

INDUSTRY

In April, the **confidence indicator in industry** increased by 5,6 percentage points (p.p.) to 6,3, after seasonal adjustment. The indicator's development was affected by the increase of the expected production and by the orders.

Compared with the previous month, the **industrial production trend** dropped by 10 p.p. to -1. A decrease was registered mainly in other manufacture, repair and installation and manufacture of pharmaceutical products. On the contrary, there was an increase mainly in manufacture of food.

The balance of the **aggregate orders** rose by 9 p.p. to 6. There was an increase mainly in manufacture of textiles; by size groups, in enterprises employing 250 to 499 people and by regions in Banská Bystrica and Prešov. A decrease of orders was stated mainly by respondents in manufacture of machinery and equipment n.e.c. and in pharmaceutical products.

The balance of **foreign orders** rose, i.e. by 13 p.p. to 9. An increase was mainly recorded in manufacture of food and basic metal and fabricated metal products. On the contrary, there was a drop mainly in manufacture of machinery and equipment n.e.c. and in other non-metallic products.

In April compared with March, the balance of the **finished goods stock** rose by 17 p.p. to 23. Increased goods stocks were reported mainly in manufacture of transport equipment. On the contrary, goods stock decreased mainly in manufacture of pharmaceutical products and food.

In April compared with March, the balance of the **expected production over the next three months** rose by 25 p.p. to 36, representing the highest level since June 2021. The most optimistic were respondents in manufacture of food and other non-metallic products. A decrease is assumed mainly in manufacture of machinery and equipment n.e.c.

Over the next three-months period, the balance of **expected development of prices of industrial products**, increased by 2 p.p. to 35, representing the highest level since January 2008. They expect an increase of prices mainly in manufacture of wood and paper products and other non-metallic products. Prices will decrease mainly in manufacture of basic metal and fabricated metal products.

Compared with the previous month, the situation in the development of **employment** changed, when the balance continued to increase by 6 p.p. to 19, representing the highest level since February 2018. An increase in the number of employees is assumed mainly in manufacture of pharmaceutical products; by size groups in enterprises employing 250 to 499 people and by regions, only in Banská Bystrica and Bratislava. On the contrary, a decrease of employment is assumed mainly in manufacture of transport equipment.

When evaluating the **factors limiting the growth of industrial production**, 41 % of respondents reported a shortage of production facilities and raw materials, 32 % insufficient demand, 23 % shortage of employees and 22 % shortage of finances. 16 % of respondents do not feel any limiting factors.

Production capacity dropped by 3 p.p. to 7. 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 electrical equipment and machinery and equipment n.e.c.

Industrial companies **use production capacity** to 85 %, on average.

Over the last three months period, according to the response of respondents, the production demand on the basis of **new orders**, had an upward trend, the overall balance increased by 21 points, compared with the corresponding period. The greatest increase was in manufacture of basic metal and fabricated metal products, food and machinery and equipment n.e.c.

Compared with the last quarter, the balance of the expected **export** rose by 56 points to 64 (the highest value since the 1st quarter of 1996). An increase of foreign orders is expected by respondents mainly in manufacture of transport equipment and food.

According to the survey, the **position of enterprises in the domestic competitive environment** rose compared to the previous quarter, when the balance rose by 19 points. In foreign markets **within the EU**, the balance increased by 11 p.p. and in **non-EU markets** the balance dropped by 14 p.p.

CONSTRUCTION

In April compared with the previous month, the seasonally adjusted **confidence indicator in construction** dropped by 2 points to -13,5 due to less favourable evaluations of the overall level of orders. The current result is above the long-term average by 10,5 points.

Compared with the situation in the previous month, the indicator of the **building activity trend over the past three months** deteriorated by 9 points to 0, mainly due to enterprises performing construction of buildings and civil engineering. A decrease of the construction activity was recorded by 25 % of respondents, its increase by 15 % of respondents, and 60 % of enterprises considered it to be unchanged.

Compared with March, the evaluation of the **current level of overall orders** deteriorated by 5 points to -25, mainly due to enterprises performing construction of buildings. 37 % of respondents consider them to be insufficient, 61 % to be sufficient and for 2 % respondents the current level of orders was more than sufficient.

35 % of respondents included financial constraints, 35 % shortage of employees, 30 % insufficient demand, 30 % weather conditions and 22 % lack of materials and mechanisms into the most significant **factors limiting a growth of construction production currently**. Respondents also report: a significant increase in the prices of building materials, employees inability to work due to COVID-19, war in Ukraine and lack of qualified staff. 17 % of enterprises do not see any barriers of growth currently.

Expectations of respondents in estimation of the employment development improved, the business balance of the **expected number of employees**, rose by 1 point to -2. Over the next three months, 9 % of respondents expect an increase of employment, 78 % expect a stable development and 13 % of enterprises expect a decrease.

Compared with March, the business balance of the expected **construction production prices over the next three months** remained unchanged at the level of 55. An increase in the price level of their own products is expected by 62 % of respondents, 23 % do not consider any price changes and 15 % assume their decrease.

Based on orders, companies have **reserved work** for 9,7 months, on average. By size categories, work is ensured mainly in enterprises employing 500 and more people (13,3 months) and in terms of production specification, in enterprises employing civil engineering works (12,8 months). In territorial terms, the respondents confirmed the most works upon contract, the the region of Bratislava (12,5 months), the lowest in Trenčín (5,1 months) and Trnava (3,7 months).

TRADE

In April compared with March, **confidence indicator in trade** rose by 6,7 p.p. to 29,7 due to positive evaluations of the trend of business activities and the expected demands on suppliers.

