

NEWS RELEASE

August 26, 2024

Business confidence and the consumer confidence indicators decreased compared to July

Additional information to NR Business cycle survey – August 2024

The composite confidence indicator (economic sentiment indicator), in the basic index form – decreased by 1.4 points to a value of 93.7, m-o-m, reflecting different developments in its components. The business confidence indicator decreased by 1.5 points to a value of 93.0 and the consumer confidence indicator decreased by 1.1 points to a value of 97.3. Compared to August of last year, the composite indicator, business indicator and consumer indicator are higher.

In the **industry** sector, confidence in the economy increased, m-o-m. The confidence indicator increased by 1.6 points to a value of 91.5. Entrepreneurs evaluate *current demand* in the next three months the same. According to July, the share of respondents who expecting an increase in the pace of *production activity* in the next three months increases. The level of *finished goods* inventory slightly increased. The percentage of entrepreneurs expecting further price increased is unchanged, m-o-m. In a y-o-y comparison, confidence among entrepreneurs in the industry is lower.

Confidence in **construction** decreased m-o-m. The confidence indicator decreased by 2.4 points to a value of 105.5. The proportion of entrepreneurs assessing *their current demand* for construction work as insufficient is stable, m-o-m. In the comparison to July, the proportion of entrepreneurs - who anticipate a decrease in the *current number of employees* in the next three months – slightly increased. The number of entrepreneurs expecting an increase in construction work prices in the next three months has been stable compared to July and the prices are at the higher level than long-term average. In comparison to August of last year, confidence among entrepreneurs in the construction industry is higher.

Entrepreneurs' confidence in **trade** decreased, m-o-m. The confidence indicator decreased by 2.6 points m-o-m to a value of 94.7. The share of entrepreneurs positively evaluating *their overall economic situation* decreased. The share of respondents expecting an improvement in their economic situation in the next three months has been unchanged. The inventory of goods in stocks has decreased, m-o-m. The share of entrepreneurs expecting price increases in the next three months has slightly increased, m-o-m. Y-o-y, confidence in the trade sector is higher.

Among entrepreneurs in **selected service** sectors (including the financial sector), confidence in the economy slightly decreased. The confidence indicator decreased by 4.3 points to a value of 93.0, m-o-m. The share of entrepreneurs positively evaluating *their current demand* for services has decreased. The share of entrepreneurs who are expecting an increase in demand in the next three months has decreased too, m-o-m. The share of entrepreneurs positively evaluating *the*

NEWS RELEASE

current economic situation has been unchanged, m-o-m. The share of entrepreneurs *expecting an increase in the prices of offered services in the next three months* has been unchanged. Y-o-y, confidence in selected service sectors is lower.

Consumer confidence decreased again. The confidence indicator decreased by 1.1 points to a value of 97.3, m-o-m. The percentage of respondents expecting a *worsening of the overall economic situation* in the Czech Republic over the next twelve months significantly increased. The number of households assessing their *current financial situation* worse than in the previous twelve months has been unchanged. The number of respondents expecting a *deterioration in their financial situation* in the next twelve months has slightly decreased. The number of surveyed households indicate that they have difficulty making ends meet with their financial resources has unchanged (approximately 28% reported this). About 5% of households have to help themselves with savings and 4% of household have to borrow the money. The number of consumers saving some money monthly has decreased (approximately 51% reported this). About 12% of consumers said they save a lot. The number of consumers not planning to make *major purchases* in the next twelve months has decreased. Concerns of households about an increase in unemployment in the next twelve months has been unchanged. The number of respondents worried about further price increases has been increased again, m-o-m. Year-on-year, consumer confidence is higher.

Notes:

Contact person: *Jiri Obst, Head of Business Cycle Surveys Unit, tel. +420604815440, e-mail: jiri.obst@czso.cz*

Detailed time series of balances and basic indices of confidence indicators: https://www.czso.cz/csu/czso/kpr_ts

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

https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys_en