



## CONSUMER SURVEY OCTOBER 2009

In October 2009 the value of the total consumer confidence indicator decreases by 5.9 percentage points in comparison with July and is almost equal to the level from 6 months ago (Figure 1). The decrease is due to the reduced confidence of both the rural and the urban population - respectively by 7.3 and 5.2 percentage points.

The data of the last survey outline through the consumers' perspective a more negative picture in comparison with July of the ongoing and expected socio-economic phenomena and processes in the country.

In October the consumers' opinions about the set in changes in the financial situation of households over the last 12 months improve slightly (an increase of the balance indicator by 0.8 percentage points). Unlike the urban consumers, among who the neutral assessments ("stayed the same") increase at the expense of the negative (an increase of the balance indicator by 2.8 percentage points), the rural population reports on a definite worsening of the financial situation of its households (a decrease of the balance indicator by 3.3 percentage points) (Figure 2). The urban and especially the rural consumers also express a growing pessimism in their expectations about the financial situation of their households over the next 12 months (a decrease of the balance assessments by 3.6 and 7.5 percentage points) (Figure 3).

In July the consumers had relatively more positive opinions in comparison with April on the development of the general economic situation in the country over the last 12 months but in October their assessments are more unfavorable in comparison with 3 months ago. In their opinion there is a worsening of the economic situation in the country (Figure 4). The prognoses about the changes which will occur in the next 12 months are also with an increased negativism (a drop of the balance indicator by 7.9 percentage points) (Figure 5).

The consumers' assessments with regard to the changes of the consumer prices in the last 12 months are more favorable in comparison with 3 months earlier (Figure 6). As usual the prevailing opinions are that prices have increased but there is a continuous increase of the number of opinions that prices have not changed or that they have decreased which is why the balance indicators drops by another 10.8 percentage points. The inflation expectations about the next 12 months are also lower and thus the tendency of a decrease of the consumers' inflation expectations, which began in July 2008, continues - an improvement of the indicator by 3.4 percentage points (Figure 7).

With regard to the unemployment over the next 12 months, after the observed in July slightly positive fluctuations the prognoses continue to worsen (an increase of the balance indicator by 9.7 percentage points) (Figure 8). The prognoses shift to the strong negative expectations. More than a half of the consumers (55.5% against 44.4% in July) are of the opinion that the unemployment will increase sharply in the next 12 months.

In October also decreases the general balance assessment about the current financial state of the households' budget (by 2.6 percentage points) because of an increase in the number of households which are running into dept and also of those who have to draw on their savings and a decrease of those who are able to save (Figure 9). At the same time about 70% of the households continue to assess their financial situation by the answer "we are just managing to make ends meet on our income".

The consumers assess the current general economic situation in the country as more unsuitable for saving in comparison with July, which is a result of the worsened assessments of the rural consumers by 2.4 percentage points. Among the urban population the proportion which finds it difficult to make an assessment of the economic situation increases mainly at the expense of this part which gives negative answers and as a result the balance indicator of the urban households increases slightly (by 0.7 percentage points). The consumers' expectations about the possibility to save money in the next 12 months decrease (Figure 10).

Parallel with the registered worsening of the financial situation of the households and of the saving conditions the last inquiry reports lower assessments of the consumers with regard to the advantage to make major purchases of durable goods<sup>1</sup> in the present situation (a decrease of the balance indicator by 3.6 percentage points) (Figure 11). The negative assessments are more strongly expressed among the rural population. The changes in the values of the balance indicators on the expected making of expenditures on "home improvements" and on "buying a car" in the next 12 months are also negative - a decrease respectively by 2.4 and 0.4 percentage points (Figure 12).

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<sup>1</sup> When commenting the replies regarding the purchases (expenditures), one has to take into account that the questions are asked on a quarterly basis, although these purchases (expenditures) are to be made by the consumers in a longer period of time. That is why it is normal for the prevailing values of balances of opinions to be permanently situated in the negative zone of the graphs. But for the purpose of the economic analysis is important the direction of development of balances of opinions as indicators of positive or negative change.



