

NEWS RELEASE

November 24, 2022

Overall confidence in the economy increased slightly month-on-month

Additional information to NR Business cycle survey – November 2022

The composite confidence indicator (economic sentiment indicator) – in the basis index form – increased slightly by 0.3 percentage points to 90.1, m-o-m, with the different developments of its components. The business confidence indicator decreased by 0.4 percentage points to 93.0 and the consumer confidence indicator increased by 4.1 percentage points to 76.0. Compared to November last year, the aggregate indicator, the business indicator and the consumer indicator are at a lower level.

Confidence in the economy among **entrepreneurs in the industry** decreased in November. The confidence indicator fell by 1.0 points m-o-m to 90.4. The share of entrepreneurs negatively evaluating *their current total demand* and *foreign demand* almost unchanged m-o-m and remains high. The share of entrepreneurs expecting an increase in the pace of *production activity* for the next three months has decreased. Compared to October, *the stock of finished products* almost unchanged, but remains above average values. The share of respondents expecting an increase in sales prices in the next three months decreased slightly m-o-m, but still remains above average values. In November, the percentage of respondents who assumed they would reduce the number of employees in the next three months compared to October increased. The business confidence in the industry is lower compared to November last year.

In the **construction** sector, the confidence of entrepreneurs increased m-o-m. The confidence indicator rose by 5.4 point to 115.6. Compared to October the share of entrepreneurs assessing their *current demand for construction work* as insufficient decreased significantly. Entrepreneurs expect slight decrease in the *number of employees* for the period of next three months. The share of respondents expecting a further rise in construction work prices remains at the high level in November. Compared to November 2021, the confidence of entrepreneurs in the construction industry is higher.

Business confidence in the trade sector decreased slightly compared to October. The confidence indicator fell by 0.3 points to 99.0. The share of respondents positively evaluating the *overall economic situation* almost unchanged. The *stock of goods* in warehouses increased slightly. The percentage of entrepreneurs expecting an improvement in their *economic situation* in the next three months also slightly increased. The indicator of expected price growth remains above average values. Business confidence in business is lower compared to November last year.

The confidence of entrepreneurs in **selected services** (including the financial sector) decreased slightly, m-o-m. The confidence indicator fell by 0.5 points to 92.4. The share of entrepreneurs

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positively evaluating their current demand and expecting growth in demand in the next three months increased slightly, m-o-m. The share of entrepreneurs *positively evaluating their current overall economic situation* has decreased. Expectations of further price growth over the next three months significantly decreased, as in other sectors, they still remain at a well above average level. Confidence in selected services is lower, y-o-y.

Consumer confidence in the economy increased m-o-m. The confidence indicator rose by 4.1 points to 76.0. The share of respondents *expecting a deterioration overall economic situation* for the next twelve months and the number of respondents evaluating their *current financial situation* as worse than the previous twelve months decreased compared to October. The number of households that expect their financial situation to worsen in the next twelve months has hardly changed. Approximately 32% of the interviewed households state that it is difficult to make ends meet with their financial resources. On the other hand, roughly 47% of households state that they will save some funds every month. The number of consumers who believe that the next twelve months will not be an excellent time to *make large purchases* remains at the same level. Households' fears about further price growth decreased again m-o-m, but they still remain high. The number of respondents who fear an increase in unemployment has hardly changed. Compared to November last year, consumer confidence is significantly lower.

Notes:

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Detailed time series of balances and basic
indices of confidence indicators:

https://www.czso.cz/csu/czso/kpr_ts

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