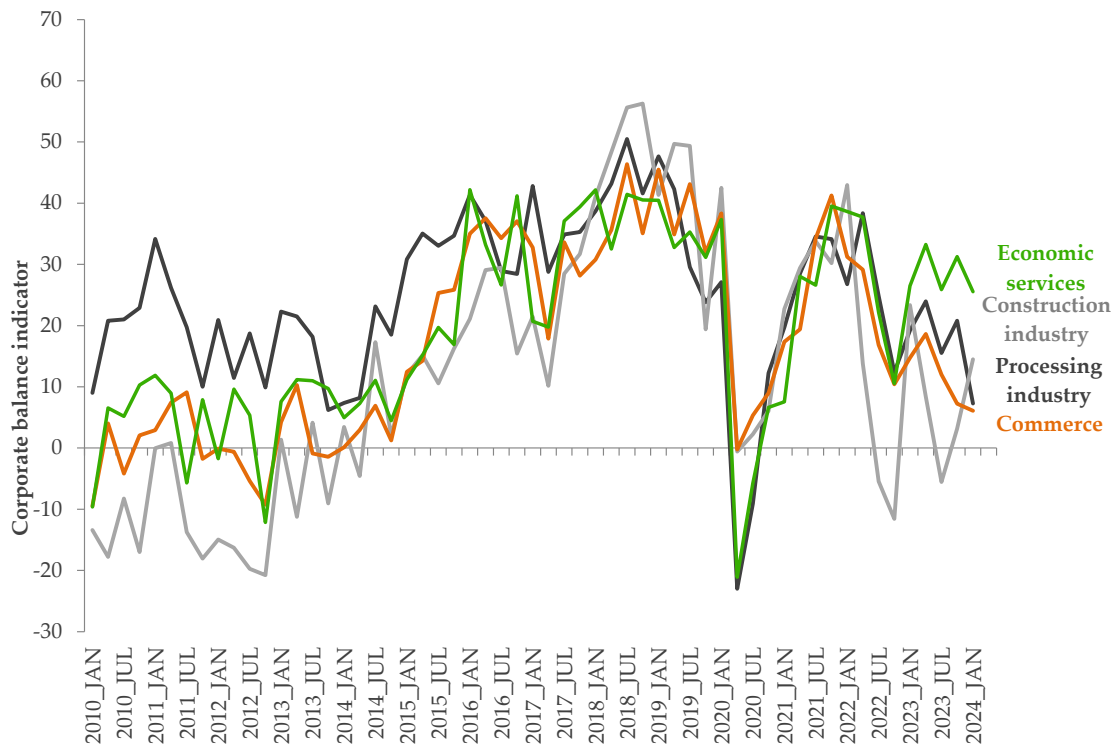
**Sector:** the Quarterly Business Climate Index is highest for the service sector (+26 points), +15 points for construction businesses, +7 points for industry and lowest for trade (+6 points).

**Structure of ownership:** the Quarterly Business Climate Index is +11 points for enterprises in solely domestic ownership and +13 points for enterprises in (partly) foreign ownership.

**Export activity:** the Quarterly Business Climate Index is highest for minor exporters (+15 points), while it is +14 points for non-exporters and +7 points for major exporters.

**Size category:** the Quarterly Business Climate Index is at +1 point for enterprises with 20 to 49 employees, +2 points for enterprises with 50 to 99 employees, +8 points for enterprises with 100 to 249 employees and +18 points for enterprises with more than 250 employees.

**Figure 1: The Quarterly Business Climate Index by economic sector, 2010. 01.–2024. 01.**



Source: IEER 2024

### The components of the Business Climate Index

The Quarterly Business Climate Index has ten components:

- current/expected business situation;
- current/expected profitability;
- expected investment activity
- current orders;
- production levels in the previous/next half;
- expected change in headcount;
- expected capacity utilisation.

