

## Detailed information on partial indicators of business and consumer confidence in September 2022

### INDUSTRY

In September, the **confidence indicator in industry** increased by 0,3 percentage points (p.p.) to -7,7, after seasonal adjustment. The indicator's development was favourably affected by mainly by the expected increase of the industrial production.

In September, the **industrial production trend** rose by 6 p.p. to -20. An increase was recorded mainly in manufacture of computer, electronic and optical products and transport equipment. On the contrary, there was a decrease mainly in manufacture of other non-metallic products and machinery and equipment n.e.c.

The balance of the **aggregate orders** decreased by 3 p.p. to -11. A deteriorated level of orders (weighted by production) was recorded mainly in manufacture of basic metal and fabricated metal products and electrical equipment; by size groups, in enterprises employing 250 to 499 people and by regions in Košice. There was an improvement mainly in manufacture of machinery and equipment n.e.c.

Compared with August, the balance of **foreign orders** decreased by 3 p.p. to -1. A deteriorated level of foreign orders was stated mainly in manufacture of basic metal and fabricated metal products and other non-metallic products. On the contrary, an improvement was recorded mainly in manufacture of machinery and equipment n.e.c. and food.

In September, the balance of the **finished goods stock**, rose by 1 p.p. to 27. Higher goods stocks were reported mainly in manufacture of electrical equipment. The majority of respondents consider the goods stock to be sufficient. A decrease of the goods stock was mainly in manufacture of machinery and equipment n.e.c.

Compared with the previous month, the balance of the **industrial production over the next three months** rose by 5 p.p. to 15. 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 Bratislava. A decrease of the production is assumed mainly in the chemical industry and in manufacture of wood and paper products.

In September, the balance of **expected development of prices of industrial products**, increased by 4 p.p. to 28, compared with August. They expect an increase of prices mainly in the chemical industry and in manufacture of textiles and apparel. On the contrary, a price decrease is expected mainly in manufacture of other non-metallic products.

In September compared with August, the balance of **employment** decreased by 7 p.p. to 1 which is the lowest value since November 2021. A lower number of employees is expected mainly in the chemical industry, in other manufacture, repair and installations; by size groups, in enterprises employing 1 000 and more people and by regions, mainly in Košice. A higher number of employees is assumed only in manufacture of transport equipment and textiles and apparel. 67 % 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 September, the seasonally adjusted **confidence indicator in the construction** remained at the level of the previous month (-12) when the unfavourable development of the overall level of orders was eliminated by the favourable evaluation of 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 2 points compared with the situation in the previous month to a value of 8, mainly due to enterprises performing civil engineering. An increase in construction activity was noted by 27% of respondents, its decrease was reported by 7%, and 66% of enterprises assessed it as unchanged.

Compared with August, the evaluation of the **current level of overall orders** has deteriorated by 1 point to -21, mainly due to enterprises performing specialized construction works. 28% of respondents described it as insufficient, 67% as sufficient, and for 5% of respondents the current level of orders was more than sufficient.

42% of respondents included a shortage of employees, 34% financial constraints, 28% insufficient demand, 19% weather conditions and 18% lack of material or mechanisms into the most significant **factors limiting a growth of construction production currently**. Respondents also report: a significant increase in the prices of construction materials, energy, fuel, inflation and a lack of qualified staff. 20 % 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 improved month-on-month, the business balance of the **expected number of employees**, rose by 1 point to -3. Over the next three months,

14 % of respondents expect an increase of employment, 70 % expect a stable development and 16 % of enterprises expect a decrease.

Compared with August, the business balance of the expected **construction production prices over the next three months** rose by 1 point to 45. An increase in the price level of their own products is expected by 53 % of respondents, 36 % do not consider any price changes and 11 % assume their decrease.

## TRADE

In September compared with August, **confidence indicator in trade** remained at the same level (23). Respondents expected an increase of business activities, at the same time they assumed higher prices of goods.

In September, the respondents' opinions on the **trend of business activities over the past three months** were less optimistic than in the previous month. After seasonal adjustments, the balance (38) decreased by 2 p.p. Negative evaluations (weighted by turnover) prevailed mainly in retail stores with motor vehicle parts and accessories and in the retail of food, beverages and tobacco in specialized stores.

The level of the **goods stock** (-4) remained at the same level as in the previous month and 88% of respondents assessed them to be normal to the season.

The level of evaluation of the **requirements for suppliers**, rose after seasonal adjustment and it reached the value 31 (increase by 2 p.p.). Higher requirements on suppliers were expected by suppliers in retail sales of fuel in specialized stores and in retail sales of other household goods in specialized stores. The opinions of respondents in retail trade in non-specialized stores were at a balanced level.

