



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Survey on the Access to Finance of Enterprises in the euro area

Third quarter of 2024

November 2024



# Contents

<b>1</b>	<b>Overview of the results</b>	<b>2</b>
<b>2</b>	<b>Firms' financing conditions</b>	<b>7</b>
2.1	Firms' costs of bank loans continued to rise, but the rise was much less widespread than in the previous quarter	7
2.2	Little change in availability and a decrease in needs narrowed the financing gap for bank loans	8
2.3	Firms expect the availability of external financing to improve slightly	11
2.4	More enterprises perceived the general economic outlook as negatively affecting the availability of external finance	13
2.5	Few firms applied for bank loans while overall financing obstacles increased slightly	14
<b>3</b>	<b>The economic situation of euro area firms</b>	<b>17</b>
3.1	Turnover increased slightly, with costs still weighing on profitability	17
3.2	Investment activity was weak and is expected to remain so in the fourth quarter	19
3.3	Firms expect their selling price increases to moderate over the next 12 months, amid slightly higher wage expectations	20
3.4	Firms' inflation expectations continued to decline	22
	<b>Annexes</b>	<b>26</b>
	Annex 1 Descriptive statistics for the sample of enterprises	26
	Annex 2 Methodological information on the survey	28

# 1 Overview of the results

**This report presents the main results of the 32nd round of the Survey on the Access to Finance of Enterprises (SAFE) in the euro area, which was conducted between 2 September and 15 October 2024.** In this survey round, firms were asked about economic and financing developments over two different reference periods. Around 60% of firms were asked about changes in the period between April and September 2024. The remaining 40%, all from the 12 largest euro area countries, were asked about changes in the period between July and September 2024. Altogether, the sample comprised 12,788 enterprises in the euro area, of which 11,799 (92%) had fewer than 250 employees.<sup>1</sup>

**Overall, survey results suggest that the effects of past monetary policy tightening continued to raise borrowing costs, but to a much lesser extent than in the second quarter.** A net 4% of firms reported an increase in bank interest rates, down from 31% in the previous quarter. However, many firms indicated a further tightening of other loan conditions.

**Firms reported a small reduction in the need for bank loans and almost no changes in bank loan availability (Table 1, columns 9-10 at the end of this section and Chart 2 in Section 2).** In the third quarter of 2024 a net 2% of companies reported lower needs for bank loans, while a net 1% reported an improvement in the availability of bank loans. As a result, the financing gap for bank loans – the difference between needs and availability – was negative for a net 2% of firms, a slight increase from the previous quarter. Looking ahead, firms expect a modest improvement in the availability of bank financing over the next three months but less than in the previous survey round.

**The composite financing gap – which includes bank loans, credit lines and trade credit as well as debt securities and equity– declined slightly but remained positive.** A net 3% of firms reporting changes in the last six months signalled an increase in the composite financing gap, down from 6% in the previous six months, which covered the last quarter of 2023 and the first quarter of 2024 (Chart 4 in Section 2).

**Firms perceived the general economic outlook to be the main factor hampering the availability of external financing to a greater extent than in the previous survey round (Chart 6 in Section 2).** In the third quarter of 2024, a net 20% of firms reported that a worsening economic outlook had reduced external financing availability, up from 12% in the previous quarter. Firms also reported a worsening impact of their firm-specific outlook on financing availability.

**Firms reported an increase in the willingness of banks to lend, albeit to a lesser extent than in the previous quarter (Chart 7 in Section 2).** On balance, 6% of firms reported an improvement in banks' willingness to lend, down from 9% in the

---

<sup>1</sup> See Annex 3 for details of methodological issues relating to the survey.

previous survey round. The responses were similar from both SMEs and large companies.

**The share of firms applying for bank loans remained relatively low, mainly due to high internal funds** (Chart 8 in Section 2). In the third quarter of 2024 the share of firms applying for bank loans was 17%. The most common reason reported by firms for not applying for a bank loan was the amount of internal funds at their disposal, which firms consider sufficient to finance their business plans.

**The percentage of firms reporting obstacles to obtaining a bank loan increased slightly.** Among enterprises that judged bank loans to be relevant, 6% reported obstacles when seeking to obtain a loan (Table 1, columns 11 and 12 in this section, and Chart 9 in Section 2).

**An indicator reflecting firms' price terms and conditions of financing suggests a moderate tightening of perceived financing conditions in the second and third quarters of 2024** (Chart A in this section), **significantly less than in the previous six months.** This indicator covers changes in firms' bank interest rates and other costs related to bank financing (charges, fees and commissions) and is one of three "principal components" reflecting how euro area firms perceive overall financing conditions.<sup>2</sup> In this survey round, fewer firms reported a deterioration in price terms and conditions in the second and third quarters of 2024, significantly down from what they signalled in the previous six months. The continuing decline reflects the ongoing moderation in the cost of borrowing. Across size classes, large firms signalled slightly better overall financing conditions than SMEs.

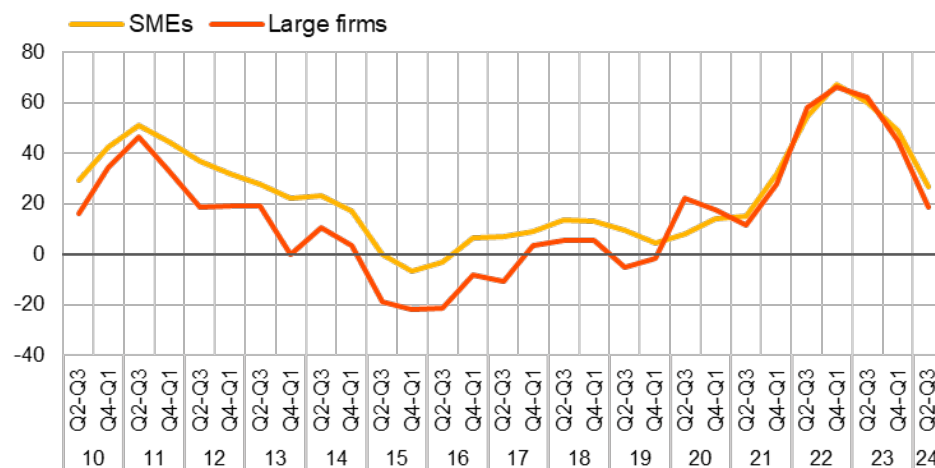
---

<sup>2</sup> The indicator is derived from a factor analysis covering changes in (i) price terms and conditions of bank loans (changes in interest rates and other costs of bank loans); (ii) non-price terms and conditions (changes in collateral requirements); (iii) the financial position of firms (in terms of changes in profits, credit history and own capital); and (iv) firms' perceptions of changes in the willingness of banks to provide credit. The reported indicator is one of three main principal components and mainly relates to price terms and conditions. The methodology for computing this indicator has been updated from that presented in the box entitled "[Financing conditions through the lens of euro area companies](#)", *Economic Bulletin*, Issue 8, ECB, 2021. The new approach involves performing the factor analysis at each wave with data from the individual wave and computing each indicator as a linear combination of the underlying variables. This combination is then rescaled to range from -100 to 100 by dividing by the theoretical maximum it can achieve.

## Chart A

### Change in price terms and conditions as perceived by euro area firms

(weighted scores)



Base: Enterprises that applied for a bank loan.

Notes: Indicator derived from factor analysis. For details of the analysis see footnote 1. The indicator is based on firm-level survey replies from 2010 to the third quarter of 2024, using the replies on changes in the previous six months. The aggregate indicators are the average of firm-level scores, weighted by size, economic activity and country. Positive values indicate a deterioration in firms' financing conditions. The individual scores have a range of between -100 and 100.

**Few enterprises reported an increase in turnover over the last three months.** A net 7% reported increased turnover (**Chart 10** in Section 3), compared with 8% in the previous quarter. The increased turnover was mainly recorded by larger firms. Firms are optimistic about future turnover, with a net 18% of them expecting increases.

**More firms continued to report a deterioration in profits and increases in labour and other costs than in the previous quarter.** A net 12% of euro area enterprises signalled a decline in their profits (after 10% in the previous quarter). Moreover, there was an increase in the net percentage of firms reporting higher labour costs and materials and energy costs, compared with the previous quarter.

**The financial vulnerability of euro area enterprises increased slightly** (**Chart 11** in Section 3). According to this indicator, 7% of euro area enterprises encountered major difficulties in running their business and servicing their debts over the past three months (up by 2 percentage points from the previous quarter).

**Firms reported increased investments in the last six months, but these seem to have peaked in the second quarter** (**Chart 12** in Section 3). Fewer enterprises reported an increase in investment over the last three months. Firms across size classes are expecting a similar increase over the next three months, with SMEs more pessimistic than large firms.

**Firms expect their selling prices increases to moderate over the next 12 months, while their expected wage increases ticked up slightly** (**Chart 13**, **Chart 14** and **Chart 15** in Section 3.3). Selling prices are expected to increase by 3%, on average (unchanged from the previous survey round) and wages by 3.5% (up from 3.3% in the previous survey round). Across size classes, SMEs continue to

report higher expectations for selling prices and non-labour input costs than larger firms, while their wage cost and employment growth expectations are more closely aligned. On average, firms in services expect their selling prices and wages to increase at a stronger pace than firms in other sectors (3.6% in the services sector compared with 2.4% in the other sectors for selling prices, and 3.8% compared with 3.2%, respectively, for wages). In addition, firms expect their non-labour input costs to increase by 3.8% on average (up from 3.5% in the previous survey round), whereas employment growth expectations moderated slightly, to 1% (down from 1.3% in June 2024), over the next 12 months.

