January 24, 2014

Overall confidence in economy did not change, m-o-m

Business cycle survey – January 2014

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

In **industry***,* in January, the assessment of current overall economic situation did not change. The assessment of current total demand did not change too, the assessment of foreign demand increased slightly. According to respondents, stocks of finished goods almost unchanged. Production capacity utilization in manufacturing industry decreased in January and reached 80.5 %; respondents estimate they have work secured equally as in the previous quarter. Most important barrier of production still is insufficient demand; it was stated by more than half of the respondents. For the next three months, respondents expect a decrease 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 decreased slightly compared to December. All in all, confidence in industry decreased, compared to December, but it is higher y-o-y.

In **construction**, in January, the assessment of current economic situation of the respondents decreased m-o-m. The assessment of total demand did not change, compared to December. For the next three months, respondents still expect a decrease in the development of construction activity, but they consider with a slight increase in employment. Expectations of the economic situation development for the next three as well as six months decreased. Overall, confidence in construction increased, compared to December, due to a more favourable expectation of employment related to upcoming construction season, but it is lower y-o-y.

In **trade***,* in January, 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 as well as six months decreased, compared to December. In January, confidence in trade decreased m-o-m and it is lower y-o-y.

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

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

Notes:

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Next News Release: February 24, 2014

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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

Graph 4 Production Capacity Utilisation in Manufacturing Industry

Graph 5 Limits of Production in Industry

Graph 6 Limits of Production in Construction