

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

### Industry

In June, the **confidence indicator in industry** increased by 0.3 points to 4 after seasonal adjustment. The indicator's development was affected by the decrease of the finished goods stock.

The balance of the **industrial production trend** in June decreased by 8 points to 18. A decrease was recorded mainly in manufacture of coke and refined petroleum products, wood and paper products, and food.

The **balance of the aggregate of orders** decreased in June compared to May by 5 points to -12. Deterioration in the level of orders (weighted by production) was noted mainly in manufacture of other non-metallic products.

Compared to May, the **balance of foreign orders** dropped by 6 points to -17. They reported the deterioration in the level of foreign orders mainly in manufacture of other non-metallic products.

The balance of **finished goods stock** in industry dropped by 18 points to -4 in June, which represents the lowest value since April 2020. Reduced stocks are mainly reported in manufacture of coke and refined petroleum products and transport equipment. Up to 83% of respondents consider the stock level to be adequate.

The balance of **industrial production for the next three months** decreased by 12 points compared to the previous month to a value of 20. They expect a decrease in production mainly in manufacture of wood and paper products, other non-metal products and transport equipment.

The balance of the expected development of **prices of industrial products** in June compared to May remained at the same level (value -3). They expect lower prices mainly in manufacture of other non-metallic products and electrical equipment.

In June compared with May, the balance of **employment** decreased by 3 points to 5. The lower number of employees is expected mainly in manufacture of electrical equipment, other non-metallic products and in manufacture of basic metals and fabricated metal products. 65% of respondents expect employment to stabilize, 14% of respondents expect it to decrease, and 21% of respondents to expect it to increase.

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 June, compared to the previous month, the seasonally adjusted **confidence indicator in construction** dropped by 3.5 points to -10.5 due to more unfavorable evaluations of the overall level of orders and the expected employment.

The **construction activity trend indicator over the past three months** has deteriorated by 16 points to -4, compared to a month ago, mainly due to the impact of enterprises performing construction of buildings and engineering works:

- 20% of respondents noted a decrease in construction activity,
- its increase was reported by 22% and
- 58% of enterprises considered it unchanged.

The evaluation of the **current overall level of orders** has deteriorated by 4 points to -22 compared to May, primarily due to the impact of enterprises implementing building construction:

- 26% of respondents identified it as insufficient,
- 70% as sufficient,
- for 4% of respondents 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,
- 33% shortage of employees,
- 10% 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 prices of construction materials and bureaucracy in state institutions. 24% of enterprises do not currently experience barriers to growth.

Respondents' expectations regarding the estimation of employment development deteriorated month-on-month, the business balance of the **expected number of employees** decreased by 3 points to a value of 1:

- 8% of respondents assume a decrease in the employment status,
- 76% of respondents consider stabilized development,
- 16% of enterprises expect an increase in the rate.

The business balance of the expected **prices of construction production in the next three months** increased by 3 points compared to May to a value of 11, mainly due to the impact of enterprises implementing construction of buildings. The price level of production is likely to:

- increase according to 18% of respondents,
- decrease by 4%,
- 78% of respondents do not expect any changes.

## Trade

In June compared with May, the **confidence indicator in trade** rose by 4.3 points to 10. In the corresponding period last year, its value was 2.3. Respondents positively assessed the current trend of business activities and expect an increase in the number of employees.

The seasonally adjusted balance of the **trend of business activities over the last three months** significantly increased by 20 points to 14, compared to the previous month. Positive evaluations (weighted by turnover) prevailed mainly in retail trade in non-specialized stores and in retail trade of fuel in specialized stores.

The level of **goods stock** increased by 2 points month-on-month to 3, and according to 89% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** rose to 21 after seasonal adjustment (an increase of 6 points). They expected higher 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 again pessimistic, as a result of which the balance (19) decreased by 5 points. Pessimistic views prevailed mostly among respondents in sale of motor vehicles.

In June, **employment** expectations are optimistic again. The seasonally adjusted balance at the level of 22 was higher by 10 points than last month. They plan to increase the number of employees mainly in retail in non-specialized stores.

The seasonally adjusted balance of the **expected price development** was again lower compared to last month, it decreased by 8 points and reached -3. Positive evaluations of the development of prices prevailed especially among respondents in retail trade in non-specialized stores.

- 10% expect a price drop,
- 10% an increase,
- stabilized development is assumed by 80% of respondents.

## Services

In June, the seasonally adjusted **confidence indicator in services** increased by 12.4 to 13.7 points (for comparison, the value for June 2023 was 9.7 points). A decrease was recorded by all indicators.

The **business situation over the last three months** has significantly increased compared to the previous survey, rising by 21 points to 11. The largest increase was recorded in accommodation and food services.

The **demand for services in the last three months** increased by 13 points compared to the previous month to 20. The largest increase was reported by financial and insurance services.

Respondents evaluated the **expected development of demand for services in the next three months** more favourable than last month, the seasonally adjusted balance increased by 3 points to a value of 10. The increase was mainly recorded by information and communication.

The **number of employees in the last three months**, or its seasonally adjusted balance, improved by 8 points to 5, compared to last month. Financial and insurance services recorded the largest increase.

There was a deterioration in the **employment development in the following three months**, the value of the seasonally adjusted balance decreased by 7 points to the value of -5, mainly information and communication expect a decrease.

The **business balance of the expected prices of services in the next three months** increased by 3 points compared to the previous period to 13.

- 1% of enterprises are considering price reductions
- 18% of enterprises expect price increases
- and 81% of them assumed a stabilized development.

## Consumer mood in Slovakia in June 2024

In June, the mood of Slovak consumers deteriorated slightly after three months of growth. Compared to the previous month, the **consumer confidence indicator** (seasonally adjusted) dropped by 2.6 to -10.7. Despite the drop, it remains above the long-term average, currently by 9.5 points.

Consumers evaluated three out of the four components of the indicator more negatively. They were more pessimistic especially when evaluating the financial situation of households, they expect deteriorated conditions for the creation of savings as well as the overall financial situation of households. They were also more skeptical when evaluating the expected development of unemployment. Optimism was preserved only when evaluating the development of the general economic situation, though only moderately.

Compared to the corresponding period last year, however, the consumer mood was more favorable, by 12.4 points.

## Economic sentiment indicator in June 2024

In June, the economic mood in Slovakia improved slightly again after the previous month's deterioration. The **economic sentiment indicator** (ESI) decreased by 3.4 points month-on-month to 107.1. Evaluation for three out of its five components improved. Entrepreneurs in services, but also in trade and for the fourth consecutive month in industry were optimistic.

Compared to last year, the economic sentiment was more positive by 3.4 points, exceeding the long-term average only slightly by 1.1 points.