January 24, 2020

Overall confidence in economy decreased, mainly due to a decline in consumer confidence

Business cycle survey – January 2020

The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, decreased slightly by 1.0 percentage points to 98.1, m-o-m. Business confidence decreased very slightly by 0.1 points to 96.7 compared to December. Consumer confidence indicator decreased by 5.2 points to 104.8, m-o-m. Composite confidence indicator, business confidence indicator and consumer confidence indicator are lower, compared to January 2019.

In **industry***,* in January, confidence indicator decreased by 1.9 points to 91.1. *The assessment of current total demand* decreased m-o-m. According to respondents, *stocks of finished goods* did not change. For the next three months, respondents expect an increase in *the development of production activity*. Most important barrier of production is insufficient demand; it was stated by 41 % of respondents approximately. The second important barrier of production is lack of staff; it was stated by 23 % of respondents approximately. Overall, confidence in industry is lower, y-o-y.

In January, production capacity utilization in **manufacturing industry** decreased slightly to 84.3%, q-o-q. Respondents estimate they have work secured by contracts for 12.5 months, which is less than in the previous quarter (12.9 months).

In January, confidence in **construction** decreased by 2.0 points to 123.9. *The assessment of total demand for construction* *work* did not change. For the next three months, respondents expect a decrease in *the employment*. Most important barrier of production is lack of staff; it was stated by 36 % of respondents approximately. The second important barrier of production is insufficient demand; it was stated by 23 % of respondents approximately. Finally, confidence in construction is lower, y-o-y.

In **trade**, in January, confidence indicator increased by 3.7 points to 98.3. *The assessment of overall economic situation* of the respondents increased m-o-m. *The stocks* decreased. *Expectations of total economic situation development* for the next three months increased. Finally, confidence in trade is at the same value, y-o-y.

In January, in selected **services** (incl. banking sector)*,* confidence increased by 1.4 points to 99.4. *The assessment of current economic situation* of the respondents almost unchanged compared to December. In January, *the assessment of demand* did not change. *Expectations of total demand* for the next three months increased. Overall, confidence in selected services is lower, y-o-y.

In January, consumer confidence indicator decreased by 5.2 points to 104.8, m-o-m. The survey taken among consumers in January indicates that consumers are for the next twelve months more afraid of a decrease in the overall economic situation. Worries about their financial standing almost unchanged, compared to December. The share of respondents intending to save money decreased. Worries about rise in the unemployment almost unchanged, m-o-m. The respondents concern about rises in prices almost unchanged too. Overall, consumer confidence indicator is lower, y-o-y.

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We change the base for the calculation of the basis index from January 2020 (in news release by the Czech Statistical Office). The previous base (average of 2005) replaced by the long-term average, which is more suitable for the Economic Sentiment Indicator evaluation. The long-term average will be recalculated every year in January. For 2020, we calculate the long-term average from 2003 to 2019.

Notes:

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Data source: CZSO business survey, GfK Czech consumer survey

End of data collection: January 17, 2020

Next News Release: February 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)

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