

THE CZECH ECONOMY DEVELOPMENT

Year 2025

Summary Data on the Czech Republic

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Main source of data in the whole analysis: Czech Statistical Office (CZSO), Ministry of Finance (MF CR), Czech National Bank (CNB), Ministry of Labour and Social Affairs (MLSA), Czech Social Security Administration (CSSA), Eurostat, CZSO calculations.

Latest information provided in this report has been dated the 12th of March 2026.

1. Summary

- Gross domestic product (GDP) increased by 2.6% in real terms in 2025¹. The Czech economy was driven mainly by consumption, and capital expenditure – changes in inventories and investments – also played a positive role. In Q4 2025, the Czech economy grew by 0.6%, quarter-on-quarter, and by 2.6%, year-on-year. Consumption of both households and general government increased, quarter-on-quarter and year-on-year, and investment also grew. The international trade balance also contributed to the increase of GDP. By contrast, year-on-year and quarter-on-quarter GDP growth was negatively affected by inventories. Czech economic growth was above average within the EU. Gross domestic product grew by 1.5% in the EU in 2025 and the GDP increased by 0.2%, quarter-on-quarter, and by 1.4%, year-on-year, in Q4 alone.
- Gross value added (GVA) increased by 2.8% in real terms last year. The services sector, in particular the weight-important group of economic activities trade, transport, accommodation and food service, and information and communication, shared key contribution to growth. There was also a significant recovery in construction. On the contrary, GVA in industry increased only slightly. The GVA increased by 2.8%, year-on-year, and by 0.5%, quarter-on-quarter, in Q4 2025. Strong year-on-year growth was maintained by information and communication as well as by the group of economic activities trade, transport, accommodation and food service. A noticeable recovery of year-on-year GVA growth in manufacturing also manifested at the end of the year, which also provided a key support to the total quarter-on-quarter GVA growth. After a successful development observable from Q3 2024, there was a significant quarter-on-quarter decline of GVA in construction.
- Exports of goods and services increased by 4.1% and imports by 5.2% in real terms last year. Exports increased by 5.1%, year-on-year, and by 0.8%, quarter-on-quarter, in Q4. Imports increased by 5.3%, year-on-year, and by 0.6%, quarter-on-quarter, in Q4. The balance of international trade of goods and services reached a surplus of 504.2 bn CZK last year, and the positive balance increased by 9.5 bn CZK, year-on-year, to 133.9 bn CZK in Q4. The balance of trade with metalworking products and electrical equipment deteriorated last year. On the other hand, the surplus of trade with motor vehicles and motorcycles strengthened.
- The total price level (according to the GDP deflator) increased by 3.4% in 2025 and was 3.9% higher, year-on-year, and 1.0%, quarter-on-quarter, in Q4 alone. Consumer prices rose by 2.5% last year. Food and non-alcoholic beverages contributed the most to the increase of consumer prices last year, followed by the division housing, water, energy and fuels. Two divisions including services – food service and accommodation and recreation and culture – continued to maintain above-average dynamics last year. Only developments in clothing and footwear and transportation were in the direction of the consumer price drop last year.
- Total employment² increased by 1.1% in 2025. It was 1.0% higher, year-on-year, in Q4 alone and unchanged, quarter-on-quarter. The total unemployment rate has been climbing up since the beginning of the year and remained above 3% in Q4. The average gross monthly wage reached 49,215 CZK in 2025 and was by 7.2% higher. In real terms, it increased by 4.6%. The average wage attained 52,283 CZK in Q4, up 7.4%, year-on-year, and 1.8%, quarter-on-quarter. The average wage increased by 5.1% in real terms, year-on-year.
- The key monetary policy-relevant interest rates remained unchanged from May 2025 to the end of the year. A recovery of the real estate market was evident in 2025. However, among new mortgage contracts, net new loans accounted for less than one half.

¹ Data regarding the GDP, gross value added and their components are expressed in constant prices and adjusted for seasonal and calendar effects.

