

## INDUSTRY

In August, the **confidence indicator in industry** decreased by 6 percentage points (p.p.) to -8, after seasonal adjustment. The indicator's development was unfavourably affected by mainly by the decrease of orders and by the increase of the good stock.

In August, compared with the previous month, the **industrial production trend** dropped by 34 p.p. to -26, representing the lowest value since October 2021. A decrease was recorded mainly in manufacture of transport equipment, computer, electronic and optical products and food. On the contrary, an increase was recorded only in manufacture of other non-metallic products and pharmaceutical products.

The balance of the **aggregate orders** decreased by 16 p.p. to -8. A deteriorated level of orders (weighted by production) was recorded mainly in manufacture of transport equipment and other non-metallic products; by size groups in enterprises employing 1000 and more people and by regions in Žilina and Trenčín. There was an improvement mainly in manufacture of computers, electronic and optical products and pharmaceutical products.

Compared with July, the balance of **foreign orders** decreased by 6 p.p. to 2. A deteriorated level of foreign orders was stated mainly in manufacture of food. On the contrary, an improvement was recorded mainly in manufacture of computer, electronic and optical products and pharmaceutical products.

In August, the balance of the **finished goods stock**, rose by 2 p.p. to 26. Higher goods stocks were reported mainly in manufacture of pharmaceutical products, basic metal and fabricated metal products and electrical equipment. The majority of respondents consider the goods stock to be sufficient. A decrease of the goods stock was mainly in manufacture of textiles and apparel.

Compared with the previous month, the balance of the **industrial production over the next three months** remained at the same level (value 10). An increase of the production is expected mainly in manufacture of transport equipment and machinery and equipment n.e.c; by size groups in enterprises employing 1000 and more people and by regions in Žilina and Prešov. A decrease of the production is assumed mainly in manufacture of pharmaceutical products and in other manufacture, repair and installation.

In August, the balance of **expected development of prices of industrial products**, decreased by 4 p.p. to 24, compared with July. They expect a decrease of prices mainly in manufacture of textiles and apparel and pharmaceutical products. On the contrary, a price increase is expected mainly in manufacture of other non-metallic products.

In August compared with July, the balance of **employment** decreased by 8 p.p. to 8. A lower number of employees is expected mainly in manufacture of food and

computers, electronic and optical products; by size groups, in enterprises employing 100 to 499 people and by regions mainly in Trnava and Banská Bystrica. On the contrary, a higher number of employees is assumed mainly in manufacture of textiles and apparel and electrical equipment. 76 % of respondents expect a stabilisation of employment.

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 August, compared with the previous month, the seasonally adjusted **confidence indicator in the construction** dropped by 7,5 points to -12 due to more unfavorable evaluations of the overall level of orders and the expected employment. The current result exceeds the long-term average by 12 points.

The indicator of the **building activity trend over the past three months** improved by 8 points compared with the situation in the previous month to a value of 6. An increase in construction activity was noted by 23% of respondents, its decrease was reported by 6%, and 71% of enterprises assessed it as unchanged.

Compared with July, the evaluation of the **current level of overall orders** has worsened by 5 points to -20. 28% of respondents described it as insufficient, 66% as sufficient, and for 6% of respondents the current level of orders was more than sufficient.

44% of respondents included a shortage of employees, 33% financial constraints, 26% insufficient demand, 20% lack of material or mechanisms and 19% weather conditions into the most significant **factors limiting a growth of construction production currently**. Respondents also report: a significant increase in the prices of construction materials, inflation, long supplies of materials, the war in Ukraine and a lack of qualified staff. 19 % of enterprises do not see any barriers of growth currently.

Compared with the previous month, the expectations of respondents in estimation of the employment development deteriorated month-on-month, the business balance of the **expected number of employees**, dropped by 10 points to -4, mainly due to enterprises performing construction of buildings. Over the next three months, 11 % of respondents expect a decrease of employment, 77 % expect a stable development and 12 % of enterprises expect an increase.

Compared with July, the business balance of the expected **construction production prices over the next three months** dropped by 12 points to 44 mainly due to enterprises performing civil engineering. A decrease in the price level of their own products is expected by 11 % of respondents, 40 % do not consider any price changes and 49 % assume their increase.

## TRADE

In August compared with July, **confidence indicator in trade** dropped by 3,7 p.p. to 23. Respondents evaluated negatively the increased stock of goods and expect lower requirements for suppliers.

Respondents' opinions on the **trend of business activities over the past three months** were unchanged in August. After seasonal adjustments, the balance (40) remained unchanged compared with July. Balanced evaluations (weighted by turnover) prevailed mainly in retail stores with motor vehicles and retail trade outside stores, stalls and markets.

The level of the **goods stock** (-4) rose month-on-month by 3 p.p. and 88 % of respondents assessed them to be normal to the season.

The level of evaluation of the **requirements for suppliers**, decreased after seasonal adjustment to 29 (drop by 6 p.p.). Lower requirements on suppliers were expected by entrepreneurs in repair of motor vehicles and in sale of other goods. The opinions of respondents from the retail sale of food, beverages and tobacco were mainly at a balanced level.

