July 24, 2018

Overall confidence in economy decreased

Business cycle survey – July 2018

Overall confidence in economy decreased. The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, decreased by 1.3 points to 98.7 m-o-m. Confidence of entrepreneurs decreased by 1.3 points to 96.1 compared to June. Consumer confidence indicator decreased by 1.2 points to 111.8, m-o-m. Composite confidence indicator and consumer confidence indicator are higher, entrepreneurs confidence indicator remains at the same value, compared to July 2017.

In **industry***,* in July, confidence indicator decreased by 2.5 points to 94.3. 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 almost unchanged. Most important barrier of production is lack of staff; it was stated by 37 % of respondents. Entrepreneurs in industry also require more demand; it was stated almost by 28 % of respondents. For the next three months, respondents expect a decrease in the development of production activity and almost no changes in the employment. Expectations of general economic situation development for the next three as well as six months almost unchanged, m-o-m. All in all, confidence in industry is lower, y-o-y.

In July, production capacity utilization in **manufacturing industry** increased and reached 86.2 % q-o-q. Respondents estimate they have work secured by contracts for 8.8 months, which is equally the same as in the previous quarter.

In **construction**, in July, confidence increased slightly by 0.5 points to 97.6. The assessment of current economic situation of the respondents almost unchanged m-o-m. The assessment of total demand for construction work did not change, compared to June. Respondents expect for the next three months a decrease in the development of construction activity and almost no changes in the employment. Expectations of general economic situation development for the next three months decreased, for the next six months almost unchanged, compared to the previous month. Overall, confidence in construction is higher, y-o-y.

In July, confidence in **trade** increased very slightly by 0.2 points to 98.1. The assessment of 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 decreased slightly, for the next six months almost unchanged. Overall, confidence in trade is lower, y-o-y.

In selected **services** (incl. banking sector)*,* in July, confidence decreased slightly by 0.5 points to 97.4. The assessment of current economic situation of the respondents decreased slightly compared to June. In July, the assessment of demand did not change as well as its expectations for the next three months. Expectations of total economic situation development for the next three as well as six months almost unchanged. All in all, confidence in selected services remains at the same value, y-o-y.

In June, consumer confidence indicator decreased by 1.2 points to 111.8, m-o-m. The survey taken among consumers in July indicates that consumers are for the next twelve months a slight more afraid of a decrease in the overall economic situation. Worries about their financial standing did not change, compared to June. Worries about rise in the unemployment almost unchanged, m-o-m. The share of respondents intending to save money decreased. The respondents concern about rises in prices did not change. Overall, consumer confidence indicator is higher, y-o-y.

Notes:

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Data source: CZSO business survey, GfK Czech consumer survey

End of data collection: July 17, 2018

Next News Release: August 24, 2018

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 (2008–2018)

Graph Confidence indicators – base indices, seasonally adjusted (1998–2018)

Graph Confidence Indicators for industry, construction, trade, and in selected services – baes indices, seasonally adjusted (2006–2018)

Graph Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2006–2018)

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



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