## METHODOLOGICAL NOTES

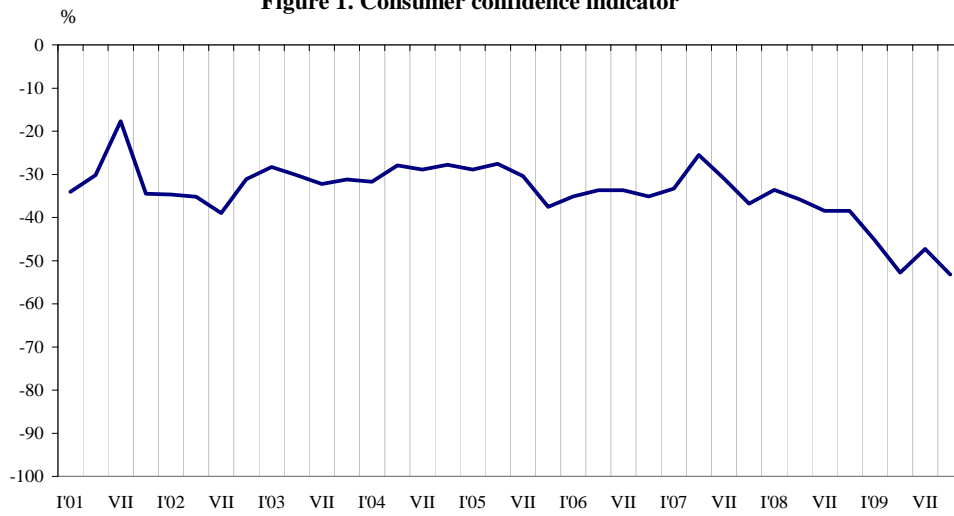
The survey is a part of the harmonized program of European Union for business and consumer surveys and it is representative for the population of 16 years and older.

The persons of 16 years and older are the object of the survey; the sample method is random, clustered, proportional to the population by regions, incl. urban/rural inhabitants (153 clusters with 8 persons per cluster). The interviewing method is face to face. The inquire sheet contains standardized questions about the financial situation of households, general economic situation, inflation, unemployment, saving, intentions of making major purchases on durable goods or purchasing/building a home or buying a car. The proposed variants of answers give an opportunity to arrange them from optimistic, through neutral to pessimistic. The balance of opinions is calculated as a difference between relative shares of positive opinions and relative shares of negative opinions with one peculiarity that to the strong positive opinion and to the strong negative opinion a coefficient of 1 is applied and to the lower positive and lower negative opinions - a coefficient of half of one.

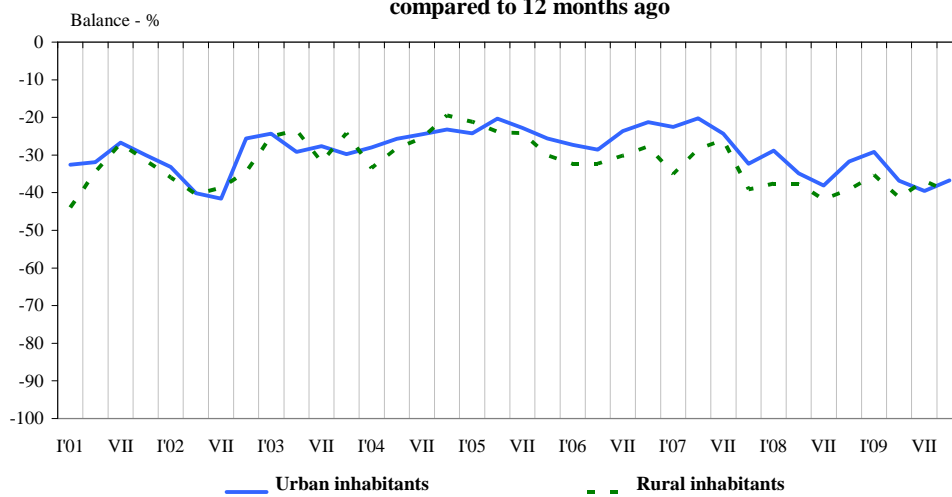
With the surveys results, it is aimed to pick point the direction of change of surveyed variables incl. of consumer confidence level, which gives an opportunity to investigate the tendencies in the development of public opinions on significant economic phenomenon.

