January 26, 2015

Overall confidence in economy almost unchanged, compared to December

Business cycle survey – January 2015

Overall confidence in domestic economy almost unchanged in January. The composite confidence indicator (economic sentiment indicator) decreased very slightly by 0.1 points, m-o-m. Confidence of entrepreneurs decreased slightly by 0.5 points, compared to December. Among entrepreneurs confidence increased in trade, in construction increased slightly, in selected services decreased and in industry decreased very slightly. Consumer confidence indicator increased. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to January 2014.

In **industry***,* in January, confidence decreased very slightly by 0.3 points. The assessment of current overall economic situation of the respondents did not change. The assessment of current total and foreign demand almost unchanged. According to respondents, stocks of finished goods decreased. In January, production capacity utilization in manufacturing industry almost unchanged and reached 85.4 % q-o-q; respondents estimate they have work secured by contracts for 7.1 months, which is slightly more than in the previous quarter. Most important barrier of production is still insufficient demand, even though compared to previous quarter it is stated by fewer respondents again (40.3 %). For the next three months, respondents expect a decrease in the development of production activity and in the employment too. Expectations of general economic situation development for the next three as well as six months decreased, compared to December. All in all, confidence in industry is higher, y-o-y.

In January, confidence in **construction** increased slightly by 1.0 point. The assessment of current economic situation of the respondents increased m-o-m. The assessment of total demand decreased, compared to December. Respondents expect for the next three months almost no changes in the development of construction activity and increase in the employment. Expectations of the economic situation development for the next three as well as six months almost unchanged. Overall, confidence in construction is higher, y-o-y.

In January, confidence in **trade** increased by 2.7 points, m-o-m. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The stocks increased slightly. Expectations of the economic situation development for the next three months increased, fort the next six months increased slightly, compared to December. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in January, confidence decreased by 1.7 points. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The assessment of demand in January decreased slightly, its expectations for the next three months decreased. For the next three months, expectations of total economic situation development almost unchanged, for the next six months decreased, compared to December. All in all, confidence in selected services is higher, y-o-y.

In January, consumer confidence indicator increased by 1.5 points again, m-o-m, and it is higher y-o-y too. The survey taken among consumers in January indicates that consumers are for the next twelve months equally afraid of a decrease in the overall economic situation and their own financial standing m-o-m. Worries about rise in the unemployment decreased slightly, m-o-m. The share of respondents intending to save money did not change, compared to December. The respondents concern about rises in prices is lower, compared to the previous month.

Notes:

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Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph 1.1 Seasonally Adjusted Confidence Indicators (2008 – 2015)

Graph 1.2 Seasonally Adjusted Confidence Indicators (1998 – 2015)

Graph 2 Seasonally Adjusted Confidence Indicators in Industry, Construction, Trade, and in Selected Services

Graph 3 Economic Sentiment Indicators – international comparison

Graph 4 Production Capacity Utilisation in Manufacturing Industry

Graph 5 Limits of Production in Industry

Graph 6 Limits of Production in Construction