² Employment data are in the national accounts conception and adjusted for seasonal effects.



- The state budget ended with a deficit of 290.7 bn CZK in 2025, deeper by almost 20 bn CZK, year-on-year. Both the revenue and expenditure side of the budget were gradually increasingly impacted by the effects of the consolidation recovery package, and the change of the budgetary allocation of taxes, which again increased the share of revenue of some taxes of significant weight to the benefit of the state budget starting January 2025, also has a clear impact. Almost all key revenue items strengthened, but expenditure as well. Both current expenditure and investment contributed to the year-on-year growth of total expenditure last year.

Selected Key Indicators of the Economic Development*

Indicator	Unit	2024		2025			Whole year	
		4q	1q	2q	3q	4q	2024	2025
Economic Performance								
Gross Domestic Product in the CR ¹	y/y, in %	2,0	2,4	2,6	2,8	2,6	1,1	2,6
	q/q, in %	0,8	0,7	0,5	0,8	0,6	x	x
Gross Domestic Product in the EU ¹	y/y, in %	1,5	1,7	1,7	1,7	1,4	1,1	1,5
Final consumption expenditure ¹	y/y, in %	3,1	2,1	3,2	2,7	3,0	2,6	2,8
Gross fixed capital formation ¹	y/y, in %	-5,1	-1,1	1,3	2,7	5,3	-3,0	2,0
Exports of goods and services ^{1,3}	y/y, in %	1,1	4,0	4,3	3,2	5,1	1,1	4,1
Imports of goods and services ^{1,3}	y/y, in %	2,7	5,4	6,4	3,7	5,3	0,2	5,2
Balance of foreign trade ^{2,3}	in CZK bn	124,4	131,3	114,3	124,7	133,9	503,3	504,2
Balance of economic sentiment indicator ¹	in p.p.	4,8	6,7	7,4	9,3	7,5	4,8	7,5
Performance in Main Branches								
Industrial production ⁴	y/y, in %	-2,2	1,1	2,2	1,1	4,2	-1,0	2,2
Construction production ⁴	y/y, in %	3,2	9,9	12,0	13,7	7,8	-1,4	10,9
Sales in services ⁴	y/y, in %	2,1	3,3	2,2	0,2	2,1	2,3	1,9
Sales in retail trade ⁴	y/y, in %	5,2	3,2	4,7	2,5	2,8	4,6	3,3
Prices								
Consumer price index	y/y, in %	2,9	2,7	2,4	2,5	2,2	2,4	2,5
HICP in the CR	y/y, in %	3,1	2,8	2,3	2,3	1,9	2,7	2,3
HICP in the EU	y/y, in %	2,5	2,7	2,3	2,5	2,4	2,6	2,5
Agricultural producer prices	y/y, in %	5,0	8,8	14,7	9,8	0,9	-5,9	7,9
Industrial producer prices	y/y, in %	1,8	0,0	-0,9	-1,0	-1,5	0,8	-0,8
Service producer prices in the bus. sph.	y/y, in %	3,7	3,5	4,2	4,4	4,2	3,8	4,1
Terms of trade in trade with goods	in %	101,9	100,1	100,4	100,5	100,9	101,5	100,5
Labour Market								
Total employed in the CR ³	y/y, in %	0,6	1,1	1,0	1,1	1,0	0,6	1,1
General unemployment rate in the CR ⁵	in %	2,6	2,5	2,8	2,9	3,0	2,6	2,8
General unemployment rate in the EU ⁵	in %	5,8	6,0	6,0	6,1	6,0	5,9	6,0
Average employee wage (nominal)	y/y, in %	6,9	6,7	7,7	7,1	7,4	7,2	7,2
Average employee wage (real)	y/y, in %	3,9	3,9	5,2	4,5	5,1	4,7	4,6
Monetary Conditions								
Two week repo rate ⁶	in %	4,00	3,75	3,50	3,50	3,50	4,00	3,50
Exchange rate CZK/EUR		25,2	25,1	24,9	24,5	24,3	25,1	24,7
Exchange rate CZK/USD		23,6	23,8	22,0	21,0	20,9	23,2	21,9
State Budget⁷								
State budget balance in the CR	in CZK bn	-89,6	-91,2	-61,2	-1,5	-136,8	-271	-291
State debt ⁶	in CZK bn	3 365	3 410	3 504	3 518	3 678	3 365	3 678

