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

Industry

In June, the **confidence indicator in industry** decreased by 9 points to -18.7, after seasonal adjustment. The development of the indicator is adversely affected by all three indicators, mainly by the expected industrial production.

The balance of the **industrial production trend** in June increased by 5 points to a value of 1. A growth was recorded mainly in manufacture of other non-metallic products and wood and paper products. On the contrary, there was a decrease mainly in manufacture of machinery and equipment n.e.c., other manufacture, repair and installation and in manufacture of basic metals and fabricated metal products.

In June, the balance of **aggregate orders** decreased by 5 points to -16. A deterioration in the level of orders (weighted by production) was recorded mainly in manufacture of electronic equipment and machinery and equipment n.e.c.; by size groups in enterprises employing 250 to 499 people and by regions in Banská Bystrica. There was an improvement mainly in manufacture of computer, electronic and optical products.

Compared to May, the balance of **foreign orders** dropped by 4 points to -17. They reported a deterioration in the level of export orders mainly in manufacture of electrical equipment and machinery and equipment n.e.c. On the contrary, they noted an improvement mainly in manufacture of computers, electronic and optical products.

The balance of **finished goods stock** in industry increased by 1 point to a value of 21 in June. Increased stocks are mainly reported in other manufacture, repair and installations. The majority of respondents consider the stock level to be adequate. The decrease in stocks was mainly in manufacture of machinery and equipment n.e.c..

The balance of **industrial production for the next three months** dropped by 21 points compared to the previous month to -19. They expect a decrease in production mainly in manufacture of basic metals and fabricated metal products, transport equipment and electrical equipment, according to size groups, in enterprises employing 1 000 or more employees and according to regions in Košický and Bratislavský kraj. On the contrary, they expect an increase of the production mainly in the chemical industry.

The balance of the expected development of the **prices of industrial products** decreased in June compared with May by 4 points to a value of 7, which represents the lowest value since January 2022. Lower prices are expected mainly in the chemical industry and in manufacture of food. On the contrary, they expect a price increase mainly in manufacture of computers, electronic and optical products and electrical equipment.

The balance of **employment** in June compared to May increased by 2 points to 10. An increase in the number of employees is expected mainly in the chemical industry, manufacture of electrical equipment and computers, electronic and optical products; by size groups, in enterprises employing 1 000 or more people and by regions, mainly in Prešovský kraj. On the contrary, they expect a decrease in employment mainly in manufacture of wood and paper products and in other manufacture, repair and installations. 70% of respondents expect a stabilization of employment.

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 June compared to the previous month, the seasonally adjusted **confidence indicator in construction** dropped by 1 point to -3.5 due to less favorable evaluations of the overall level of orders. The current result exceeds the long-term average by 20.5 points.

The indicator **of construction activity trend over the last three months** deteriorated by 2 points to 13 compared to last month. A decrease in construction activity was noted by 17% of respondents, its increase was reported by 36%, and 47% of enterprises assessed it as unchanged.

The evaluation of the **current overall level of orders** deteriorated by 2 points to -15 compared to May, primarily due to the impact of enterprises performing construction of buildings. 18% of respondents described it as insufficient, 79% as sufficient, and for 3% of respondents, the current level of orders was more than sufficient.

38% of respondents included shortage of employees, 34% financial constraints, 30% insufficient demand, 12% weather conditions and 6% lack of material or mechanisms into the most significant **factors limiting a growth of construction production**. The respondents further report a significant increase in the prices of building materials, high inflation, growth in interest rates and also lower purchasing power of the population. 23% of companies do not currently see any barriers of growth.

The expectations of respondents regarding the estimation of employment development did not change month-on-month, the business balance of the **expected number of employees** remained at the value of 8. In the next three months, 7% of respondents expect a decrease in the employment rate, 72% consider a stabilized development, and 21% of enterprises consider an increase.

The business balance of the expected **prices of construction production in the next three months** increased by 7 points compared to May to a value of 32, mainly due to enterprises performing civil engineering. 34% of respondents expect an increase in the price level of their production, 63% do not consider price changes, and 3% of respondents expect a decrease.

Trade

In June, the **confidence indicator in trade** dropped by 4 points compared to May to a value of 2.3. Respondents negatively evaluated the increase in goods stock and expect a decrease in requirements for suppliers.

The seasonally adjusted balance of the **trend of business activities over the last three months** was at the level of 0. Stabilized evaluations (weighted by turnover) prevailed mainly in retail trade with ICT equipment in specialized stores and in retail trade in non-specialized stores.

