

## NEWS RELEASE

June 24, 2022

# Confidence in the economy has fallen below the long-term average

## Additional information to NR Business cycle survey – June 2022

The composite confidence indicator (economic sentiment indicator) – in the basis index form – decreased by 3.5 percentage points to 98.3, m-o-m, with the simultaneous decline of its components. Business confidence indicator decreased by 3.9 percentage points to 103.1, the consumer confidence indicator decreased by 1.1 percentage points to 74.7. Compared to June last year, the composite indicator, the business indicator and the consumer confidence indicator are at the lower level.

Business confidence in **industry** slightly decreased compared to the last month. The confidence indicator fell by 0.3 points to 106.1. The share of entrepreneurs rated their *current total demand* better in June than last month increased. The *stock of finished products* decreased slightly compared to May. The share of entrepreneurs expecting the growth rate of *production activity* for the next three decreased, m-o-m. The number of entrepreneurs *expected prices* to rise in the next three months remains at high levels from previous months. Compared to June last year confidence of entrepreneurs in industry is lower.

The confidence of entrepreneurs in **construction** decreased, m-o-m. The confidence indicator fell by 1.2 points to 117.4. The share of entrepreneurs evaluating their *current demand* for construction work as insufficient did not change in June compared to the previous month. Entrepreneurs expect a slight decrease in the *number of employees* in the next three months. The number of respondents expect further growth in construction work prices remains high. Confidence in construction is higher, y-o-y.

Confidence in **trade** sector decreased, m-o-m. The confidence indicator fell by 4.0 points to 99.3. The share of entrepreneurs evaluating the *overall economic situation* as good decreased compared to May. The share of entrepreneurs expecting slight improvement *in their economic situation* for the next three months almost unchanged. The *stock of goods* slightly increased, m-o-m. . The share of entrepreneurs expecting of further growth in sales prices has returned to the highest value since the beginning of the monitoring recorded in the March survey. The confidence of entrepreneurs in trade is lower, y-o-y.

In **selected services** (including the financial sector), the confidence indicator decreased, m-o-m. The confidence indicator fell by 7.6 points to 99.1. The share of entrepreneurs *evaluating positively the current demand* decreased compared to May, the share of entrepreneurs expecting an increase in *demand in the next three months* decreased significantly compared to the last month. The share of entrepreneurs *evaluating positively the current economic situation* approximately the same as in May. The number of entrepreneurs expect further price increases

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over the next three months fell, m-o-m, but still remained at above-average levels. Compared to June last year confidence in selected services is higher.

**Consumer confidence** fell in June for the fourth month in a row. The confidence indicator fell by 1.1 points to 74.7, which is the second lowest value since the start of monitoring. The share of respondents *expecting a deterioration in the overall economic situation for the next twelve months* slightly decreased. Compared to the previous month, the number of respondents, rate their *current financial situation* worse increased than at any time in the previous months. At the same time, a record number of respondents (most since the beginning of the survey) believe that their *own financial situation* over the next twelve months will continue to deteriorate over the next twelve months. The number of respondents who do not expecting to spend more money on *large purchases* than in the previous period slightly increased. Compared to May the number of respondents concerned about rising prices decreased. Consumers also concerns about rising unemployment in the next twelve months. The intention to save has decreased significantly. Consumer confidence is lower compared to June 2021.

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Notes:

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Detailed time series of balances and basic indices of confidence indicators: [https://www.czso.cz/csu/czso/kpr\\_ts](https://www.czso.cz/csu/czso/kpr_ts)

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