

Climate in the retail sector

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2008-07-01

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In May 25% of the surveyed retailers signalled an improvement and 14% a deterioration in business conditions. As in April, around 5.0% of the surveyed retailers said they saw no barriers to their current business operations. The remainder signalled the following major barriers: market competition (signalled by 70% of the surveyed retailers), high labour costs (64%) and high fiscal burdens (53%). Compared to May last year, slight changes were recorded in individual barriers. The barriers created by high fiscal burdens and insufficient demand diminished by 2% while barriers created by high interest on loans, competition and labour costs rose.

Individual segments of the retail sector made different assessments of the business climate. Retailers selling furniture, radio and television equipment, household appliances and motor vehicles were the most optimistic in May. Retailers also signalled higher sales of textiles, clothing, footwear and food. In May, as in previous months, the outlook on business conditions was very positive in the financial services sector, though it deteriorated from the previous month. 58% of the surveyed companies reported an improvement, versus 64% in April, and 1% reported a deterioration in business conditions. In April no company reported a deterioration. The outlook on current and future demand for financial services, sales and financial situation was slightly worse than in April. Prices and employment may be increasing at a slower pace than previously expected. In May 2008 the outlook in the transport, warehousing and communications sector was similar to that recorded in the previous month. 33% of the surveyed companies signalled an improvement and 9% a deterioration in business conditions. The outlook on current demand, sales and financial situation was positive, but in the next three months demand was expected to grow at a slower pace, leading to a reduction in sales and the worsening of the companies' financial situation. But managers signalled a rise in employment and a slight decrease in current service prices.

The outlook in the real estate, rental, education and business services sector was positive in May. The surveyed companies expected a rise in demand for their services and an improvement in their financial situation. 24% of the surveyed businesses signalled an improvement and 6% a deterioration in business conditions. The companies were going to create more jobs and prices of their services were expected to go up.

The outlook in the hotel and restaurant sector was better than in April. 26% of the surveyed businesses signalled an improvement and 11% a deterioration in business conditions. The outlook on current demand and sales was optimistic, but the outlook on the companies' financial situation was unfavourable. Demand projections for the next months were positive, which indicates that the financial situation may start improving. Managers signalled a slower increase in prices of services than previously projected. Employment was expected to rise.