**The consumer confidence indicator** is an arithmetic mean of balances of opinions regarding the expected in the next 12 months development of financial situation of households, general economic situation, saving and unemployment, the last taken with inverted sign.

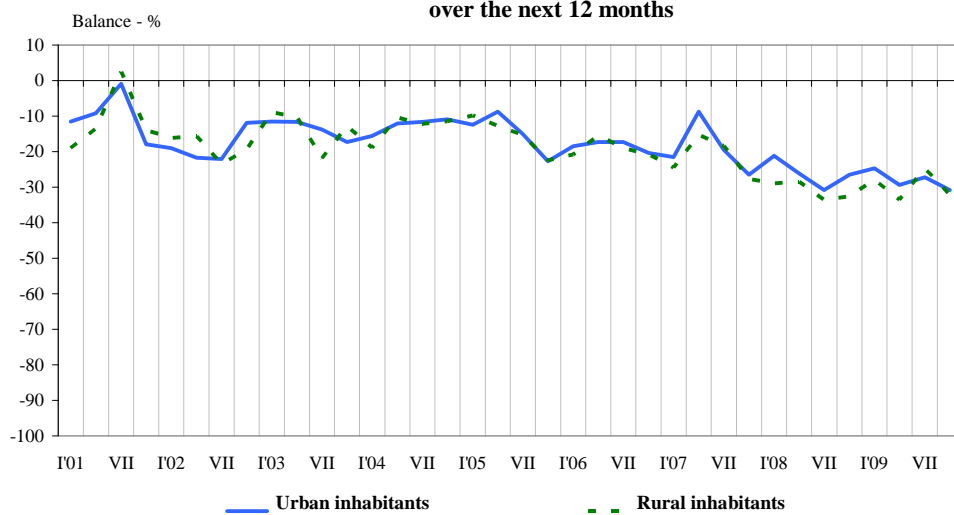
**Figure 1. Consumer confidence indicator**



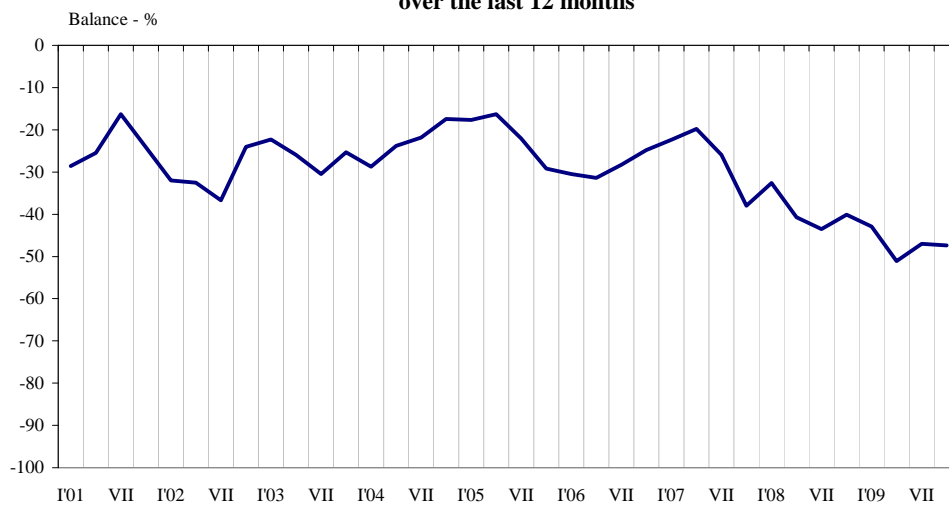
**Figure 2. Assessment of the financial situation of households compared to 12 months ago**