Data source: CZSO, CNB, MF, Eurostat

* Unless stated otherwise, data relate to the CR.

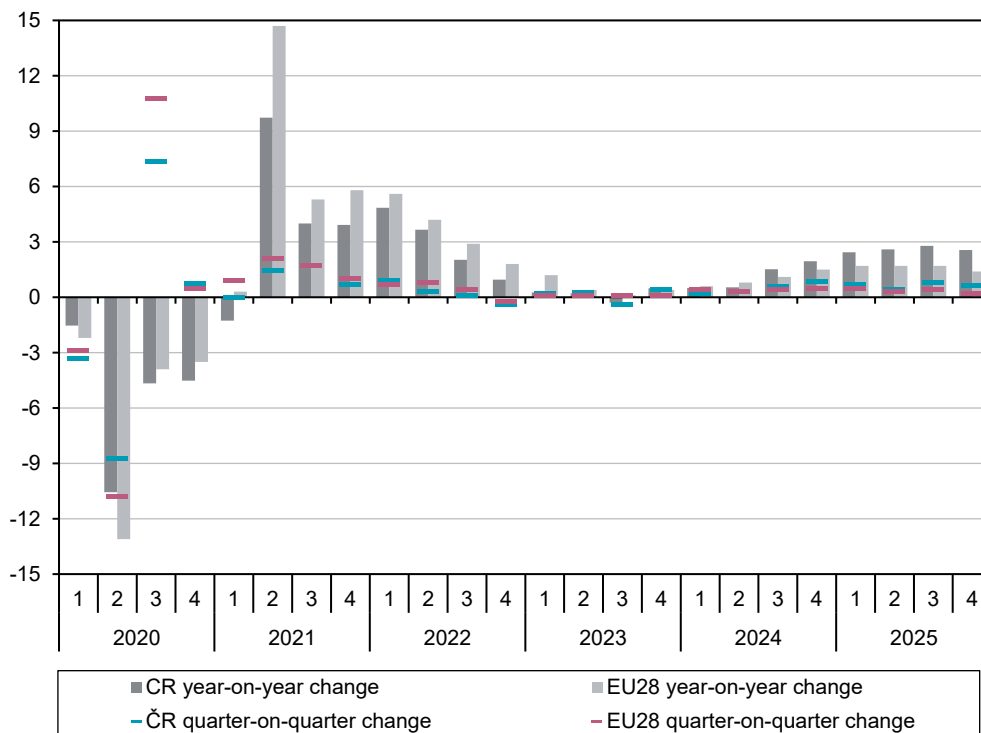
⁴ adjusted for seasonal effects¹ data adjusted for seasonal and calendar effects in constant prices⁵ seasonally adjusted, age group 15 – 74 years² data adjusted for seasonal and calendar effects in current prices⁶ balance at the end of period³ in the national account conception, in natural persons⁷ based on treasury fulfilment

2. Overall Economic Performance

Growth of the Czech economy strengthened last year.

The Czech economy maintained solid growth in 2025 that had already begun at the end of 2024 despite uncertainties in global trade and ongoing geopolitical instability, and the gross domestic product (GDP)³ increased by 2.6% in real terms. The Czech economy was driven mainly by the domestic side of demand, especially consumption. Nevertheless, capital expenditure also played a positive role – the positive effect of the change in inventories was complemented by a revival of investment activity. The international trade balance had rather neutral effect, as significant real growth of exports was accompanied by a significant increase of imports. The Czech economy grew by 0.6%, quarter-on-quarter, in Q4 2025, thus continuing a series of solid gains lasting since Q3 2024. Year-on-year, the GDP increased by 2.6%. Consumption of households and general government increased both quarter-on-quarter and year-on-year at the end of 2025, and investment also grew. The development of the international trade balance also contributed to the increase of GDP. On the contrary, inventories had a negative impact on year-on-year and quarter-on-quarter GDP growth.

