April 25, 2016

Confidence of entrepreneurs and consumers decreased slightly, m-o-m

Business cycle survey – April 2016

Overall confidence in domestic economy decreased slightly in April. The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, decreased by 1.1 points to 95.6, m-o-m. Confidence of entrepreneurs decreased by 1.3 points to 93.8, compared to March. Among entrepreneurs confidence increased slightly in construction; in industry, in trade and in selected services decreased. Consumer confidence indicator decreased slightly by 0.5 points to 104.3, m-o-m. Composite confidence indicator and entrepreneurs confidence indicator are higher, compared to April 2015, consumer confidence indicator remains on the same value.

In **industry***,* in April, confidence decreased by 1.5 points to 94.7. The assessment of current overall economic situation of the respondents decreased. The assessment of current total and foreign demand almost unchanged. According to respondents, stocks of finished goods increased. In April, production capacity utilization in manufacturing industry decreased slightly and reached 85.2 % q-o-q; respondents estimate they have work secured by contracts for 8.1 months, which is almost the same as 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 almost no changes in the employment. Expectations of general economic situation development for the next three as well as six months did not change, compared to March. All in all, confidence in industry is lower, y-o-y.

The survey on **investment activity** taken among manufacturing enterprises suggests that after an increase in 2015, the level of investment should increase by about 10 % in 2016. It refers predominantly to a renewal of production equipment; and less to an extension of production capacities and introducing new technologies.

In April, confidence in **construction** increased slightly by 1 point to 80.7. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The assessment of total demand for construction work increased slightly, compared to March. Respondents expect for the next three months almost no changes in the development of construction activity and in the employment too. Expectations of the economic situation development for the next three months increased slightly, for the next six months increased. Overall, confidence in construction is lower, y-o-y.

In April, confidence in **trade** decreased by 2.2 points to 99.0, m-o-m. The assessment of current overall economic situation of the respondents decreased, m-o-m. The stocks almost unchanged. Expectations of the economic situation development for the next three as well as six months decreased, compared to March. Overall, confidence in trade is lower, y-o-y.

In selected **services** (incl. banking sector)*,* in April, confidence decreased by 1.2 points to 93.7. The assessment of current economic situation of the respondents did not change, m-o-m. The assessment of demand in April almost unchanged, its expectations for the next three months decreased slightly. Expectations of total economic situation development for the next three as well as six months almost unchanged, compared to March. All in all, confidence in selected services is higher, y-o-y.

In April, consumer confidence indicator decreased slightly by 0.5 points to 104.3, m-o-m, and it remains on the same value, y-o-y. The survey taken among consumers in April indicates that consumers are for the next twelve months less afraid of a decrease in the overall economic situation. Worries about their financial standing increased. The share of respondents intending to save money did not change, compared to March. Worries about rise in the unemployment almost unchanged, m-o-m. The respondents concern about rises in prices did not change.

Notes:

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Next News Release: May 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