January 24, 2019

Overall confidence in economy decreased slightly

Business cycle survey – January 2019

The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, decreased by 0,6 points to 98.0 compared to December. Confidence of entrepreneurs decreased slightly by 0.7 points to 95.7, m-o-m. Consumer confidence indicator did not change and remains at the same value 109.2, m-o-m. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are lower compared to January 2018.

In **industry***,* in January, confidence indicator decreased slightly by 0.3 points to 93.1. The assessment of current overall economic situation of the respondents decreased, m-o-m. The assessment of current total and foreign demand almost unchanged. According to respondents, stocks of finished goods did not change. Most important barrier of production is lack of staff; it was stated by 28 % of respondents. For the next three months, respondents expect a slight decrease in the development of production activity and in the employment too. Expectations of general economic situation development for the next three months decreased, for the next six months almost unchanged, m-o-m. Overall, confidence in industry is lower, y-o-y.

In January, production capacity utilization in **manufacturing industry** did not change and stayed at the same value 85.7 % q-o-q. Respondents estimate they have work secured by contracts for 8.5 months, which is approximately the same as in the previous quarter.

In **construction**, in January, confidence increased by 2.5 points to 108.4. The assessment of current economic situation of the respondents decreased, m-o-m. The assessment of total demand for construction work increased, compared to December. Most important barrier of production is lack of staff; it was stated by approximately 35 % of respondents. Respondents expect for the next three months an increase in the development of construction activity and almost no changes in the employment. Expectations of general economic situation development for the next three as well as six months increased slightly. All in all, confidence in construction is higher, y-o-y.

In January, confidence in **trade** decreased by 2.5 points to 95.6. The assessment of overall 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 decreased. Overall, confidence in trade is lower, y-o-y.

In selected **services** (incl. banking sector)*,* in January, confidence decreased by 1.1 points to 97.0. The assessment of current economic situation of the respondents almost unchanged compared to December. In January, the assessment of demand almost unchanged, its expectation for the next three months decreased. Expectations of total economic situation development for the next three months almost unchanged, for the next six months increased slightly. All in all, confidence in selected services is lower, y-o-y.

In January, consumer confidence indicator did not change and remains at the same value 109.2, m-o-m. The survey taken among consumers in January indicates that consumers are for the next twelve months equally afraid of a decrease in the overall economic situation. Worries about their financial standing did not change, compared to December. Worries about rise in the unemployment increased, m-o-m. The respondents concern about rises in prices increased too. The share of respondents intending to save money increased. Overall, consumer confidence indicator is lower, y-o-y.

Notes:

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Data source: CZSO business survey, GfK Czech consumer survey

End of data collection: January 18, 2019

Next News Release: February 25, 2019

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 (2008–2019)

Graph Confidence indicators – base indices, seasonally adjusted (1998–2019)

Graph Confidence Indicators for industry, construction, trade, and in selected services – baes indices, seasonally adjusted (2006–2019)

Graph Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2006–2019)

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



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