Chart 1 GDP (volume indices, adjusted for seasonal and calendar effects, in %)



Source: CZSO, Eurostat

The GDP growth was stronger in the European Union last year than in previous years.

Gross domestic product grew by 1.5% in the EU for the whole year 2025 and the increase strengthened compared to the previous year. Consumption was higher and investment expenditure turned from decline to growth. On the contrary, the international trade balance had a negative effect on GDP growth in the EU last year. GDP increased the most in Ireland (12.3%), Malta (4.0%) and Cyprus (3.8%). The economies of Finland (0.2%), Germany (0.2%) and Hungary (0.4%) recorded a very weak growth last year. The GDP grew by 0.2%, quarter-on-quarter, in the EU in Q4 alone and by 1.4%, year-on-year. Investment and consumption supported the quarter-on-quarter GDP growth in the EU in Q4. In contrast, the change in inventories had an adverse effect, similarly to the balance of international trade. Majority of EU economies grew, quarter-on-quarter,

³ The development of the GDP, gross value added, and their components is expressed with the help of the volume indices (i.e. adjusted for changes in prices) and adjusted for seasonal and calendar effects. Data are valid as of 3rd March 2026.

in Q4 2025, led by Malta (2.1%), Lithuania (1.7%), Croatia and Cyprus (both 1.4%). Significant quarter-on-quarter GDP downturns were reported in Ireland (−3.8%) and Romania (−1.9%). In addition, GDP fell by 0.1% in Estonia and Luxembourg. The German economy, which is crucial for the development of the entire Central European region as well as several other trading partners in the EU, recovered by 0.3%, quarter-on-quarter, at the end of the year. Among the Central European countries, Poland grew the strongest in Q4 (1.0%, quarter-on-quarter), followed by the Czech Republic (an increase of 0.6% placed us above the EU average). GDP fell only in Romania, year-on-year, in Q4 (−1.5%). The weakest growing Finland emerged from the decline (0.3%), Germany recorded its fourth year-on-year growth in a row (0.4%) and Hungary had a 0.6% higher GDP. The increase was also below 1% in Austria, Italy, Estonia and Slovakia. On the contrary, GDP grew the most, year-on-year, in Malta (6.4%), Cyprus (4.5%) and Poland (3.6%).

Real wage growth strengthened last year.

The volume of wages and salaries paid in 2025 went up by 7.9%, with an increase of employment by 1.1%⁴. The growth strengthened compared to the previous year. Real wage and salary growth reached 4.8%⁵ in 2025 and was the most significant since 2018. Wages and salaries paid grew across the economy, but the dynamics varied considerably in individual sections, as did the shifts of total employment. Wages and salaries increased the most in real estate activities last year (16.5% with an increase of employment by 2.6%), in professional, scientific, technical and administrative activities (11.8%, employment 1.3%) and construction (10.2%, employment 2.5%). Wages and salaries grew noticeably also in other branches of services, except for financial and insurance activities (4.8% given a 0.2% decline of employment) and employment also increased here. Wages and salaries increased by 8.4% (employment by 1.0%) in the group of economic activities trade, transport, accommodation and restaurants, by 8.4% in public administration, education, and social work (employment by 1.8%), by 7.9% in other activities⁶ (employment by 4.2%) and by 7.8% in information and communication (employment by 0.5%). In contrast, the slump was evident in industry, where wages and salaries paid increased by 5.1%, while employment fell by 0.3%.

The end of the year brought an acceleration of wage and salary growth.

