April 24, 2017

Overall confidence in economy increased after two months of decline

Business cycle survey – April 2017

Overall confidence in domestic economy increased slightly in April. The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, increased by 0.8 points to 97.4 m-o-m. Confidence of entrepreneurs increased by 1 point to 95.1 compared to March. Consumer confidence indicator decreased slightly by 0.3 points to 108.4, m-o-m. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to April 2016.

In **industry***,* in April, confidence decreased slightly by 0.3 points to 93.7. The assessment of current overall economic situation of the respondents almost unchanged. The assessment of current total and foreign demand increased slightly m-o-m. According to respondents, stocks of finished goods almost unchanged. Most important barrier of production is still insufficient demand; it was stated almost by 36 % respondents, entrepreneurs in industry also require more staff. For the next three months, respondents expect a decrease in the development of production activity and an increase in the unemployment. Expectations of general economic situation development for the next three months almost unchanged, for the next six months increased slightly, compared to March. All in all, confidence in industry is lower, y-o-y.

In April, production capacity utilization in **manufacturing industry** decreased slightly and reached 83.4 % q-o-q. Respondents estimate they have work secured by contracts for 8 months, which is less than in the previous quarter.

The survey on **investment activity** taken among manufacturing enterprises suggests that after an increase in 2016, the level of investment should increase by about 15 % in 2017. It refers predominantly to a renewal of production equipment; and less to an extension of production capacities and introducing new technologies.

In **construction**, in April, confidence increased slightly by 1 point to 79.1. The assessment of current economic situation of the respondents almost unchanged m-o-m. The assessment of total demand for construction work increased slightly, compared to March. Respondents expect for the next three months almost no changes 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 is still lower, y-o-y.

In April, confidence in **trade** decreased by 4.5 points to 100.1 due to the lower expectation of entrepreneurs, m-o-m. The assessment of current overall economic situation of the respondents almost unchanged m-o-m. The stocks increased. Expectations of the economic situation development for the next three as well as six months decreased, compared to March. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in April, confidence increased by 3.1 points to 97.7. The assessment of current economic situation of the respondents almost unchanged compared to March. In April, the assessment of demand as well as expectations for the next three months increased, m-o-m. Expectations of total economic situation development for the next three as well as six months did not change. All in all, confidence in selected services is higher, y-o-y.

In April, consumer confidence indicator decreased slightly by 0.3 points to 108.4, m-o-m, and it is higher, y-o-y. The survey taken among consumers in April indicates that consumers are for the next twelve months equally afraid of a decrease in the overall economic situation. Worries about their financial standing almost unchanged. Worries about rise in the unemployment did not change m-o-m. The share of respondents intending to save money decreased slightly, compared to March. The respondents concern about rises in prices decreased.

Notes:

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Related publication: 070006-17 Business Cycle Survey in Enterprises of Industry, Construction, Trade and Selected Services (<https://www.czso.cz/csu/czso/business-cycle-surveys>)

Next News Release: May 24, 2017

This press release was not edited for language.

Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph Confidence indicators – base indices, seasonally adjusted (2008–2017)

Graph Confidence indicators – base indices, seasonally adjusted (1998–2017)

Graph Confidence Indicators for industry, construction, trade, and in selected services – baes indices, seasonally adjusted (2006–2017)

Graph Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2006–2017)

Graph Economic Sentiment Indicators – international comparison, seasonally adjusted

Graph Production Capacity Utilisation in Manufacturing Industry

Graph Limits of Production in Industry

Graph Limits of Production in Construction