**Firms' short-term inflation expectations have closely tracked the decline in HICP inflation over the past year, while their long-term inflation expectations have remained more stable** (Chart 16 in Section 3.4). Since the initial collection of firms' inflation expectations in June 2023, the term structure of these expectations has displayed a downward-sloping trend throughout the period of high, albeit declining, inflation. The latest survey rounds indicated slightly higher one-year-ahead inflation expectations, at 2.9%, compared with realised inflation figures published before the survey round.

**Euro area firms' median inflation expectations continued to decline across the one, three and five-year horizons** (Chart 17 in Section 3.4). Median inflation expectations stood at 2.9% for annual inflation in one, three and five years. Compared with June 2024 median inflation expectations fell by 0.1 percentage points across all horizons. Overall, SMEs tended to report higher inflation expectations compared with large firms across all horizons. In the services sector, median inflation expectations were 2.9% for the one, three and five-year horizon, whereas the comparable figures for other sectors ranged from 2.5% to 3.1% across horizons.

**Although the risks to the five-year-ahead inflation outlook reported by euro area firms remain tilted to the upside, there was a decline in perceived upside risks** (Chart 19 in Section 3.4). With regard to inflation in five years, fewer firms (46%, down from 50%) continued to perceive that the risks to the outlook are tilted to the upside, compared with the shares of firms seeing balanced (41%) or downside risks (12%).

**Table 1****Latest developments in SAFE country results for euro area firms**

(net percentages and percentages of respondents)

	Needs				Availability				Financing gap (bank loans)		Financing obstacles		Vulnerable firms	
	Bank loans		Credit lines		Bank loans		Credit lines		(9)	(10)	(11)	(12)	(13)	(14)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Q2 2024	Q3 2024	Q2 2024	Q3 2024	Q2 2024	Q3 2024
<b>Euro area</b>	-1	-2	8	6	2	1	-1	-2	-1	-2	4	6	5	7
<b>BE</b>	13	2	4	15	3	-1	5	-1	7	0	3	7	8	6
<b>DE</b>	-11	-8	7	7	-8	-9	-10	-9	-1	-1	3	6	4	9
<b>IE</b>	7	1	6	3	5	3	8	5	2	0	3	4	3	5
<b>GR</b>	12	2	24	9	12	11	9	7	2	-4	15	9	6	3
<b>ES</b>	4	-3	6	-5	13	13	7	7	-6	-10	7	5	5	5
<b>FR</b>	4	2	6	3	3	0	2	0	2	2	2	5	5	7
<b>IT</b>	3	5	12	7	9	4	3	0	-1	2	5	7	7	6
<b>NL</b>	-9	-7	10	17	-2	1	6	-3	-5	-5	3	2	3	5
<b>AT</b>	-6	-7	5	9	-7	1	-4	0	1	-2	2	4	6	11
<b>PT</b>	3	-3	9	7	9	14	3	7	-2	-8	5	3	6	6
<b>SK</b>	12	-4	13	0	8	0	8	4	4	-1	7	7	2	3
<b>FI</b>	0	0	8	10	-14	-8	-4	-4	10	4	8	6	4	9

Notes: For the "financing gap", see the notes to **Chart 2**; for "financing obstacles", see the notes to **Chart 8**; for "vulnerable firms", see the notes to **Chart 10**. "Q2 2024" refers to round 31 (April-June 2024) and "Q3 2024" refers to round 32 (July-September 2024). Financing obstacles and vulnerable firms refer to the percentages of respondents, while the other indicators in the table are expressed in net percentages.

## 2 Firms' financing conditions

### 2.1 Firms' costs of bank loans continued to rise, but the rise was much less widespread than in the previous quarter

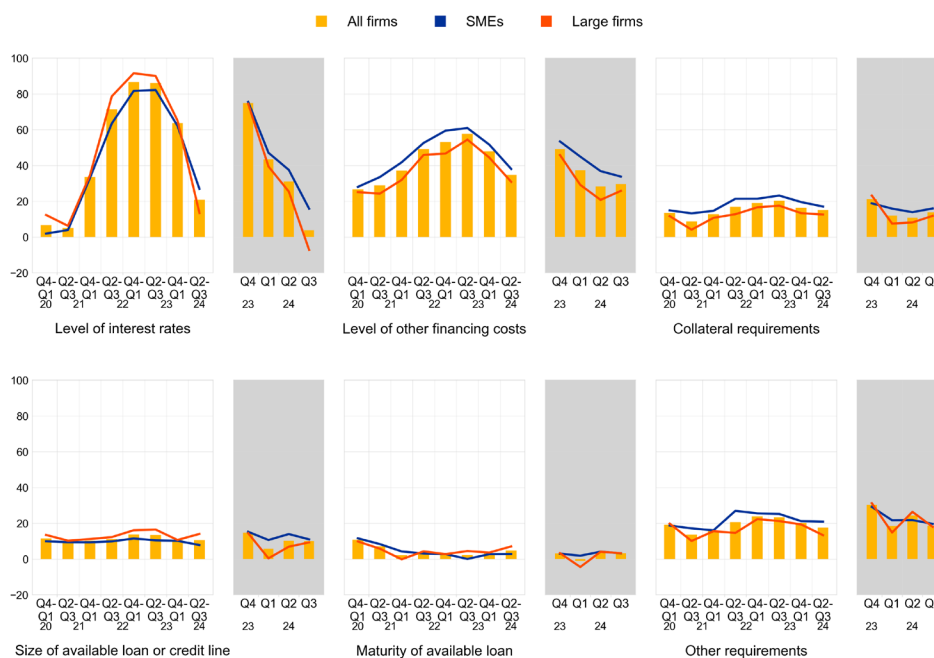
**Fewer firms reported rising bank interest rates in net terms than in the previous quarter, while indicating a further slight tightening of other loan conditions (Chart 1).** In the third quarter of 2024 the share of firms reporting an increase in bank interest rates dropped significantly, to 4%, compared with 31% in the second quarter of 2024 and 43% in the first quarter of 2024. Meanwhile, a net 30% of firms (up from 28% in the second quarter of 2024) reported an increase in other costs of financing, such as charges, fees and commissions, and 14% (up from 11% in the second quarter of 2024) reported stricter collateral requirements. Across size classes, large firms indicated a reduction in bank interest rates, while the rise in other costs of bank loans was more widespread among SMEs than large firms. Similar trends were observed among firms reporting developments over the previous six months. A smaller net percentage of firms (21%, down from 64% in the six months between October 2023 and March 2024) indicated rising interest rates over the past six months. A similar net percentage was observed prior to the recent monetary policy tightening cycle.



## Chart 1

### Changes in the terms and conditions of bank financing for euro area enterprises

(net percentages of respondents)



Base: Enterprises that had applied for bank loans (including subsidised bank loans), credit lines, or bank or credit card overdrafts. The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).

Notes: Net percentages are the difference between the percentage of enterprises reporting an increase for a given factor and the percentage reporting a decrease. The data included in the chart refer to Question 10 of the survey. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

## 2.2 Little change in availability and a decrease in needs narrowed the financing gap for bank loans

**Firms reported a slight reduction in the need for bank loans (Chart 2).** In the third quarter of 2024 firms reported lower needs for bank loans (a net -2%, down from -1% in the previous quarter), with SMEs indicating a decline in their needs for bank loans (a net -3%, down from 0%) and large firms on average signalling a small increase (a net 1%, up from -1%).

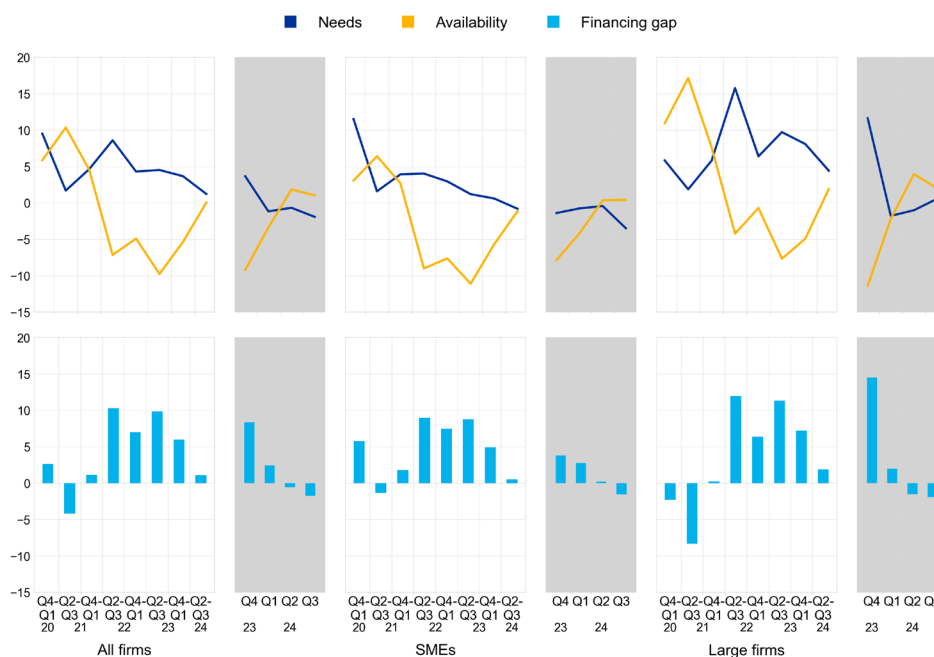
**Very few firms reported an improvement in the availability of bank loans (Chart 2).** The net percentage of firms reporting an improvement in the availability of bank loans was 1%, down from 2% in the previous quarter. This change is due to large firms, a net 2% of which reported an improvement in the availability of bank loans (down from 4% in the second quarter of 2024), while SMEs on average reported no change (0%, as in the previous quarter). This very small change in the availability of bank loans is broadly consistent with the unchanged credit standards reported by the euro area bank lending survey in the same period, following more than two years of successive, substantial tightening. Consequently, the change in the financing gap for bank loans – the estimated difference between the change in needs and the change in availability – remained negative for a net 2% of firms, compared with 1% of firms

in the previous quarter. Firms reporting over the last six months appear to be less optimistic about changes in the availability of bank loans and their financing needs. As a result, they indicated a still positive financing gap, albeit at very low percentages compared with previous survey rounds.

