

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

Industry

In January, the **confidence indicator in industry** decreased by 3.6 points to -8.3, after seasonal adjustment. The development of the indicator was influenced mainly by the drop of the expected industrial production over the next three months and by a decrease of orders.

The balance of the **industrial production trend** compared with the previous month dropped by 18 points to -36, representing the lowest value since January 2023. A decrease was recorded mainly in manufacture of computers, electronic and optical products, transport equipment and machinery and equipment n.e.c.

The balance of aggregate **orders** decreased by 7 points to -21. A deterioration in the level of orders was noted mainly in manufacture of electrical equipment and other non-metallic products.

The balance of **foreign orders** decreased by 4 points to -20. They reported a decrease mainly in manufacture of textiles and apparel, transport equipment and other non-metallic products.

In January compared with December, the balance of **finished goods stock** decreased by 15 points to 7. Decreased stocks are mainly indicated in manufacture of transport equipment and textiles and apparel. The level of goods stock rose mainly in the pharmaceutical industry.

In January compared with December, the balance of **industrial production for the next three months** decreased by 19 points to 3.. There was a decrease in spite of the fact that in the majority of orders an increase of orders is assumed, due to the pessimism among the respondents in manufacture of electrical equipment and transport equipment.

The balance of the expected development of **prices of industrial products** over the next three months, compared to December increased by 9 points to 5. They expect a price increase mainly in manufacture of other non-metallic products and wood and paper products. Although a price drop is expected in manufacture of machinery and equipment n.e.c. and in the chemical industry.

In the development of **employment** compared to the previous month the situation improved, when the balance rose by 5 points to -7. A higher number of employees is assumed mainly in other manufacture, repair and installation, in manufacture of basic metals and fabricated metal products and other non-metallic products, by size groups in enterprises employing 1000 and more people.

When evaluating the factors limiting the growth of industrial production:

- 50% of respondents stated insufficient demand
- 26% of respondents shortage of employees,
- 19% of lack of finances.
- 19% of respondents do not feel any limiting factors.

The **production capacity** increased by 5 points to 8. Respondents assume an increase in capacity mainly in manufacture of computers, electronic and optical products and basic metals and fabricated metal products.

Based on orders, enterprises have **reserved work** for an average of 5 months, while the largest supply of work is in manufacture of machinery and equipment n.e.c, computers, electronic and optical products, and in the chemical industry.

Industrial enterprises **use production capacities** to 81%, on average.

In the last three months, according to the respondents, the demand for production on the basis of **new orders** was higher, the total balance increased by 14 points compared to the previous period. The biggest growth was in manufacture of basic metals and fabricated metal products and in the chemical industry.

Compared to the previous quarter, the balance of the expected **export** rose by 8 points to a value of 5. Respondents expect growth in foreign orders mainly in manufacture of coke and refined petroleum products, basic metals and fabricated metal products and other non-metallic products.

According to the results of the survey, the **position of enterprises in the domestic competitive environment** increased by 1 point compared to the previous quarter. On foreign markets **within the EU**, it remained at the same level (value -3) and **outside the EU** it dropped by 2 points, also to a value of -3.

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 January compared with the previous month, the seasonally adjusted **confidence indicator in construction** rose by 1 point to -8 due to more unfavorable evaluations of the expected employment.

Compared with the previous month, the indicator of the **construction activity trend over the past three months** has improved by 2 points to 16:

- an increase in construction activity was noted by 23% of respondents,
- a decrease by 21%,
- 56% of enterprises considered it as unchanged.

The evaluation of the **current overall level of orders** has deteriorated by 2 points to - 17 compared to December:

- 20% of respondents marked it as insufficient,
- for 77% it was sufficient,
- for 3% of respondents it was more than sufficient.

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

- 34% of respondents insufficient demand,
- 31% financial constraints,
- 31% shortage of employees,
- 26% weather conditions,
- 4% lack of material or mechanisms.

Respondents further report a significant increase in the prices of building materials, problems with suppliers, the winter period and the related taking of holidays. 18% of enterprises do not currently experience any growth barriers.

Respondents' expectations regarding the estimation of employment development improved month-on-month, the business balance of the **expected number of employees** increased by 4 points to a value of 1, mainly due to the impact of enterprises performing construction of buildings and specialized construction work:

- 13% of respondents assume an increase in the employment,
- stabilized development is assumed by 71%,
- 16% of enterprises assume a decrease.

