March 24, 2021

**Stricter anti-epidemic measures have strengthened the pessimism of businesspeople and consumers**

**Business cycle survey – March 2021**

**The composite confidence indicator (economic sentiment indicator) – in the basis index form – decreased by 2.7 percentage points to 87.0, m-o-m. Both components fell in March. The business confidence indicator fell by 2.9 percentage points to 87.7 (m-o-m), and the consumer confidence indicator drops by 1.0 percentage point to 84.0. Economic sentiment indicator, business confidence indicator and consumer confidence indicator have significantly lower values, y-o-y.**

In **industry**, business confidence fell, m-o-m. The confidence indicator decreased by 1.7 points to 95.4. The share of industrial enterprises evaluating *their current total demand* as insufficient stayed at the same level compared to February. The *stock of finished products* little increased. The share of entrepreneurs expecting the growth rate of *production activity* for the next three months lower declined. The confidence in the industry increased y-o-y.

Confidence of entrepreneurs in the **construction** increased, m-o-m. The confidence indicator growth by 1.8 points to 116.4. The share of entrepreneurs evaluating their *current* *demand* for construction work as insufficient decreased compared to February. Entrepreneurs in the construction industry estimate that the current *number of employees* declined in the next three months. Compared to March 2020, confidence in the construction industry is still lower.

Confidence in the **trade** sector little decreased – the confidence indicator declined by 0.5 points to 86.9, m-o-m. The share of entrepreneurs evaluating the overall economic situation as well decreased after the three months stagnation. The entrepreneurs who expect getting better the economic situation for the next three months was still the same in the comparison with February. The stock of goods significantly decreased slightly, m-o-m. Confidence in trade is still lower, y-o-y.

In the **selected service sector** (including the banking sector), the confidence indicator decreased in March. The confidence indicator declined by 5.1 points to 76.8 – the lowest value in 2021. The *assessment of the current economic situation* got worse, m-o-m. The share of respondents negatively evaluating the current total demand increased, m-o-m. The share of entrepreneurs expecting an improvement in demand in the next three months declined. The growth trend of the *share of entrepreneurs expecting a reduction in the number of employees* in the next three months also continued in March. Confidence in selected services is still significantly lower, y-o-y.

**Consumer confidence indicator** decreased, m-o-m. The confidence indicator declines by 1.0 points to 84.0 (the lowest value in 2021). The share of respondents *expecting a deterioration in the overall economic situation for the next twelve months* has increased for the third time in a row. Concerns about *rising unemployment* have also risen again. Consumers' fears of a deterioration in their *financial situation and rising prices* did not change, m-o-m. The number of respondents who expect to save some money in the next twelve months has not changed. Consumer confidence is still significantly lower, y-o-y.

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Data for the business and consumer part of the business cycle surveys were collected from **1st to 17th March** 2021.

Notes:

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

End of data collection: March 19, 2021

Next News Release: April 26, 2021

This press release wasn´t edited for language.

Annex:

Table Confidence Indicators – basic indices

Figure Confidence indicators – base indices, seasonally adjusted (2003–2021)

Figure Confidence Indicators for industry, construction, trade, and in selected services – base indices, seasonally adjusted (2003–2021)

Figure Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2003–2021)

Figure Economic Sentiment Indicators – international comparison, seasonally adjusted (2007-2021)

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