## Chart 2

### Changes in euro area enterprises' financing needs and the availability of bank loans

(net percentages of respondents)



Base: Enterprises for which the instrument in question is relevant (i.e. they have used it or considered using it). Respondents replying "not applicable" or "don't know" are excluded. The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).

Notes: The financing gap indicator combines both financing needs and the availability of bank loans at firm level. The indicator of the perceived change in the financing gap takes a value of 1 (-1) if the need increases (decreases) and availability decreases (increases). If enterprises perceive only a one-sided increase (decrease) in the financing gap, the variable is assigned a value of 0.5 (-0.5). A positive value for the indicator points to a widening of the financing gap. Values are multiplied by 100 to obtain weighted net balances in percentages. The data included in the chart refer to Questions 5 and 9 of the survey. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

### Firms reported a decline in their financing needs for trade credit, with a modest improvement in availability (Chart 3).

A net 6% of companies reported higher needs for trade credit (down from 7% in the previous quarter), possibly reflecting their willingness to reduce financial fluctuations in times of uncertainty. At the same time, 3% of firms (up from 2% the previous quarter) signalled increased availability. Hence the change in the financing gap for trade credit remained positive but lower than in the previous quarter (at 2%).

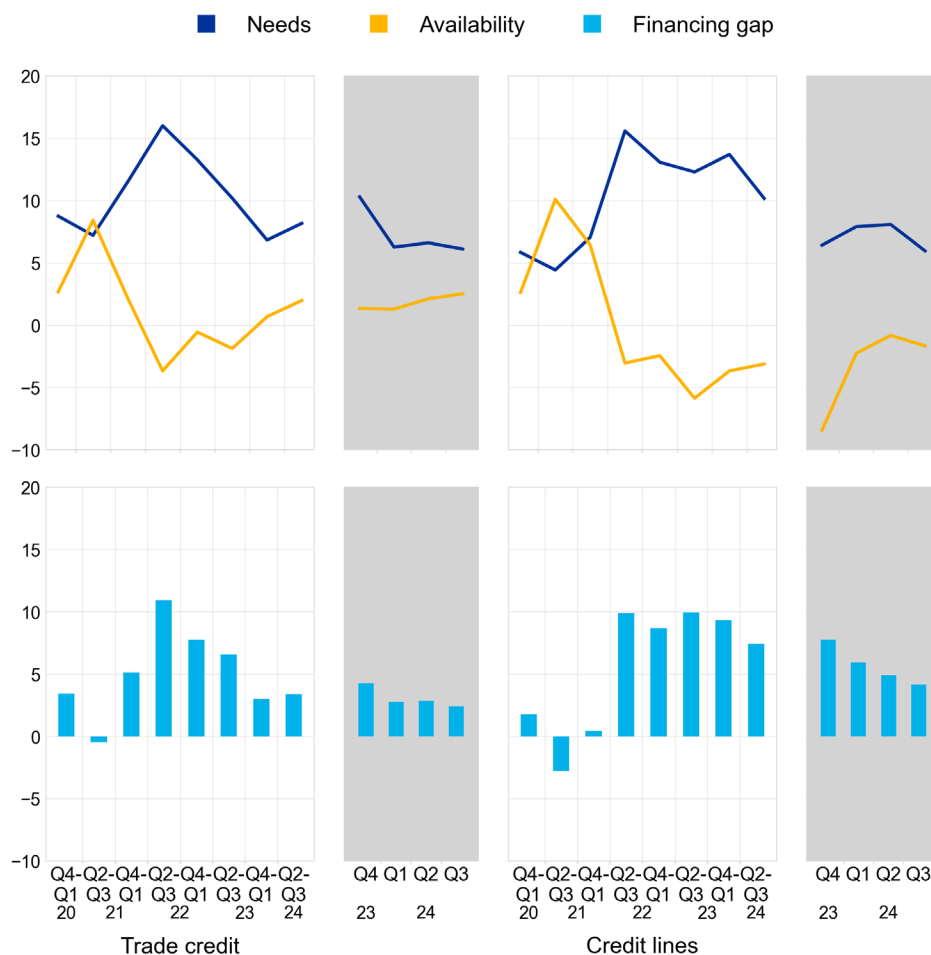
### Fewer firms reported increasing needs for credit lines, while availability continued to decline when compared with the second quarter of 2024 (Chart 3).

In this survey round, a net 6% of firms reported increased needs for credit lines (down from 8% in the second quarter of 2024), while continuing to signal a decline in availability (-2%, down from -1%). As a result, the financing gap for credit lines (4%) remained positive and higher than for bank loans and trade credit.

**Chart 3**

Changes in euro area enterprises' financing needs and the availability of trade credit and credit lines

(net percentages of respondents)



Base: Enterprises for which the instrument in question is relevant (i.e. they have used it or considered using it). Respondents replying "not applicable" or "don't know" are excluded. The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).

Notes: For a description of the indicator, see the notes to Chart 2. The data included in the chart refer to Questions 5 and 9 of the survey. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

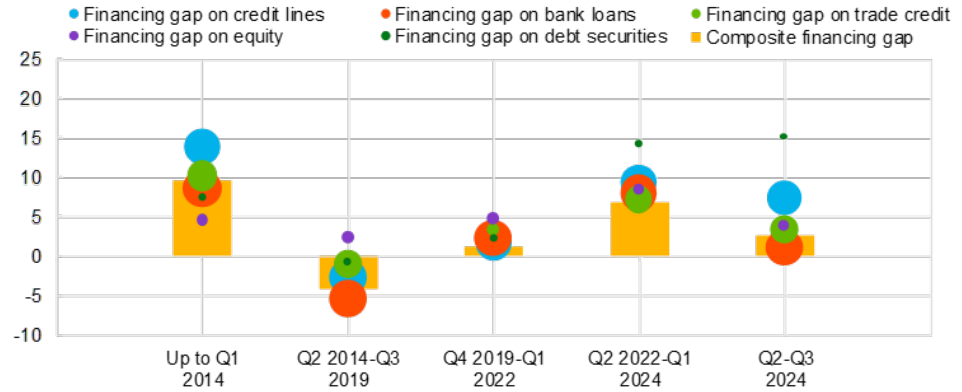
**The composite financing gap – which includes bank loans, credit lines and trade credit as well as debt securities and equity – declined, but remained positive over the past six months (Chart 4).** A net 3% of firms signalled an increase in the composite financing gap, down from 6% in the previous six months, which covered the last quarter of 2023 and the first quarter of 2024. This decline reflects a smaller, albeit still positive, financing gap for bank loans, credit lines and equity. The current composite financing gap is now lower than during the period associated with the recent monetary policy tightening cycle.<sup>3</sup>

<sup>3</sup> For a detailed description of the composite financing gap across different monetary policy phases see the article entitled "The Survey on the Access to Finance of Enterprises: monetary policy, economic and financing conditions and inflation expectations", *Economic Bulletin*, Issue 7, ECB, 2024.

**Chart 4**

**Composite financing gap and its components since the start of the survey**

(net percentages of respondents)



Base: All enterprises.

Notes: The financing gap indicators combine both financing needs and the availability of bank loans, trade credit, equity, debt securities and credit lines at firm level. For each of the five financing instruments, the indicator of the perceived change in the financing gap takes a value of 1 (-1) if the need increases (decreases) and the availability decreases (increases). If enterprises perceive only a one-sided increase (decrease) in the financing gap, the variable is assigned a value of 0.5 (-0.5). The composite financing gap is computed at firm level by adding together the financing gaps for each relevant source of financing and then dividing this total by the number of these sources. A positive value for the indicator points to an increase in the financing gap. Values are multiplied by 100 to obtain weighted net balances in percentages. In the chart, the centre of each bubble represents the financing gap of the corresponding source of financing, while the size represents the shares of firms using the instrument. The data included in the chart refer to Questions 5 and 9 of the survey.

The latest observation is for round 32 (April-September 2024) of the survey.

