November 24, 2020

**Overall confidence in the economy still decreases**

**Business cycle survey – November 2020**

**The composite confidence indicator (economic sentiment indicator) – in the basis index form - decreased by 4.4 percentage points to 82.0, m-o-m, the lowest value from July 2020. Business confidence indicator decreased by 4.8 percentage points to 81.7 (m-o-m), and consumer confidence indicator fell by 2.9 percentage points to 83.1. Economic sentiment indicator, business confidence indicator and consumer confidence indicator have significantly lower values, y-o-y.**

In **industry**, business confidence declined, m-o-m. The confidence indicator fell by 3.6 points to 87.9. The share of industrial enterprises evaluating *their current total demand* as insufficient has hardly changed compared to October. The *stock of finished products* has increased. The share of entrepreneurs expecting the growth rate of *production activity* for the next three months decreased significantly. In November, the share of industrial enterprises expecting demand growth for the next three to six months decreased further. The confidence in industry is lower, y-o-y.

The survey about the **investment activity** in the manufacturing sector - done during the autumn – shows that in 2020, compared to last year, respondents expect a decrease in investment by approximately 10%. For 2021, entrepreneurs estimate a slight growth in investment, about 2%, y-o-y. The investments will mainly concern the renewal of existing production facilities, less so the acquisition of new technologies or the expansion of production capacities.

Confidence of entrepreneurs in the **construction** decreased, m-o-m. The confidence indicator fell by 1.9 points to 108.5. The share of entrepreneurs evaluating their *current* *demand* for construction work as insufficient did not change compared to October. Entrepreneurs in the construction industry estimate that the current *number of employees* will decrease in the next three months. Compared to November 2019, confidence in the construction industry is significantly lower.

Confidence in the **trade** sector has declined. The confidence indicator fell by 5.7 points to 92.1, m-o-m. The share of entrepreneurs evaluating the *overall economic situation* as well decreased significantly, m-o-m. Expectations concerning the economic situation for the next three months are also significantly lower than in October. The *stock of goods* has increased. Confidence in trade is lower, y-o-y.

In **selected service sector** (including the banking sector), confidence indicator fells sharply for the second month. The confidence indicator fell by 6.0 points to 71.2. As in October, all sub-indicators made a significant contribution to the decline in the confidence indicator. The *assessment of the current economic situation* has decreased. The share of respondents negatively evaluating the current total demand increased again in November. The share of entrepreneurs expecting an improvement in demand in the next three months also decreased significantly. Confidence in selected services is significantly lower, y-o-y.

**Consumer confidence indicator** fells again, m-o-m. The confidence indicator fell by 2.9 points to 83.1. After falling sharply in October, consumers worries about the worsening *overall economic situation* remained almost unchanged in November. Consumers' concerns about their *financial situation* are also about the same as last month. *The intention to save* has decreased. The number of consumers worried about rising *unemployment* in the next twelve months rose sharply again in November. Concerns about *rising prices* remained as high as in October. Compared to the same month last year, consumer confidence is significantly lower.

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Data for the business and consumer part of the business cycle surveys were collected from **1st to 18th November**. Data for the investment activity in the manufacturing sector were collected from **1st October to 9th November**.

Notes:

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Data source: CZSO business survey, Data Collect consumer survey (https://www.datacollect.cz)

End of data collection: November 18, 2020

Next News Release: December 28, 2020

This press release wasn´t edited for language.

Annex:

Table Confidence Indicators – basic indices

Graph Confidence indicators – base indices, seasonally adjusted (2003–2020)

Graph Confidence Indicators for industry, construction, trade, and in selected services – base indices, seasonally adjusted (2003–2020)

Graph Balances of seasonally adjusted confidence indicators for industry, construction, trade, and in selected services (2003–2020)

Graph Economic Sentiment Indicators – international comparison, seasonally adjusted (2007-2020)

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