Year-on-year growth of wages and salaries paid strengthened to 8.8% in Q4 alone (with employment growth of 1.0%), the highest since Q2 2023. Quarter-on-quarter, wages and salaries increased by a significant 2.7% and employment remained the same. In real terms, wages and salaries increased by 6.1%⁷, year-on-year, and by 2.2%, quarter-on-quarter, in Q4. Quarter-on-quarter, wages and salaries increased the most in other activities (6.9%, employment by 4.5%), in real estate activities (4.2%, employment by 5.1%) and in public administration, education, human health and social work activities (3.8%, employment was unchanged). The quarter-on-quarter increase of paid wages and salaries was slightly below the total average in construction, trade, transport, accommodation and food service activities and in information and communication (both 2.3%, in the last two the slight growth was also due to a decline of employment). Wage growth rebounded after a weak Q3 (2.3% with almost unchanged employment) in industry. Quarter-on-quarter decline of wages and salaries was recorded only in financial and insurance activities (−0.8%, employment −1.2%). Wages and salaries were raised the most, year-on-year, in real estate activities (15.2%), in professional, scientific, technical and administrative activities (12.6%) and in construction (11.2%). On the contrary, wage and salary growth was weak in financial and insurance activities

⁴ Employment data are in the national accounts conception (persons), figure seasonally adjusted.

⁵ Converted into the real expression using the deflator of household consumption.

⁶ This section contains activities of organisations of common interests, repairs of computers and mainly personal and household goods and a number of other personal services (beauty, hairdressing treatment etc.).

⁷ If we do not count the extraordinary increase from Q2 2021 affected by covid, then the most since Q2 2018.

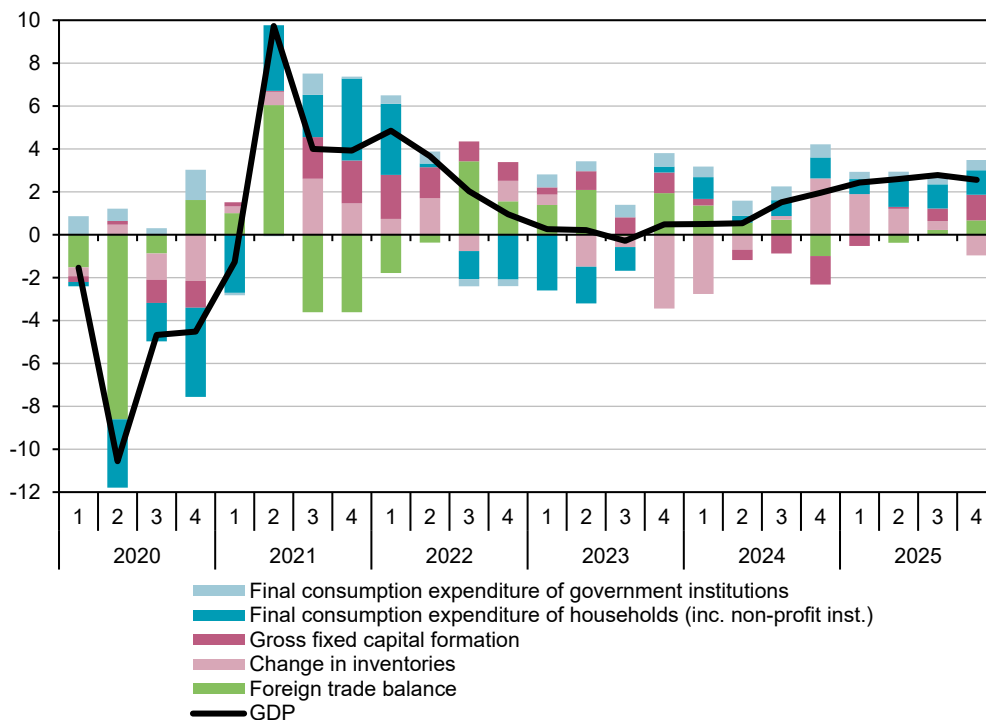


(3.9%) and, despite the acceleration, wage growth also remained below average in industry (6.0%).