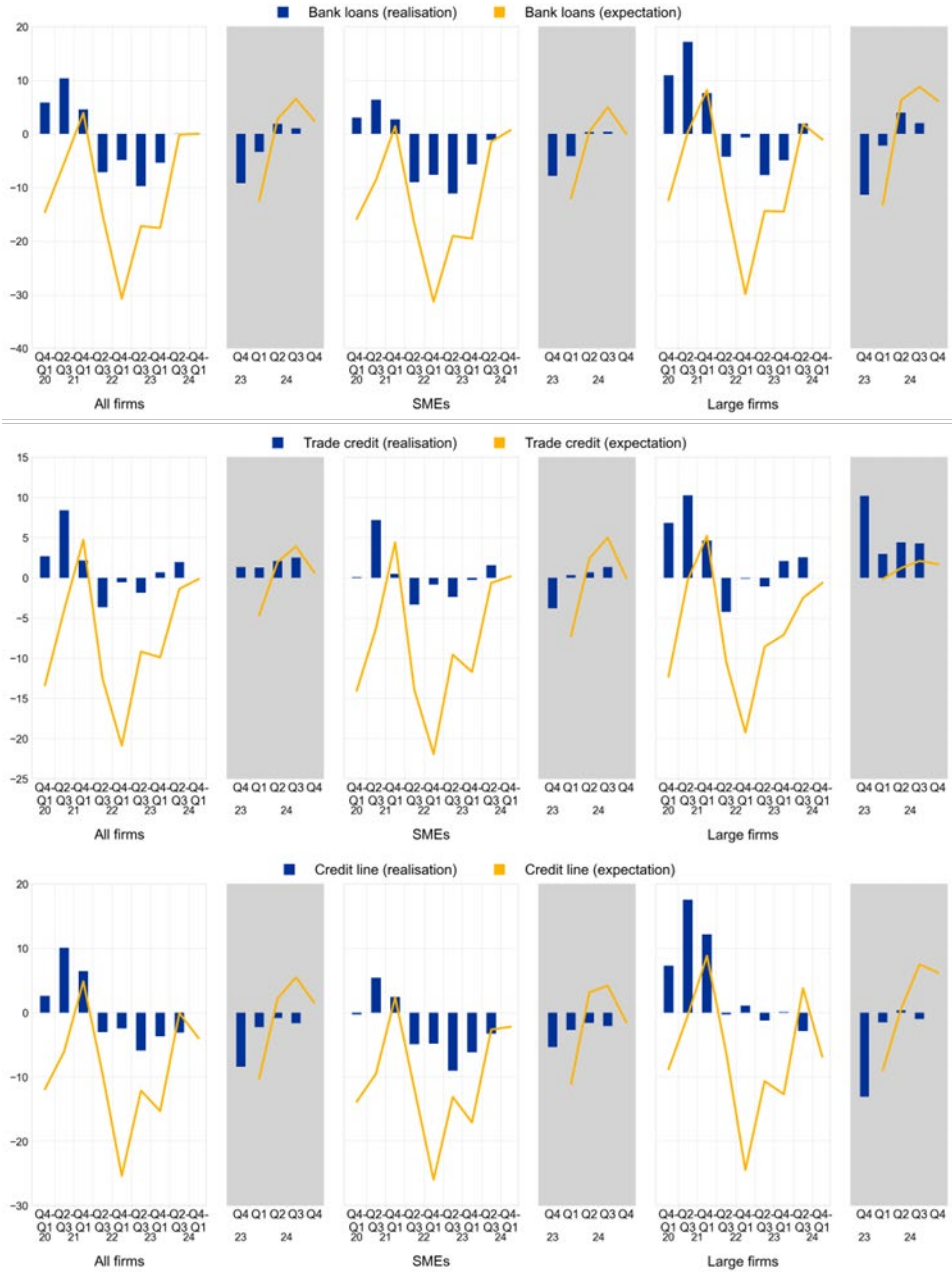
## 2.3 Firms expect the availability of external financing to improve slightly

**Looking ahead, firms expect small improvements in the availability of external financing over the next three months, fewer than in the previous survey round (Chart 5).** A net 2% of firms expect access to bank loans to improve over the next three months, while 2% expect an improvement in credit lines and 1% in trade credit. Compared with large firms, fewer SMEs expect to see an improvement in external financing. Likewise, fewer firms also expect the availability of internal funds to increase. Firms reporting over the next six months are less optimistic, indicating almost no changes in expected external financing.

**Chart 5**

Changes in euro area enterprises' expectations regarding the availability of financing

(net percentages of respondents)



Base: Enterprises for which the instrument in question is relevant (i.e. they have used it or considered using it). The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).

Notes: See the notes to **Chart 1**. The data included in the chart refer to Question 9 and 23 of the survey. The expectation line has been shifted forward by one period to allow for a direct comparison with realisations. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

## 2.4 More enterprises perceived the general economic outlook as negatively affecting the availability of external finance

**Firms perceived the general economic outlook as the main factor hampering the availability of external financing to a higher extent than in the previous survey round (Chart 6).** In the third quarter of 2024 a net 20% of firms reported that a deterioration in the general economic outlook had reduced the availability of external financing, up from a net 12% in the second quarter of 2024. In this survey round, large firms were more pessimistic than SMEs when reporting a deterioration in the availability of external financing due to the general economic outlook (-22%, down from -3% in the previous quarter, compared with -19% of SMEs, down from -16%). Additionally, a net 7% of firms indicated a worsening impact of their firm-specific outlook for the availability of external financing, compared with 0% in the previous survey round. This perception was shared by both SMEs and large firms. In this survey round, a net 5% of SMEs continued to signal a deterioration in their firm-specific outlook, up from 3%. For large firms, the percentage signalling a deterioration jumped to 11%, a significant increase from the net 7% reporting an improvement just one quarter earlier. Firms continued to signal an improvement in their own capital position (a net 12%) and creditworthiness (a net 13%). Firms also reported similar overall sentiment regarding the factors affecting the availability of external finance over the past six months.

**Chart 6**

Changes in factors that have an impact on the availability of external financing to euro area enterprises

(net percentages of respondents)



Base: All enterprises. The figures refer to rounds 24 to 32 of the survey (October 2020–March 2021 to April–September 2024). Notes: See the notes **Chart 1**. The data included in the chart refer to Question 11 of the survey. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

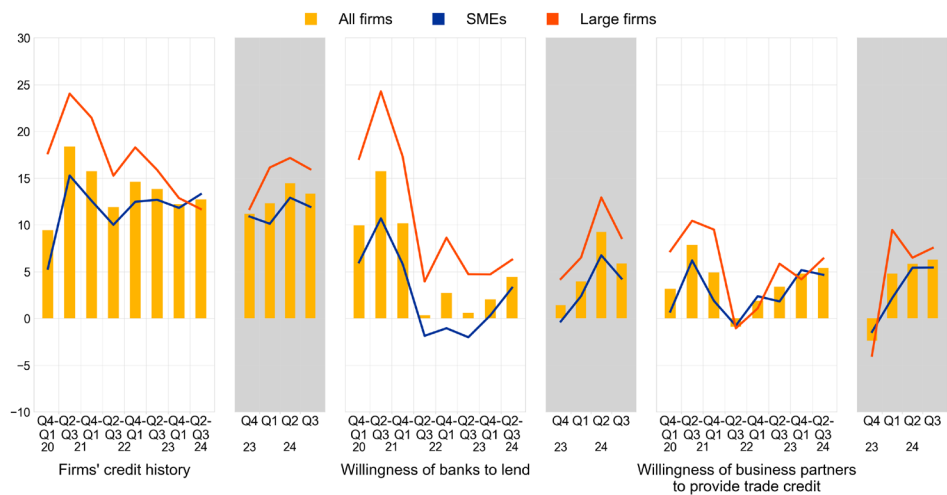
**Firms reported an increase in the willingness of banks to lend, albeit to a lesser extent than in the previous survey (Chart 7).** On balance, 6% of firms reported an improvement in banks' willingness to lend, down from 9% in the previous survey round, with both SMEs and large firms signalling a smaller improvement in banks' attitudes towards them. Firms also signalled that business partners were

more willing to provide trade credit, a net 6%, unchanged from the previous survey round. Among the sample of firms reporting on the past six months, the increase in the reported willingness of banks to provide credit was predominantly due to the more positive perceptions of large firms.

### Chart 7

Changes in factors that have an impact on the availability of external financing to euro area enterprises

(net percentages of respondents)



Base: All enterprises; for the category "willingness of banks to lend", enterprises for which at least one bank financing instrument (credit line, bank overdraft, credit card overdraft, bank loan or subsidised bank loan) is relevant. The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).  
Notes: See the notes to Chart 1. The data included in the chart refer to Question 11 of the survey. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