The business balance of the expected **prices of construction production in the next three months** increased by 4 points to 16 compared to December, mainly due to enterprises performing engineering works. The price level of production is likely to:

- increase by 29%,
- decrease by 7%,
- 64% of respondents do not expect any changes.

Based on orders, enterprises have **reserved work** for an average of 9.6 months. Enterprises with 500 or more employees (15.3 months) have the highest supply of work according to size categories, and in terms of production focus, enterprises performing engineering constructions (13.2 months).

Trade

In January compared with December, the **confidence trade in indicator** rose by 1 point to 7.7. Respondents positively evaluated 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**, increased by 9 points compared to the previous month to the level of 9. Positive evaluations (weighted by turnover) prevailed mainly in retail trade in non-specialized stores and in retail trade with goods for culture and recreation in specialized stores.

The level of **goods stock** decreased by 3 points month-on-month to 5, and according to 92% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** rose after seasonal adjustment and reached 23 (growth by 6 points). They expected higher requirements for suppliers were assumed mainly in retail trade in non-specialized stores and in retail trade with other goods in specialized stores. When evaluating the **expected business activities for the next three months**, the respondents were more pessimistic due to which the balance (19) dropped by 9 points. Pessimistic views prevailed mainly among respondents in retail trade with goods for culture and recreation in specialized stores.

Employment expectations improved in January. The seasonally adjusted balance at the level 14 was higher by 7 points than last month. They plan to increase the number of employees mainly in retail trade in non-specialized stores.

The seasonally adjusted balance of **expected development of prices** decreased slightly (by 1 point) compared to the previous period and reached 15. Positive evaluations of price development prevailed especially among respondents in retail trade with other household goods in specialized stores.

- A drop in prices is assumed by 2%,

- an increase by 17%,
- stabilized development by 81% of respondents.

Services

The seasonally adjusted **confidence indicator in services** in January increased by 3,7 points to 10.7. There was a growth in all the three indicators- business situation, demand and the expected demand as well.

The **business situation over the last three months** has slightly improved compared to the previous survey, it rose by 2 points to -1. Compared to last month, financial and insurance activities recorded the largest decrease.

The **demand for services in the last three months** increased by 4 points compared to the previous month to level 7. The greatest improvement was reported by other service activities, compared with the previous month.

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 5 points to 26. The greatest increase is assumed by accommodation and food services.

The **number of employees in the last three months**, or its balance, after seasonal adjustment, remained unchanged compared with the previous month at the level of -10 points.

There was a slight deterioration in the **development of employment in the next three months**, the value of the seasonally adjusted balance decreased by 4 points to the value of -9. A drop was experienced mainly by information and communication.

The **business balance of the expected prices of services in the next three months** significantly decreased by 3 points to 12 compared to the previous period.

- 1% of enterprises are considering price reductions,
- a stabilized development is expected by 92%,
- 7% of enterprises expect an increase of prices.

37% of enterprises do not experience **limiting factors in the implementation of business plans**. The most significant factors that limited business plans in services were insufficient demand (32%), financial constraints (28%), shortage of employees (28%). According to the respondents, 96% of the capacities in the services were used.

Consumer mood in Slovakia in January 2024

The optimism of Slovak consumers from the end of last year continued in the first month of the new year. The **consumer confidence indicator** (seasonally adjusted) increased by 3 points month-on-month to -11.9 in January, exceeding the long-term average by 8.3 points.

Consumers were more optimistic about all four components of the indicator. They have the highest expectations for creation of savings. They also view the development of the general economic situation, unemployment, as well as the development of the financial situation of households more positively.

Consumer mood will improve significantly compared to last year, by up to 20.5 points.

Economic sentiment indicator in January 2024

The economic mood in Slovakia is slightly improving. Although, the increase in the **indicator of economic sentiment (ESI)** was moderate in January, by 0.4 points, but its value at the level of 96.7 is the highest in the last nine months. Evaluations improved in four out of the five components of the indicator. Entrepreneurs in services, construction and trade were more optimistic, consumers also showed an improvement in mood. Only entrepreneurs in industry were more pessimistic.

Compared to last year, the economic mood was more favorable by 6.2 points, it is currently lagging behind the long-term average by 4.9 points.

