August 25, 2014

Overall confidence in economy increased slightly

Business cycle survey – August 2014

Overall confidence in domestic economy increased slightly in August. The composite confidence indicator (economic sentiment indicator) increased slightly by 0.4 points compared to July. Confidence of entrepreneurs increased by 1 point, m-o-m. Among entrepreneurs confidence increased in construction and in selected services, in industry increased very slightly and in trade decreased. Consumer confidence indicator decreased. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to August 2013.

In **industry***,* in August, confidence increased very slightly by 0.3 points. The assessment of current overall economic situation of the respondents almost unchanged. The assessment of current total demand almost unchanged too, the assessment of foreign demand did not change. According to respondents, stocks of finished goods decreased slightly. For the next three months, respondents expect almost no changes in the development of production activity and a slight decrease in the employment. Expectations of general economic situation development for the next three as well as six months almost unchanged compared to July. All in all, confidence in industry is higher, y-o-y.

In August, confidence in **construction** increased by 4.5 points, but still remained in negative territory. The assessment of current economic situation of the respondents did not change m-o-m. The assessment of total demand increased, compared to July. Respondents expect for the next three months an increase in the development of construction activity and a slight increase in the employment. Expectations of the economic situation development for the next three months almost unchanged, for the next six months increased. Overall, confidence in construction is higher, y-o-y.

In August, confidence in **trade** decreased by 3.6 points, m-o-m. The assessment of current economic situation of the respondents decreased m-o-m. The stocks increased slightly. Expectations of the economic situation development for the next three months decreased slightly, for the next six months increased slightly, compared to July. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in August, confidence increased by 2.3 points. The assessment of current economic situation of the respondents did not change m-o-m. The assessment of demand in August increased, its expectations for the next three months almost unchanged. For the next three months, expectations of total economic situation development decreased slightly, for the next six months decreased, compared to July. All in all, confidence in selected services is higher, y-o-y.

In August, consumer confidence indicator decreased by 2 points, m-o-m, but it is higher y-o-y. The survey taken among consumers in August indicates that consumers are for the next twelve months more afraid of a decrease in the overall economic situation. Worries about their own financial standing almost unchanged, but worries about increase in the unemployment increased after a steady drop in recent months, compared to July. The share of respondents intending to save money did not change m-o-m. The respondents concern about rises in prices did not change m-o-m.

Notes:

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Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph 1.1 Seasonally Adjusted Confidence Indicators (2008 – 2014)

Graph 1.2 Seasonally Adjusted Confidence Indicators (1998 – 2014)

Graph 2 Seasonally Adjusted Confidence Indicators in Industry, Construction, Trade, and in Selected Services

Graph 3 Economic Sentiment Indicators – international comparison