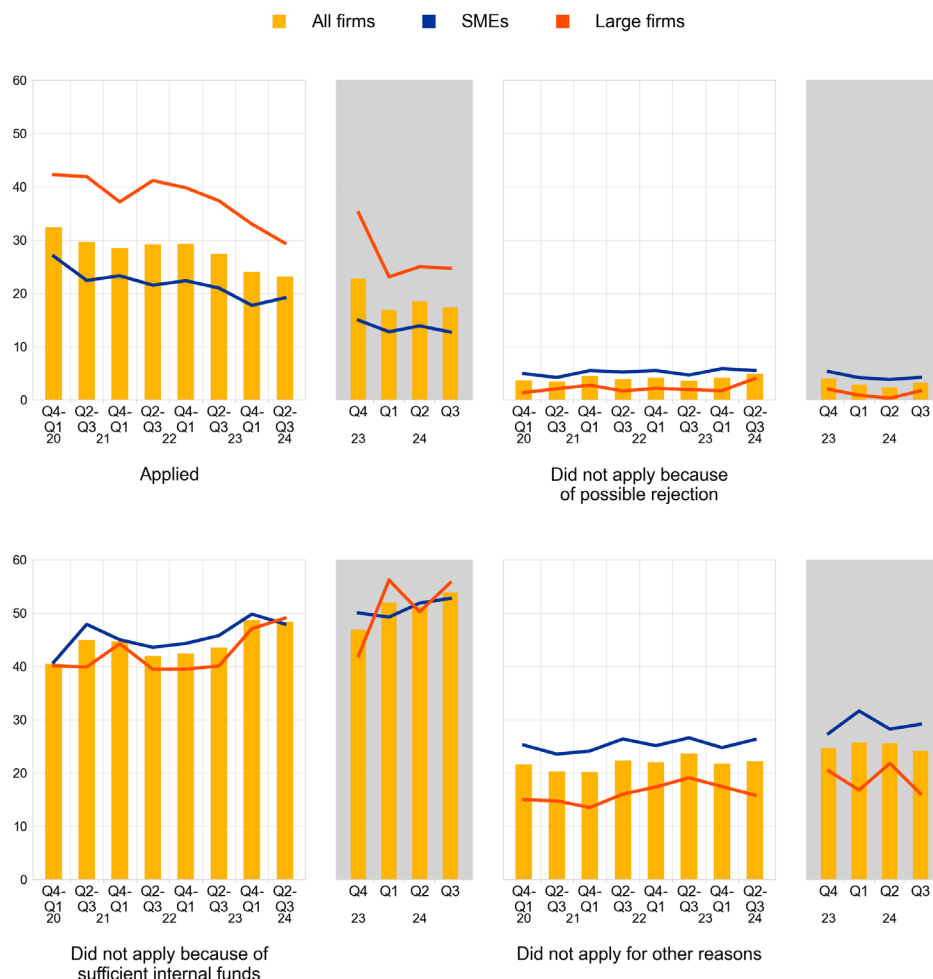
## 2.5 Few firms applied for bank loans while overall financing obstacles increased slightly

**Firms continued to report low applications for bank loans (Chart 8).** In the third quarter of 2024 the share of bank loan applications stood at 17% (down from 19%) across all firms, 13% for SMEs and 25% for large firms. Meanwhile, only a few firms felt discouraged from applying for bank loans, with 3% citing this reason compared with 2% in the previous quarter. The most common reason given by firms for not applying was the sufficient amount of internal funds at their disposal to finance their business plans. In this survey round, 54% of firms stated this reason, up from 51% in the previous quarter, with more large firms than SMEs citing it.

**Chart 8**

**Applications for bank loans by euro area enterprises**

(percentages of respondents)



Base: Enterprises for which bank loans (including subsidized bank loans) are relevant. The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).  
 Notes: The data included in the chart refer to Question 7A of the survey. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

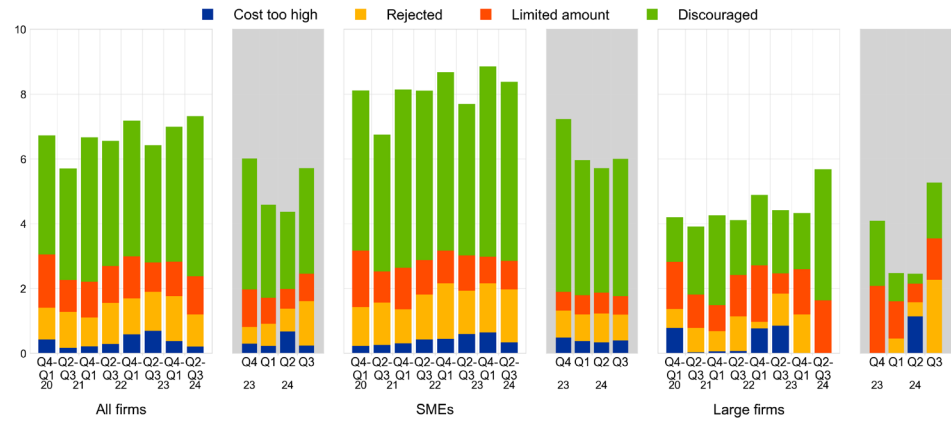
**The percentage of firms reporting obstacles to obtaining a bank loan increased slightly (Chart 9).**

Among firms that considered bank loans relevant for their enterprise, 6% encountered obstacles when seeking to obtain a loan, with this figure being 6% for SMEs and 5% for large firms. This survey round indicated a slight uptick in the percentage of large firms experiencing rejections and discouragement in applying for bank loans. From a long-term perspective, financing obstacles perceived by firms are consistently higher for SMEs than for large firms. Discouraged borrowers, i.e. firms that do not apply for bank loans even if they need them, continued to represent the largest fraction of firms facing financing obstacles, accounting for 3% of all firms replying for the past three months and 5% for those replying for the past six months.



## Chart 9 Obstacles to obtaining a bank loan

(percentages of respondents)



Base: Enterprises for which bank loans (including subsidised bank loans) are relevant. The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).

Notes: Financing obstacles are defined here as the total of the percentages of enterprises reporting (i) loan applications that resulted in an offer that was declined by the enterprise because the borrowing costs were too high, (ii) loan applications that were rejected, (iii) a decision not to apply for a loan for fear of rejection (discouraged borrowers), and (iv) loan applications for which only a limited amount was granted. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months. The data included in the chart refer to Questions 7A and 7B of the survey.

## 3 The economic situation of euro area firms

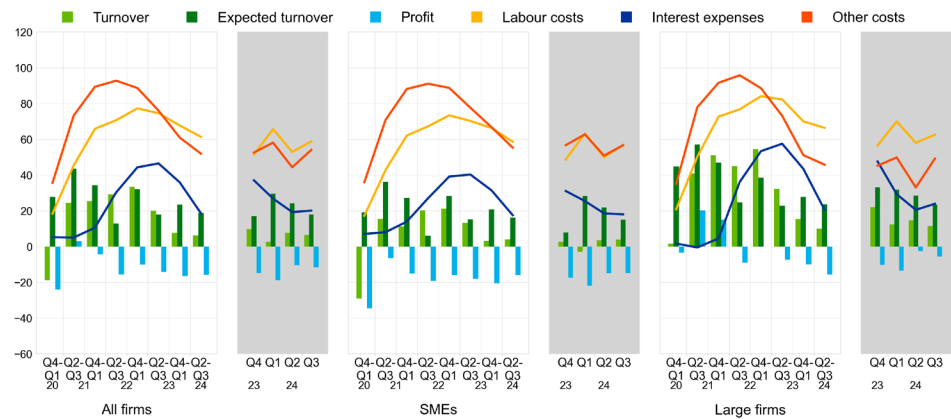
### 3.1 Turnover increased slightly, with costs still weighing on profitability

**Few enterprises reported an increase in turnover over the last three months (Chart 10).** The net percentage of euro area firms reporting an increase in turnover declined slightly to 7% (from 8% in the second quarter of 2024). Across firm sizes, large firms signalled, on net, an increase in turnover, albeit less than in the previous survey round (a net 11%, down from 15%) while for SMEs this percentage remained unchanged (net 4%). Similar developments were reported by firms replying for the past six months. Looking forward, firms remained optimistic about future turnover, with a net 18% (down from a net 25% in the second quarter of 2024) expecting increases over the next three months, in particular large firms.

**Chart 10**

Changes in the economic situation of euro area enterprises

(net percentages of respondents)



Base: All enterprises. The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).

Notes: See the notes to Chart 1. The data included in the chart refer to Question 2 of the survey. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

**Euro area firms continued to report a deterioration in their profits, more widely so than in the previous quarter.** A larger net percentage of euro area enterprises signalled a decline in their profits compared with the second quarter of 2024 (-12%, compared with -10%). More SMEs continued to report lower profits (a net -15%, as in the previous quarter) than large firms (a net -6%, down from -2% in the previous quarter).

**More firms indicated higher cost pressures in net terms, for materials and energy as well as labour costs.** A net 59% of firms reported higher labour costs (up from 53% in the previous quarter), while the net share of firms indicating rising costs for materials and energy increased to 54% (up from 44% in the previous

quarter). Across firm sizes, more large firms reported an increase in labour costs than in material and energy costs (a net 63% reported an increase in the former, a net 49% in the latter) while the share of SMEs reporting increases in labour and materials and energy costs were similar (a net 57%).

**Increasing interest expenses were still affecting profitability, although the impact continued to decline.** The net share of firms reporting increased interest expenses was 20% (almost unchanged from the previous quarter), with large firms (a net 24%) being slightly more affected than SMEs (18%). However, the pressure from interest expenses is gradually declining, as signalled by the responses of the sample of firms reporting developments over the past six months. The net percentage of these firms indicating an increase in interest expenses dropped to 19% from 36%, reaching similar levels to those recorded at the end of 2021. This suggests that the impact of the past monetary policy tightening is gradually fading.