The level of the **goods stock** increased by 1 point month-on-month and reached the value of 4. 91% of respondents, assessed them to be appropriate to the season.

The level of evaluation of **requirements of suppliers** decreased and after seasonal adjustment it reached a value of 3 (a decrease by 8 points). They expected lower requirements for suppliers mainly in specialized retail stores with other household goods and retail stores with ICT equipment.

When evaluating the **expected business activities for the next three months**, the respondents were pessimistic, as a result of which the balance (11) dropped by 11 points. Despite the relatively significant decrease of the balance, the drop of business activities is assumed only by 7% of respondents, the majority of respondents (66%) continue to assume a stable situation. Among the respondents, there were concerns especially about the retail sale of fuel in specialized stores.

There was no change in the development of **employment** compared to May, and the seasonally adjusted balance remained at 5. The majority of respondents (86%) did not expect changes in the number of employees, 9% expected an increase in the number of employees, and 5% of respondents expected a decrease in the number of employees.

The seasonally adjusted balance of the **expected development of prices** was approximately at the level of last month, it decreased by only 1 point and reached the value of 17. The majority of respondents assume a stabilized price development (76%), only 3% believe in their decrease. Positive evaluations of the development of prices prevailed especially among respondents in sale of motor vehicle parts and accessories.

Services

In June, the seasonally adjusted **confidence indicator in services** decreased by 1.3 points to 9.7 (for comparison, the value for June 2022 was 19 points). The decrease was recorded in demand and also in the expected demand. On the contrary, the business situation registered an increase after a while.

The **business situation over the past three months** has significantly improved compared to the previous survey. The business balance increased by 10 points to level 7. 20% of enterprises reported an improvement in the business situation, 64% as unchanged, and 16% of enterprises reported a deterioration of the situation. The improvement occurred mainly in art, entertainment and recreation, or in accommodation and food service activities. Deterioration was reported by information and communications, or transportation and storage.

Compared with the previous month, the **demand for services over the past three months** decreased by 7 points to 14. Lower demand was reported mainly by other activities and financial and insurance activities. An increase was recorded in arts, entertainment and recreation, accommodation and food service activities or in information and communication.

Respondents evaluated the **expected development of the demand for services in the next three months** as somewhat more pessimistic than last month, with a decrease by 7 points to a value of 8. Transportation and storage, as well as financial and insurance services, expect a decrease. On the other hand, an increase is assumed in art, entertainment and recreation and in accommodation and food services.

The **number of employees over the past three months** or its seasonally adjusted balance compared to last month, increased by 4 points to the level of -3. Activities in the field of real estate and information and communication recorded an increase, while a decrease was reported by transportation and storage, or administration and support service activities.

In the development of the employment over the next three months, there was a slight improvement, the value of seasonally adjusted balance rose by 2 points to 1. An improvement is assumed mainly in information and communication and in professional, scientific and technical activities. On the contrary, a deterioration is assumed in transportation and storage, accommodation and food service activities as well as in real estate activities.

Compared with the previous period, the **business balance of the expected prices of services over the next three months** rose by 10 points to 21. A price drop is considered by 2% enterprises (similarly as in the previous month), a price growth is assumed by 23% of enterprises (growth by 12 p.p.) and 75% of enterprises (drop by 12 p.p.) expect a stable development.

Consumer mood in Slovakia in June 2023

In June, Slovak consumers showed higher confidence in the Slovak economy than in the previous month, the **consumer confidence indicator** (seasonally adjusted) increased by 1.1 points, month-on-month. The value of the indicator reached the level of -23.1, slightly approaching the long-term average, currently lagging behind by 3 points.

Consumer optimism increased in three out of the four indicator components. They mainly expected the development of their finances, both the creation of savings and the general financial situation of households, to be more favorable. They also viewed the future development of the general economic situation more optimistically. On the contrary, they perceived the development of unemployment more pessimistically.

In June, the consumer mood was more favorable than in the corresponding month last year by 4.7 points.

Economic sentiment indicator in June 2023

The **economic mood** in Slovakia deteriorated compared with the previous month, the value of seasonally adjusted **indicator of economic sentiment** (ESI) dropped by 4 points to 90. Entrepreneurs in industry, trade, services and construction were more skeptical. On the contrary, after last month's pessimism, consumers showed moderate optimism.

The deterioration of the economic mood also occurred compared to last year, namely by 9.5 points. The indicator's year-long lagging behind the long-term average deepened again in June, currently lagging behind by 12 points.