March 24, 2022

**Consumer confidence in the economy is the lowest since January 2013**

**Additional information to NR Business cycle survey – March 2022**

**The composite confidence indicator (economic sentiment indicator) – in the basis index form – decreased by 2.6 percentage points to 96.6, m-o-m, with both components decreasing. Business confidence indicator decreased by 1.2 percentage points to 99.5, the consumer confidence indicator decreased by 9.3 percentage points to 82.4. Compared to March last year, the composite indicator, the business indicator are higher, while the consumer confidence indicator is at the lower level than last year.**

In **industry** business confidence decreased, m-o-m. The confidence indicator fell by 4.4 points to 93.9. Although entrepreneurs rated their *current total demand* slightly better than last month, the assessment of foreign demand decreased. The *stock of finished products* increased significantly compared to the previous month. The share of entrepreneurs expecting the growth rate of *production activity* for the next three months decrease, m-o-m. Expectations of the development of the overall economic situation of entrepreneurs in industry decreased significantly for the next three and six months. The already record high number of entrepreneurs *expecting prices* to rise in the next three months rose again in March. Year-on-year, confidence in the industry is lower.

The confidence of entrepreneurs in **construction** decreased, m-o-m. The confidence indicator fell by 5.1 points to 123.8. The share of entrepreneurs evaluating their *current* *demand* for construction work as insufficient increased compared to February. Compared to the previous month, respondents expect a slowdown in the pace of *construction activity* in the next three months, as well as a slight increase in the current *number of employees*. Expectations of the development of the overall economic situation of entrepreneurs in the construction industry decreased, m-o-m for the next three and six months. Year-on-year, confidence in construction is higher.

Confidence in **trade** sector in March decreased m-o-m. The confidence indicator fell by 1.5 points to 101.9. The share of entrepreneurs evaluating the overall economic situation as good slightly decreased compared to February. The share of entrepreneurs expecting an improvement *in their economic situation* for the next three months also slightly decreased. Expectations of further price growth have risen sharply. The stock of goods remained almost unchanged, m-o-m. Compared to March last year confidence of entrepreneurs in trade is higher.

In **selected services** (including the banking sector), the confidence indicator increased, m-o-m. The confidence indicator increased by 2.5 points to 102.3. The share of entrepreneurs *evaluating positively the current demand* almost unchanged, butthe share of entrepreneurs who *expect an increase in demand in the next three months rose*. Evaluate of the current overall economic situation remained almost unchanged, m-o-m. As in the previous month, an exceptionally high number of entrepreneurs (the highest since the beginning of the monitoring) expect further price growth in the next three months. The share of entrepreneurs who expect their overall economic situation to improve over the next three and six months fell. Confidence in selected services is higher, y-o-y.

**Consumer confidence** in the economy was the lowest in March since January 2013. The confidence indicator fell by 9.3 points to 82.4. The share of respondents *expecting a deterioration in the overall economic situation for the next twelve months* was the highest since the beginning of the survey. Compared to February, the number of respondents rate their *current financial situation* has increased worse than at any time in the previous twelve months. The number of households worried about their financial situation deteriorating over the next twelve months has risen sharply to a record high in December 2007. The share of respondents expecting to spend more money on *large purchases* than in the previous period slightly increased. The already high number of respondents concerned about rising prices increased to the new historical maximum. Compared to February, consumer concerns about rising unemployment have also increased. The number of respondents who expect to save some money in the next twelve months decreased. Consumer confidence is lower, y-o-y.

Notes:

Contact person: Jiri Obst, Head of Business Cycle Surveys Unit, tel. +420604815440, e-mail: jiri.obst@czso.cz

Detailed time series of balances and basic

indices of confidence indicators: <https://www.czso.cz/csu/czso/kpr_ts>

*Business and Consumers Surveys are co-financed by grant agreements of the European Commission DG ECFIN.*

<https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys_en>