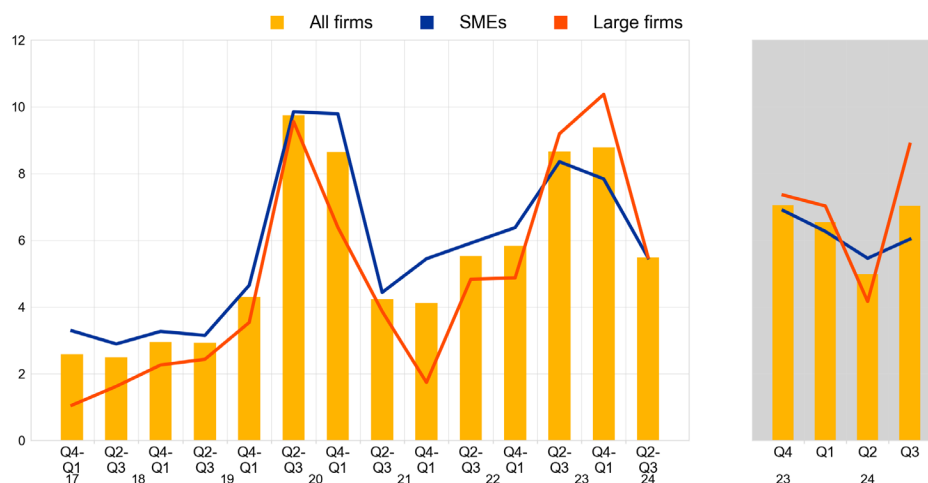
**Over the past three months, the percentage of financially vulnerable enterprises has slightly increased, particularly among large firms (Chart 11).** The financial vulnerability indicator, which provides a comprehensive assessment of firms' financial health, reveals that 7% of euro area enterprises faced significant challenges in managing their business and servicing their debts during this period. This marks an increase of 2 percentage points from the previous quarter. The increase in vulnerability was more pronounced among large firms. Conversely, the proportion of financially resilient firms – those more likely to withstand adverse shocks – remained almost unchanged at 5% across both large firms and SMEs. Over a longer horizon, firms have reported more positive developments; the percentage of vulnerable firms has decreased to 5% from 9% over the past six months.

**Chart 11**

Vulnerable and financially resilient firms in the euro area

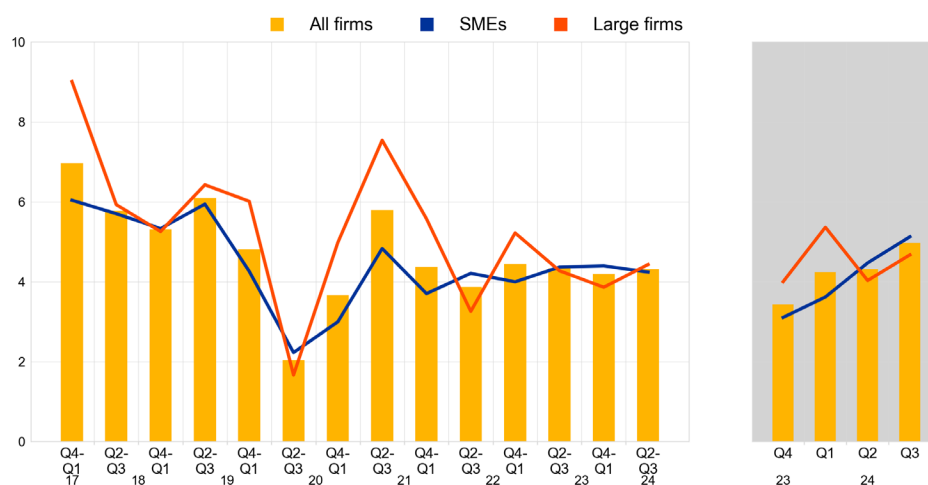
**a) Vulnerable firms**

(percentages of respondents)



**b) Financially resilient firms**

(percentages of respondents)



Base: All enterprises. The figures refer to rounds 18 to 32 of the survey (October 2017-March 2018 to April-September 2024).  
 Notes: For a definition of “vulnerable firms” and “resilient firms”, see footnote 6. The data included in the chart refer to Question 2 of the survey. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

## 3.2 Investment activity was weak and is expected to remain so in the fourth quarter

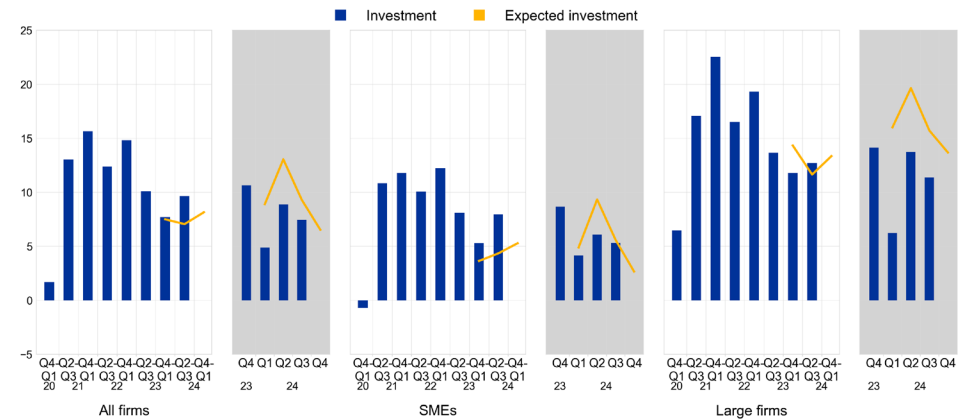
**Fewer enterprises reported an increase in investment over the last three months (Chart 12).** The net share of firms reporting a rise in investment went down to 7% in the third quarter of 2024, from 9% in the previous quarter, with a larger decline among large firms (a net 11%, down from 14% in the previous quarter; while SMEs reported a net 5%, down from 6% in previous quarter). When asked about investment in the coming quarter, SMEs were more pessimistic than large firms: only

a net 3% of SMEs expected an increase in investment in the next quarter, while this percentage was a net 14% among large firms.

### Chart 12

#### Changes in realised and expected fixed investments of euro area enterprises

(net percentages of respondents)



Base: All enterprises. The figures refer to rounds 24 to 32 of the survey (October 2020-March 2021 to April-September 2024).  
Notes: See the notes to Chart 1. Bars refer to developments over the preceding six months and lines to expectations over the next six months. The data included in the chart refer to Questions 2 and 26 of the survey. The expected investment line is shifted by one period to compare with realisations. The question on expected investments was first included in the questionnaire covering the second and third quarters of 2023. The grey areas represent responses to the same question within a reference period of three months, whereas the main charts cover a reference period of six months.

### 3.3 Firms expect their selling price increases to moderate over the next 12 months, amid slightly higher wage expectations

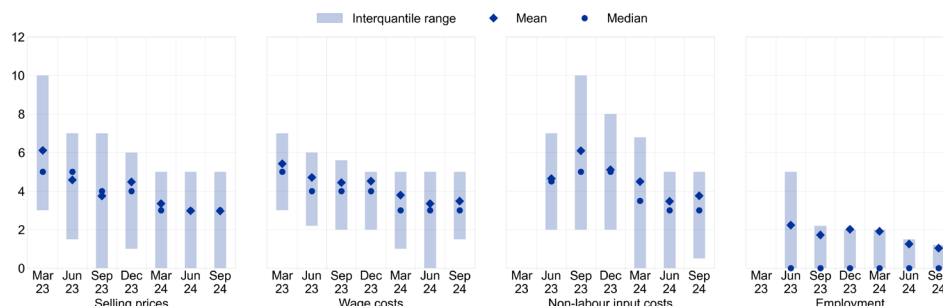
**Firms expect their selling prices to increase by 3% on average over the next 12 months (unchanged from the previous survey round), amid slightly higher wage expectations, of 3.5%, up from 3.3% (Chart 13).** The dispersion of selling price expectations remained stable, with slightly more than one-quarter of firms in the survey continuing to expect prices not to increase over the next year.<sup>4</sup>

<sup>4</sup> The share of firms expecting non-positive price changes was 29% in this round, 34% in June 2024, 33% in March 2024, 24% in December 2023 and 30% in September 2023.

### Chart 13

#### Expectations for selling prices, wages, input costs and employees one year ahead

(percentage changes over the next 12 months)



Base: All enterprises. The figures refer to: round 28 (October 2022-March 2023), pilot 1 (March-June 2023), round 29 (April-September 2023), pilot 2 (October-December 2023), round 30 (January-March 2024), round 31 (April-June 2024) and round 32 (July-September 2024) of the survey, with firms' replies collected in the last month of the respective survey waves.

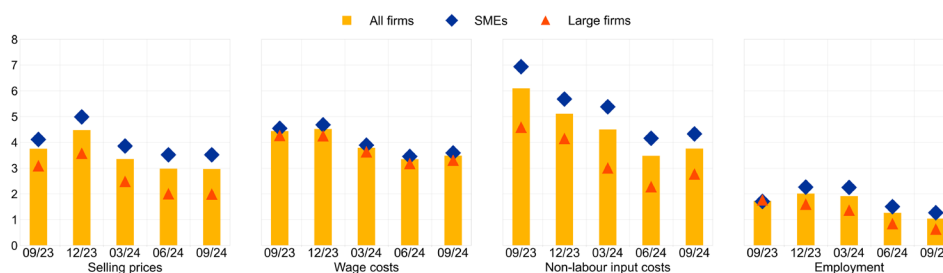
Notes: Mean and median euro area firm expectations of changes in selling prices, wages of current employees, non-labour input costs and number of employees for the next 12 months, along with interquartile ranges, using survey weights. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 34 of the survey. Questions on non-labour input costs and employees were not available in round 28.