Business executives are more pessimistic on all aspects than in October 2023. Compared to the previous quarter, the largest deterioration (15 points) was in the

assessment of the current business situation and there were also significant decreases (14, 13 and 10 points, respectively) in the assessment of current profitability, investment outlook and current order books. The most pessimistic than last year's assessments are the production levels of the previous half (33 points), current order books (16 points) and expected production levels (13 points), while the other indicators also tend to be more negative than one year ago. Exceptions are the assessment of the business outlook, which is the same as in January last year, and the assessment of the outlook on investments and expected profitability, which are 3 and 4 points higher than in the same period last year.

## THE EXPECTED DEVELOPMENT OF DOMESTIC SALES PRICES – THREE- QUARTERS OF DOMESTIC ENTERPRISES EXPECT A RISE IN PRICES IN THE FIRST QUARTER OF 2024

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Our analysis presents the expectations of domestic enterprises regarding domestic sales prices for the (six-month) period from October 2023 to March 2024. The analysis is based on data from the October 2023 semi-annual business survey of the HCCI IEER, in which a total of 1,825 domestic enterprises were interviewed.

In autumn 2023, enterprises expressed similar views on the expected changes in domestic sales prices as they did six months earlier in April. In October 2023, three-quarters of the respondents (75%) expected their domestic prices to increase over the next six months. The proportion of enterprises forecasting price increases has remained stable above 70% since autumn 2021: it was very high in October 2022 (82%) and similar to the current level in April 2023 (74%).

Almost a third (33%) of the respondents expected prices to increase less than inflation, in autumn 38% expected prices to increase at the same rate as inflation, while 7% expected prices to increase more than inflation.<sup>1</sup> Around a fifth of the firms expect their sale prices to remain unchanged: last April, 22 percent of

respondents expected their domestic prices to stagnate in the next six months, but by October this rate has fallen to 20 percent. In October 2023, 5% of enterprises said they expected their domestic sales prices to decrease in the next six months, their proportion was last that high in October 2020.

A bit over half (52%) of the respondents expecting a rise in prices in the six months following October 2023 thought a rise in prices of less than 10% was likely, around a third (35%) predicted an increase of 10-15%, and one in ten (9%) predicted an even higher increase of 16-20%.

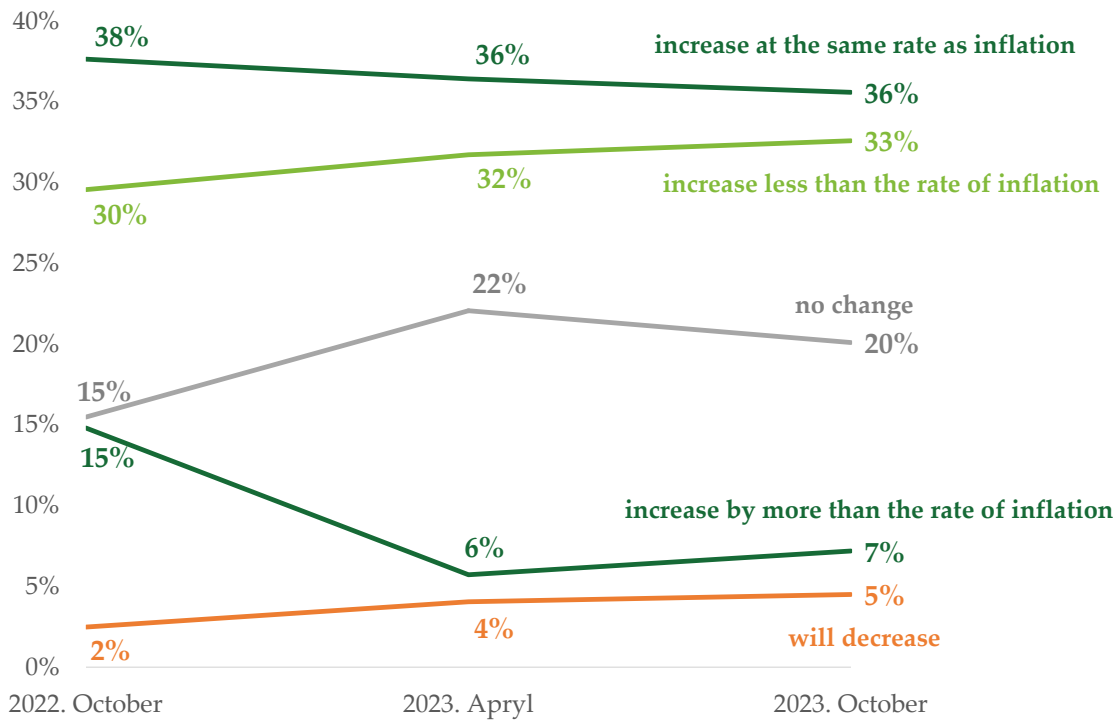
The largest share of the expected price increase of at least 16% was reported by service companies (17%) and construction industry companies (16%), while the same share was 14% in trade and 9% in industry.