When evaluating the **expected business activities over the next three months**, the respondents were optimistic, as a result of which the balance (27) rose by 2 p.p., an increase was assumed by 41% of respondents, a decrease of business activities is assumed by 9% of respondents, though the majority of respondents (50%) expected a stable situation. Optimistic opinions predominated mainly among respondents in sale of motor vehicle parts and accessories and in retail trade of ICT equipment in specialized stores.

In September, the expectations on **employment** slightly deteriorated. The seasonally adjusted balance (11) was lower than in the previous month. 9% of respondents expect a lower number of employees and 71% of them do not expect any changes.

The trend of the **expected development of prices**, rose compared with the previous month, the seasonally adjusted balance (65) rose by 6 p.p. The respondents expected an increase in the price of goods, especially in retail trade of fuel in specialized stores.

Stabilized prices were mentioned by respondents mainly in retail trade of ICT equipment in specialized stores.

## SERVICES

In September, the seasonally adjusted **confidence indicator in services** dropped again, its value (-0.7) decreased by 1,4 points compared to August. The decline was caused by the deteriorated values of two indicators. In the demand for the last three months, the rating dropped by 6 points to -4 and in the expected demand from 13 to 11 points. The evaluation of the business situation improved slightly (by 4 points), but it still remains in negative values at the level of -9.

Compared with the last month's survey, the **business situation over the past three months** slightly improved, although it remains in negative values. The business balance (of seasonally adjusted data) rose by 4 points to -9. An improvement of the business situation is felt by 17% of enterprises (by 6% more than in August), a deterioration was stated by 20% of respondents (by 1% less than in August) and 63% of enterprises (by 5% less) had a stable development. An improvement of the situation was reported mainly in the fields of arts, entertainment and recreation, information and communication or accommodation and food service activities, while a deterioration was registered mainly in transportation and storage or in financial and insurance services.

Compared with the last month's survey, the **demand for the services over the past three months** (-4) slightly decreased again (by 6 points). A lower demand was recorded mainly in transportation and storage and in financial and insurance activities. On the contrary, a higher demand was felt mainly in the field of other activities, accommodation and food service activities or in information and communication.

The **expected development of the demand for services over the next three months** was evaluated by slightly more pessimistically than in the previous month, there was a slight decrease from the value of 13 in August to the current 11. A higher interest is expected mainly in the field of information and communication, arts, entertainment and recreation, and administrative and support services. On the contrary, lower interest is expected in the field of other activities, financial and insurance services or professional, scientific and technical activities.

16 % of enterprises increased the number of their **employees over the past three months** (increase by 1%), 31 % of enterprises reported a decrease (drop by 3%), stable development had 53 % of enterprises (increase by 2%). Compared with the previous month, the final seasonally adjusted balance (-11) improved by 3 points, indicating a slight improvement of the employment situation. The number of employees increased mainly in information and communication. On the contrary, lower number of

employees was recorded in transportation and storage, professional, scientific and technical activities or in other service activities.

**In the development of the employment over the next three months**, there was no change compared to last month, and the value of the balance remained at -1. The number of employees is planned to be reduced in: accommodation and food service activities, other service activities and in arts, entertainment and recreation. An increase in the number of employees is anticipated in administrative and support activities, information and communication.

Compared with the previous period, the **business balance of the expected prices of services over the next three months** (44) rose by 9 points while a price drop is considered by 1 % of enterprises (unchanged month-on-month), 38% of enterprises expect a price growth (rise by 10 %) and 61 % of enterprises (drop by 10 %) assume a stable development.

### **Consumer mood in Slovakia in September 2022**

The **consumer mood in Slovakia** is decreasing, the **consumer confidence indicator** (seasonally adjusted) dropped to -34,1 in September. Compared to the previous month, it decreased by 4,7 points, while its value has been decreasing for the fifth consecutive month.

Respondents evaluated all four components of the indicator more pessimistically, concerns about the expected development of unemployment increased the most month-on-month. However, concerns about the expected general economic situation, the financial situation of households and related household savings also increased.

The level of the indicator dropped significantly even compared to the previous year, the drop was by double-digits and reached 13,9 points. The lag behind the long-term average widened to 14,6 points.

### **Economic sentiment indicator in September 2022**

The **economic sentiment in Slovakia** is continuing to worsen, the seasonally adjusted **indicator of economic sentiment** (ESI) was at the level of 89,7 in September which is the lowest value since last March. September's decrease was by 1,2 points while the month-on-month deterioration occurred for the fourth consecutive month.

The unfavorable development of the indicator was mainly influenced at least by the decrease in consumer confidence, a slight deterioration also occurred in services. On the contrary, after three months of decrease, confidence in industry increased slightly,

while it remained unchanged in construction and in trade. The current value of ESI was more pessimistic even compared to the corresponding period last year, it dropped by 10.4 points, thus lagging behind the long-term average by 12.8 points.

