

NEWS RELEASE

November 24, 2023

Consumer confidence has decreased m-o-m, while entrepreneurs are slightly more optimistic in comparison

Additional information to NR Business cycle survey – November 2023

The composite confidence indicator (economic sentiment indicator) – in the basis index form – increased by 0.3 points to 93.1 m-o-m, reflecting different developments in its components. The business confidence indicator rose by 0.7 percentage points to 93.5 while the consumer confidence indicator decreased by 2.0 points to 90.7.

Compared to November last year, the composite indicator, the business indicator and the consumer indicator are at a higher level.

Business confidence in **industrial** sector slightly decreased on a m-o-m basis. The confidence indicator dropped by 0.3 points to a value of 92.8. The proportion of entrepreneurs negatively assessing *their current demand* increased slightly. The proportion of entrepreneurs expecting a slowdown in the pace of *production activity* over the next three months remained almost unchanged compared to October. The level of *finished goods* inventories remained nearly the same as the previous month. Similar to the previous two months, in November, there was a slight majority of entrepreneurs not anticipating further price increases. Comparatively, entrepreneurs' confidence in the industry is higher year-on-year.

Confidence in **construction** industry significantly increased. The confidence indicator rose by 6.6 points compared to October, reaching a value of 106.8. The proportion of entrepreneurs evaluating their *current demand for construction work* as insufficient, as well as those expecting a slowdown in the pace of construction activity over the next three months, decreased slightly month-to-month. Significantly fewer entrepreneurs, compared to October, anticipate a decrease in the current number of employees over the next three months. The proportion of entrepreneurs expecting an increase in construction work prices in the next three months slightly increased. Year-on-year, entrepreneurs' confidence in the construction industry is lower.

In **trade** sector, entrepreneurs' confidence increased very slightly. The confidence indicator rose by 0.2 points on m-o-m basis, reaching a value of 89.2. The proportion of entrepreneurs in trade positively assessing their *overall economic* situation slightly decreased again m-o-m. The percentage of respondents expecting an improvement in their economic situation over the next three months remained unchanged compared to October. Inventory levels decreased slightly from the previous month but remain consistently high. The proportion of retailers expecting price increases in the coming months slightly decreased. Comparatively, confidence in the trade sector is lower compared to November of the previous year.

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Business confidence in **selected service** sectors (including the financial sector) increased slightly m-o-m. The confidence indicator rose by 1.3 points, returning to its September level (93.6). The proportion of entrepreneurs positively evaluating their *current demand* for services decreased compared to the previous month. However, there was a significant increase in the percentage of respondents expecting an increase in demand over the next three months. The proportion of entrepreneurs positively assessing the *current economic situation*, similar to October, remains significantly high. There was a notable m-o-m increase in the percentage of respondents expecting an increase in the prices of offered services over the next three months. Comparatively, confidence in selected service sectors is higher y-o-y.

Consumer confidence in the economy decreased m-o-m. The confidence indicator fell by 2.0 points to a value of 90.7. The percentage of respondents expecting a *worsening of the overall economic situation* in the Czech Republic over the next twelve months remained approximately the same as in October. The number of households assessing their *current financial situation* worse than the previous twelve months increased, as did the number of respondents expecting its deterioration in the next twelve months. The number of surveyed households reporting difficulties in managing their finances remained almost unchanged (approximately 30%), as did the number of consumers stating they save some money monthly (around 50% in November). The number of consumers not planning to make major purchases in the next twelve months slightly increased. Concerns about increased unemployment in the next twelve months decreased compared to October, but worries about rising prices increased. Compared to November 2022, consumer confidence is higher.

Notes:

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

https://www.czso.cz/csu/czso/kpr_ts

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