August 24, 2020

**Business confidence in the economy increased m-o-m, consumer confidence decreased**

**Business cycle survey – August 2020**

**The composite confidence indicator (economic sentiment indicator) – in the basis index form - increased by 0.3 percentage points to 87.0, m-o-m. Business confidence indicator rises by 0.8 percentage points to 85.5 (m-o-m). On the other hand, the consumer confidence indicator decreases by 1.6 points to 94.4, m- o-m. Economic sentiment indicator, business confidence indicator and consumer confidence indicator have significantly lower values, y-o-y.**

The confidence indicator in **industry increased in August, m-o-m**. Confidence indicator rose by 1.7 points to 91.5. We have a bigger proportion of the respondents who evaluate their demand as insufficient. Stocks of finished goods is stable compared to July. In August, the entrepreneurs expect decreasing *production activity* in the next three months. Comparison with July, there is a bigger proportion of business people who expect growing employment and getting a better economic situation in the next three and six months. Confidence in the industry is lower, y-o-y.

In the **construction** sector, confidence in the economy slightly increased, m-o-m – the confidence indicator growth by 3.7 points to 106.7. The proportion of entrepreneurs who evaluate their *demand* as insufficient is still same according to July. They expect more significant growing *employment* for the next three months. All in all confidence in the construction industry is significantly lower, y-o-y.

The confidence indicator in the **trade** increased compared to July. The confidence indicator decreased by 6.9 points to 96.4. *The assessment of the overall economic situation* has got better significantly compared to July. *The stock of goods* is stable, m-o-m. In August, the share of companies that expect their *economic situation* to improve over the next three months increased again. However, confidence in trade is lower, y-o-y.

Confidence in **selected services** (including the banking sector) decreased compared to the previous month. The confidence indicator declined by 1.3 points to 75.7. *The assessment of the overall economic situation* is the same, m-o-m. However, the proportion of the respondents who evaluate *demand* insufficient decreased. *The expectations of the demand* in the next three months dropped. Confidence in selected services is significantly lower, y-o-y.

Consumer confidence indicator decreased in August, m-o-m. The confidence indicator felt down by 1.6 points to 94.4. The consumers have the same worries about the deterioration of the *overall economic situation* as in July. Concerns about the decline of their *financial situation* slightly increased. *The intention to save* has decreased. Consumers are still worried about rising prices. In August, there is a significant proportion of respondents who are concerned about rising *unemployment in the next 12 months* dominated. Overall, consumer confidence is significantly lower, y-o-y.

Notes:

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Data source: CZSO business survey, Data Collect consumer survey (https://www.datacollect.cz)

End of data collection: August 17, 2020

Next News Release: September 24, 2020

This press release wasn´t edited for language.

Annex:

Table Confidence Indicators – basic indices

Graph Confidence indicators – base indices, seasonally adjusted (2003–2020)

Graph Confidence Indicators for industry, construction, trade, and in selected services – base indices, seasonally adjusted (2003–2020)

Graph Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2003–2020)

Graph Economic Sentiment Indicators – international comparison, seasonally adjusted (2007-2020)

*Business and Consumers Surveys are co-financed by grant agreements of the European Commission DG ECFIN.*