Household consumption grew significantly.

Final consumption expenditure increased by 2.8% in real terms for the whole year 2025. Household consumption strengthened significantly (3.0%) and, conversely, growth of government expenditure weakened (2.2%) last year, thus resulting in a total increase of consumption similar to year 2024. An insight into consumption trends in terms of durability⁸ shows that there was a strengthening of growth of expenditure on long-term (1.0%), medium-term (2.1%) and short-term consumption (3.8%) last year. The dynamics of consumption of services remained stable (2.8%). After a weaker Q3, consumption increased by a significant 1.2%, quarter-on-quarter, in the final quarter of the year, mainly due to a recovery for households (1.3%). Consumption was 3.0% higher, year-on-year, in Q4 (households 3.2%, general government 2.5%). Quarter-on-quarter (1.9%) and year-on-year (4.2%) growth of services consumption strengthened at the end of year 2025. Short-term consumption also contributed to the quarter-on-quarter increase of household consumption (0.9%, 3.1%, year-on-year). Consumption of durable goods increased only slightly, quarter-on-quarter (0.2%; 2.3%, year-on-year) and consumption of semi-durables decreased (-0.7%; 2.1%, year-on-year).

Chart 2 Contribution of expenditure items to real GDP change* (volume indices, year-on-year growth, contributions in p.p., GDP in %)



Source: CZSO
* after exclusion of exports for final use

The growth of investment activity was mainly supported by expenditure on constructions.

Expenditure on gross capital formation increased by 4.3% in real terms in 2025 after two deep downturns in 2023 and 2024. The level of capital expenditure has been crucially influenced by changes in inventories since year 2020, and last year was no exception. Expenditure on gross fixed capital formation (investment activity) increased slightly by 2.0% last year and contributed 0.3 p. p.⁹ to total GDP growth last year. Change in

⁸ Data regarding consumption based on durability are in domestic conception.
⁹ Additions to the GDP change after exclusion of imports for final use.

inventories contributed 0.6 p. p.¹⁰ to the annual GDP growth. Investment in other buildings and structures (7.1%) and dwellings (2.1%) increased the most last year, which corresponded to the recovery observed in construction. On the contrary, expenditure on ICT and other machinery and equipment and intellectual property products was rather stagnant (both areas increased by 0.6%). Investment in transport equipment shrank (-4.0%). Expenditure on gross capital formation decreased by 1.3%, quarter-on-quarter, in Q4 2025 alone, mainly due to a change in inventories, as investment itself was higher by 1.7%. This represented the most significant revival since the beginning of 2023. Expenditure on gross capital formation increased by 1.5%, year-on-year, of which investment activity was higher by 5.3% in real terms. The strengthening of quarter-on-quarter investment growth was mainly supported by expenditure on intellectual property products (5.7%, up 2.5%, year-on-year), on ICT and other machinery and equipment (2.6%, 2.2%, year-on-year) and on transport equipment (1.6%, down 2.2%, year-on-year). On the contrary, investment into dwellings (-0.3%, up 9.3%, year-on-year) and other buildings and structures (-0.2%, up 10.6%, year-on-year) fell for the first time in the year, quarter-on-quarter.

Exporters fared well, but imports also strengthened, thus the international trade balance did not contribute significantly to GDP growth.

