April 26, 2021

**Overall confidence in the economy increased**

**Business cycle survey – April 2021**

**The composite confidence indicator (economic sentiment indicator) – in the basis index form – increased by 7.7 percentage points to 94.7, m-o-m. Both components increased in April. The business confidence indicator increased by 7.1 percentage points to 94.8 (m-o-m), and the consumer confidence indicator increased by 9.9 percentage point to 93.9. Compared to April last year, when the effects of the first wave of the coronavirus pandemic were fully felt, the composite indicator, the business indicator and the consumer confidence indicator are at a higher level.**

In **industry**, business confidence increased, m-o-m. The confidence indicator increased by 6.9 points to 102.3. The share of industrial enterprises evaluating *their current total demand* as insufficient decreased, m-o-m. The *stock of finished products* stayed almost at the same level compared to March. The share of entrepreneurs expecting the growth rate of *production activity* for the next three months has increased significantly. The main barriers to production growth are insufficient demand, which was reported by approximately 30 % of respondents, followed by a lack of materials and equipment, which limits 24 % of respondents. The confidence in the industry increased y-o-y.

The utilization of production capacities of enterprises in the **manufacturing industry** reached almost 85 % in April, which is slightly less than in the previous quarter. Entrepreneurs estimate securing work by contracts, approximately the same as in January, for 12 months.

The results of the **investment survey** conducted during March and the first half of April show that manufacturing companies expect investment growth of around 11 % in 2021, after a significant decline last year (by 15 %).

Confidence of entrepreneurs in the **construction** decreased, m-o-m. The confidence indicator declined by 5.5 points to 110.9. In April the share of entrepreneurs evaluating their *current* *demand* for construction work as insufficient increased, m-o-m. The share of respondents expecting an increase in the current *number of employees* in the next three months decreased. The main barriers production growth are insufficient demand (approximately 32 % of respondents) and staff shortages (approximately 25 % of respondents). Compared to April 2020, confidence in the construction industry is higher.

Confidence in the **trade** sector increased. The confidence indicator growth by 8.0 points to 94.9, m-o-m. The share of entrepreneurs evaluating the overall economic situation increased, m-o-m. The entrepreneurs who expect getting better the economic situation for the next three months has significantly increased. The stock of goods slight increase, m-o-m. Confidence in trade is higher, y-o-y.

In the **selected service sector** (including the banking sector), the confidence indicator increased, m-o-m. The confidence indicator in April growth by 8.6 points to 85.4. The *assessment of the current economic situation* has improved, m-o-m. The share of respondents negatively evaluating the current total demand significantly decreased, m-o-m. The share of entrepreneurs expecting an improvement in demand in the next three months significantly increased. Most respondents in services (36 %) mentioned other barriers as the main barrier to production growth, probably related to preventive measures against the spread of covid-19. The second most important barrier was insufficient demand (stated by approximately 33 % of respondents). Confidence in selected services is higher, y-o-y.

In April**, consumer confidence indicator** rose after a three-month decline. The confidence indicator growth by 9.9 points to 93.9. The share of respondents *expecting a deterioration in the overall economic situation for the next twelve months* decreased after three months. Concerns about *rising unemployment* have fallen, but the share of consumers expecting it to rise remains well above average. Consumers' fears of a deterioration in their *financial situation and rising prices* almost have hardly changed since March. The number of respondents who expect to save some money in the next twelve months increased. Concerns about rising prices are still high. Consumer confidence is higher, y-o-y.

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Data for the business and consumer part of the business cycle surveys were collected from **1st to 19th April** 2021.

Notes:

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Data source: CZSO business survey, Data Collect consumer survey (https://www.datacollect.cz)

End of data collection: April 19, 2021

Next News Release: May 24, 2021

This press release wasn´t edited for language.

Annex:

Table Confidence Indicators – basic indices

Figure Confidence indicators – base indices, seasonally adjusted (2003–2021)

Figure Confidence Indicators for industry, construction, trade, and in selected services – base indices, seasonally adjusted (2003–2021)

Figure Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2003–2021)

Figure Economic Sentiment Indicators – international comparison, seasonally adjusted (2007-2021)

Graph Production Capacity Utilisation in Manufacturing Industry (2003-2021)

Graph Limits of Production in Industry (2005-2021)

Graph Limits of Production in Construction (2005-2021)

Graph Limits of Production in Selected Services (2005-2021)

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