

NEWS RELEASE

December 23, 2024

Overall confidence in the economy declined slightly m-o-m

Additional information to NR Business cycle survey – December 2024

The composite confidence indicator (economic sentiment indicator), in the basic index form – fell by 0.5 points compared with November to 97.5, with both components of the index showing the same trend. The business confidence indicator decreased slightly by 0.4 points to 96.9 and the consumer confidence indicator fell by 1.2 points to 100.4. Compared with December last year, the aggregate indicator, the consumer indicator and the business indicator are at a higher level.

In the **industry** sector, business confidence in the economy declined m-o-m. The confidence indicator fell by 2.4 points to 88.5. The share of entrepreneurs negatively assessing their *current demand* increased slightly compared to November. *Finished goods inventories* remained at the same level as last month. The share of entrepreneurs expecting *an increase in the pace of growth in production activity* over the next three months decreased again. Compared with the previous month, the share of entrepreneurs expecting *an increase in the prices of their products* decreased. Year-on-year, industrial confidence is lower.

Confidence in the economy was unchanged among entrepreneurs in the **construction** sector. The confidence indicator remained at 113.9 in November. The share of entrepreneurs negatively assessing their *current demand* for construction work was almost unchanged. Similarly, the share of firms expecting an *increase in the current number of employees* over the next three months was unchanged from November. Expectations of *further construction price increases* over the next three months have increased. Y-o-y, confidence in the construction industry is higher.

Business confidence in the **trade** sector increased slightly. The confidence indicator rose by 0.4 points m-o-m to 96.8. Compared to November, businesses had a better evaluation of their *current overall economic situation*. However, the share of respondents *expecting their economic situation to improve* over the next three months decreased. The inventory of *goods in stocks* decreased slightly. The share of entrepreneurs expecting prices to rise over the next three months increased slightly m-o-m. Business confidence is higher y-o-y.

Business confidence in **selected service** sectors (including the financial sector) had increased. The confidence indicator rose by 1.5 points m-o-m to 103.7. The share of entrepreneurs *positively evaluating* their current demand for services increased slightly compared to November. However, the share of respondents *expecting demand to increase* over the next three months was almost unchanged from the previous month. Expectations of *price increases* in the next three months increased compared with November. Evaluations of the *current economic situation* improved slightly. Y-o-y, confidence is higher in selected service sectors.

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Among **consumers**, confidence in the economy declined m-o-m. The confidence indicator fell by 1.2 points to 100.4. The share of consumers expecting the *overall economic situation* in the Czech Republic to worsen over the next twelve months increased slightly. The share of households expecting their *financial situation to improve* over the next twelve months was almost unchanged compared with November. M-o-m, the number of households evaluating their *current financial situation* as worse than in the previous twelve months decreased slightly. The number of surveyed households reporting that they are finding it difficult to make ends meet has decreased m-o-m (around 25% of respondents). Compared to last month, the number of households having to make do with savings remained roughly the same (around 6% of households reported). Approximately 4% of consumers surveyed have to borrow, the same as last month. Compared to November, the number of consumers reporting that they save some money has increased slightly (around 51% of respondents). The number of consumers reporting that they are saving a lot is unchanged (approximately 12%). The number of respondents who do not plan to *make large purchases* in the next twelve months has increased. Households' concerns about an increase in unemployment over the next twelve months increased m-o-m. The number of households worried about further price rises was almost unchanged. Compared with December last year, consumer confidence is higher.

Notes:

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Detailed time series of balances and basic
indices of confidence indicators:

https://csu.gov.cz/produkty/kpr_ts

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