In 2025, there was a significant recovery of international trade¹¹. Exports of goods and services increased by 4.1% in real terms (after growing by 1.1% in 2024). Mainly exports of goods (4.1%) contributed to the strengthening of dynamics, while the increase weakened to 4.2% for services. Imports increased by 5.2% in real terms last year (goods 5.6%, services 3.5%). Year-on-year growth of exports of goods and services accelerated to 5.1% in Q4. Especially the growth of exports of goods strengthened again (5.5%). Total quarter-on-quarter growth of exports remained stable (0.8%), nevertheless a sharp recovery (1.9%) occurred in the case of exports of goods alone, while services plunged (-4.2%). Imports increased by 5.3%, year-on-year, in Q4 and by 0.6%, quarter-on-quarter. Trade in goods strengthened also on the import side at the end of the year (6.2%, year-on-year, 1.5%, quarter-on-quarter). The balance of international trade of goods and services reached a surplus of 504.2 bn CZK in 2025, which was almost the same result as in the previous year (503.3 bn CZK). Since the decline of the surplus of trade in goods (-19.4 bn CZK to 397.7 bn CZK) was offset by an improvement in the positive balance of trade with services by 20.2 bn CZK to 106.4 bn CZK. The balance of international trade in goods and services reached a surplus of 133.9 bn CZK (+9.5 bn, year-on-year) in Q4 2025 alone. Both the balance of trade in goods (+3.8 bn CZK) and services (+5.7 bn) improved.

Services prospered last year.

Gross value added (GVA) increased by 2.8% in real terms last year. The services sector, in particular the weight-important group of economic activities trade, transport, accommodation and food service (GVA growth by 4.1%), as well as dynamically developing information and communication (7.8%), contributed significantly to the GVA growth. The diverse branch of other activities also performed well (5.4%). After a decade of stagnation and decline, a significant recovery also manifested in construction (6.8%) in 2025. On the contrary, industry followed up on the 2024 GVA decline last year with only a slight increase of 1.5%, of which there was an increase of 1.3% in manufacturing. Growth of GVA in professional, scientific, technical and administrative activities (1.7%), public administration, education, human health and social work activities (1.5%), real estate activities (1.2%) and financial and insurance activities (0.7%) was also mild.

¹⁰ Change of the inventory stock (in current prices and not seasonally adjusted) attained +27.0 bn CZK in year 2025, compared to -24.0 bn in year 2024. Inventories increased especially in the first three quarters of the year. In Q4 2025, the change of inventories amounted to -67.9 bn CZK compared to 64.6 bn CZK in Q3 and -63.4 bn in Q4 2024.

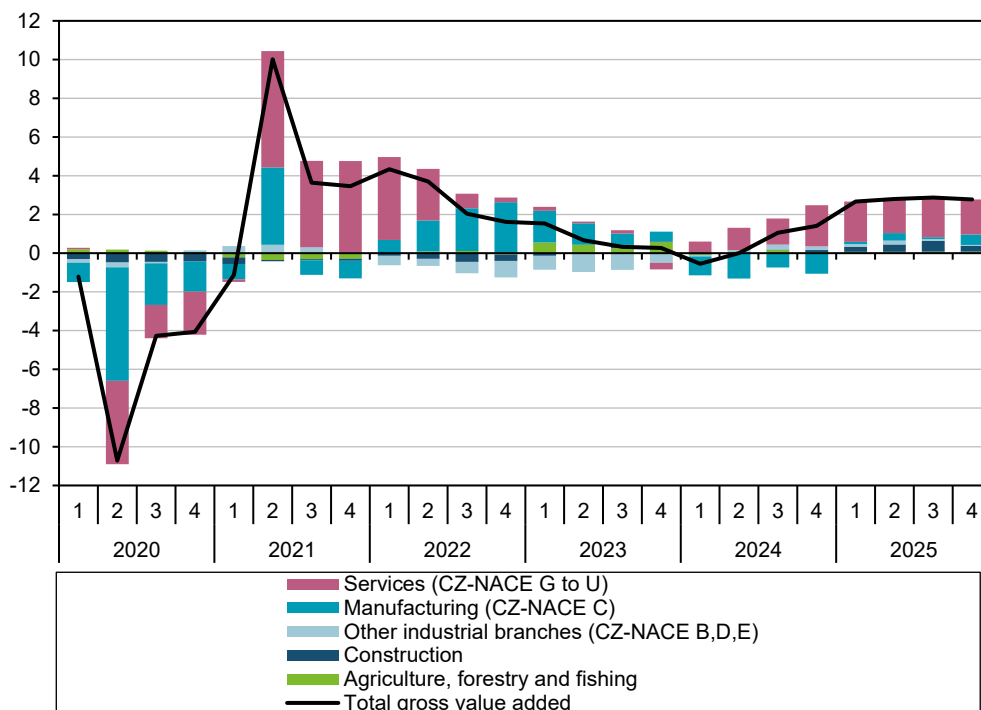
¹¹ According to the methodology of quarterly national accounts (export and import in FOB/FOB prices). International trade balance in current prices and seasonally adjusted.