**Across firm size, SMEs continued to report higher expectations for selling prices and non-labour input costs than large firms (Chart 14).** On average, SMEs expected higher increases than large firms, both in their selling prices (3.5%, compared with 2%) and in non-labour input costs (4.3%, compared with 2.8%). By contrast, expectations for wage cost increases over the next year are more similar for SMEs and large firms (3.6%, compared with 3.3%).

### Chart 14

#### Expectations for selling prices, wages, input costs and employees one year ahead, by size class

(percentage changes over the next 12 months)



Base: All enterprises. The figures refer to: round 28 (October 2022-March 2023), pilot 1 (March-June 2023), round 29 (April-September 2023), pilot 2 (October-December 2023), round 30 (January-March 2024), round 31 (April-June 2024) and round 32 (July-September 2024) of the survey, with firms' replies collected in the last month of the respective survey waves.

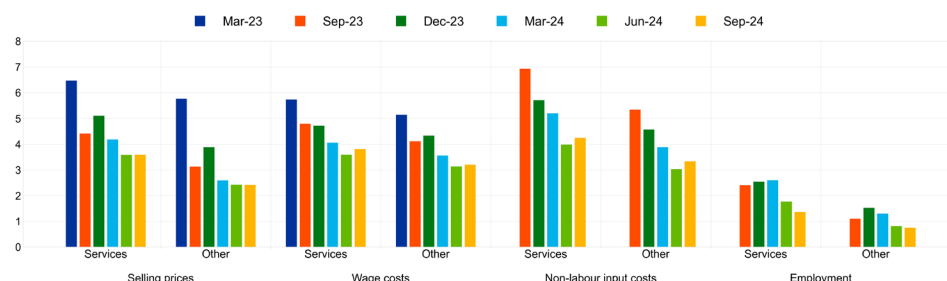
Notes: Weighted average euro area firm expectations of changes in selling prices, wages of current employees, non-labour input costs and number of employees for the next 12 months using survey weights. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 34 of the survey.

Comparing developments across sectors (**Chart 15**), firms in services expect their selling prices and wages to increase more than in other sectors (3.6% for selling prices in the services sector, compared with 2.4% in sectors excluding services; and 3.8% compared with 3.2% respectively for wage increases).

### Chart 15

#### Average expectations for selling prices, wages and input costs one year ahead, by sector

(percentage changes over the next 12 months)



Base: All enterprises. The figures refer to: round 28 (October 2022-March 2023), round 29 (April-September 2023), pilot 2 (October-December 2023), round 30 (January-March 2024), round 31 (April-June 2024) and round 32 (July-September 2024) of the survey, with firms' replies collected in the last month of the respective survey waves.

Notes: Mean euro area firm expectations of changes in selling prices, wages of current employees, non-labour input costs and number of employees for the next 12 months, along with interquartile ranges, using survey weights. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 34 of the survey. Questions on non-labour input costs and employees were not available in round 28.

**Firms expect their non-labour input costs to increase by 3.8% on average over the next year, with enterprises in the services sector predicting higher increases (Chart 13 and Chart 15).** The expected increase in non-labour input costs stood at 3.8%, slightly higher than in the previous survey round (3.5%) reflecting rising material costs. In this survey round, the distribution of the expected average increase in non-labour input costs continued to be less dispersed, as firms in the lowest part of the distribution, measured by the interquartile range, reported positive increases in non-labour input cost expectations compared with the previous survey round (0.5%, up from 0%).

**On average, firms expect employment growth to increase by 1% over the next year, while the median firm expects zero growth (Chart 13 and Chart 15).** This reflects the fact that the distribution of expected changes in staffing levels is skewed to the upside, with some firms expecting larger increases but most expecting modest increases or no change. The average expected workforce growth for all firms decreased from 1.3% in June 2024 to 1% in this survey round, with SMEs reporting slightly higher numbers than large firms (1.3%, compared with 0.6%). Across sectors, the increase in expected employment was larger in the services sector than in other sectors (1.4%, compared with 0.8%).

## 3.4 Firms' inflation expectations continued to decline

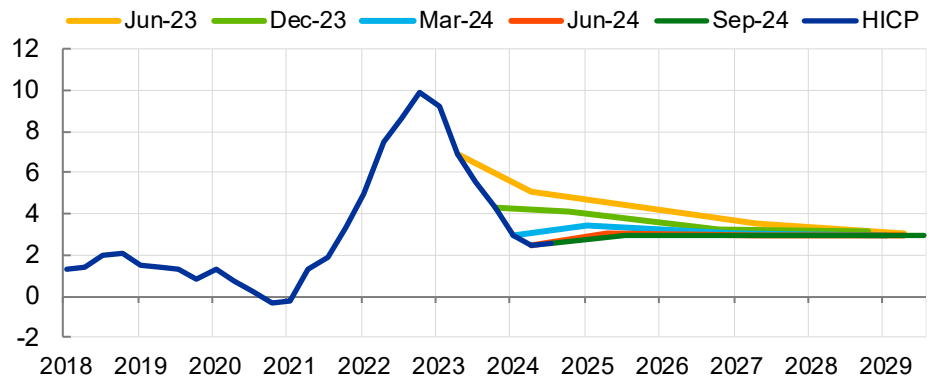
**Firms' short-term median inflation expectations have closely tracked the decline in HICP inflation over the past year, while long-term inflation expectations have remained more stable (Chart 16).** Since the initial collection of survey data on firms' inflation expectations in June 2023, the term structure of these expectations has featured a downward-sloping trend throughout the period with high, albeit declining, inflation readings. This suggests that this period was generally expected by firms to be relatively short-lived. Nevertheless, the latest survey round

indicated that firms maintain slightly higher one-year-ahead median inflation expectations compared with realised inflation figures at the time of the survey round. Medium to long-term inflation expectations have remained relatively stable at both three-year and five-year horizons throughout this period.

### Chart 16

#### Term structure of firms' inflation expectations

(weighted percentages and annual percentage change for HICP)



Source: Eurostat, ECB Survey on the Access to Finance of Enterprises (SAFE). Base: All enterprises.

Notes: The blue line refers to monthly data for non-seasonally adjusted HICP and is measured in annual percentage changes. The remaining lines show survey-weighted median values of firms' expectations for euro area inflation in one year, three years and five years for the survey rounds: pilot 1 (March-June 2023), pilot 2 (October-December 2023), round 30 (January-March 2024), round 31 (April-June 2024) and round 32 (July-September 2024). Firms' replies are collected in the last month of the respective survey waves. The data included in the chart refer to Question 31 of the survey.

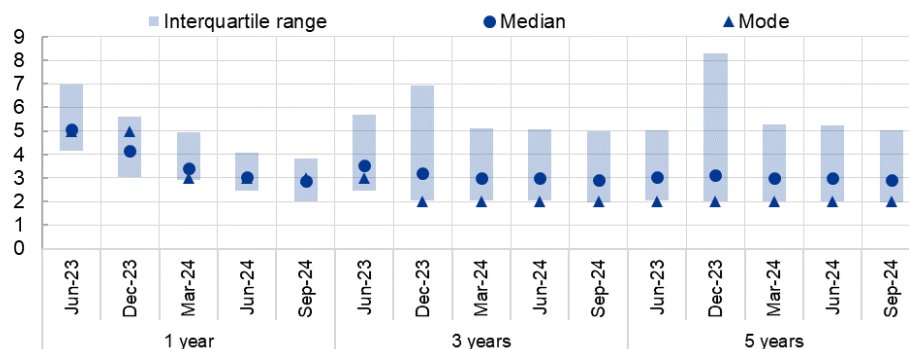
**Euro area firms' median inflation expectations continued to decline, reaching 2.9% across all horizons (Chart 17).** Compared with the latest survey round in June 2024 median inflation expectations for all firms fell by 0.1 percentage points to 2.9% across the one, three and five-year horizons. The continued easing of short-term inflation expectations is consistent with the observed disinflationary process. Revisions to long-term inflation expectations were predominantly driven by large firms. Overall, SMEs tended to report higher inflation expectations compared with large firms over all horizons (Chart 18). In the services sector, median inflation expectations were 2.9% for the one, three and five-year horizons, whereas the comparable figures for firms in other sectors ranged between 2.5% and 3.1% across horizons.



### Chart 17

#### Firms' expectations for euro area inflation at different horizons

(annual percentages)



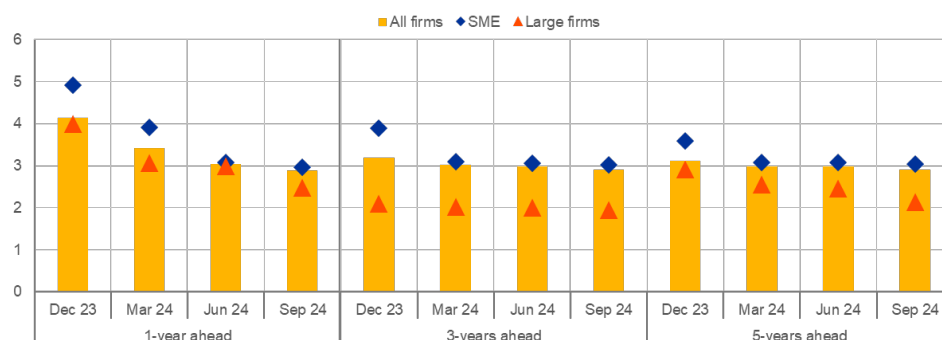
Base: All enterprises.

Notes: Survey-weighted median, mode and interquartile ranges of firms' expectations for euro area inflation in one year, three years and five years. Quantiles are computed by linear interpolation of the mid-distribution function. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 31 of the survey.

