

INDUSTRY

In July, the **confidence indicator in industry** dropped by 1.7 points to 2.3 (from seasonally adjusted data). The development of the indicator was mainly influenced by the decrease in the expected production for the next three months.

Compared to the previous month, the **industrial production trend** decreased by 13 points to 5. The decrease was recorded mainly in manufacture of electrical equipment, machinery and equipment n.e.c. and in the chemical industry.

The balance of aggregate orders increased by 1 point to -11. The increase in orders was recorded mainly in manufacture of textiles and apparel.

The **balance of foreign orders** remained at the same level as in June (value -17). Growth was recorded mainly in manufacture of textiles and apparel and wood and paper products.

The **balance of finished goods stock** in July compared to June increased by 4 points to 0. The growth of stocks was mainly reported in manufacture of wood and paper products and machinery and equipment n.e.c.

The balance of **expected production for the next three months** in July compared to June decreased by 2 points to 18. The biggest pessimists are respondents in the chemical industry, in other manufacture, repair and installation, and in food production.

The balance of **expected prices of industrial products** for the next three-month period remained at the same level compared to June (value -3). They expect a reduction in prices especially in the chemical industry and in other manufacture, repair and installations.

In the **employment** development, the situation deteriorated compared to last month, when the balance decreased by 1 point to 4. A decrease in employment is expected mainly in manufacture of metals and metal products, computers, electronic and optical equipment, and in the pharmaceutical industry.

When evaluating the **factors limiting the growth of industrial production**:

- 53% of respondents insufficient demand,
- 25% shortage of employees,
- 17% lack of funds

22% of respondents do not feel any limiting factors.

Production capacity decreased by 2 points to a value of 6. Respondents report a decrease in capacity mainly in manufacture of metals and metal products, wood and paper products, and food.

Based on orders, companies have **secured work** for an average of 5 months, while the production is ensured mainly in manufacture of machinery and equipment n.e.c. and electrical equipment.

Industrial companies **used production capacities** to 81%, on average.

Over the last three months, according to the respondents' forecasts, there was a downward demand for production on the basis of **new orders**, the total balance decreased by 12 points compared to the previous period. The largest decrease was in the pharmaceutical and chemical industry and in manufacture of machinery and equipment n.e.c.

Compared with the previous quarter, the balance of the expected **export** decreased by 1 point to 22. Respondents expect a decrease in foreign orders mainly in the chemical and pharmaceutical industry and in manufacture of machinery and equipment n.e.c..

According to the survey results, the **position of enterprises in domestic competitive environment** increased by 5 points compared to the previous quarter. On foreign markets inside the EU and outside the EU, it decreased by 1 point to -3.

The total data are seasonally adjusted and the data by sector are not seasonally adjusted, therefore non-standard development may occur in the comparison of these indicators.

CONSTRUCTION

In July, compared to the previous month, the seasonally adjusted **confidence indicator in construction** rose by 2 points to -8.5 due to more favorable evaluations of the expected employment.

The **construction activity trend indicator over the last three months** improved by 16 points to 12 compared to a month ago, mainly due to the impact of enterprises performing construction of buildings and engineering works:

- 38% of respondents noted an increase in construction activity,

- its decrease was reported by 11% and
- 51% of enterprises considered it unchanged.

The evaluation of the **current overall level of orders** was unchanged from June and remained at -22:

- 20% of respondents identified it as insufficient,
- for sufficient 76%,
- it was more than sufficient for 4% of respondents.

Among the most significant **factors currently limiting the growth of construction production** were:

- 33% of respondents insufficient demand,
- 32% shortage of employees,
- 31% financial restrictions,
- 8% weather conditions a
- 4% lack of material or mechanisms.

Respondents further report a lack of contracts, a lengthy public procurement process, an increase in the price of construction materials and the holiday season. 26% of enterprises do not currently experience barriers of growth.

Respondents' expectations regarding the estimation of employment development improved month-on-month, the business balance of the **expected number of employees** increased by 4 points to 5, mainly due to the influence of enterprises implementing engineering constructions:

- 22% of respondents expect an increase in the employment status,
- 71% of respondents consider stabilized development,
- 7% of enterprises expect a decrease in the rate.