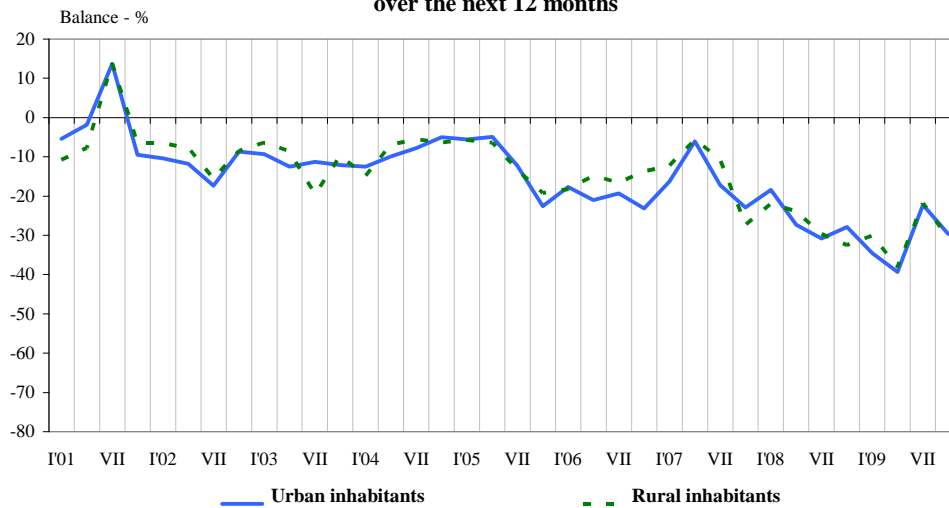
**Figure 3. Expectations about the financial situation of households over the next 12 months**



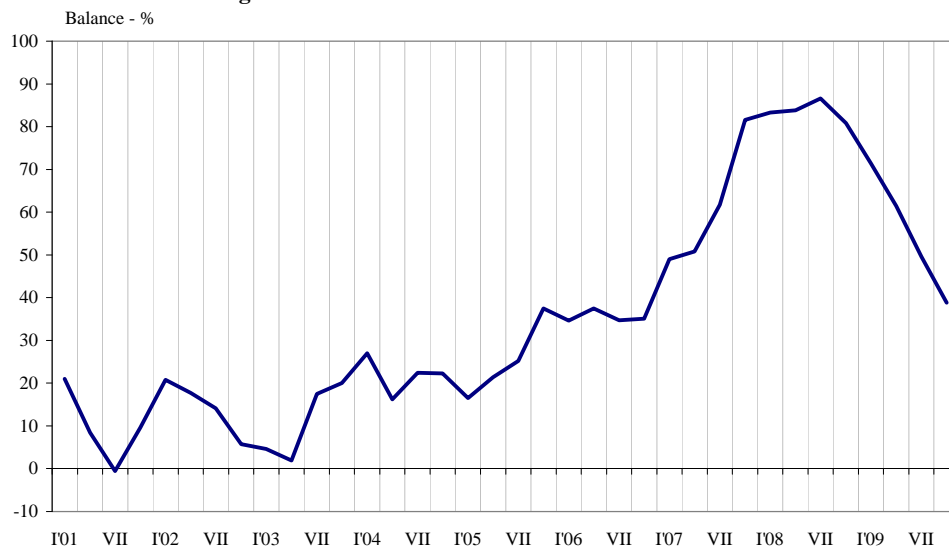
**Figure 4. Assessment of the general economic situation over the last 12 months**



