July 24, 2014

Confidence of entrepreneurs decreased m-o-m, confidence of consumers increased slightly again

Business cycle survey – July 2014

Overall confidence in domestic economy decreased slightly in July. The composite confidence indicator (economic sentiment indicator) decreased slightly by 0.7 points compared to June. Confidence of entrepreneurs decreased by 1 point, m-o-m. Among entrepreneurs confidence increased in trade, in construction increased slightly; in industry and in selected services decreased. Consumer confidence indicator increased slightly. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to July 2013.

In **industry***,* in July, confidence decreased by 1.3 points. The assessment of current overall economic situation of the respondents almost unchanged. The assessment of current total demand decreased, the assessment of foreign demand almost unchanged. According to respondents, stocks of finished goods did not change. In July, production capacity utilization in manufacturing industry also because of the summer holidays decreased slightly and reached 82.6 %; respondents estimate they have work secured by contracts for 7.4 months, which is almost the same as in the previous quarter. Most important barrier of production is still insufficient demand, even though compared to previous quarter it is stated by fewer respondents (43.9 %). 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 decreased compared to June. All in all, confidence in industry is higher, y-o-y.

In July, confidence in **construction** increased slightly by 0.5 points, but still remained in deeply negative territory. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The assessment of total demand did not change, compared to June. Respondents expect for the next three months a decrease in the development of construction activity and almost no changes in the employment. Expectations of the economic situation development for the next three as well as six months did not change. Overall, confidence in construction is higher, y-o-y.

In July, confidence in **trade** increased by 1.6 points, m-o-m. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The stocks did not change. Expectations of the economic situation development for the next three months increased, for the next six months did not change, compared to June. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in July, confidence decreased by 1.3 points. The assessment of current economic situation of the respondents decreased slightly, m-o-m. The assessment of demand in July decreased slightly too, its expectations for the next three months did not change. For the next three months, expectations of total economic situation development did not change, for the next six months increased slightly, compared to June. All in all, confidence in selected services is higher, y-o-y.

In July, consumer confidence indicator increased slightly by 0.5 points, m-o-m, and it is higher y-o-y too. The survey taken among consumers in July indicates that consumers are for the next twelve months slightly more afraid of a decrease in the overall economic situation. Worries about their own financial standing almost unchanged, worries about increase in the unemployment decreased, compared to June. The share of respondents intending to save money almost unchanged, m-o-m. The respondents concern about rises in prices increased m-o-m after a steady drop in recent months.

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

Graph 4 Production Capacity Utilisation in Manufacturing Industry

Graph 5 Limits of Production in Industry

Graph 6 Limits of Production in Construction