

## INDUSTRY

In June, the **confidence indicator in industry** decreased by 11,3 percentage points (p.p.) to -1,3, after seasonal adjustment. The indicator's development was affected mainly by the decrease of the expected production and by a decrease of orders.

In June, the **industrial production trend** rose by 25 p.p. to 24. An increase was observed mainly in manufacture of computer, electronic and optical products, transport equipment and electrical equipment. On the contrary, a decrease was registered mainly in manufacture of wood and paper products.

The balance of the **aggregate orders** dropped by 9 p.p. to 8. A deteriorated level of orders (weighted by production) was registered more considerably in manufacture of computer, electronic and optical products; by size groups in enterprises employing 500 to 999 people and by regions in Trnava. There was an improvement mainly in manufacture of electrical equipment and textiles and apparel.

Compared with May, the balance of **foreign orders** dropped by 11 p.p. to 10. A deteriorated level of foreign orders was stated mainly in manufacture of computer, electronic and optical products. On the contrary, an improvement was recorded mainly in manufacture of electrical equipment.

In June, the balance of the **finished goods stock** in industry, dropped by 4 p.p. to 17. Lower goods stocks were reported mainly in wood and paper products and pharmaceutical products and pharmaceutical preparations. The majority of respondents consider the goods stock to be sufficient. An increase of the goods stock was mainly in electrical equipment.

Compared with the previous month, the balance of the **industrial production over the next three months** dropped by 29 p.p. to 5. A lower production is assumed mainly in manufacture of computer, electronic and optical products, transport equipment and in the chemical industry; by size groups, in enterprises employing 500 to 999 people and by regions mainly Bratislava and Trnava. A slight increase of the production is expected only in manufacture of textiles and apparel.

In June compared with May, the balance of expected development of **prices of industrial products**, decreased by 5 p.p. to 35. They expect a decrease of prices mainly in manufacture of food, other non-metallic products and basic metal and fabricated metal products. On the contrary, a price rise is assumed mainly in the chemical industry and in manufacture of textiles and apparel.

In June compared with May, the development of **employment** rose by 1 p.p. to 15. A higher number of employees is expected mainly in manufacture of computer, electronic and optical products, machinery and equipment n.e.c., pharmaceutical products; by size groups, in enterprises employing 250 to 499 people and by regions mainly in Trnava. On the contrary, a lower number of employees is expected mainly in

manufacture of basic metal and fabricated metal products. 81% of respondents expect a stabilisation of employment.

The overall data are seasonally adjusted and the data by sectors are not seasonally adjusted, therefore non-standard development may occur compared to these indicators.

## CONSTRUCTION

In June compared with the previous month, the seasonally adjusted **confidence indicator in construction** dropped by 4,5 points to -14 due to less favourable evaluations of the expected employment. The current result is above the long-term average by 10 points.

Compared with the situation in the previous month, the indicator of the **building activity trend over the past three months** deteriorated by 11 points to -8, mainly due to enterprises performing construction of buildings. A decrease of the construction activity was recorded by 18% of respondents, its increase by 15% of respondents, and 67% of enterprises considered it to be unchanged.

Compared with May, the evaluation of the **current level of overall orders** decreased by 1 point to -20, mainly due to enterprises performing construction of buildings and specialized construction works. 29% of respondents consider them to be insufficient, 66% to be sufficient and for 5% respondents the current level of orders was more than sufficient.

41% of respondents included shortage of employees, 34% financial constraints, 28% insufficient demand, 26% lack of materials and mechanisms and 23% weather conditions into the most significant **factors limiting a growth of construction production currently**. Respondents also report: a significant increase in the prices of building materials, inflation, war in Ukraine and lack of qualified staff. 17% of enterprises do not see any barriers of growth currently.

Compared with the previous month, the expectations of respondents in estimation of the employment development deteriorated, the business balance of the **expected number of employees**, dropped by 8 points to -8. Over the next three months, 15% of respondents expect a decrease of employment, 73% expect a stable development and 12% of enterprises expect an increase.

Compared with May, the business balance of the expected **construction production prices over the next three months** dropped by 9 points to 41. A decrease in the price level of their own products is expected by 12% of respondents, 37% do not consider any price changes and 51% assume their increase.

## TRADE

In June compared with May **confidence indicator in trade** remains at the same level (29). Respondents evaluated positively the business activities, though they expect an increase of the prices of goods.

Respondents' opinions on the **trend of business activities over the past three months** were still positive. After seasonal adjustments, the balance (46) increased by 4 p.p. Positive evaluations (weighted by turnover) prevailed mainly in retail trade in non-specialized stores and in retail trade with automotive fuels in specialized stores.

The level of the **goods stock** (-11) remained at the level of May and 80% of respondents assess them to be normal to the season.