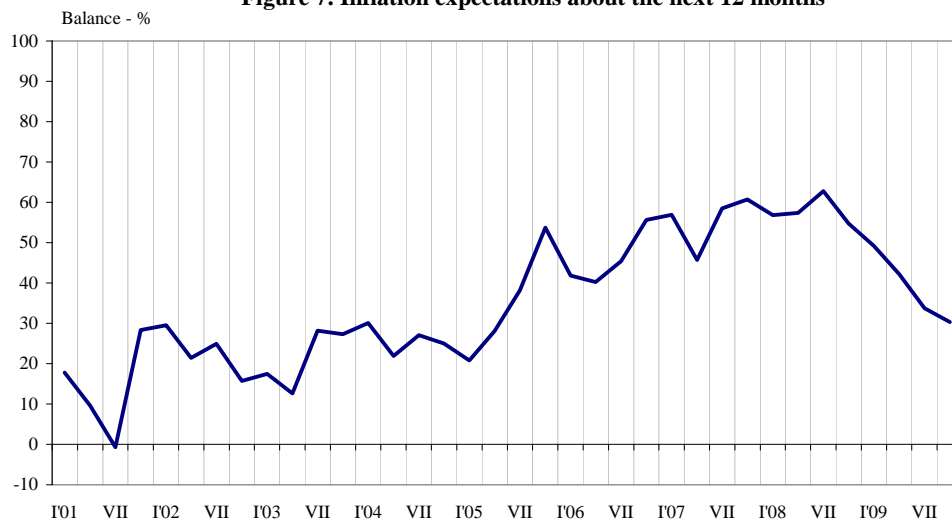
**Figure 5. Expectations about the general economic situation over the next 12 months**



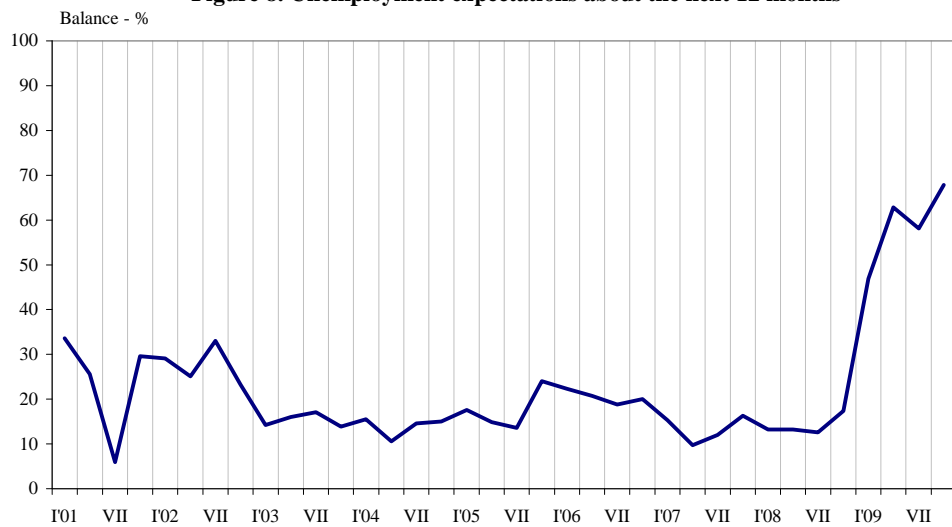
**Figure 6. Assessment of the inflation over the last 12 months**



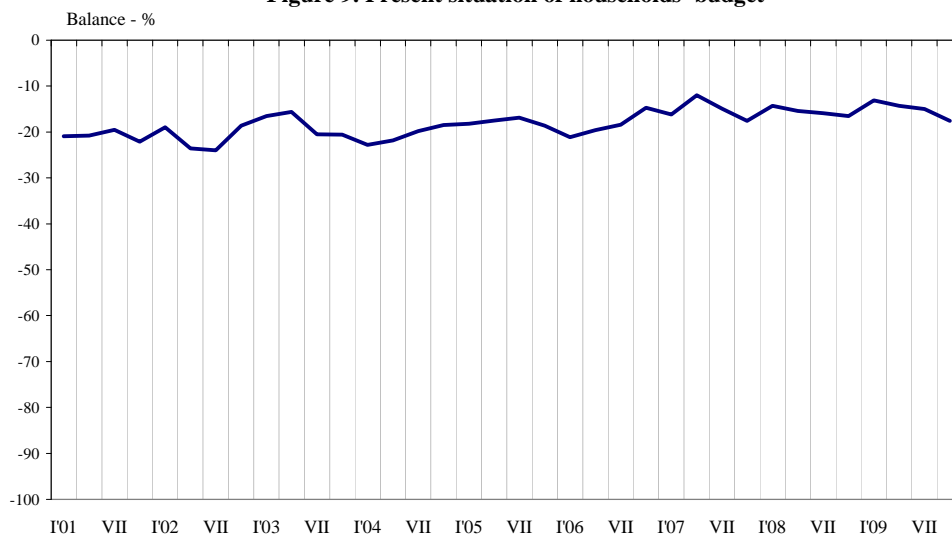
**Figure 7. Inflation expectations about the next 12 months**



