March 24, 2014

Confidence of entrepreneurs and consumers increased

Business cycle survey – March 2014

Overall confidence in domestic economy increased in March. The composite confidence indicator (economic sentiment indicator) increased by 1.4 points compared to February, due to increase in the confidence of both entrepreneurs and consumers. Among entrepreneurs confidence increased slightly in industry, in selected services increased; in trade did not change and in construction decreased. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to March 2013.

In **industry***,* in March, the assessment of current overall economic situation almost unchanged. The assessment of current total demand increased slightly, the assessment of foreign demand almost unchanged. According to respondents, stocks of finished goods did not change. For the next three months, respondents expect no changes in the development of production activity and a slight increase in the employment. Expectations of general economic situation development for the next three as well as six months increased slightly, compared to February. All in all, confidence in industry increased slightly, compared to February, and it is higher y-o-y.

In **construction**, in March, the assessment of current economic situation of the respondents increased slightly m-o-m. The assessment of total demand decreased slightly, compared to February. Respondents expect for the next three months no changes in the development of construction activity and a slight increase in the employment. Expectations of the economic situation development for the next three as well as six months decreased. Overall, confidence in construction decreased, compared to February, and it is lower y-o-y.

In **trade***,* in March, the assessment of current economic situation of the respondents increased slightly m-o-m. The stocks did not change. Expectations of the economic situation development for the next three months decreased slightly, for the next six months did not change, compared to February. In March, confidence in trade did not change m-o-m, and it is higher y-o-y.

In selected **services** (incl. banking sector)*,* in March, the assessment of current economic situation of the respondents increased slightly, m-o-m. The assessment of demand in March increased, but its expectations for the next three months almost unchanged. For the next three as well as six months, expectations of total economic situation development almost unchanged, compared to February. All in all, confidence in selected services increased m-o-m, and it is higher y-o-y.

Consumer confidence indicator increased in March, m-o-m, and it is higher y-o-y. The survey taken among consumers in March indicates that consumers are for the next twelve months a less afraid of a decrease in the overall economic situation and their own financial standing. In March, worries about increase in the unemployment decreased, compared to February. The share of respondents intending to save money almost unchanged, m-o-m. Respondents are still afraid of rises in prices, but slightly less so than previous months.

Notes:

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Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph 1 Seasonally Adjusted Confidence Indicators

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

Graph 3 Economic Sentiment Indicators – international comparison