The business balance of the expected **prices of construction production in the next three months** decreased by 1 point compared to June to a value of 10. The price level of production will probably:

- decrease according to 3% of respondents,
- increase according to 14%,
- 83% of respondents do not expect any changes.

TRADE

The **confidence indicator in trade** in July compared with June dropped by 4 points to 6. Respondents evaluated the current trend of business activities negatively and expect a decrease in the number of employees.

The seasonally adjusted balance of the **trend of business activities over the last three months** significantly decreased by 11 points compared to the previous month to level 3. Negative evaluations (weighted by turnover) prevailed mainly in retail trade of other household goods in specialized stores and in repair and maintenance of motor vehicles.

The level of **goods stock** increased by 1 point to 4, month-on-month and according to 89% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** has decreased and after seasonal adjustment reached a value of 15 (a decrease by 6 points). They expected lower requirements for suppliers mainly in sale of motor vehicles and in retail trade of other household goods in specialized stores.

Expectations of business activities for the next three months are at the same level in July as a month ago, and the seasonally adjusted balance stands at 19. The most balanced opinions prevail among respondents in retail trade of goods for culture and recreation in specialized stores.

In July, expectations in the field of **employment** are pessimistic. The seasonally adjusted balance at 16 was lower by 6 points than last month. They plan to reduce the number of employees mainly in retail trade of fuel in specialized stores.

The seasonally adjusted balance of **expected price development** was again lower compared to last month, decreasing by 5 points and reaching the value of -8. Positive evaluations of the development of prices prevailed especially among respondents in retail trade of other household goods in specialized stores.

- 15% expect a price drop,
- 11% an increase,
- stabilized development is assumed by 78% of respondents.

SERVICES

In July, the seasonally adjusted **confidence indicator in services** dropped by 6.7 points to 7. The decline was recorded by the business situation and demand.

Compared to the previous survey, the **business situation in the last three months** deteriorated by 8 points and dropped to 3. The largest decrease was recorded in accommodation and food services.

Demand for services in the last three months decreased by 15 points compared to the previous month to level 5. Information and communication reported the largest decrease.

Respondents evaluated the **expected development of demand for services in the next three months** more favourably than last month, the seasonally adjusted balance increased by 3 points to 13. The increase was mainly recorded by administrative and support services.

There was an improvement in the **employment development in the next three months**, the value of the seasonally adjusted balance increased by 2 points to the value of -3. The increase is expected mainly by information and communication.

The **business balance of the expected prices of services in the next three months** increased by 1 point compared to the previous period to 14.

- 1% are considering price reductions,
- 13% expect a rate increase and
- 86% of companies expect a stabilized development.

41% of enterprises do not experience any **limiting factors in the implementation of business plans**. The most important factors that limited business intentions in services were insufficient demand (28%), lack of employees (25%), financial restrictions (21%). According to the respondents, 95% of the capacities in the services were used.

Consumer mood in Slovakia in July 2024

The mood among Slovak consumers improved slightly after last month's deterioration. The **consumer confidence indicator** (seasonally adjusted) increased by 1.1 points compared to the previous month to -9.6. The current value exceeds the long-term average by double digits, by 10.6 points.

Consumers were more optimistic in three out of the four components of the indicator. The more favorable ones mainly expect the development of the financial situation in their households, they were optimistic especially in the expected savings, but also in the evaluation of the overall financial situation. At the same time, they believe in the favorable development of unemployment. They showed pessimism when evaluating the development of the general economic situation.

The consumer mood was also more favorable by 11,1 points compared to the corresponding period last year.

Economic sentiment indicator in July 2024

The mood of Slovak entrepreneurs deteriorated slightly. The value of the **economic sentiment indicator** (ESI) decreased by 2.6 points month-on-month to the level of 104.5. Evaluation of the three out of five of its components deteriorated. Entrepreneurs in services were more pessimistic, but also in trade and, after four months, also in industry. On the contrary, entrepreneurs in construction and the consumers were more optimistic.

Compared to last year, the economic sentiment was more positive by 11.7 points, lagging behind the long-term average only slightly, by 1.5 points.

