

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

Industry

In February, the **confidence indicator in industry** (after seasonal adjustment) decreased by 1 point to -9.3. The development of the indicator significantly influenced the growth of stocks of finished products.

The balance of the **industrial production trend** in February increased by 22 points to -14. A growth was recorded mainly in manufacture of other non-metallic products and machinery and equipment n.e.c.

The balance of the **aggregate orders** increased by 3 points in February compared to January to -18. The improvement in the level of orders (weighted by production) was noted mainly in manufacture of other non-metallic products, wood and paper products and electrical equipment.

The **balance of foreign orders** remained unchanged month-on-month at the level of -20. They reported an improvement in the level of export orders mainly in manufacture of wood and paper products, textiles and apparel, and food. On the contrary, a deterioration was noted only in manufacture of pharmaceutical products and machinery and equipment n.e.c..

In February, the balance **finished goods stocks** in industry increased by 12 points to 19. Increased stocks are mainly reported in manufacture of transport equipment and machinery and equipment n.e.c. The majority of respondents consider the stock level to be adequate.

The balance of **industrial production for the next three months** increased by 6 points compared to the previous month to a value of 9. They expect an increase in production mainly in manufacture of transport equipment, food and electrical equipment.

The balance of the expected development of **prices of industrial products** in February compared to January increased by 4 points to a value of 9, representing the highest value since May 2023. They expect price increases mainly in manufacture of transport equipment and in the other manufacture, repair and installations.

In February compared with January, the balance of **employment** increased by 1 point to -6. They expect an increase in the number of employees mainly in manufacture of basic metals and fabricated metal products, textiles and apparel, and in the chemical industry. In the employment development:

- 81% of respondents expect stabilization,
- 9% a decrease,
- 10% an increase.

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

Construction

In February compared to the previous month, the seasonally adjusted **confidence indicator in construction** dropped by 1 point to -9 due to more unfavorable evaluations of the expected employment.

The indicator of the **construction activity trend** over the past three months has deteriorated by 29 points to -13 compared to the month before, mainly due to the impact of enterprises performing engineering constructions and specialized construction works (the last time such a significant drop was in April 2020, when compared to the previous month, the indicator deteriorated by up to 48 points):

- a decrease of the construction activity was noted by 43% of respondents,
- its increase was reported by 9% and
- 48% of enterprises assessed it as unchanged.

The evaluation of the **current overall level of orders** has not changed compared with January and remained at -17:

- 22% of respondents identified it as insufficient,
- for 76% it was sufficient
- for 2% it was more than sufficient.

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

- 34% of respondents financial restrictions,
- 33% insufficient demand,
- 30% shortage of employees,
- 26% weather conditions and
- 4% lack of material or mechanisms.

Respondents further report a significant increase in the prices of construction materials, problems with suppliers, uncertainty among customers, shortage of some construction materials and less orders. 17% of enterprises do not currently experience any growth barriers.

Respondents' expectations regarding estimation of employment deteriorated month-on-month, the business balance of the **expected number of employees** decreased by 2 points to a value of -1:

- a decrease in the employment rate is assumed by 10%,
- stabilized development is assumed by 78%,
- 12% of enterprises expect an increase in the rate.

The business balance of the expected **prices of construction production in the next three months** decreased by 4 points compared to January to a value of 12, primarily due to the impact of enterprises implementing engineering constructions. The price level of production is likely to:

- decrease according to 7% of respondents,
- increase by 27%,
- 66% of respondents do not expect any changes.

Trade

In February, the **confidence indicator in trade** dropped by 0.7 points compared to January to a value of 7. Respondents evaluated the current trend of business activities negatively and expect a decrease in demands on suppliers.

The seasonally adjusted balance of the **trend of business activities over the last three months** decreased by 7 points compared to the previous month to level 2.

Negative evaluations (weighted by turnover) prevailed mainly in retail trade outside stores, stands and markets and in retail trade in non-specialized stores.

The level of **goods stock** increased by 1 point month-on-month to a value of 6, and according to 91% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** dropped significantly and after seasonal adjustment reached the value of 13 (a decrease by 10 points). They expected lower requirements for suppliers mainly in retail in non-specialized stores and in retail outside stores, stands and markets.

When evaluating the **expected business activities for the next three months**, the respondents were optimistic, as a result of which the balance (25) increased by 6 points. Optimistic views prevailed mostly among respondents in retail trade of other household goods in specialized stores.

Employment expectations deteriorated in February. The seasonally adjusted balance at value 7 was lower by 7 points than last month. They plan to reduce the number of employees mainly in repair and maintenance of motor vehicles.

The seasonally adjusted balance of **expected development of prices** decreased slightly by 5 points compared to the previous period and reached a value of 10. Positive evaluations of price development prevailed especially among respondents in retail trade of food, beverages and tobacco in specialized stores.

- A 5% expected a drop in prices,
- an increase is assumed by 18%,
- stabilized development by 77% of respondents.

Services

The seasonally adjusted **confidence indicator in services** in February increased by 20 points to a value of 30.7 (for comparison, the value for February 2023 was 1.7 points). The increase was recorded in all three indicators – business situation, demand and the expected demand.

The **business situation over the last three months** has significantly improved compared to the previous survey, growing by 24 points to a value of 23. Financial and insurance activities recorded the largest increase compared to last month.

The **demand for services over the past three months** increased by 30 points compared to the previous month to 37. The largest increase compared to the previous month was reported by arts, entertainment and recreation.

Respondents evaluated the **expected development of demand for services in the next three months** slightly more positively than last month, the seasonally adjusted balance increased by 6 points to 32. The largest increase is expected for administrative and support services.

The **number of employees in the last three months**, or its balance, after seasonal adjustment, deteriorated by 10 points compared to last month to the level of -20. The largest drop was recorded by transportation and storage.

There was an improvement in the **development of employment in the next three months**, the value of the seasonally adjusted balance decreased by 10 points to the value of 1. Growth is mainly expected in real estate activities, but the biggest month-on-month change was in the art, entertainment and recreation sector.

The **business balance of the expected prices of services in the next three months** increased by 2 points compared to the previous period to a value of 5.

- 1% of enterprises are considering price reductions,
- 6% of enterprises expect price increases
- and 93% of enterprises assume a stabilized development.

Consumer mood in Slovakia in February 2024

The mood of Slovak consumers dropped slightly in February, compared to the first month of the new year, the **consumer confidence indicator** (seasonally adjusted) decreased by 1.5 points to -13.4. Despite the decline, it remained above the long-term average, by 6.8 points.

Consumers were more pessimistic in three out of the four components of the indicator. They are most anxious about the future development of the general economic situation, but they also expect a deterioration of unemployment and were pessimistic about the expected creation of savings. They only expect the development of the financial situation of households to be slightly more positive.

However, compared to the corresponding period last year, consumer sentiment remained significantly more optimistic, up to 19.9 points.

Economic sentiment indicator in February 2024

The level of the **indicator of economic sentiment** (ESI) increased again month-on-month in February, increasing by 5.4 points to a value of 106.3. The indicator increased despite the fact that the evaluations improved only in one of its five components. Only entrepreneurs in services were more optimistic. On the contrary, compared to January, consumers and entrepreneurs in industry, construction and trade were slightly more pessimistic.

Compared to last year, the economic mood was more favorable, by 15.1 points. It significantly approached the long-term average, currently lagging behind by only 0.3 points.