

Detailed information on sub-indicators of business and consumer confidence in May 2024

INDUSTRY

In May, the **confidence indicator in industry** increased by 4 points to 3.7 after seasonal adjustment. The indicator's development was influenced by the expected increase of industrial production and by the decrease of the finished goods stock.

The **industrial production trend** balance increased by 36 points to 26 in May. A growth was recorded mainly in manufacture of computers, electronic and optical products, transport equipment and in other manufacture, repair and installation.

The **balance of the aggregate orders** decreased in May compared to April by 4 points to -7. Deterioration in the level of orders (weighted by production) was noted mainly in manufacture of computers, electronic and optical products and textiles and apparel.

Compared to April, the **balance of foreign orders** increased by 1 point to -11. They reported an improvement in the level of foreign orders mainly in other manufacture, repair and installation, and manufacture of electrical equipment.

In May, the balance of stocks of **finished goods stock** in industry dropped by 11 points to 14. They reported a decrease in stocks mainly in food production, in the chemical industry, in manufacture of machinery and equipment n.e.c., and transport equipment. Up to 79% of respondents consider the stock level to be adequate.

The balance of **industrial production for the next three months** increased compared to the previous month by 5 points to a value of 32, representing the highest value since May 2022. They expect an increase in production mainly in manufacture of coke and refined petroleum products, basic metals and fabricated metal products and in other manufacture, repairs and installations.

The balance of the expected development of **prices of industrial products** decreased by 8 points to -3 in May compared to April. They expect lower prices mainly in manufacture of basic metals and fabricated metal products, computers, electronic and optical products, and wood and paper products.

In May compared with April, the balance of **employment** did not change and remained at the same level (8).

- 64% expect a stabilization of employment,
- 12% assume a decrease,
- 24% of respondents expect a growth.

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

CONSTRUCTION

In May, compared to the previous month, the seasonally adjusted **confidence indicator in construction** rose by 0.5 points to -7 due to more favorable evaluations of the expected employment.

The **construction activity trend** indicator **over the last three months** improved by 7 points to 12 compared to a month ago, mainly due to the impact of enterprises performing engineering works and specialized construction works:

- 31% of respondents noted an increase in construction activity,
- its decrease was reported by 19%,
- 5% of enterprises considered it as unchanged

The evaluation of the **current overall level of orders** has deteriorated by 2 points to -18 compared to April:

- 22% identified it as insufficient,
- 73% as sufficient,
- for 5% of respondents it was more than sufficient.

The most significant **factors currently limiting the growth of construction production**, include according to:

- 34% of respondents insufficient demand,
- 34% financial constraints,
- 32% shortage of employees,
- 9% weather conditions and
- 6% lack of material or mechanisms.

Respondents further report a significant price increase of building materials, lengthy public procurement processes, a lack of orders and an excessive bureaucracy. 25% of enterprises do not currently experience any growth barriers.

Respondents' expectations regarding the estimation of employment development improved month-on-month, the business balance of the **expected number of employees** increased by 3 points to 4, mainly due to the influence of enterprises implementing engineering constructions and specialized construction works:

- an increase in employment is assumed by 20%,
- stabilized development by 69%,
- 11% 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 7 points to a value of 8 compared to April, mainly due to the impact of enterprises implementing engineering constructions. The price level of production is likely to:

- decrease by 4%,
- increase by 16%,
- 80% of respondents do not expect any changes.

TRADE

The **confidence indicator in trade** in May compared with April dropped by 4 points to 5.7. Respondents evaluated the current trend of business activities negatively and expect a decrease in requirements for suppliers.

The seasonally adjusted balance of the **trend of business activities over the last three months** significantly decreased by 9 points compared to the previous month to the level of -6. Negative evaluations (weighted by turnover) prevailed mainly in retail trade in non-specialized stores and in retail trade in other household goods in specialized stores.

The level of **goods stock** decreased by 4 points to 1, month-on-month, and according to 90% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** dropped significantly and after seasonal adjustment reached 15 (a decrease by 11 points). They assumed lower requirements for suppliers mainly in sale of motor vehicles and in retail trade in non-specialized stores.

When evaluating the **expected business activities for the next three months**, the respondents were pessimistic, as a result of which the balance (24) decreased by 7 points. Pessimistic views prevailed mostly among respondents in retail trade of fuel in specialized stores.

In May, the **employment** expectations were pessimistic. The seasonally adjusted balance at the level of 20 was lower by 8 points than last month. A lower number of employees is planned in retail trade in non-specialized stores.

The seasonally adjusted balance of the **expected price development** was approximately at the level of last month, it decreased only by 1 point and reached the value of 5. Positive evaluations of the price development prevailed especially among respondents in sale of motor vehicles.

- 2% expect a price drop,
- 12% an increase,
- stabilized development is assumed by 86% of respondents.

SERVICES

In May, the seasonally adjusted **confidence indicator in services** dropped by 14 points to 1.3 (for comparison, the value for May 2023 was 11 points). A decrease was recorded in all three indicators.

The **business situation over the last three months** has deteriorated compared to the previous survey, decreasing by 21 points to -10. The largest decrease was recorded in accommodation and food services.

The **demand for services over the last three months** decreased by 6 points compared to last month to level 7. The largest decrease compared to last month was reported by accommodation and food services.

Respondents evaluated the **expected development of demand for services in the next three months** more pessimistically than last month, the seasonally adjusted balance dropped by 15 points to 7. The greatest decline is predicted in arts, entertainment and recreation.

The **number of employees in the last three months**, or its seasonally adjusted balance, deteriorated by 15 points compared to last month to the level of -3 points. The largest decrease was recorded in transportation and storage.

There was a deterioration in the **development of employment in the next three months**, the value of the seasonally adjusted balance decreased by 6 points to 2, especially accommodation and food services expect a decrease.

The **business balance of the expected prices of services in the next three months** increased by 13 points compared to the previous period to 10.

- 1% are considering price reductions,
- 12% expect a price growth,
- 87% of enterprises expect a stabilized development.

Consumer mood in Slovakia in May 2024

In May, the optimism of Slovak consumers mitigated. Although it rose for the third consecutive month, May's increase was only by 0.5 points. Nevertheless, the **consumer confidence indicator** (seasonally adjusted) at -8.1 increased the most in the last four years (as of March 2020). It exceeded the long-term average by 12.1 points.

Consumers evaluated two out of the four components of the indicator more positively. They expect a more favorable development of savings as well as the financial situation of households. They were more sceptical when evaluating unemployment, as well as the development of the general economic situation.

The consumer mood was significantly more favorable compared to the corresponding period last year, by 16.1 points.

Economic sentiment indicator in May 2024

In May, the economic mood in Slovakia deteriorated slightly compared to the previous month. The **economic sentiment indicator (ESI)** decreased by 2.8 points month-on-month to the level of 103.7. There was a deterioration in two out of its five components, i.e. in services and trade. Entrepreneurs showed higher optimism by entrepreneurs mainly in industry, they were slightly optimistic also in construction, as well as among consumers.

Compared to last year, the economic mood was more positive by 5.6 points, lagging behind the long-term average by 2.3 points.