

## NEWS RELEASE

June 26, 2023

### Overall confidence in the economy fell again

#### Additional information to NR Business cycle survey – June 2023

The composite confidence indicator (economic sentiment indicator) – in the basis index form – decreased by 3.8 points to 90.3 m-o-m, with the same developments of its components. The business confidence indicator decreased by 4.2 percentage points to 91.0 and the consumer confidence indicator decreased by 1.7 points to 86.8. Compared to June last year, the composite indicator and the business indicator are at a lower level, while the consumer indicator is higher.

In **industrial** sector, confidence of entrepreneurs decreased significantly m-o-m for the second time in a row. The confidence indicator fell by 6.6 points to 85.2 in June. The share of entrepreneurs negatively evaluating *their current overall demand* almost unchanged. M-o-m, the share of entrepreneurs expecting an increase in the pace of *production activity* for the period of the next three months decreased significantly. The stock level of *finished goods* increased slightly in June. The share of entrepreneurs expecting price growth in the next three months did not change after the significant drop in May. In a y-o-y comparison, business confidence in industry is significantly lower.

In **construction** industry business confidence in the economy increased compared to May. The confidence indicator rose by 1.8 points to 103.2. The share of entrepreneurs evaluating their *current demand for construction work* as insufficient has hardly changed. The number of entrepreneurs who expect a decrease in the current *number of employees* for the period of the next three months decreased slightly. Expectations of construction price growth for the next three months remain of the level of the previous two months. After five months of continuous growth, the share of entrepreneurs expecting a decline in the growth rate of construction activity in the next three months decreased slightly in June. Compared to June last year, the confidence of entrepreneurs in the construction industry is significantly lower.

Entrepreneurs' confidence in **trade** sector decreased m-o-m. The confidence indicator fell by 4.3 points to 93.6. The share of entrepreneurs in the trade positively evaluating their *overall economic situation* decreased slightly compared to May. The share of respondents expecting an improvement in their economic situation in the next three months did not change m-o-m. Compared to last month, the *stock of goods* in warehouses increased significantly. In a y-o-y comparison, confidence in trade is lower.

Entrepreneurs' confidence in the economy decreased in **selected service** sectors (including the financial sector). The confidence indicator fell by 2.3 points m-o-m to its April value (95.3). The share of entrepreneurs positively evaluating their *current demand* for services decreased slightly, as did the share of respondents expecting it to improve in the next three months. The assessment of *the current overall economic situation* among service entrepreneurs did not

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change compared to May. A still relatively high number of entrepreneurs expecting a reduction in the number of employees in the next three months. The number of respondents who expect further price growth over the next three months remains high. Y-o-y confidence in selected services is lower.

**Consumer confidence** fell in June. The confidence indicator fell by 1.7 points to 86.8. Similar to last month, the share of respondents expecting a *worsening of the overall economic situation* in the Czech Republic for the period of the next twelve months also increased significantly. The number of households evaluating their *current financial situation* worse compared to the period of the previous twelve months did not change m-o-m. However, the number of households that fear a worsening of their own financial situation in the next twelve months fell slightly. The number of surveyed households (approximately 29%) who state that it is difficult to make ends meet with their financial resources has not changed compared to May. The number of households that say that save some funds monthly has slightly decreased (46%). The number of consumers who believe that the next twelve months will not be a good time to make large purchases has not changed. Household concerns about increased unemployment increased slightly m-o-m. In a y-o-y comparison, consumer confidence is higher.

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Notes:

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Detailed time series of balances and basic  
indices of confidence indicators:

[https://www.czso.cz/csu/czso/kpr\\_ts](https://www.czso.cz/csu/czso/kpr_ts)

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