

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

Industry

In October, the **confidence indicator in industry** dropped by 0.7 points to -10 (from seasonally adjusted data). The development of the indicator was mainly influenced by the growth of finished goods stocks.

Compared to the previous month, the **industrial production trend** decreased by 25 points to -8, which represents the lowest value since February 2023. The decrease was recorded mainly in manufacture of computers, electronic and optical products and transport equipment.

The **balance of the aggregate orders** increased by 1 point to -11. The increase in orders was recorded mainly in manufacture of other non-metallic products.

The balance of **foreign orders** increased by 4 points to -12. A growth was recorded mainly in the chemical industry and in manufacture of other non-metallic products.

In October compared with September, the balance of **finished goods stock** increased by 12 points to a value of 18. The growth of stocks was reported mainly in manufacture of transport and electrical equipment.

The balance of **expected production for the next three months** in October compared to September increased by 9 points to -1. The respondents in the chemical industry are the most optimistic.

The balance of **expected development of prices of industrial products** for the next three-month period decreased by 4 points compared to September to -2. They expect lower prices mainly in manufacture of wood and paper products, electrical equipment and other manufacture, repair and installation.

In the development of **employment**, the situation deteriorated compared to last month, when the balance decreased by 6 points to -6. They expect a decrease in employment mainly in manufacture of computers, electronic and optical products, the chemical industry and in manufacture of electrical equipment.

When evaluating the factors limiting the growth of industrial production:

- 50% of respondents stated insufficient demand,
- 30% shortage of employees,
- 18% lack of funds,
- 18% of respondents do not feel any limiting factors.

Production capacity dropped by 2 p.p. to 3. The majority of respondents consider their current production capacity as sufficient.

Based on orders, companies have **reserved work** for 5 months, on average, while production is ensured mostly in manufacture of machinery and equipment n.e.c.

Industrial companies **use production capacity** to 81 %, on average.

Over the last three months period, according to the response of respondents, the production demand on the basis of **new orders**, had a downward trend, the overall balance decreased by 36 points, compared with the corresponding period. The greatest decrease was in manufacture of transport equipment and manufacture of computer, electronic and optical products.

Compared with the last quarter, the balance of the expected **export** dropped by 28 points to -3. An increase of foreign orders is expected by respondents mainly in the chemical industry, in manufacture of transport equipment and manufacture of basic metal and fabricated metal products.

According to the survey, the position of enterprises in the **domestic competitive environment** decreased 4 points compared to the previous quarter. In foreign markets **within and outside the EU** remained at the same level.

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 October, compared to the previous month, the seasonally adjusted **confidence indicator in construction** dropped by 1 point to -11 due to less favorable evaluations of the overall level of orders.

The indicator of **construction activity trend over the past three months** deteriorated by 4 points to a value of 7 compared to a month ago, primarily due to the influence of enterprises implementing engineering constructions:

- 10% of respondents noted a decrease in construction activity,
- 24% increase,
- 66% considered it unchanged.

The evaluation of the **current overall level of orders** has deteriorated by 2 points to -18 compared to September:

- 20% of respondents marked it as insufficient,
- for 78% sufficient,
- for 2% of respondents more than sufficient.

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

- 39% of respondents shortage of employees,
- 34% insufficient demand,
- 32% financial constraints,
- 10% weather conditions,
- 5% lack of material or mechanisms.

Respondents further report a significant increase in the prices of building materials, competition, lack of orders and lengthy processes in public procurement. 24% of companies do not feel any barriers of growth.

The respondents' expectations regarding estimation of employment development did not change month-on-month, the business balance of the **expected number of employees** remained at -4:

- 16% of respondents assume a lower number of employees,
- stabilized development is indicated by 78%,

- an increase is assumed by 6% of enterprises.

The business balance of the expected **prices of construction production in the next three months** decreased by 5 points compared to September to a value of 14, mainly due to the influence of enterprises performing specialized construction work. The price level of production is likely to:

- decrease by 7%,
- increase by 22%,
- 71% of respondents do not expect any changes.

