July 24, 2020

**Confidence in the economy has risen sharply**

**Business cycle survey – July 2020**

**In July, the composite confidence indicator (economic sentiment indicator) – in the basis index form - increased by 9.5 percentage points to 88.7, m-o-m. Business confidence indicator has the biggest increase from the beginning of the survey by 10.9 percentage points to 84.7 (m-o-m). The consumer confidence indicator rises by 2.7 points to 96.0, m- o-m. Economic sentiment indicator, business confidence indicator and consumer confidence indicator have lower values, y-o-y.**

The confidence indicator in **industry significantly increased in July**. Confidence indicator rose by 19.8 points to 89.8 (the biggest increased from the beginning of the survey). We have a lower proportion of the respondents who evaluate their demand as insufficient. Stocks of finished goods decreased compared to June. In July, we have the more significant proportion of entrepreneurs who expect growing production activity in the next three months. The same situation we have in the evaluation of the economic situation in the next three and six months. The most significant barrier of production is insufficient demand; more than half of respondents stated it approximately. Confidence in the industry is still lower, y-o-y.

After the significant decrease in the previous quarter of a year, the capacity utilization in the manufacturing sector increased to 76.2%; it is still lower than the long-term average. Respondents estimate they have work secured by contracts for 12.1 months, which is more than in the previous quarter.

In the construction sector, confidence in the economy slightly increased, m-o-m. The confidence indicator growth by 0.6 points to 103.0. Entrepreneurs in the construction sector evaluate better the assessment of total demand for construction work compared to June. However, the significant proportion of entrepreneurs who evaluate their demand as insufficient. They expect the same number of employees for the next three months. The most significant barrier of production is still lack of staff; it was stated by 37% of respondents approximately. The second significant barrier of production is insufficient demand; it was reported by 22% of respondents almost. Confidence in the construction industry is still significantly lower, y-o-y.

The confidence indicator in the **trade** decreased compared to June. The confidence indicator decreased by 2.6 points to 89.5. *The assessment of the overall economic situation* has worsened compared to June. *The stock of goods* increased slightly, m-o-m. In July, the share of companies that expect their economic situation to improve over the next three months increased again. However, confidence in trade is lower, y-o-y.

Confidence in selected **services** (including the banking sector) increased again compared to the previous month. The confidence indicator increased by 4.8 points to 77.0. *The assessment of the overall economic situation* decreased slightly, m-o-m. However, the proportion of the respondents who evaluate demand insufficient decreased. The expectations of the demand in the next three months increase. 30% of the respondents choose insufficient demand as the main barrier. 27% of the respondents answer that they do not have any barrier. 26% of the respondents choose the “other” barrier. Confidence in selected services is still lower, y-o-y.

Consumer confidence indicator increased in July, m-o-m. The confidence indicator rose by 2.7 points to 96.0. Consumers were less worried about the deterioration of their overall economic situation. Concerns about the decline of financial situation slightly increased. The intention to save has increased. The number of consumers who feared rising prices decreased. In July, the proportion of respondents who are worried about rising unemployment in the next 12 months dominated. Overall, consumer confidence is still lower, y-o-y.

Notes:

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End of data collection: July 17, 2020

Next News Release: August 24, 2020

This press release wasn´t edited for language.

Annex:

Table Confidence Indicators – basic indices

Graph Confidence indicators – base indices, seasonally adjusted (2003–2020)

Graph Confidence Indicators for industry, construction, trade, and in selected services – base indices, seasonally adjusted (2003–2020)

Graph Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2003–2020)

Graph Economic Sentiment Indicators – international comparison, seasonally adjusted (2007-2020)

Graph Production Capacity Utilisation in Manufacturing Industry (2003-2020)

Graph Limits of Production in Industry (2005-2020)

Graph Limits of Production in Construction (2005-2020)

Graph Limits of Production in Selected Services

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