

## Detailed information on sub-indicators of business and consumer confidence in December 2023

### Industry

After seasonal adjustment, the **confidence indicator in industry** rose by 1.3 points to -4.7 in December. The development of the indicator was significantly affected by the growth of expected industrial production.

In December, the balance of the **industrial production trend** dropped by 9 points to -18. The decline was recorded mainly in the chemical industry, in manufacture of computers, electronic and optical products and electrical equipment.

The **balance of the aggregate level of orders** increased by 1 point to -14 in December. The improvement in the level of orders (weighted by production) was noted mainly in manufacture of textiles and apparel and other non-metallic products.

Compared to November, the balance of **foreign orders** decreased by 2 points to -16. They reported a deterioration in the level of foreign orders mainly in manufacture of wood and paper products.

The balance of **finished goods stock** in industry increased by 2 points to 22 in December. Increased stocks are mainly indicated in manufacture of textiles and apparel and in the chemical industry. The majority 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 22. They expect an increase in production mainly in manufacture of electrical equipment, wood and paper products, and textiles and apparel.

The balance of the expected development of **prices of industrial products** in December compared with November, decreased by 11 points to -4, which represents the lowest value since January 2021. Price drops are expected mainly in manufacture of transport equipment and other non-metallic products.

The balance of **employment** in December compared to November decreased by 3 points to -12, which represents the lowest value since February 2021. Lower number of employees is expected mainly in manufacture of electrical equipment, computers, electronic and optical products and food.

- 69% expect a stabilization of employment,
- a decrease by 23% of respondents,
- an increase by 8% of respondents.

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 December compared to the previous month, the seasonally adjusted **confidence indicator in construction** increased by 5.5 points to -9 due to more favorable evaluations of the overall level of orders and the expected employment.

The indicator of the **construction activity trend over the past three months** improved by 4 points to 14 compared to a month ago:

- an increase in construction activity was noted by 24% of respondents,
- a decrease was reported by 11%,
- 65% of enterprises considered it as unchanged.

The evaluation of the **current overall level of orders** improved by 6 points to -15 compared to November, primarily due to enterprises performing engineering works and specialized construction works:

- 3% marked it as more than sufficient,
- for 78% it was sufficient,
- for 19% of respondents it was insufficient.

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

- 35% of respondents shortage of employees,
- 32% financial constraints,
- 32% insufficient demand,
- 27% weather conditions,
- 6% lack of material or mechanisms

Respondents further report a significant increase in the prices of building materials, delays in projects or construction preparations, a lack of contracts and lengthy processes in public procurement. 18% of enterprises do not currently experience any barriers of growth.

The respondents' expectations regarding the estimation of employment development improved month-on-month, the business balance of the **expected number of employees** increased by 5 points to a value of -3, mainly due to the impact of enterprises performing engineering constructions:

- an increase in employment is assumed by 5% of respondents,
- stabilized development assumes 73% of them,
- 22% of enterprises expect a lower development.

The business balance of the expected **prices of construction production in the next three months** decreased by 1 point compared to November to 12. The price level of production is likely to:

- decrease by 6%,
- increase by 16%,
- 78% of respondents do not expect any changes.

## Trade

In December, the **confidence trade indicator** rose by 4 points to 6.7 compared to November. Respondents positively evaluated the current trend of business activities and expect their increase in the near future.

The seasonally adjusted balance of the **trend of business activities over the last three months** increased by 7 points compared to the previous month to the level of 0. Positive evaluations (weighted by turnover) prevailed mainly in the sale of motor vehicles and in retail trade of goods for culture and recreation in specialized stores.

The level of **goods stock** (8) remained at the same level as last month and, according to 89% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** has decreased and reached a value 17 (decrease by 10 points) after seasonal adjustment. They expected lower requirements for suppliers mainly in retail trade in non-specialized stores and in retail trade with other household goods in specialized stores.

When evaluating the **expected business activities for the next three months**, the respondents were optimistic, as a result of which the balance (28) increased by 5 points. Optimistic views prevailed mostly among respondents in retail of other goods in specialized stores.

**Employment** expectations deteriorated in December. The seasonally adjusted balance at level 7 was by 4 points lower than last month. They plan to reduce the number of employees mainly in retail in non-specialized stores.

The seasonally adjusted balance of the **expected development of prices** increased by 2 points compared to the previous period and reached a value of 16. Negative evaluations of price development prevailed mainly among respondents in retail trade of food, beverages and tobacco in specialized stores.

- The increase in prices is assumed by 17%,
- a decrease by 2%,
- stabilized development by 81% of respondents.

## Services

In December, the seasonally adjusted **confidence indicator in services** dropped by 2.7 points to a value of 7. The decline was mainly recorded in demand over the last three months.

The **business situation over the last three months** has not changed compared to the previous survey. Compared to last month, financial and insurance activities recorded the largest decrease.

The **demand for services in the last three months** decreased by 7 points compared to last month to level 3. Information and communication reported the largest decrease.

Respondents evaluated the **expected development of demand for services in the next three months** somewhat more negatively than last month, the seasonally adjusted balance dropped by 1 point to 21. The largest decrease was recorded in accommodation and food services, while the largest increase was in other service activities.

The **number of employees in the last three months**, or its balance, after seasonal adjustment, decreased by 3 points compared to last month to the level of -10. The decline was mainly recorded by other service activities.

There was a slight deterioration in the **development of employment in the next three months**, the level of the seasonally adjusted balance decreased by 3 points to a value of -5. In particular, art, entertainment and recreation recorded a decline.

The **business balance of the expected prices of services in the next three months** increased by 9 points compared to the previous period to a value of 15.

- a price increase is considered by 20%,
- a price decrease by 1%,
- 79% of enterprises expect a stabilized development.

### Consumer mood in Slovakia in December 2023

Consumer confidence in the Slovak economy is increasing, the **consumer confidence indicator** (seasonally adjusted) increased month-on-month for the fourth consecutive month in December. With the current increase by 1.4 points, it reached the level of -14.9, which is the highest since March 2020. It exceeded the long-term average by 5.2 points.

Consumers expect a more favorable development in three out of the four components of the indicator. They consider the development of the general economic situation, the financial situation of households and also the development of unemployment as more optimistic. They showed a slight pessimism only for the creation of savings.

Compared to last year, consumer mood significantly improved, up to 19.2 points.

### Economic sentiment indicator in December 2023

The mood of the Slovak entrepreneurs and consumers improved in the last month of the year among the majority of entrepreneurs and among consumers. Nevertheless, the increase in the **indicator of economic sentiment** (ESI) was only slight by 0.4 points, which reached the level of 96.3. Evaluations improved in four out of the five components of the indicator, namely in construction, trade, industry and among consumers. The mood deteriorated only among service entrepreneurs.

Compared to the situation a year ago, the economic mood was more favorable by 7.5 points, lagging behind the long-term average eased to 5.7 points.