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September 25, 2023

Overall confidence in the economy decreased **Additional information to NR Business cycle survey – September 2023**

The composite confidence indicator (economic sentiment indicator) – in the basis index form – decreased by 4.2 points to 89.2 m-o-m, with the same developments of its components. The business confidence indicator decreased by 4.5 percentage points to 89.4 and the consumer confidence indicator decreased by 2.7 points to 88.3. Compared to September last year, the composite indicator and the business indicator are at a lower level, while the consumer indicator is higher.

Business confidence in the **industrial** sector decreased significantly m-o-m. The confidence indicator fell by 7.6 points to 84.2. The share of entrepreneurs negatively evaluating *their current overall demand* slightly increased. Compared to August the share of entrepreneurs expecting an increase in the pace of *production activity* for the period of the next three months increased significantly. The stock level of *finished goods* increased m-o-m. The share of entrepreneurs expecting price growth in the next three months decreased. Although the outlook for the overall economic situation for the next three months worsened m-o-m, expectations for the development of the overall economic situation in the longer-term horizon of six months improved. Business confidence in industry is lower y-o-y.

Confidence in the **construction** industry increased slightly in September. The confidence indicator increased by 0.6 points m-o-m to 100.8. The share of entrepreneurs evaluating their *current demand for construction work* as insufficient did not change m-o-m and remains high. The share of entrepreneurs who expect the demand for construction work to decrease increased significantly. However, the share of entrepreneurs who expect a decrease in the current *number of employees* for the period of the next three months decreased slightly. The share of entrepreneurs who believe that construction work prices will rise in the next three months increased again m-o-m. In the y-o-y comparison, the confidence of entrepreneurs in the construction industry is lower.

The confidence in the **trade** sector decreased. The confidence indicator fell by 1.2 points to 90.1. The share of entrepreneurs in the trade positively evaluating their *overall economic situation* decreased compared to August. In September the share of respondents expecting an improvement in their economic situation in the next three months increased again slightly. The stock of goods in warehouses remain high. The share of business owners who expect prices to rise in the next three months increased m-o-m. Compared to September last year, confidence in trade is lower.

In **selected service** sectors (including the financial sector), entrepreneurs' confidence in the economy decreased compared to August. The confidence indicator fell by 2.2 points to 93.6. The

NEWS RELEASE

share of entrepreneurs positively evaluating their *current demand* for services and the expected demand in the next three months decreased slightly. The assessment of *the current overall economic situation* among entrepreneurs worsened m-o-m. However, the share of entrepreneurs positively evaluating the current economic situation is highly prevalent. The share of respondents who expect a further increase in the prices of offered services in the next three months significantly increased. In y-o-y comparison, confidence in selected service sectors is higher.

Among **consumers**, confidence in the economy decreased m-o-m. The confidence indicator fell by 2.7 points to 88.3. The share of respondents expecting a *worsening of the overall economic situation* in the Czech Republic for the period of the next twelve months increased significantly. The number of households evaluating their *current financial situation* worse compared to the period of the previous twelve months almost did not change same as the number of households expecting a deterioration in their own financial situation in the next twelve months. The number of surveyed households who state that it is difficult to make ends meet with their financial resources increased (approximately 30 %). The number of households that say that they save some money every month (about 52% said so in September) decreased slightly. The number of consumers who do not plan to make major purchases in the next twelve remain approximately at the same level as in August. Household concerns about an increase in unemployment and rising prices increased significantly and remain well below their long-term average. Y-o-y 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

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