Based on orders, enterprises have secured work for an average of 10.2 months. Enterprises with 500 or more employees have the highest labor supply according to size categories (17.4 months) and in terms of production focus, enterprises performing engineering constructions (14.3 months).

Trade

In October compared with September, the **confidence indicator in trade** rose by 3.7 points to 2.7. Respondents expect an increase in business activities and an increase in the number of employees.

Compared with the previous month, the seasonally adjusted balance of the **trend of business activities over the last three months** increased by 1 point, to the level of -9. Positive evaluations (weighted by turnover) prevailed mainly in repair and maintenance of motor vehicles and in retail trade in non-specialized stores.

The level of **goods stock** decreased by 3 points month-on-month to a value of 6, but according to 90% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** rose to 26 after seasonal adjustment (an increase by 10 points). They expected higher requirements for suppliers mainly in the repair and maintenance of motor vehicles and in retail trade not in stores, stalls or markets.

When evaluating the **expected business activities for the next three months**, the respondents were optimistic, as a result of which the balance (23) increased by 7 points. Optimistic views prevailed most among respondents in retail of other goods in specialized stores.

Employment expectations improved in October. The seasonally adjusted balance at the level of 9 was higher by 6 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 compared to previous period (by 1 point) and reached a value of 15. Positive evaluations of price development prevailed especially among respondents in retail trade of other goods in specialized stores.

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

Services

The seasonally adjusted **confidence indicator in services** in October decreased by 1.3 points to a value of 1.7 (for comparison, the value for October 2022 was 0.3 points). Although

the decline was recorded in only one of the indicators, namely the expected demand, the drop was quite significant, by 8 points.

The **business situation over the last three months** has slightly improved compared to the previous survey. The business balance increased by 4 points to level 1. Compared to last month, accommodation and food services recorded the largest increase.

The **demand for services in the last three months** has not changed compared to last month, and the balance remains at the level of -7 points.

Respondents evaluated the **expected development of demand for services in the next three months** more negatively than last month, the seasonally adjusted balance dropped by 8 points to 11. The main reason for this was the decrease in the balance in the other services sector.

The **number of employees in the last three months**, or its seasonally adjusted balance, decreased by 8 points compared to last month to the level of -18. Administrative and support service activities recorded the biggest drop.

There was also a deterioration in the **development of employment in the next three months**, the value of the seasonally adjusted balance decreased by 5 points to a value of -3. Accommodation and food service activities are mainly expected to decrease.

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.

- 2% are considering price reductions,
- an increase is expected by 5%,
- 93% of enterprises expect a stabilized development.

29% of companies do not experience **limiting factors** in the implementation of business plans. The most significant factors that limited business plans in services were

- insufficient demand 36%,
- shortage of employees 32%,
- financial constraints 28%.

According to the respondents, 94% of the capacities in the services were used.

Consumer mood in Slovakia in October 2023

Consumer confidence in the Slovak economy is increasing. The **consumer confidence indicator** (seasonally adjusted) reached its highest value since the second half of 2021 for the second consecutive month in October. With a month-on-month increase by 1 point, it is currently at -18.7. It exceeded the long-term average by 1.4 points.

Consumers were more optimistic in all four indicator components. They perceive the financial situation of their households more positively, both the overall financial situation, but also the creation of savings. However, they also view the development of the general economic situation, as well as the unemployment development, more favorably.

The consumer atmosphere improved by 17.3 points compared to last year.

Economic sentiment indicator in October 2023

The **economic mood** of Slovak entrepreneurs and consumers changed only slightly in October compared to September. With a decrease by 0.3 points, the seasonally adjusted

indicator of economic sentiment (ESI) reached the level of 91.6. Evaluations of three of the five components of the indicator deteriorated namely in services, construction and industry. The mood was more optimistic among entrepreneurs in trade and also among consumers.

Compared to the situation a year ago, the economic mood was more favorable by 3.3 points. The indicator lagged behind the long-term average by 10.4 points.