When evaluating the **expected business activities over the next three months**, the respondents were pessimistic, as a result of which the balance (25) dropped by 8 p.p., 6 % of respondents expected a decrease in business activities. An increase was assumed by 37 % of respondents and the majority of respondents (57 %) expect a stable situation. Pessimistic opinions predominated mainly among respondents in repair of motor vehicles and in sale of spare parts and in retail sale of other household goods in specialized stores.

In August, the expectations on **employment** slightly improved. The seasonally adjusted balance (15) was higher by 2 p. p. than last month. As many as 21 % of employees expect an increase in the number of employees and 75 % of respondents do not expect any changes.

In the field of the **expected development of prices**, the seasonally adjusted balance (59) again decreased by 5 p. p. due to the decrease in the share of respondents expecting a price increase at the expense of those who do not anticipate any changes in prices. The respondents expected an increase in the price of goods, especially in the retail trade of fuel in specialized stores. Stabilized prices were expected by the respondents mainly in the retail trade of other household goods in specialized stores.

## SERVICES

In August, the seasonally adjusted **confidence indicator in services** dropped again, its value (0.7) decreased by 9.6 points compared to July. The decline was caused by the deteriorated values of two indicators: the business situation in the last three months

(a drop by 19 points) and the demand for services in the last three months (a drop by 17 points). On the contrary, an improvement was recorded in the evaluation of the expected development of the demand for services over the next three months (increase by 7 points).

Compared with the last month's survey, the **business situation over the past three months** deteriorated, the business balance (of seasonally adjusted data) decreased by 19 points and reached the level -13. A deterioration of the business situation is felt by 24 % respondents (by 5 % more than in July), 68 % of enterprises (by 9 % more) had a stable development and the improvement of the business situation is felt by 11 % of enterprises (by 13 % less than in July). A deterioration of the situation was reported mainly in the fields of other service activities, administrative and support service activities or transportation and storage, while a greater satisfaction was expressed by respondents in accommodation and food service activities or in the field of real estate activities.

Compared with the last month's survey, the **demand for the services over the past three months** (2) significantly decreased by 17 p.p. A decrease of the demand was recorded mainly in transportation and storage and administrative and support service activities. A higher demand was felt mainly in the field of accommodation and food service activities, in real estate activities and in information and communication.

The **expected development of the demand for services over the next three months** was evaluated by slightly more optimistically than in the previous month, the seasonally adjusted business balance (13) rose by 7 points. A greater interest is expected mainly in accommodation and food service activities, in real estate activities and in information and communication. On the contrary, a lower interest is assumed in financial and insurance services.

15 % of enterprises increased the number of their **employees over the past three months** (unchanged month-on-month), 34 % of enterprises reported a decrease (by 2 p.p. less compared with July), stable development had 51 % of enterprises (by 2 % more than in July). Compared with the previous month, the final seasonally adjusted balance (-14) deteriorated by 3 points, indicating a slight deterioration of the employment situation. The number of employees increased mainly in accommodation and food service activities, in information and communication or in arts, entertainment and recreation. On the contrary, lower number of employees was recorded in transportation and storage or in administration and support service activities.

**In the development of the employment over the next three months**, a deterioration of the situation is expected as the business balance (-1) dropped by 9 points compared with the previous month. A lower number of employees is planned in real estate activities, other service activities, transportation and storage, arts, entertainment and recreation. A higher number of employees is planned in administrative and support

service activities, in information and communication or in professional, scientific and technical activities.

Compared with the previous period, the **business balance of the expected prices of services over the next three months** (35) rose by 3 points while a price drop is considered by 1 % of enterprises (drop by 1 %), 28 % of enterprises expect a price growth (rise by 3 %) and 71 % of enterprises (drop by 2 %) assume a stable development.

### **Consumer mood in Slovakia in August 2022**

Deterioration of the **consumer mood in Slovakia** still continues, the **consumer confidence indicator** (seasonally adjusted) dropped month-on-month for the fourth consecutive month. In August, compared to the previous month, it decreased by 0,6 points to the level of -29,4, which is the lowest value since March last year.

Of the four components of the indicator, three were evaluated more pessimistically, namely the expected general economic situation, household savings and the related financial situation of households. Respondents assessed the development of unemployment somewhat more optimistically.

There was also a significant deterioration compared to the previous year, the level of the indicator decreased by double digits, i.e. by 10,6 points. The lag behind the long-term average widened by 9,9 points.

### **Economic sentiment indicator in August 2022**

The **economic sentiment in Slovakia** is deteriorating, the seasonally adjusted **indicator of economic sentiment** (ESI) fell month-on-month for the third consecutive month. In August, it decreased by 5,9 points, the current value reached 90,9, which is the lowest in the last 17 months.

All sectors recorded a decline in confidence, with the largest decrease in services. Consumer confidence also dropped, but the decline was only slight. The current value of the ESI was more pessimistic even compared to the corresponding period last year, it dropped by 8,3 points, thus lagging behind the long-term average by 11,6 points.