

## NEWS RELEASE

August 24, 2023

# Consumer confidence fell, but overall confidence in the economy continues to rise

## Additional information to NR Business cycle survey – August 2023

The composite confidence indicator (economic sentiment indicator) – in the basis index form – increased by 2.0 points to 93.4 m-o-m, with the different developments of its components. The business confidence indicator increased by 2.8 percentage points to 93.9 and the consumer confidence indicator decreased by 1.7 points to 91.0. Compared to August last year, the composite indicator and the business indicator are at a lower level, while the consumer indicator is higher.

In August, business confidence in the **industrial** sector increased m-o-m. The confidence indicator rose by 3.7 points to 91.8. The share of entrepreneurs negatively evaluating *their current overall demand* increased compared to July. M-o-m, the share of entrepreneurs expecting an increase in the pace of *production activity* for the period of the next three months increased slightly. The stock level of *finished goods* dropped significantly. The share of entrepreneurs expecting price growth in the next three months has been below the long-term average for the third month in a row. Entrepreneurs in industry expect slight improve in the overall economic situation of their companies in the next three months, but for the period of the next six months, on the contrary, it significantly worsened. In a y-o-y comparison, business confidence in industry remains lower.

The confidence of entrepreneurs in the **construction** industry increased compared to July. The confidence indicator rose by 1.2 points to 100.2. The share of entrepreneurs evaluating their *current demand for construction work* as insufficient remains high. However, the number of entrepreneurs who expect a decrease in the current *number of employees* for the period of the next three months decreased slightly. The share of entrepreneurs who believe that construction work prices will rise in the next three months increased slightly m-o-m. Compared to August last year, the confidence of entrepreneurs in the construction industry is lower.

The confidence in the **trade** sector decreased compared to July. The confidence indicator fell by 4.0 points to 91.3. In August, the share of entrepreneurs in the trade positively evaluating their *overall economic situation* decreased. However, the share of respondents expecting an improvement in their economic situation in the next three months increased slightly. The stock of goods in warehouses increased significantly m-o-m. The share of business owners who expect prices to rise in the next three months has decreased. In a y-o-y comparison, confidence in trade is lower.

In **selected service** sectors (including the financial sector), entrepreneurs' confidence in the economy increased m-o-m. The confidence indicator rose by 3.0 points to 95.8. Compared to

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July, the share of entrepreneurs positively evaluating their *current demand* for services and the expected demand in the next three months increased. In addition, respondents rated *the current overall economic situation* better. On the other hand, the share of entrepreneurs expecting a reduction in the number of employees in the next three months increased. M-o-m, the share of respondents who expect a further increase in the prices of offered services in the next three months significantly decreased. Even so, expectations of service price growth remain significantly above average. Y-o-y confidence in selected service industries is lower.

Among **consumers**, confidence in the economy decreased compared to July. The confidence indicator fell by 1.7 points to 91.0 in August. The share of respondents expecting a *worsening of the overall economic situation* in the Czech Republic for the period of the next twelve months increased slightly m-o-m. The number of households evaluating their *current financial situation* worse compared to the period of the previous twelve months did not change. Compared to July, the number of households expecting a deterioration in their own financial situation in the next twelve months increased slightly. The number of surveyed households who state that it is difficult to make ends meet with their financial resources has decreased (approximately 26%). The number of households that say that they save some money every month (about 54% said so in August) and that plan to increase their savings in the next twelve months continues to grow. The number of consumers who do not plan to make major purchases in the next twelve has increased. Household concerns about an increase in unemployment and rising prices have hardly changed compared to July. In a y-o-y comparison, consumer confidence is significantly higher.

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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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