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May 24, 2024

Overall confidence in economy slightly decreased compared to April

Additional information to NR Business cycle survey – May 2024

The composite confidence indicator (economic sentiment indicator), in the basic index form – slightly decreased by 0.6 points to a value of 96.4, m-o-m, reflecting different developments in its components. The business confidence indicator slightly decreased by 0.2 points to a value of 95.4, and the consumer confidence indicator decreased by 2.2 points to a value of 101.6. Compared to May of last year, the composite indicator and the consumer indicator are higher, but business indicator is at the lower level.

In the **industry** sector, confidence in the economy decreased m-o-m. The confidence indicator decreased by 2.0 points to a value of 90.5. Entrepreneurs evaluate *current demand* in the next three months the same as in previous month, but there are still a lot of respondents who evaluate the demand as insufficient. There is a decreasing percentage of entrepreneurs expecting a decrease in the pace of *production activity* in the next three months. The level of *finished goods* inventory is unchanged. The percentage of entrepreneurs expecting further price almost slightly increased m-o-m. In a y-o-y comparison, confidence among entrepreneurs in the industry is lower.

Confidence in **construction** decreased m-o-m. The confidence indicator decreased by 1.2 points to a value of 103.1. The proportion of entrepreneurs assessing *their current demand* for construction work as insufficient is unchanged three months in the row, m-o-m. But there are slightly increasing proportion of entrepreneurs who anticipate a decrease in the *current number of employees* in the next three months. The number of entrepreneurs expecting an increase in construction work prices in the next three months slightly increased compared to April. In comparison to May of last year, confidence among entrepreneurs in the construction industry is higher.

Entrepreneurs' confidence in **trade** increased, m-o-m. The confidence indicator rose by 3.7 points m-o-m to a value of 96.4. The share of entrepreneurs positively evaluating *their overall economic situation* significantly increased. The share of respondents expecting an improvement in their economic situation in the next three months has been unchanged. The inventory of goods in stocks has decreased m-o-m. The share of entrepreneurs expecting price increases in the next three months slightly increased, m-o-m. Y-o-y, confidence in the trade sector is lower.

Among entrepreneurs in **selected service** sectors (including the financial sector), confidence in the economy increased. The confidence indicator rose by 1.1 points to a value of 99.5, m-o-m. The share of entrepreneurs positively evaluating *their current demand* for services has increased. The share of entrepreneurs who are expecting an increase in demand in the next three months has been unchanged, m-o-m. The share of entrepreneurs positively evaluating *the current economic situation* has been unchanged, m-o-m. The share of entrepreneurs *expecting an*

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

Consumer confidence decreased after four months. The confidence indicator decreased by 2.2 points to a value of 101.6 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. The number of households assessing their *current financial situation* worse than in the previous twelve months has been unchanged. 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 increased (approximately 27% reported this). About 6% of households have to help themselves with savings. The number of consumers saving some money monthly decreased (approximately 52% reported this). About 13% 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 m-o-m. The number of respondents worried about further price increases has been unchanged, m-o-m. Year-on-year, consumer confidence is higher.

Notes:

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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.

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