October 24, 2019

Business confidence decreased, consumer confidence increased slightly

Business cycle survey – October 2019

Overall confidence in economy decreased. The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, decreased by 1 percentage point to 93.6 m-o-m. Business confidence decreased by 1.3 points to 91.6 compared to September. Consumer confidence indicator increased slightly by 0.3 points to 103.6, m-o-m. Composite confidence indicator, business confidence indicator and consumer confidence indicator are lower, compared to October 2018.

In **industry***,* in October, confidence indicator decreased by 2.8 points to 87.5. The assessment of current total and foreign demand almost unchanged, m-o-m. According to respondents, stocks of finished goods almost unchanged too. The assessment of overall economic situation of the respondents did not change. Most important barrier of production is insufficient demand; it was stated by 37 % of respondents approximately. The second important barrier of production is lack of staff; it was stated by 30 % of respondents approximately. For the next three months, respondents expect a decrease in the development of production activity and almost no changes in the employment. Expectations of total economic situation development for the next three months almost unchanged, for the next six months decreased, m-o-m. Overall, confidence in industry is lower, y-o-y.

In October, production capacity utilization in **manufacturing industry** decreased slightly to 84.0 % q-o-q. Respondents estimate they have work secured by contracts for 12.9 months, which is slight less than in the previous quarter.

In October, confidence in **construction** increased by 2.5 points to 104.3. The assessment of total demand for construction work almost did not change. The assessment of current economic situation of the respondents increased slightly, m-o-m. The assessment of current construction activity almost unchanged. Most important barrier of production is lack of staff; it was stated by 42 % of respondents approximately. The second important barrier of production is insufficient demand; it was stated by 19 % of respondents approximately. For the next three months, respondents expect a decrease in the development of construction activity and an increase in the employment. Expectations of general economic situation development for the next three months decreased, for the next six months increased. All in all, confidence in construction is higher, y-o-y.

In October, confidence in **trade** decreased by 4.5 points to 90.6. The assessment of overall economic situation of the respondents decreased m-o-m. The stocks increased. For the next three as well as six months, expectations of general economic situation development decreased. Overall, confidence in trade is lower, y-o-y.

In selected **services** (incl. banking sector)*,* in October, confidence increased slightly by 0.2 points to 94.4. The assessment of current economic situation of the respondents did not change, compared to September. In October, the assessment of demand increased slightly; its expectation for the next three months almost unchanged. Expectations of total economic situation development for the next three months almost unchanged, for the next six months decreased slightly. All in all, confidence in selected services is lower, y-o-y.

In October, consumer confidence indicator increased slightly by 0.3 points to 103.6, m-o-m. The survey taken among consumers in October indicates that consumers are for the next twelve months an equally afraid of a decrease in the overall economic situation. Worries about their financial standing almost unchanged, compared to September. Worries about rise in the unemployment almost unchanged too, m-o-m. The respondents concern about rises in prices did not change. The share of respondents intending to save money increased slightly. Overall, consumer confidence indicator is lower, y-o-y.

Notes:

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Data source: CZSO business survey, GfK Czech consumer survey

End of data collection: October 17, 2019

Next News Release: November 25, 2019

This press release was not edited for language.

Annex:

Table 1 Confidence Indicators – basic indices

Table 2 Balances of Confidence Indicators

Graph Confidence indicators – base indices, seasonally adjusted (2008–2019)

Graph Confidence indicators – base indices, seasonally adjusted (1998–2019)

Graph Confidence Indicators for industry, construction, trade, and in selected services – baes indices, seasonally adjusted (2006–2019)

Graph Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2006–2019)

Graph Economic Sentiment Indicators – international comparison, seasonally adjusted

Graph Production Capacity Utilisation in Manufacturing Industry

Graph Limits of Production in Industry

Graph Limits of Production in Construction



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