

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

## Industry

In November, the **confidence indicator in industry** increased by 4 points to -6, after seasonal adjustment. The development of the indicator was significantly influenced by the growth of the expected industrial production.

The balance of the **industrial production trend** in November dropped by 1 point to -9. A decrease was recorded only in manufacture of coke and refined petroleum products, other manufacture, repair and installation, and wood and paper products.

The **balance of aggregate orders** decreased in November by 4 points to -15. A deterioration in the level of orders (weighted by production) was noted mainly in manufacture of other non-metallic products and textiles and apparel.

Compared to October, the balance of **foreign orders** decreased by 2 points to -14. They reported a deterioration in the level of foreign orders mainly in manufacture of textiles and apparel and other non-metallic products.

In November, the balance of **finished goods stock** in industry increased by 2 points to 20. Increased stocks are mainly indicated in manufacture of other non-metallic products. The majority of respondents consider the stock level to be adequate.

Compared to the previous month, the balance of **industrial production for the next three months** increased by 18 points to 17. They expect an increase in production mainly in other manufacture, repair and installations.

The balance of the expected development of **prices of industrial products** in November compared to October increased by 9 points to 7. They expect a price increase mainly in manufacture of basic metals and fabricated metal products, computers, electronic and optical products, and wood and paper products.

The balance of **employment** in November compared to October decreased by 3 points to -9. They expect a lower number of employees mainly in other manufacture, repair and installations, manufacture of textiles and apparel, and machinery and equipment n.e.c.

- 70% expect stabilization of employment,
- a decrease 22% of respondents,
- an increase 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 November, the seasonally adjusted **confidence indicator in construction** dropped by 3.5 points to -14.5 compared to the previous month due to more unfavorable evaluations of the overall level of orders and the expected employment.

The indicator of the **construction activity trend over the past three months** has improved by 3 points to 10 compared to a month ago:

- an increase in construction activity was noted by 26% of respondents,
- a decrease by 9%,
- 65% of enterprises considered it as unchanged.

The evaluation of the **current overall level of orders** has deteriorated by 3 points to - 21 compared to October, mainly due to the enterprises implementing building construction and specialized construction work:

- 23% marked it as insufficient,
- for 75% it was sufficient,
- for 2% of respondents it was more than sufficient

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

- 37% of respondents shortage of employees,
- 35% financial constraints,
- 32% insufficient demand,
- 14% weather conditions,
- 5% lack of material or mechanisms.

Respondents further report a significant increase in the prices of building materials, delays in construction projects or their preparations, a lack of contracts and lengthy processes in public procurement. 21% of companies do not currently experience any barriers of growth.

The respondents' expectations regarding the estimation of employment development deteriorated month-on-month, the business balance of the **expected number of employees** decreased by 4 points to -8, mainly due to the impact of enterprises performing building construction and engineering works:

- 23% assumes a reduction in the employment rate,
- 72% expect a stabilized development,
- 5% of enterprises assume an increase .

The business balance of the expected **prices of construction production in the next three months** decreased by 1 point compared to October to 13. The price level of production is likely to:

- decrease by 8%,
- increase by 20%,
- 72% of respondents do not expect any changes.

## Trade

In November compared with October, the **confidence trade in indicator** remained at the same level of 2.7. In the corresponding period last year, its value was 23.7. Respondents expect an increase in business activities, but at the same time, they negatively evaluate the increase in stock of goods.

The seasonally adjusted balance of the **trend of business activities over the last three months**, increased by 2 points compared to the previous month to the level of - 7. Positive evaluations (weighted by turnover) prevailed mainly in sale of motor vehicle parts and accessories and in retail trade of other goods in specialized stores.

The level of **goods stock** increased by 2 points month-on-month to 8, and according to 89% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** rose slightly and reached 27 (increase by 1 point) after seasonal adjustment. They expected higher requirements for suppliers mainly in retail trade in non-specialized stores and in sale of motor vehicles.

When evaluating the **expected business activities for the next three months**, they were at the same level in November as a month ago, and the seasonally adjusted balance was at 23. The most balanced opinions prevail among respondents in retail of food, beverages and tobacco in specialized stores.

**Employment** expectations improved in November. The seasonally adjusted balance at the level 11 was higher by 2 points than last month. They plan to increase the number of employees mainly in retail of other goods in specialized stores.

The seasonally adjusted balance of **expected development of prices** decreased slightly (by 1 point) compared to the previous period and reached 14. Positive evaluations of price development prevailed especially among respondents in sale of motor vehicle parts and accessories.

- A drop in prices is assumed by 1%,
- an increase by 15%,
- stabilized development by 84% of respondents.

## Services

The seasonally adjusted **confidence indicator in services** in November increased by 8 points to 9.7 (for comparison, the value for November 2022 was -0.3 points). Both demand and expected demand recorded an increase.

The **business situation over the last three months** has slightly deteriorated compared to the previous survey. The business balance dropped by 4 points to the level of -3. Compared to last month, art, entertainment and recreation recorded the largest decrease.

The **demand for services in the last three months** increased by 17 points compared to the previous month to level 10. The greatest improvement was reported by accommodation and food services.

Respondents evaluated the **expected development of demand for services in the next three months** more positively than last month, the seasonally adjusted balance increased by 11 points to 22. The main reason for this was the increase in the balance in the other services sector.

The **number of employees in the last three months**, or its balance, after seasonal adjustment, increased by 11 points compared to last month to the level of -7. Despite the negative balance, the biggest improvement compared to last month occurred in transportation and storage sector (from -43 to -10).

There was a slight improvement in the **development of employment in the next three months**, the value of the seasonally adjusted balance increased by 1 point to the value of -2.

The **business balance of the expected prices of services in the next three months** increased by 5 points to 6 compared to the previous period.

- 2% are considering price reductions,
- an increase is expected by 11%,
- 87% of enterprises expect a stabilized development.

## Consumer mood in Slovakia in November 2023

The optimism of Slovak consumers is increasing, confidence in the Slovak economy is the highest since March 2020. The **consumer confidence indicator** (seasonally adjusted) reached the level of -16.3 in November, increasing by 2.4 points compared to the previous month. Its current value is by 3.8 points above the long-term average.

Consumers were more optimistic in all four components of the indicator. They perceive more favorable mainly the unemployment development and the creation of savings. They also expect a more positive development of the general economic situation, as well as the financial situation of households.

The consumer mood also improved by 16 points, compared to last year.

## Economic sentiment indicator in November 2023

**Confidence** in the Slovak economy among entrepreneurs and consumers increased month-on-month in November. With a growth by 4.3 points, the seasonally adjusted **indicator of economic sentiment** (ESI) reached the level of 95.9. Evaluations improved in three out of the five components of the indicator, more optimistic were entrepreneurs in services, industry, as well as consumers. The opposite was the situation in the construction industry, where the mood in November was the worst in the last two years (since December 2021). Evaluations in trade did not change, they remained at the level of last month.

Compared to the situation a year ago, the economic mood was more favorable by 8.3 points, but it still lags behind the long-term average, i.e. by 6.1 points.