

## Czech confidence just slightly improved in April

Economic confidence slightly improved on the back of higher confidence in industry, while confidence in all other watched segments declined in April. There is not a clear signal for the forthcoming CNB meeting



Source: Shutterstock

### Industry improved, otherwise confidence declined in April

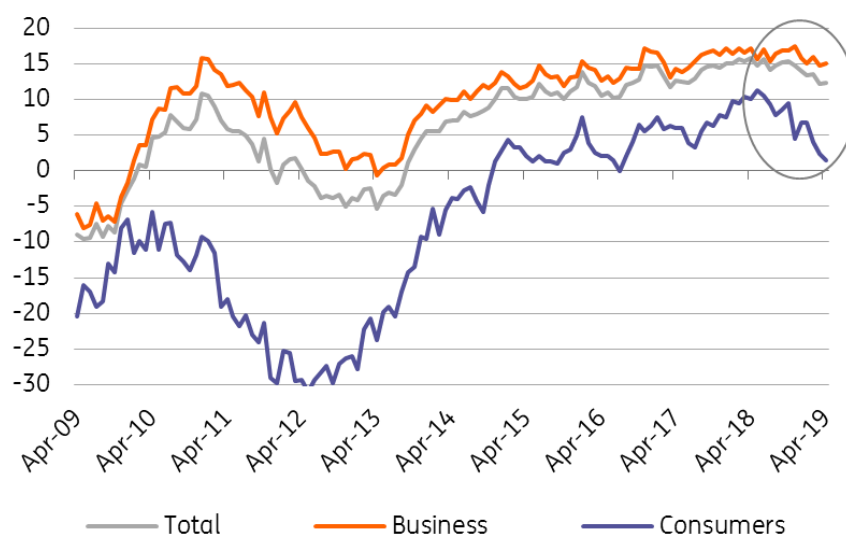
Total confidence in the domestic economy improved slightly in April compared to the previous month due to slightly better confidence in industry, while households' confidence slightly decreased for the third consecutive month. Besides construction, confidence in all watched segments is below its one-year average.

### Households are worried about an economic slowdown

Another decline in household confidence goes on the back of higher concerns about future economic developments, but the assessment of households' own financial situation has not changed compared to March, as well as concerns about rising unemployment or households' saving plans. Still, household confidence has gradually reached its lowest level this year since

mid-2016.

## Long-term path of confidence indicators



Source: Czech Statistical Office, ING

## Business confidence improved due to industry

Business confidence improved slightly in April, driven mainly by higher confidence in industry, while confidence in other business sectors was slightly lower. In general, however, confidence remains high and/or close to its historically highest levels in services and construction, while in industry and trade it is lower than in previous years.

## Foreign developments in the manufacturing segments remains challenging

April industrial confidence growth seems slightly surprising in the context of the development of similar indicators abroad, mainly manufacturing PMIs from Germany. However, domestic industrial confidence growth was driven mainly by the more volatile component of expectations for the next three months, which improved in April after the previous three weak prints. On the other hand, the assessment of current demand in industry declined in April further to its lowest level since early 2014. In this respect, the message of higher April confidence in industry is providing less clear evidence. As such, recent confidence data are not bringing a clear signal for the forthcoming CNB meeting, which seems to be 50:50 call right now.