January 25, 2016

Confidence of entrepreneurs and consumers continues to grow

Business cycle survey – January 2016

Overall confidence in domestic economy increased in January. The composite confidence indicator (economic sentiment indicator), that is stated by basic indices, increased by 1.9 points to 98.4, m-o-m. Confidence of entrepreneurs increased by 1.7 points to 96.0, compared to December. Among entrepreneurs confidence increased in industry, in construction and in trade; in selected services increased slightly. Consumer confidence indicator increased by 2.6 points to 110.0, m-o-m. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to January 2015.

In **industry***,* in January, confidence increased by 2.5 points to 96.5. The assessment of current overall economic situation of the respondents increased slightly. The assessment of current total and foreign demand did not change. According to respondents, stocks of finished goods almost unchanged. In January, production capacity utilization in manufacturing industry decreased slightly and reached 83.7 % q-o-q; respondents estimate they have work secured by contracts for 8.2 months, which is the same 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 an increase in the development of production activity and almost no changes in the employment. Expectations of general economic situation development for the next three months increased, for the next six months almost unchanged, compared to December. All in all, confidence in industry is higher, y-o-y.

In January, confidence in **construction** increased by 2.1 points to 87.9. 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 December. Respondents expect for the next three months an increase in the development of construction activity and almost no changes in the employment. Expectations of the economic situation development for the next three months increased, for the next six months almost unchanged. Overall, confidence in construction is higher, y-o-y.

In January, confidence in **trade** increased by 2.3 points to 102.1, m-o-m. The assessment of current overall economic situation of the respondents increased, m-o-m. The stocks almost unchanged. Expectations of the economic situation development for the next three months increased, for the next six months decreased, compared to December. Overall, confidence in trade is higher, y-o-y.

In selected **services** (incl. banking sector)*,* in January, confidence increased slightly by 0.7 points to 95.6. The assessment of current economic situation of the respondents almost unchanged, m-o-m. The assessment of demand in January almost unchanged too and its expectations for the next three months increased slightly. Expectations of total economic situation development for the next three months increased, for the next six months almost unchanged, compared to December. All in all, confidence in selected services is higher, y-o-y.

In January, consumer confidence indicator increased by 2.6 points to 110.0, m-o-m, and it is higher y-o-y. The survey taken among consumers in January indicates that consumers are for the next twelve months less afraid of a decrease in the overall economic situation. Worries about their financial standing almost unchanged. The share of respondents intending to save money increased slightly, compared to December. Worries about rise in the unemployment decreased slightly, m-o-m. The respondents concern about rises in prices decreased.

Notes:

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Next News Release: February 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