

## NEWS RELEASE

December 27, 2023

# Entrepreneurs believe more in the economy at the end of the year, while consumers, on the other hand, are sceptical

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

The composite confidence indicator (economic sentiment indicator) – in the basis index form – slightly increased again by 0.3 points to 93.4 m-o-m, reflecting different developments in its components. The business confidence indicator rose by 1.7 percentage points to 95.2 while the consumer confidence indicator decreased by 5.8 points to 84.9. Compared to December last year, the composite indicator, the business indicator and the consumer indicator are at a higher level.

Among entrepreneurs in **industry** sector, confidence in the economy increased on m-o-m basis. The confidence indicator rose by 2.3 points to a value of 95.1. The proportion of entrepreneurs negatively assessing *their current demand* remained unchanged compared to November. The percentage of entrepreneurs expecting an increase in the *pace of production activity* over the next three months increased on m-o-m basis. The inventory of *finished goods* decreased slightly. Unlike the previous month, in December, the proportion of entrepreneurs expecting further price increases prevailed once again. Compared to December 2022, confidence among entrepreneurs in the industry sector is higher

In **construction** industry, entrepreneurs' confidence decreased compared to November. The confidence indicator dropped by 5.4 points on m-o-m basis to a value of 101.4. The proportion of entrepreneurs assessing their *current demand* for construction work as insufficient increased m-o-m. More entrepreneurs, compared to November, anticipate a decrease in the current number of employees over the next three months. The proportion of entrepreneurs expecting an increase in construction work prices in the next three months has remained almost unchanged. In y-o-y comparison, confidence among entrepreneurs in the construction industry is lower.

Entrepreneurs' confidence in **trade** sector increased. The confidence indicator rose by 2.6 points on m-o-m basis to a value of 91.8. The proportion of traders evaluating their *overall economic* situation positively increased compared to November. However, the percentage of respondents expecting an improvement in their economic situation over the next three months decreased. The inventory of goods on shelves decreased m-o-m, although it remains relatively high. The proportion of traders expecting price increases in the coming months has remained nearly unchanged. Compared to December of last year, confidence in the trade sector is lower.

Entrepreneurs' confidence in **selected service** sectors (including the financial sector) increased again on m-o-m basis. The confidence indicator rose by 1.5 points to a value of 95.1. The proportion of entrepreneurs positively assessing their *current demand* for services increased

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compared to the previous month. However, compared to November, the number of respondents expecting an increase in demand over the next three months decreased. The proportion of entrepreneurs positively evaluating the *current economic situation* is still relatively high. Month-to-month, the percentage of respondents expecting price increases for offered services over the next three months decreased. Y-o-y, confidence in selected service sectors is higher.

**Consumer** confidence in the economy decreased on m-o-m basis. The confidence indicator dropped by 5.8 points to a value of 84.9. The percentage of respondents expecting a *worsening of the overall economic situation* in the Czech Republic over the next twelve months increased on m-o-m basis. The number of households assessing their *current financial situation* worse than in the previous twelve months increased significantly, similarly to the notable rise in respondents expecting its deterioration in the next twelve months. The number of surveyed households struggling with their financial means remained unchanged (approximately 30%), as did the number of consumers saving some money monthly (approximately 51% in December). The number of consumers not planning to make major purchases in the next twelve months remained nearly unchanged. Household concerns about increased unemployment in the next twelve months increased compared to November, as did respondents' concerns about further price hikes. In a y-o-y comparison, consumer confidence is 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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