

NEWS RELEASE

June 24, 2024

Business confidence indicator increased, but consumer confidence indicator has decreased slightly

Additional information to NR Business cycle survey – June 2024

The composite confidence indicator (economic sentiment indicator), in the basic index form – increased by 1.6 points to a value of 98.0, m-o-m, reflecting different developments in its components. The business confidence indicator rose by 2.0 points to a value of 97.4, but the consumer confidence indicator decreased by 0.6 points to a value of 101.0. Compared to June of last year, the composite indicator and the consumer indicator are higher, but business indicator is at the higher level.

In the **industry** sector, confidence in the economy rose m-o-m. The confidence indicator increased by 4.3 points to a value of 94.8. Entrepreneurs evaluate *current demand* in the next three months slightly better, but there are mainly respondents who evaluate the demand as insufficient. There is an increasing percentage of entrepreneurs expecting an increase in the pace of *production activity* in the next three months. The level of *finished goods* inventory is slightly decreased. The percentage of entrepreneurs expecting further price increased m-o-m. In a y-o-y comparison, confidence among entrepreneurs in the industry is higher.

Confidence in **construction** increased m-o-m. The confidence indicator rose by 0.6 points to a value of 103.7. The proportion of entrepreneurs assessing *their current demand* for construction work as insufficient is unchanged four months in the row, m-o-m. The proportion of entrepreneurs - who anticipate a decrease in the *current number of employees* in the next three months – is stable. The number of entrepreneurs expecting an increase in construction work prices in the next three months slightly increased compared to May. In comparison to June of last year, confidence among entrepreneurs in the construction industry is higher.

Entrepreneurs' confidence in **trade** slightly decreased, m-o-m. The confidence indicator decreased by 0.8 points m-o-m to a value of 95.6. The share of entrepreneurs positively evaluating *their overall economic situation* significantly increased. On the other hand, the share of respondents expecting an improvement in their economic situation in the next three months has decreased. The inventory of goods in stocks has increased, m-o-m. The share of entrepreneurs expecting price increases in the next three months is unchanged, m-o-m. Y-o-y, confidence in the trade sector is higher.

Among entrepreneurs in **selected service** sectors (including the financial sector), confidence in the economy slightly increased. The confidence indicator rose by 0.1 points to a value of 99.6, m-o-m. The share of entrepreneurs positively evaluating *their current demand* for services has slightly increased. The share of entrepreneurs who are expecting an increase in demand in the next three months has decreased, m-o-m. The share of entrepreneurs positively evaluating *the current economic situation* has been unchanged, m-o-m. The share of entrepreneurs *expecting*

NEWS RELEASE

an increase in the prices of offered services in the next three months has been the same as in May in selected services sector. Y-o-y, confidence in selected service sectors is higher.

Consumer confidence decreased for the second time. The confidence indicator decreased by 0.6 points to a value of 101.0, m-o-m. The percentage of respondents expecting a *worsening of the overall economic situation* in the Czech Republic over the next twelve months significantly increased again. The number of households assessing their *current financial situation* worse than in the previous twelve months has decreased. But the number of respondents expecting a *deterioration in their financial situation* in the next twelve months has unchanged. The number of surveyed households indicate that they have difficulty making ends meet with their financial resources has unchanged (approximately 27% reported this). About 5% of households have to help themselves with savings. The number of consumers saving some money monthly decreased (approximately 54% reported this). Significant change is in the next question - about 8% of consumers said they save a lot. The number of consumers not planning to make *major purchases* in the next twelve months has not changed. Concerns of households about an increase in unemployment in the next twelve months have significantly increased for the second time. The number of respondents worried about further price increases has been increased again, m-o-m. Year-on-year, consumer confidence is higher.

Notes:

Contact person: *Jiri Obst, Head of Business Cycle Surveys Unit, tel. +420604815440, e-mail: jiri.obst@czso.cz*

Detailed time series of balances and basic indices of confidence indicators: https://www.czso.cz/csu/czso/kpr_ts

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

https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys_en