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<sup>1</sup> The reference point of "inflation" in this case is not a precisely defined monthly or annual figure: responding enterprises answered the

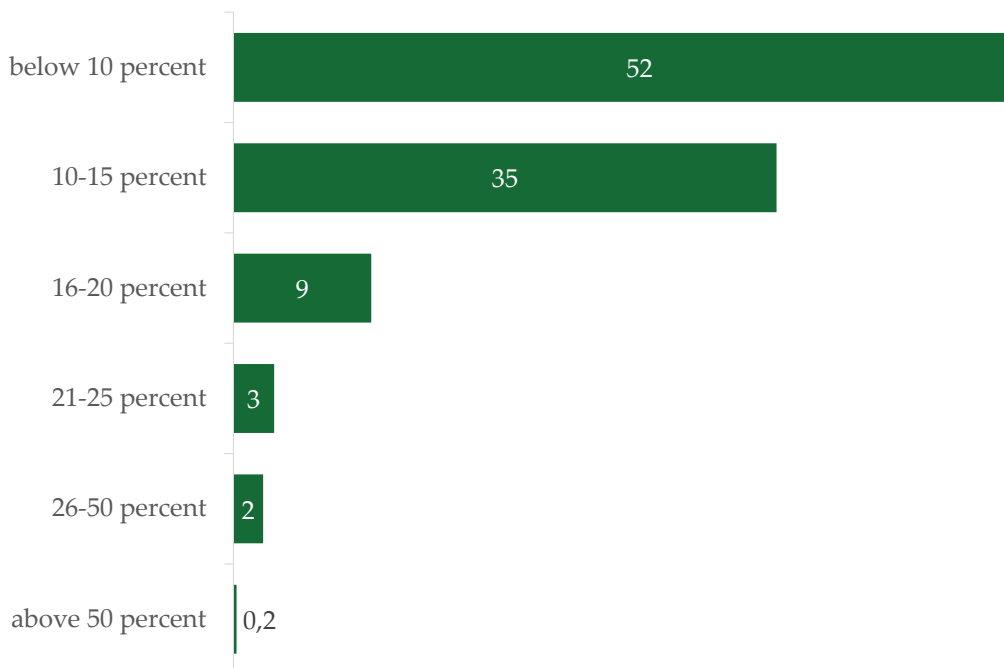
question in relation to their own (subjective) perception of inflation.

**Figure 1. Forecast of domestic enterprises' domestic sales prices in the next six months between October 2022 and October 2023**



Source: IEER 2022- 2023

**Figure 2. Forecast of domestic enterprises on the rate of price increase expected in the next six months (October 2023 - March 2024) by enterprises forecasting a rise in prices, %**



Source: IEER 2023

## INTERNATIONAL TRENDS

Changes in the production, consumption and employment situation in certain major international economies compared with peer expectations and the previous period.

