February 24, 2014

Confidence of entrepreneurs increased, confidence of consumers decreased

Business cycle survey – February 2014

Overall confidence in domestic economy did not change again in February. The composite confidence indicator (economic sentiment indicator) remained at the same value compared to January. Overall, confidence of entrepreneurs increased m-o-m. Among entrepreneurs confidence increased in industry, in construction and in trade; in selected services decreased slightly. Confidence of consumers decreased, m-o-m. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to February 2013.

In **industry***,* in February, the assessment of current overall economic situation decreased slightly. The assessment of current total demand increased, the assessment of foreign demand almost unchanged. According to respondents, stocks of finished goods decreased. For the next three months, respondents expect a slight decrease in the development of production activity and in the employment too. Expectations of general economic situation development for the next three months decreased, for the next six months did not change compared to January. All in all, confidence in industry increased, compared to January, and it is higher y-o-y.

In **construction**, in February, the assessment of current economic situation of the respondents did not change m-o-m. The assessment of total demand increased slightly, compared to January. Due to the upcoming construction season, respondents expect for the next three months an increase in the development of construction activity and in the employment too. Expectations of the economic situation development for the next three as well as six months increased. Overall, confidence in construction increased, compared to January, and it is higher y-o-y.

In **trade***,* in February, the assessment of current economic situation of the respondents did not change m-o-m. The stocks did not change too. Expectations of the economic situation development for the next three months increased, for the next six months did not change, compared to January. In February, confidence in trade increased m-o-m and it is higher y-o-y.

In selected **services** (incl. banking sector)*,* in February, the assessment of current economic situation of the respondents increased slightly, m-o-m. The assessment of demand in February decreased, but its expectations for the next three months increased slightly. For the next three as well as six months, expectations of total economic situation development did not change, compared to January. All in all, confidence in selected services decreased slightly m-o-m, but it is higher y-o-y.

Consumer confidence indicator decreased in February, m-o-m, but it is higher y-o-y. The survey taken among consumers in February indicates that consumers are for the next twelve months more afraid of a decrease in the overall economic situation and their own financial standing. In February, worries about increase in the unemployment increased, compared to January. The share of respondents intending to save money did not change, m-o-m. Respondents are still afraid of rises in prices, but less so then previous months.

Notes:

Responsible manager: Juraj Lojka, director

Contact person: Jiří Obst, tel. +420274054116, e-mail: jiri.obst@czso.cz

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Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph 1 Seasonally Adjusted Confidence Indicators

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

Graph 3 Economic Sentiment Indicators – international comparison