October 24, 2017

Confidence of entrepreneurs continue to increase, confidence of consumers decreased slightly, m-o-m

Business cycle survey – October 2017

Overall confidence in domestic economy increased slightly in October. The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, increased slightly by 0.2 points to 99.3 m-o-m. Confidence of entrepreneurs increased slightly too by 0.4 points to 97.4 compared to September. Consumer confidence indicator decreased slightly by 0.5 points to 108.7, m-o-m. Composite confidence indicator and entrepreneurs confidence indicator are higher, compared to October 2016, but consumer confidence indicator is lower.

In **industry***,* in October, confidence indicator increased by 2.2 points to 99.3. The assessment of current overall economic situation of the respondents increased m-o-m. The assessment of current total and foreign demand almost unchanged. According to respondents, stocks of finished goods almost unchanged too. Most important barrier of production is lack of staff; it was stated almost by 29 % of respondents. Entrepreneurs in industry also require more demand; it was stated almost by 28 % of respondents. For the next three months, respondents expect an increase in the development of production activity and almost no changes in the employment. Expectations of general economic situation development for the next three as well as six months is higher. All in all, confidence in industry is higher, compared to October 2016.

In October, production capacity utilization in **manufacturing industry** increased slightly and reached 84.4 % q-o-q. Respondents estimate they have work secured by contracts for 8 months, which is the same as in the previous quarter.

In **construction**, in October, confidence decreased slightly by 0.5 points to 84.8. The assessment of current economic situation of the respondents decreased m-o-m. The assessment of total demand for construction work decreased slightly, compared to September. Respondents expect for the next three months an increase in the development of construction activity and almost no changes in the employment. Expectations of the economic situation in development for the next three as well as six months increased, compared to September. Overall, confidence in construction is distinctly higher, y-o-y.

In October, confidence in **trade** increased by 1.2 points to 101.0. The assessment of current overall economic situation of the respondents increased m-o-m. The stocks almost unchanged. Expectations of the economic situation development for the next three as well as six months almost unchanged, compared to September. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in October, confidence decreased by 1.6 points to 96.3. The assessment of current economic situation of the respondents did not change compared to September. In October, the assessment of demand decreased, its expectations for the next three months almost unchanged. Expectations of total economic situation development for the next three as well as six months almost unchanged too. All in all, confidence in selected services is higher, y-o-y.

In October, consumer confidence indicator decreased slightly by 0.5 points to 108.7, m-o-m. The survey taken among consumers in October 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, compared to September. The share of respondents intending to save money almost unchanged too. Worries about rise in the unemployment increased slightly, m-o-m. The respondents concern about rises in prices decreased slightly. Overall, consumer confidence indicator is lower, y-o-y.

Notes:

Responsible manager: Juraj Lojka, director

Contact person: Jiří Obst, tel. +420274054116, e-mail: [jiri.obst@czso.cz](mailto:jiri.obst@czso.cz)

Data source: CZSO business survey, GfK Czech consumer survey

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

End of data collection: October 17, 2017

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: November 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