July 24, 2017

Entrepreneurs are still optimistic, overall confidence in economy increased slightly again

Business cycle survey – July 2017

Overall confidence in domestic economy increased slightly in July. The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, increased slightly by 0.6 points to 97.7 m-o-m. Confidence of entrepreneurs increased slightly by 0.9 points to 96.1 compared to June. Consumer confidence indicator decreased slightly by 0.5 points to 105.7, m-o-m. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to July 2016.

In **industry***,* in July, confidence indicator continued to increase by 1.9 points to 96.2. The assessment of current overall economic situation of the respondents almost unchanged m-o-m. The assessment of current total and foreign demand decreased slightly. According to respondents, stocks of finished goods decreased slightly too. Most important barrier of production is still insufficient demand; it was stated almost by 36 % of respondents. Entrepreneurs in industry also require more staff; it was stated almost by 32 % of respondents. For the next three months, respondents expect an increase in the development of production activity and a slight increase in the unemployment. Expectations of general economic situation development for the next three almost unchanged, for the next six months decreased slightly, compared to June. All in all, confidence in industry is higher y-o-y.

In July, production capacity utilization in **manufacturing industry** increased slightly and reached 84.2 % q-o-q. Respondents estimate they have work secured by contracts for 8 months, which is the same as in the previous quarter.

In **construction**, in July, confidence decreased by 3.6 points to 78.1. The assessment of current economic situation of the respondents decreased slightly m-o-m. The assessment of total demand for construction work almost unchanged compared to June. Respondents expect for the next three months a decrease in the development of construction activity and in the employment too. Expectations of the economic situation development for the next three months almost unchanged, for the next six months increased slightly. Overall, confidence in construction is lower, y-o-y.

In July, confidence in **trade** increased slightly by 0.3 points to 100.4. The assessment of current overall economic situation of the respondents increased slightly m-o-m. The stocks almost unchanged. Expectations of the economic situation development for the next three months almost unchanged too, for the next six months increased, compared to June. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in July, confidence decreased slightly by 0.4 points to 97.4. The assessment of current economic situation of the respondents almost unchanged compared to June. In July, the assessment of demand increased, its expectations for the next three months almost unchanged, m-o-m. Expectations of total economic situation development for the next three months increased slightly, for the next six months almost unchanged. All in all, confidence in selected services is higher, y-o-y.

In July, consumer confidence indicator decreased slightly by 0.5 points to 105.7, m-o-m, and it is still higher, y-o-y. The survey taken among consumers in June indicates that consumers are for the next twelve months a little more afraid of a decrease in the overall economic situation. Worries about their financial standing almost unchanged, compared to June. The share of respondents intending to save money almost unchanged, compared to the previous month. Worries about rise in the unemployment almost unchanged, m-o-m. The respondents concern about rises in prices almost unchanged too.

Notes:

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Related publication: 070006-17 Business Cycle Survey in Enterprises of Industry, Construction, Trade and Selected Services (<https://www.czso.cz/csu/czso/business-cycle-surveys>)

Next News Release: August 24, 2017

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 (2008–2017)

Graph Confidence indicators – base indices, seasonally adjusted (1998–2017)

Graph Confidence Indicators for industry, construction, trade, and in selected services – baes indices, seasonally adjusted (2006–2017)

Graph Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2006–2017)

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