

NEWS RELEASE

April 25, 2022

Confidence among entrepreneurs increased m-o-m, while consumer confidence continued to decline

Additional information to NR Business cycle survey – April 2022

The composite confidence indicator (economic sentiment indicator) – in the basis index form – increased by 3.4 percentage points to 100.0, m-o-m, with different development of its components. Business confidence indicator increased by 4.3 percentage points to 103.8, the consumer confidence indicator decreased by 1.1 percentage points to 81.3. Compared to April last year, the composite indicator and the business indicator are higher, while the consumer confidence indicator is at the lower level than last year.

In **industry** business confidence increased, m-o-m. The confidence indicator rose by 5.6 points to 99.5. Entrepreneurs rated their *current total demand* slightly better than previous month. The *stock of finished products* decreased compared to March. The share of entrepreneurs expecting the growth rate of *production activity* for the next three months rose, m-o-m. The record high entrepreneurs *expected prices* to rise in the next three months rose again in April. The main barrier to production growth is the lack of materials, which was reported by approximately 38% of respondents. The second most important barrier is insufficient demand, which limits almost 18% of respondents. Compared to April 2021 confidence of entrepreneurs in industry is lower.

The utilization of production capacities of enterprises in the **manufacturing industry** decreased compared to last quarter (81.6%). Entrepreneurs estimate securing work by contracts for 8.2 months, which is about the same as in the previous quarter.

The confidence of entrepreneurs in **construction** slightly decreased, m-o-m. The confidence indicator fell by 0.3 points to 123.5. The share of entrepreneurs evaluating their *current demand* for construction work as insufficient decreased compared to the previous month. The share of companies expecting growth in the *pace of construction activity* and in the *number of employees* in the next three months also decreased. A record number of respondents expect further growth in construction work prices. The main barriers to production growth are the lack of employees (approximately 32% of respondents) and lack of materials or equipment (27% of respondents, most since the beginning of the monitoring). Confidence in construction is higher, y-o-y.

Confidence in **trade** sector decreased, m-o-m. The confidence indicator fell by 1.1 points to 100.8. The share of entrepreneurs evaluating the *overall economic situation* as good slightly decreased as in March. The share of entrepreneurs expecting slight improvement *in their economic situation* for the next three months increased. As in the previous month, respondents expect further growth in sales prices. The *stock of goods* decreased, m-o-m. The confidence of entrepreneurs in trade is higher, y-o-y.

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In **selected services** (including the banking sector), the confidence indicator increased. The confidence indicator increased by 4.4 points to 106.7. The share of entrepreneurs *evaluating positively the current demand* significantly increased, while *the expected demand in the next three months* increased. The share of entrepreneurs *evaluating positively the current economic situation* increased. In the history of the survey, an unprecedented number of entrepreneurs expect further price increases over the next three months. Most respondents in services (almost 50%) stated that they currently have no barriers to production, approximately 14% of respondents limit insufficient demand. Compared to April last year confidence in selected services is higher.

Consumer confidence in April decreased. The confidence indicator fell by 1.1 points to 81.3. The share of respondents *expecting a deterioration in the overall economic situation for the next twelve months* increased slightly again and reached its all-time high. The number of respondents rate their *current financial situation* also worsened m-o-m than at the previous twelve months. The number of households that fear a deterioration in their *own financial situation* over the next twelve months has reached a new all-time high. The share of respondents expecting to spend more money on *large purchases* than in the previous period slightly decreased. The number of respondents concerned about rising prices increases remains at all-time high. Compared to December, concerns about rising unemployment increased. Consumer confidence is lower, y-o-y.

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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