July 25, 2016

Confidence of entrepreneurs increased slightly, confidence of consumers decreased, m-o-m

Business cycle survey – July 2016

Overall confidence in domestic economy almost unchanged in July. The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, increased very slightly by 0.1 points to 95.4, m-o-m. Confidence of entrepreneurs increased slightly by 0.5 points to 94.0, compared to June. Among entrepreneurs confidence increased slightly in industry and in selected services; in construction and in trade decreased slightly. Consumer confidence indicator decreased by 1.5 points to 102.3, m-o-m. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are lower, compared to July 2015.

In **industry***,* in July, confidence increased slightly by 0.7 points to 95.0. The assessment of current overall economic situation of the respondents decreased. The assessment of current total and foreign demand did not change. According to respondents, stocks of finished goods decreased slightly. In July, production capacity utilization in manufacturing industry decreased slightly and reached 84.4 % q-o-q; respondents estimate they have work secured by contracts for 7.7 months, which is slightly less than in the previous quarter. Most important barrier of production is still insufficient demand; it was stated almost by 40 % respondents. For the next three months, respondents expect no changes in the development of production activity and in the employment too. Expectations of general economic situation development for the next three as well as six months almost unchanged, compared to June. All in all, confidence in industry is lower, y-o-y.

In July, confidence in **construction** decreased slightly by 1 point to 76.1. The assessment of current economic situation of the respondents did not change m-o-m. The assessment of total demand for construction work decreased, compared to June. Respondents expect for the next three months an increase in the development of construction activity and in the employment too. Expectations of the economic situation development for the next three months almost unchanged, for the next six months increased. Overall, confidence in construction is lower, y-o-y.

In July, confidence in **trade** decreased slightly by 0.8 points to 97.9, m-o-m. The assessment of current overall economic situation of the respondents increased slightly, m-o-m. The stocks did not change. Expectations of the economic situation development for the next three as well as six months decreased, compared to June. Overall, confidence in trade is lower, y-o-y.

In selected **services** (incl. banking sector)*,* in July, confidence increased slightly by 0.7 points to 94.6. The assessment of current economic situation of the respondents increased slightly compared to June. The assessment of demand in July almost unchanged, its expectations for the next three months did not change. Expectations of total economic situation development for the next three as well as six months almost unchanged, m-o-m. All in all, confidence in selected services is higher, y-o-y.

In July, consumer confidence indicator decreased by 1.5 points to 102.3, m-o-m, and it is lower, y-o-y. The survey taken among consumers in July indicates that consumers are for the next twelve months a little more afraid of a decrease in the overall economic situation. Worries about their financial standing did not change. The share of respondents intending to save money did not change too, compared to June. Worries about rise in the unemployment increased slightly, m-o-m. The respondents concern about rises in prices almost unchanged.

Notes:

Responsible manager: Juraj Lojka, director

Contact person: Jiří Obst, tel. +420274054116, e-mail: [jiri.obst@czso.cz](mailto:jiri.obst@czso.cz)

Data source: CZSO business survey, GfK Czech consumer survey

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

End of data collection: July 18, 2016

Related publication: 070006-16 Business Cycle Survey in Enterprises of Industry, Construction, Trade and Selected Services (<https://www.czso.cz/csu/czso/business-cycle-surveys>)

Next News Release: August 24, 2016

This press release was not edited for language.

Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph 1.1 Seasonally Adjusted Confidence Indicators (2008–2016)

Graph 1.2 Seasonally Adjusted Confidence Indicators (1998–2016)

Graph 2.1 Seasonally Adjusted Confidence Indicators in Industry, Construction, Trade, and in Selected Services (2006–2016) – basic indices

Graph 2.2 Balances of Seasonally Adjusted Confidence Indicators in Industry, Construction, Trade, and in Selected Services (2006–2016)

Graph 3 Economic Sentiment Indicators – international comparison

Graph 4 Production Capacity Utilisation in Manufacturing Industry

Graph 5 Limits of Production in Industry

Graph 6 Limits of Production in Construction