The level of evaluation of the **requirements for suppliers**, increased after seasonal adjustment to 48 (growth by 6 p.p.). Higher requirements were expected by entrepreneurs in retail sale of food, beverages and tobacco and in retail sale in non-specialized stores. The opinions of respondents from the retail sale of motor vehicles were mainly at a balanced level.

When evaluating the **expected business activities over the next three months**, the respondents were pessimistic, for the second consecutive month as a result of which the balance (30) dropped by 4 p.p., 6% of respondents expected a decrease in business activities. 44% of respondents expected an increase, the majority of respondents (50%) expected a stable situation. Pessimistic opinions predominated mainly among respondents in retail sale of ICT equipment and in repair of motor vehicles and sale of spare parts.

In June, expectations on **employment** improved. The seasonally adjusted balance (19) is higher by 3 p.p. than last month. As many as 22% of employees expect an increase in the number of employees and 72% of respondents do not expect any changes.

In the field of the **expected development of prices**, opinions continued in the upward trend. The seasonally adjusted balance (72) increased by 5 p.p. Respondents expected an increase in the price of goods, especially in sale of spare parts of motor vehicles. Stabilized prices were reported mainly in the retail sale of other household goods in specialized stores.

## SERVICES

In June, the seasonally adjusted **confidence indicator in services** decreased, its value (19) dropped by 14,3 p.p. compared with May. A decrease was due to a deteriorated assessment of all three of its components: the business situation over the last three months, demand for services over the last three months and the expected development of demand for services over the next three months.

Compared with the last month's survey, the **business situation over the past three months** deteriorated, the business balance (of seasonally adjusted data) decreased by 16 points and reached the level 8 p.p. A deterioration of the business situation is felt by 15% enterprises (by 3 p.p. more than in May). 62% of enterprises had a stable development (10 p.p. more than in May) and an improvement of the business situation is felt by 23% of enterprises (by 13 p.p. less than in May). A deterioration of the situation was reported mainly in the field of arts, entertainment and recreation, information and communication and transportation and storage, while respondents expressed the greatest satisfaction in the other service activities, financial and insurance activities and accommodation and food services.

Compared with the last month's survey, the **demand for the services over the past three months** (14) decreased by 10 p.p. A decrease of the demand was felt mainly in arts, entertainment and recreation, information and communications and in transportation and storage. A higher demand was felt mainly in the field of financial and insurance services and other service activities.

The **expected development of the demand for services over the next three months** was also evaluated more negatively, the seasonally adjusted business balance (15) decreased by 13 points. A lower demand is expected in financial and insurance activities, arts, entertainment and recreation or transportation and storage. A higher demand is assumed in other services, accommodation and food services as well as in information and communication and in administration and support service activities.

14% of enterprises increased the number of their **employees over the past three months** (-5 p.p. compared with May), 33% of enterprises reported a decrease (+5 p.p. compared with May), stable development had 53% of enterprises (unchanged month-on-month). Compared with the previous month, the final seasonally adjusted balance dropped by 10 p.p. indicating a deterioration of the employment situation. The number of employees decreased mainly in transportation and storage and in accommodation and food services. A higher number of employees was manifested mainly in financial and insurance services, arts, entertainment and recreation or administration and support services.

**In the development of the employment over the next three months**, a stable development is expected as the business balance (8) remained at the same level as in the previous month. A higher number of employees is planned mainly in accommodation and food services, or administration and support services, on the contrary, a lower number of employees is expected mainly in other service activities and in transportation and storage.

Compared with the previous period, the **business balance of the expected prices of services over the next three months** (25) dropped by 1 p.p. while a price drop is considered by 0% of enterprises (decrease by 5 p.p.), 26% of enterprises assume a

price rise (by 5 p.p. more), 73% of enterprises (by 9 p.p. growth) expect a stable development.

### **Consumer mood in Slovakia in June 2022**

In June the **consumer mood** in Slovakia deteriorated for the second consecutive month. Compared with the previous month the seasonally adjusted **indicator of consumer confidence** decreased by 3,2 points to -27,8, again deviating significantly from the long-term average.

Respondents were more pessimistic about all four components of the indicator, while concerns about the expected general economic situation increased the most. Expectations from the development of unemployment, household savings as well as the expected financial situation of the respondents' households also deteriorated.

The level of the indicator also deteriorated significantly compared to the previous year, its value decreased by 9,4 points, thus lagging behind the long-term average by 8,3 points.

### **Economic sentiment indicator in June 2022**

After a three-month improvement in June, the **economic sentiment in Slovakia** deteriorated again month-on-month, with the seasonally adjusted **economic sentiment indicator** (ESI) decreasing by 9.7 points. The current value reached 99.5.

Confidence has declined in almost all sectors, including consumers. In services and industry it dropped by double digits, on the contrary, in trade it remained unchanged month-on-month. The current value of ESI was also more pessimistic compared to the corresponding period last year, it decreased by 7.5 points. It lagged behind the long-term average by 3 points.