April 24, 2015

Overall confidence in economy did not change

Business cycle survey – April 2015

Overall confidence in domestic economy did not change in April. The composite confidence indicator (economic sentiment indicator) remained at the same value compared to March. Confidence of entrepreneurs increased very slightly by 0.3 points, m-o-m. Among entrepreneurs confidence increased in construction and in trade, in selected services increased slightly and in industry decreased. Consumer confidence indicator decreased by 1.3 points, m-o-m. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to April 2014.

In **industry***,* in April, confidence decreased slightly by 1 point. The assessment of current overall economic situation of the respondents increased slightly. The assessment of current total and foreign demand decreased. According to respondents, stocks of finished goods did not change. In April, production capacity utilization in manufacturing industry almost unchanged and reached 85.1 % q-o-q; respondents estimate they have work secured by contracts for 7.4 months, which is slightly more than in the previous quarter. Most important barrier of production is still insufficient demand, it was stated by almost 45 % respondents. For the next three months, respondents expect a slightly 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 almost unchanged, compared to March. All in all, confidence in industry is lower, y-o-y.

The survey on **investment activity** taken among manufacturing enterprises suggests that after an increase in 2014, the level of investment should increase by about 9 % in 2015. It refers predominantly to an extension of production capacities and also a renewal of production equipment, less to introducing new technologies.

In April, confidence in **construction** increased by 5 points. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The assessment of total demand for construction work increased, its expectation for the next three months decreased, compared to March. Respondents expect for the next three months almost no changes in the development of construction activity and an increase in the employment. Expectations of the economic situation development for the next three as well as six months almost unchanged. Overall, confidence in construction is higher, y-o-y.

In April, confidence in **trade** increased by 6 points, m-o-m. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The stocks almost unchanged too. Expectations of the economic situation development for the next three as well as six months increased, compared to March. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in April, confidence increased slightly by 0.3 points. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The assessment of demand in April increased, its expectations for the next three months decreased. For the next three as well as six months, expectations of total economic situation development almost unchanged, compared to March. All in all, confidence in selected services is higher, y-o-y.

In April, consumer confidence indicator decreased by 1.3 points, m-o-m, but it is higher y-o-y. The survey taken among consumers in April indicates that consumers are for the next twelve months more afraid of a decrease in the overall economic situation. Worries about their financial standing almost unchanged as well as worries about rise in the unemployment. The share of respondents intending to save money increased, compared to March. The respondents concern about rises in prices did not change, m-o-m.

Notes:

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Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph 1.1 Seasonally Adjusted Confidence Indicators (2008 – 2015)

Graph 1.2 Seasonally Adjusted Confidence Indicators (1998 – 2015)

Graph 2 Seasonally Adjusted Confidence Indicators in Industry, Construction, Trade, and in Selected Services

Graph 3 Economic Sentiment Indicators – international comparison

Graph 4 Production Capacity Utilisation in Manufacturing Industry

Graph 5 Limits of Production in Industry

Graph 6 Limits of Production in Construction