### Chart 18

#### Firms' expectations for euro area inflation by size class

(annual percentages)



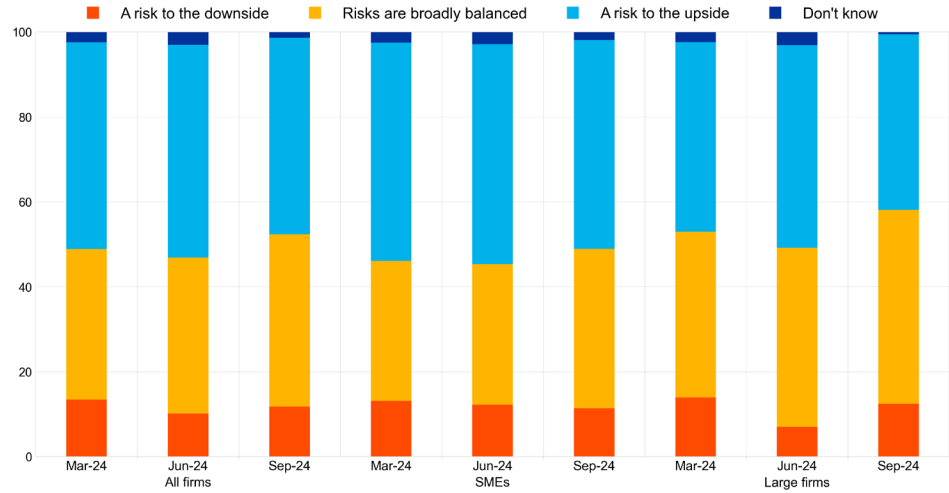
Base: All enterprises. The figures refer to: pilot 2 (October-December 2023), round 30 (January-March 2024), round 31 (April-June 2024) and round 32 (July-September 2024) of the survey, with firms' replies collected in the last month of the respective survey waves. Notes: Survey-weighted median euro area firm expectations of firms' expectations for euro area inflation in one year, three years and five years. The statistics are computed after trimming the data at the country-specific 1st and 99th percentiles. The data included in the chart refer to Question 31 of the survey.

**Although the risks to the five-year-ahead inflation outlook reported by euro area firms remained tilted to the upside, there was a decline in perceived upside risks (Chart 19).** 46% of firms found it more likely that five-year-ahead inflation will turn out above rather than below their point prediction (down from 50% in the previous survey round). 41% of firms perceived the risks to their inflation outlook over the next five years as broadly balanced (increasing from 37% in June 2024) while 12% of firms perceived a downside risk (increasing from 7%). More large firms reported that the risks to the inflation outlook were balanced (46% compared with 38%), while more SMEs (49%) reported upside risks than large firms (41%).

### Chart 19

#### Firms' perceived risks about euro area inflation five years ahead, by firm size

(weighted percentages)



Base: All enterprises. The figures refer to round 30 (January-March 2024), round 31 (April-June 2024) and round 32 (July-September 2024) of the survey.

Notes: Survey-weighted percentages of firms' subjective inflation outlook over the next five years. Firms that answered "don't know" in Question 31 are not considered. The data included in the chart refer to Question 33 of the survey.

# Annexes

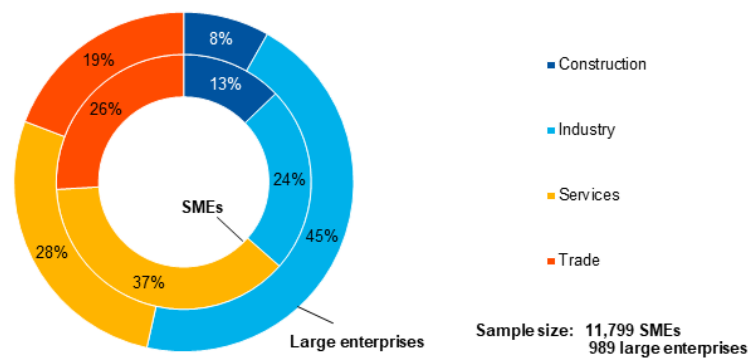
## Annex 1

### Descriptive statistics for the sample of enterprises

**Chart 20**

Breakdown of enterprises by economic activity

(unweighted percentages)

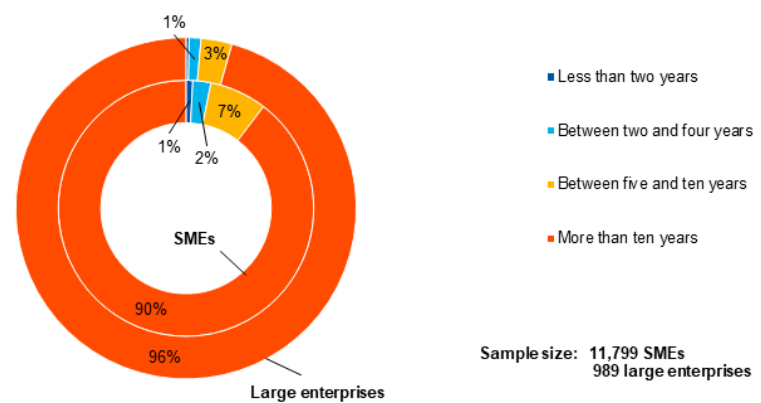


Base: The figures refer to round 32 of the survey (July-September 2024).

**Chart 21**

Breakdown of enterprises by age

(unweighted percentages)

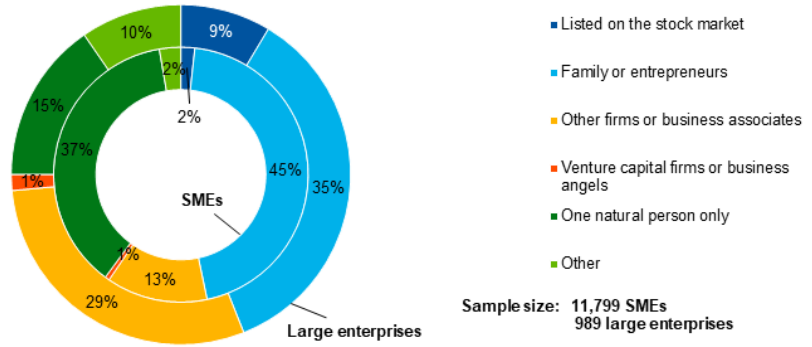


Base: The figures refer to round 32 of the survey (July-September 2024).

**Chart 22**

**Breakdown of enterprises by ownership**

(unweighted percentages)

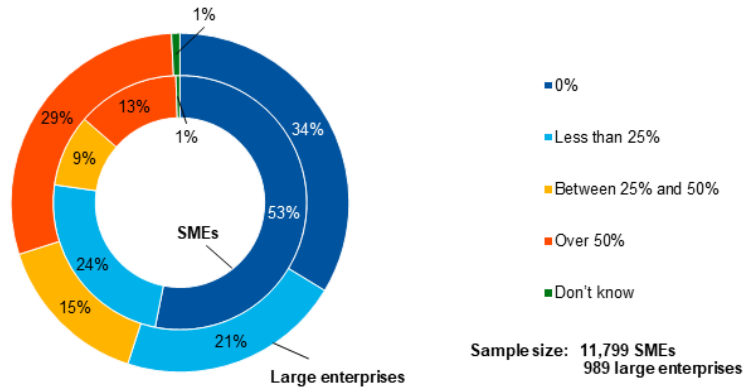


Base: The figures refer to round 32 of the survey (July-September 2024).

**Chart 23**

**Breakdown of enterprises by exports**

(unweighted percentages)



Base: The figures refer to round 32 of the survey (July-September 2024).

## Annex 2

### Methodological information on the survey

For an overview of how the survey was set up, the general characteristics of the euro area enterprises that participate in the survey and the changes introduced to the methodology and the questionnaire over time, see the “Methodological information on the survey and user guide for the anonymised micro dataset”, which is available on the ECB’s website.<sup>5</sup>

Both the six-month reference period and the three-month reference period were covered in this round.

Questions Q0b, Q32 and Q6A<sup>6</sup> were reintroduced, but asked only of the six-month reference period sample group.

All items which were removed from Questions Q4, Q5, Q7A, Q7B, Q11, Q9 and Q23 in the second quarter of 2024 wave were reintroduced for the whole sample.

Four ad hoc questions were added, one on the exporting markets (inside and/or outside Europe), and three on late payments: i) To which markets did your company export goods or services in 2023? ii) Has your company experienced problems due to late payments from any private or public entities in the past six months? iii) What were the consequences of those late payments? iv) How severe were these problems due to late payments.

Section 5 on future growth and obstacles to growth was added. This section is identical to the section in the 2023H1 round.

---

<sup>5</sup> [Survey on the access to finance of enterprises – Methodological information on the survey and user guide for the anonymised micro dataset.](#)

<sup>6</sup> The questionnaire is available on the [ECB’s website](#). It has been translated into various languages for the purposes of the survey.

© **European Central Bank, 2024**

Postal address 60640 Frankfurt am Main, Germany  
Telephone +49 69 1344 0  
Website [www.ecb.europa.eu](http://www.ecb.europa.eu)

All rights reserved. Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

For specific terminology please refer to the [ECB glossary](#) (available in English only).

PDF ISSN 1831-9998, QB-AP-24-003-EN-N  
HTML ISSN 1831-9998, QB-AP-24-003-EN-Q