November 24, 2014

Confidence of entrepreneurs and consumers increased

Business cycle survey – November 2014

Overall confidence in domestic economy increased in November. The composite confidence indicator (economic sentiment indicator) increased by 1.3 points, m-o-m. Confidence of entrepreneurs increased slightly by 0.8 points, compared to October. Among entrepreneurs confidence increased in construction and in selected services, in trade decreased and in industry decreased slightly. Consumer confidence indicator increased. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to November 2013.

In **industry***,* in November, confidence decreased slightly by 1 point. The assessment of current overall economic situation of the respondents did not change. The assessment of current total and foreign demand decreased slightly. According to respondents, stocks of finished goods almost unchanged. For the next three months, respondents expect almost no changes in the development of production activity in the employment too. Expectations of general economic situation development for the next three months almost unchanged, for the next six months decreased compared to October. All in all, confidence in industry is lower, y-o-y.

The survey on **investment activity** in manufacturing industry suggests that for 2015 respondents expect the level of investment should increase by approximately 4 %. It refers predominantly to a renewal of production equipment; and less to an extension of production capacities and introducing new technologies.

In November, confidence in **construction** increased by 6 points due to the continued favourable weather. The assessment of current economic situation of the respondents increased m-o-m. The assessment of total demand increased too, compared to October. Respondents expect for the next three months a slight increase in the development of construction activity and an increase in the employment too. Expectations of the economic situation development for the next three months decreased, for the next six months decreased slightly. Overall, confidence in construction is higher, y-o-y.

In November, confidence in **trade** decreased by 4.7 points, m-o-m. The assessment of current economic situation of the respondents did not change m-o-m. The stocks increased. Expectations of the economic situation development for the next three months decreased, for the next six months increased, compared to October. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in November, confidence increased by 3.3 points. The assessment of current economic situation of the respondents increased, m-o-m. The assessment of demand in November almost unchanged, but its expectations for the next three months increased. For the next three months, expectations of total economic situation development almost unchanged, for the next six months increased, compared to October. All in all, confidence in selected services is higher, y-o-y.

In November, consumer confidence indicator increased by 3.3 points, m-o-m, and it is higher y-o-y too. The survey taken among consumers in November indicates that consumers are for the next twelve months less afraid of a decrease in the overall economic situation. Worries about their own financial standing almost unchanged. Worries about rise in the unemployment decreased compared to October. The share of respondents intending to save money decreased too, m-o-m. The respondents concern about rises in prices are also lower, compared to the previous month.

Notes:

Responsible manager: Juraj Lojka, director

Contact person: Jiří Obst, tel. +420274054116, e-mail: jiri.obst@czso.cz

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Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph 1.1 Seasonally Adjusted Confidence Indicators (2008 – 2014)

Graph 1.2 Seasonally Adjusted Confidence Indicators (1998 – 2014)

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

Graph 3 Economic Sentiment Indicators – international comparison