Respondents' opinions on the **trend of business activities over the past three months** continued to be positively evaluated. After seasonal adjustments, the balance (41) increased by 6 p.p. Positive evaluations (weighted by turnover) predominated mainly in retail trade with automotive fuel and retail trade with food, beverages and tobacco.

The level of the **goods stock** (-7) decreased month-on-month by 4 p.p. and 83 % of respondents assess them to be normal to the season..

The level of evaluation of the **requirements for suppliers**, rose after seasonal adjustment, it reached the value 54 (a growth by 25 p.p.). Entrepreneurs assume higher requirements for suppliers in retail sale with automotive fuels, food, beverages and tobacco. The equal level is mainly due to the opinions of respondents from the retail sale of motor vehicles.

When evaluating the **expected business activities over the next three months**, the respondents continued to be optimistic, as a result of which the balance rose (41) by 9 p.p. A decrease of the business activities is assumed by 6 % of respondents, majority of respondents (57 %) assume a stable situation. Optimistic opinions prevail among respondents in retail sale of other goods in specialized stores.

In April, expectations on **employment** improved. The seasonally adjusted balance (19) is higher by 15 p. b. than last month. As many as 18 % of employees expect an increase in the number of employees and 77 % of respondents do not expect any changes.

The evaluations on the **expected development of prices** continued the upward trend. The seasonally adjusted balance (75) increased by 18 p. p., up to 69 % of respondents assumed a price growth. Respondents expect a price increase especially in retail sale with automotive fuels. Stabilized prices were reported by respondents especially in retail sale of other goods in specialized stores.

SERVICES

In April, the seasonally adjusted **confidence indicator in services** increased again after a two-months drop, its value (17,3) increased by 13 p.p. compared with March. The indicator's development was affected by more positive evaluations of all its three components.

Compared with the last month's survey, the **business situation over the past three months** improved, the business balance (of seasonally adjusted data) increased by 17 points and reached the level 11. An improvement of the business situation is felt by 18 % enterprises (by 6 p.p. more than in March), 15 % of respondents (by 2 p.p.less) stated a deterioration, 67 % of enterprises by (4 p.p. less) reported a stable development. Respondents were more

satisfied mainly in accommodation and food service activities, in administrative and support service activities, as well as in professional, scientific and technical activities; a deterioration of the situation was registered only in the field of arts, entertainment and recreation and in financial and technical activities.

Compared with the last month's survey, the **demand for the services over the past three months** (17) increased by 11 points. An increase of the demand was felt mainly in accommodation and food service activities, in information and communication as well as in other service activities; a lower demand was recorded mostly in financial and insurance activities.

The expected development of the **demand for services over the next three months** was evaluated similarly optimistically, the seasonally adjusted business balance (24) increased by 11 points. A higher demand is expected in financial and insurance activities and in administrative and support service activities; on the contrary, a lower interest is expected in accommodation and food service activities, in arts, entertainment and recreation and also in other service activities.

15 % of enterprises increased the number of their **employees over the past three months** (similarly as in the previous month), 37 % of enterprises reported a decrease (by 2 p.p. less), stable development had 48 % of enterprises (by 2 p.p. more). Compared with the previous month, the final seasonally adjusted balance (-23) dropped by 5 p.p., indicating a slight deterioration of the employment situation. The number of employees decreased mainly in accommodation and food service activities, in financial and insurance activities; higher number of employees was manifested mainly in arts, entertainment and recreation and in administrative and support service activities.

In the development of the **employment over the next three months**, a slight improvement of the situation is assumed, the business balance (10) increased by 4 points, compared with the previous month. A higher number of employees is planned mainly in information and communication, on the contrary, a lower number of employees is expected mainly in accommodation and food service activities.

Compared with the previous period, the business balance of the expected **prices of services over the next three months** (12) dropped by 8 p.p. while a price drop is considered by 2 % of enterprises (by 2 p.p. less than in March), 24 % of enterprises assume a price rise (by 1 p.p. less), 74 % of enterprises (by 3 p.p. more) expect a stable development.

22 % of companies do not feel limiting **factors concerning the realization of their business plans**. The most significant factors limiting the business plans in services have been insufficient demand (37 %), financial constraints (26 %), shortage of employees (25 %) and other barriers (22 %), within other barriers respondents reported most often: impending inflation and the rapid increase of energy prices, ongoing pandemics as well as the insecurity related with its next wave but mainly the conflict in Ukraine and the insecurity resulting from it in the EU countries.

Respondents reported they used **capacities in services** to 92 % in April.

Consumer mood in Slovakia in April 2022

In April compared with the previous month, the **consumer mood** in Slovakia significantly improved. The seasonally adjusted **indicator of consumer confidence** increased by 5,2 points to -23,1, thus slightly approaching the level of the long-term average.

Respondents were more optimistic about all the four components of the indicator, mostly the concerns about the expected development of unemployment as well as the general economic situation have eased the most. They viewed more positively the expected financial situation of their households and the saving perspective related with it.

Compared to the corresponding period last year, however, the development of the indicator was less optimistic, it dropped by 0,6 points. There was a lag behind the long-term average by 3,6 points.

Economic sentiment indicator in April 2022

In April , the **economic sentiment in Slovakia** was significantly more optimistic than last month. The seasonally adjusted **economic sentiment indicator (ESI)** rose by 7,4 points and reached the value 103,1 which is the highest level since last June, at the same time it also exceeded the level of the period right before the pandemic.

Confidence has grown in almost all sectors, most notably in services. However, it also significantly rose in trade, industry, but also among consumers. The deterioration of the sentiment was manifested only in construction. Compared to the corresponding period last year, the current value of ESI is more pessimistic by 1,2 points, but after nine months of lagging behind, it exceeded again the level of the long-term average, albeit only slightly by 0,6 points.