

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

Industry

In March, the **confidence indicator in industry** after seasonal adjustment increased by 3 points to -6.3. The development of the indicator was influenced by the expected growth of industrial production and of orders.

The balance of the **industrial production trend** in March rose by 26 points to 12. Growth was recorded mainly in manufacture of transport equipment, computers, electronic and optical products and machinery and equipment n.e.c.

The balance of the **aggregate orders** increased in March compared to February by 2 points to -16. The improvement in the level of orders (weighted by production) was noted mainly in manufacture of computers, electronic and optical products, and wood and paper products.

Compared to February, the **balance of foreign orders** decreased by 1 point to -21. A deterioration in the level of foreign orders was reported mainly in other manufacture, repair and installations and in manufacture of electrical equipment.

In March, the balance of **finished goods stock** in industry increased by 6 points to 25, which represents the highest value since December 2022. Increased stocks are mainly reported in manufacture of transport equipment. Two thirds of the respondents consider the stock level to be adequate.

The balance of **industrial production for the next three months** increased by 13 points compared to the previous month to a value of 22. They expect an increase in production mainly in manufacture of other non-metallic products, computers, electronic and optical products and food.

The balance of the expected development of **prices of industrial products** in March compared to February decreased by 8 points to a value of 1. They expect lower prices mainly in manufacture of computers, electronic and optical products and food.

In March compared with February, the balance of **employment** increased by 6 points to a value of 0. The increase in the number of employees is expected mainly in the chemical industry, manufacture of transport equipment and other non-metallic products.

- 71% expect stabilization of employment,
- 10% a decrease,
- 19% of respondents assume a growth.

The total data are seasonally adjusted and the data by industry are not seasonally adjusted, therefore non-standard development may occur in the comparison of these indicators.

Construction

In March, the seasonally adjusted **confidence indicator in construction** dropped by 2 points to -11 compared to the previous month due to more unfavorable evaluations of the overall level of orders.

The indicator of **construction activity trend** for the last three months improved by 9 points to -4 compared to last month, mainly due to the impact of enterprises performing construction of buildings and engineering works:

- a 7% registered an increase in construction activity,
- 34% a decrease,
- 59% of enterprises assessed it as unchanged.

The evaluation of the **current overall level of orders** deteriorated by 5 points to -22, compared with February.

- 22% of respondents identified it as insufficient,
- for 76% it was sufficient
- for 2% it was more than sufficient.

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

- 35% of respondents financial restrictions,
- 35% insufficient demand,
- 33% shortage of employees,
- 19% weather conditions and
- 4% lack of material or mechanisms.

Respondents further report a significant increase in the prices of construction materials, a lengthy construction process, a seasonal drop in investor interest and less orders. 20% of enterprises do not currently experience growth barriers.

Respondents' expectations regarding estimation of employment development improved month-on-month, the business balance of the **expected number of employees** increased by 1 point to 0:

- an increase in employment is assumed by 15%,
- stabilized development by 75%,
- 10% of enterprises expect a decrease in the rate.

The business balance of the expected **prices of construction production in the next three months** decreased by 4 points compared to February to 8, primarily due to the impact of enterprises implementing engineering constructions and engineering works. The price level of production is likely:

- to decrease by 4%,
- increase by 18%,
- 78% of respondents do not expect any changes.

Trade

In March, the **confidence indicator in trade** dropped by 1.7 points to 5.3 compared to February. The respondents evaluated the current trend of business activities negatively and expect an increase in the prices of goods.

The seasonally adjusted balance of the **trend of business activities over the last three months** decreased by 5 points to -3, compared to the previous month. Negative evaluations (weighted by turnover) prevailed mainly in retail trade of other goods in specialized stores and in retail trade of goods for culture and recreation in specialized stores.

The level of **goods stock** increased by 1 point to the value 7, month-on-month and according to 91% of respondents, they were appropriate for the season.

The level of evaluation of **supplier requirements** rose to the value 16 after seasonal adjustment (an increase by 3 points). They expected higher requirements for suppliers mainly in sale of motor vehicle parts and accessories and in retail trade of other household goods in specialized stores.

When evaluating the **expected business activities for the next three months**, the respondents were optimistic, as a result of which the balance (26) slightly increased by 1 point. Optimistic views prevailed mostly among respondents in sale of motor vehicle parts and accessories.

In March, the **employment** expectations improved. The seasonally adjusted balance at the value 11 was higher by 4 points than last month. They plan to increase the number of employees mainly in retail of other household goods in specialized stores.

The seasonally adjusted balance of the **expected development of prices** slightly increased by 1 point compared to the previous period and reached the value of 11. Negative evaluations of price development prevailed especially among respondents in retail trade of other household goods in specialized stores.

- 17% assume a price increase,
- 2% a price decrease,
- stabilized development is assumed by 81% of respondents.

Services

The seasonally adjusted **confidence indicator in services** dropped by 12.4 points to 18.3 in March (for comparison, the value for March 2023 was -1 point). The decline was recorded in all three indicators – business situation, demand and the expected demand.

The **business situation over the last three months** has significantly deteriorated compared to the previous survey, dropping by 21 points to a value of 2. Financial and insurance activities recorded the largest decrease compared to last month.

The **demand for services over the last three months** decreased by 10 points compared to the previous month to the level of 27. The largest decrease compared to the previous month was reported by information and communication.

Respondents evaluated the **expected development of demand for services in the next three months** slightly more pessimistic than last month, the seasonally adjusted balance dropped by 6 points to a value of 26. Administrative and support services expect the largest decline.

The **number of employees in the last three months**, or its balance, after seasonal adjustment, significantly improved by 26 points to 6 points compared to last month. The largest increase was recorded in real estate activities.

There was an improvement in the **development of employment in the next three months**, the value of the seasonally adjusted balance increased by 5 points to the value of 6. Growth is mainly expected in other service activities.

The **business balance of the expected prices of services in the next three months** slightly increased by 5 points to 10 compared to the previous period.

- 1% of enterprises are considering price reductions,
- 13% of enterprises expect price increases
- and 86% of enterprises assume a stabilized development.

Consumer mood in Slovakia in March 2024

In March, the mood of the Slovak consumers improved slightly after last month's slight deterioration. The **consumer confidence indicator** (seasonally adjusted) increased by 2.4 points to -11, compared to February. It exceeded the long-term average by 9.2 points.

Consumers were more optimistic in three out of the total four components of the indicator. They mainly expect an improvement in the development of the general economic situation and the unemployment development. They were also more optimistic when evaluating the development of the financial situation of households, but at the same time they expressed a slight pessimism regarding the expected savings.

Compared to last year, however, consumer mood remained significantly more favourable, by 19.1 points.

Economic sentiment indicator in March 2024

The confidence of entrepreneurs and consumers in the Slovak economy dropped slightly in March. The value of the **economic sentiment indicator** (ESI) decreased by 2.3 points month-on-month to the level of 104, while three out of its five components recorded a decrease. Confidence decreased the most among entrepreneurs in services, but they were also more pessimistic in construction and trade. Entrepreneurs in industry and consumers were more optimistic.

Compared to last year, the economic mood was more favourable by 9.7 points, but it was slightly behind the long-term average, i.e. by 2 points.