		Period in review	Actual data	Expectations	Previous period
	Unemployment Rate	(February)	<b>5.9%</b>	5.8%	5.8%
Germany	Manufacturing Purchasing Managers Index	(February)	<b>42.5</b>	42.3	45.5
	IFO Business Climate Index <sup>1</sup>	(February)	<b>85.5</b>	84.1	85.2
France	INSEE Business Climate Index <sup>2</sup>	(February)	<b>97.8</b>		98.4
	Unemployment Rate	(February)	<b>3.9%</b>	3.7%	3.7%
USA	CB Consumer Confidence Index	(February)	<b>106.7</b>	114.8	110.9
	Manufacturing Purchasing Managers Index	(February)	<b>52.2</b>	51.5	50.7
China	Manufacturing Purchasing Managers Index	(February)	<b>49.1</b>	49.1	49.2

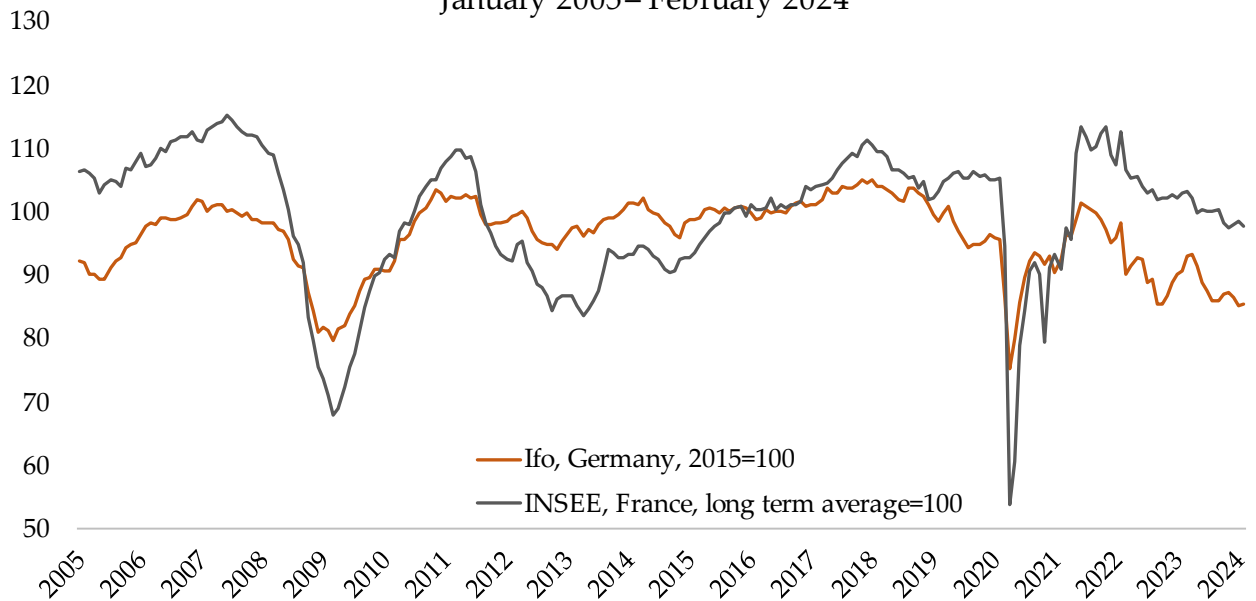
<sup>1</sup> <https://www.ifo.de/en/survey/ifo-business-climate-index-germany>

<sup>2</sup> <https://www.insee.fr/en/statistiques?debut=0&theme=30&conjoncture=23>

The rest of the data source: <https://www.bloomberg.com/markets/economic-calendar>

In Germany, the IFO business climate index increased compared to January. The manufacturing purchasing manager index (PMI) decreased, and the unemployment rate remained the same in Germany compared to the previous period. The French INSEE business climate index decreased compared to the month prior. The unemployment rate increased in the USA compared to the month prior and the CB consumer confidence index decreased compared to January and performed worse than expected. The manufacturing PMI increased compared to the previous month in the USA. The Chinese manufacturing PMI decreased compared to the previous month.

Business confidence in Germany and France  
based on the Ifo and INSEE business climate survey,  
January 2005– February 2024



Sources: [www.ifo.de](http://www.ifo.de), [www.insee.fr](http://www.insee.fr)

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