

## NEWS RELEASE

May 24, 2022

# Consumer confidence continues to decline, but overall confidence in the economy is growing

## Additional information to NR Business cycle survey – May 2022

The composite confidence indicator (economic sentiment indicator) – in the basis index form – increased by 1.8 percentage points to 101.8, m-o-m, with different development of its components. Business confidence indicator increased by 3.2 percentage points to 107.0, but the consumer confidence indicator decreased by 5.5 percentage points to 75.8. Compared to May last year, the composite indicator and the business indicator are higher, while the consumer confidence indicator is at the lower level than last year.

Compared to last month, business confidence in **industry** increased. The confidence indicator rose by 7.2 points to 106.7. Entrepreneurs rated their *current total demand* about the same as previous month. The *stock of finished products* significantly decreased compared to April, which had a positive effect on confidence according to the methodology of business surveys. The share of entrepreneurs expecting the growth rate of *production activity* for the next three significantly increased, m-o-m. The number of entrepreneurs *expected prices* to rise in the next three months remains at high levels from previous months. Compared to May last year confidence of entrepreneurs in industry is lower.

The confidence of entrepreneurs in **construction** decreased, m-o-m. The confidence indicator fell by 4.9 points to 118.6. The share of entrepreneurs evaluating their *current demand* for construction work as insufficient increased 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. The already record number of respondents expect further growth in construction work prices rose again. Confidence in construction is higher, y-o-y.

Confidence in **trade** sector increased, m-o-m. The confidence indicator rose by 2.5 points to 103.3. The share of entrepreneurs evaluating the *overall economic situation* as good increased compared to April. The share of entrepreneurs expecting slight improvement *in their economic situation* for the next three months significantly decreased. Expectations of further growth in sales prices remain at the high levels of previous months. The *stock of goods* significantly decreased, m-o-m. The confidence of entrepreneurs in trade is higher, y-o-y.

In **selected services** (including the banking sector), the confidence indicator did not change, m-o-m in May and remained at the April value of 106.7, which it reached after four months of continuous growth. The share of entrepreneurs *evaluating positively the current demand* decreased, the share of entrepreneurs expecting an increase in *demand in the next three months* has hardly changes. The share of entrepreneurs *evaluating positively the current economic situation* increased. The number of entrepreneurs expect further price increases over the next three months is still high. Compared to May last year confidence in selected services is higher.

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**Consumer confidence** in May significantly decreased. The confidence indicator fell by 5.5 points to 75.8, which is the second lowest value since the start of monitoring. The share of respondents *expecting a deterioration in the overall economic situation for the next twelve months* increased 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 number of respondents who do not expecting to spend more money on *large purchases* than in the previous period has hardly changed. The number of respondents concerned about rising prices decreased compared to April. The number of people concerns about rising unemployment in the next twelve months increased significantly. Consumer confidence is lower compared to May 2021.

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Notes:

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Detailed time series of balances and basic  
indices of confidence indicators:

[https://www.czso.cz/csu/czso/kpr\\_ts](https://www.czso.cz/csu/czso/kpr_ts)

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