

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

Industry

After seasonal adjustment, the **confidence indicator in industry** dropped by 6.6 points to -9.3 in September. The development of the indicator was significantly affected by the drop in the expected industrial production.

The **industrial production trend** balance in September increased by 8 points to a value of 17. A growth was recorded mainly in manufacture of computers, electronic and optical products, transport equipment and textiles.

In September, the balance of the **aggregate level of orders** increased by 3 points to -12. The improvement in the level of orders (weighted by production) was noted mainly in manufacture of computers, electronic and optical products, textiles and food.

Compared to August, the balance of **foreign orders** increased by 6 points to -16. An improvement was reported in the level of export orders mainly in manufacture of computers, electronic and optical products, textiles and food.

In September, the balance of **finished goods stock** dropped by 14 points to a value of 6. Lower stocks are mainly reported in manufacture of transport equipment and wood and paper products. The majority of respondents consider the stock level to be normal.

The balance of **industrial production for the next three months** dropped by 37 points compared to the previous month to a value of -10. A decrease of the production is expected mainly in manufacture of coke and refined petroleum products, transport equipment and in the chemical industry.

In September compared with August, the balance of the expected development of **prices of industrial products** did not change and it remained at the same level (value 2). They expect a price decrease mainly in manufacture of computers, electronic and optical products and electrical equipment, on the contrary, an increase mainly in other manufacture, repair and installation.

The balance of **employment** in September compared to August increased by 3 points to a value of 0. The increase in the number of employees is expected mainly in manufacture of computers, electronic and optical products and other non-metallic products.

- a growth is assumed by 15%,
- a decrease by 16%,
- however, the majority of respondents anticipate stabilization of employment, i.e. 69%.

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 September, compared to the previous month, the seasonally adjusted **confidence indicator in construction** dropped by 4 points to -10 due to less favorable evaluations of the overall level of orders and the expected employment.

Compared with the last month, the indicator of **construction activity trend over the past three months** has deteriorated by 4 points to 11:

- a decrease in construction activity was noted by 9% of respondents,
- an increase was reported by 32% of them,
- 59% of enterprises considered it unchanged.

Compared with August, the evaluation of the **current overall level of orders** has deteriorated by 4 points to -16, mainly due to the impact of enterprises performing construction of buildings and specialized construction work:

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

Among the most significant **factors currently limiting the growth of construction production** included:

- 38% respondents shortage of employees,
- 32% financial constraints,
- 32% insufficient demand,
- 8% weather conditions and
- 6% lack of material or mechanisms.

Respondents further report a significant increase in the prices of building materials, competition, administrative barriers and the holiday season. 27% of respondents do not feel any barriers of growth currently.

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 a value of -4:

- 13% assume a decrease of employment,
- 77% a stabilized development,
- 10% an increase.

The business balance of the expected **prices of construction production in the next three months** decreased by 13 points to 19 compared to August, primarily due to the influence of enterprises performing engineering works. The price level of production is likely to:

- decrease by 6%,
- increase by 23%,
- 71% of respondents do not expect any changes.

Trade

In September compared with August, the confidence indicator in trade decreased by 2.7 points to -1, which is a significant drop compared to the last year. Respondents negatively evaluated the decrease in the trend of business activities and expect a lower number of employees.

Compared with the previous month, the seasonally adjusted balance of the **trend of business activities over the last three months** decreased by 7 points to a level of - 10. Negative evaluations (weighted by turnover) prevailed mainly in retail trade of fuels in specialized stores and in sale of motor vehicles.

The level of the **goods stock** increased by 2 points month-on-month to 9, and according to 89% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** has slightly decreased and after seasonal adjustment has reached a value of 16 (a drop by 1 point). They expected lower requirements for suppliers mainly in retail trade in non-specialized stores and in retail trade of fuel in specialized stores.

When evaluating the **expected business activities for the next three months**, the respondents were slightly optimistic, as a result of which the balance (16) increased by 1 point. Optimistic views prevailed mostly among respondents in retail trade of other household goods in specialized stores.

Employment expectations deteriorated in September. The seasonally adjusted balance at level 3 was lower by 8 points than last month. They plan to reduce the number of employees mainly in retail of fuel in specialized stores.

The seasonally adjusted balance of **expected development of prices** decreased by 7 points compared to the previous period and reached a value of 16. Positive evaluations of the price development prevailed especially among respondents in retail trade of ICT equipment in specialized stores.

- 2% expect a drop in prices,
- 19% an increase,
- 79% of respondents a stabilized development.

Services

In September, the seasonally adjusted **confidence indicator in services** increased by 8 points to a value of 3 (for comparison, the value for September 2022 was -0.7 points). An increase was recorded in all three indicators.

The **business situation in the last three months** has improved quite significantly compared to the previous survey. The business balance increased by 9 points to the level of -3.

The **demand for services in the last three months** compared to the previous month increased by 3 points to -7. The largest increase was recorded in 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 12 points to 19.

The **number of employees in the last three months**, or its seasonally adjusted balance, decreased by 2 points compared to last month to 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 3 points to the value of 2. The decrease is expected mainly in transportation and storage.

The **business balance of the expected prices of services in the next three months** decreased by 1 point compared to the previous period to a value of 10.

- price reductions are considered by 1%,

- an increase is expected by 6%,
- a stabilized level is assumed by 93% of enterprises.

Consumer mood in Slovakia in September 2023

The mood of Slovak consumers in September was the best in the last two years. Compared to the previous month, the **consumer confidence indicator** (seasonally adjusted) increased by 1.4 points to -19.7. It also slightly exceeded the level of the long-term average, namely by 0.4 points.

Consumer confidence increased in all four indicator components, mostly in the expectations of a more favorable development of the general economic situation. However, they are more optimistic about the development of unemployment and the finances of their households, both the overall financial situation and the creation of savings.

Compared to last year, consumers perceived the upcoming development of the economy in Slovakia significantly more favorably. Consumer mood improved by 14.4 points.

Economic sentiment indicator in September 2023

The **economic mood** of entrepreneurs and consumers in Slovakia did not change significantly in September compared to the previous month. The seasonally adjusted **indicator of economic sentiment** (ESI) decreased only very slightly by 0.3 points to the level of 91.9. The mood deteriorated in three of the five components of the indicator, entrepreneurs in industry, construction and trade were more pessimistic. A more significant decline in the overall indicator of economic sentiment was prevented by a more positive assessment of entrepreneurs in services and among consumers.

Compared to the situation a year ago, the economic mood was more favorable by 2.2 points. The indicator lagged behind the long-term average by only 0.4 points.