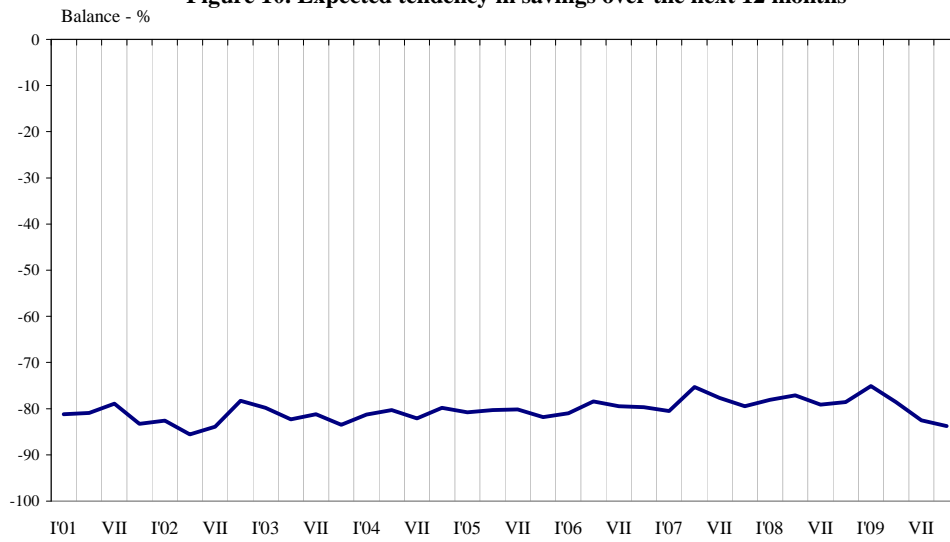
**Figure 8. Unemployment expectations about the next 12 months**



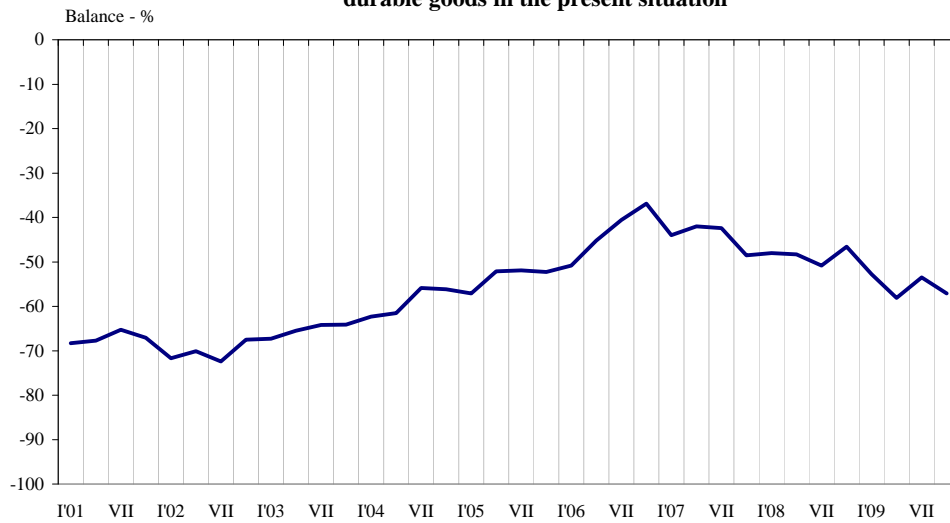
**Figure 9. Present situation of households' budget**



**Figure 10. Expected tendency in savings over the next 12 months**



**Figure 11. Assessment of the advantage of making major purchases of durable goods in the present situation**



**Figure 12. Tendency in purchases for home improvements over the next 12 months**