The end of the year brought a recovery in industry.

Gross value added increased by 2.8%, year-on-year, and by 0.5%, quarter-on-quarter, in Q4 2025 alone. Strong year-on-year growth was maintained by information and communication (7.7%), as well as by the group of activities trade, transport, accommodation and food service (4.4%) and other activities (5.6%). A noticeable recovery of year-on-year GVA growth (2.5%) occurred in manufacturing at the end of the year. In contrast, construction maintained an above-average GVA growth (5.6%), nevertheless the pace weakened significantly compared to the previous two quarters. The rest of the services sector sustained a slight year-on-year increase in Q4, with the exception of financial and insurance activities, where GVA was lower by 1.2%. Quarter-on-quarter GVA growth was crucially supported by a new impetus in manufacturing in Q4, where the GVA grew by 2.2%, quarter-on-quarter, after four quarters of stagnation. A significant quarter-on-quarter increase of GVA was also recorded in financial and insurance activities (2.7%). On the contrary, after a successful development observed since Q3 2024, construction lost its breath in Q4 2025 and GVA fell by 3.3%, quarter-on-quarter. The rest of the economy experienced a rather moderate development in Q4 – GVA increased by 0.7% in professional, scientific, technical and administrative activities, by 0.6% in the group of economic activities trade, transport, accommodation and food service, by 0.5% in other activities and by 0.4% in information and communication. From the point of view of GVA, public administration, education, human health and social work activities stagnated, quarter-on-quarter, and decline was recorded in real estate activities (-0.3%).

Chart 3 Contributions of branches to real change in GVA (volume indices, year-on-year contributions in p. p., GVA in %)



Source: CZSO

3. Branches Performance

The economy followed up on the previous recovery last year. Quarter-on-quarter GDP growth was fairly even during the year. The favourable development of industry became apparent at the end of the year.

Last year's GVA growth occurred in all major monitored economic activities. The ICT area and construction developed the fastest.

There was a slight recovery in industry. The growth of the output of the primary sector was of a longer-term nature.

The harvest of most of the main crops was very good. A slight increase of both milk and meat production continued.

The development of the supply side of the economy confirms that the domestic economy prospered last year. Total gross value added (GVA)¹² followed up on the recovery of the year before last and increased by 0.9%, quarter-on-quarter, in Q1 2025 (the highest in the last three years). The performance of the economy continued this growth trajectory with a similar intensity for the rest of the year. If the economy was driven mainly by trade (along with branches related to tourism) and construction in the first half of last year, this role was taken over by manufacturing in the end, which benefited from a domestic revival of investment in machinery and equipment as well as higher external demand. The total performance of the economy was thus 5.4% above the peak of the last boom (Q4 2019), largely due to services (especially ICT, advanced services for business and public services)¹³.

The aggregate GVA increased by 2.8% for the whole year and grew the most in the last three years. It is encouraging, that there was growth in all eleven major economic activities for the first time since 2004. Information and communication were the most successful (+7.8%). However, as in 2024, the group of economic activities trade, transport, accommodation and food service, which benefited from the steadily growing purchasing power of domestic households and the continued development of inbound tourism, contributed the most to the growth of the economy (+0.7 p.p.). All other services divisions also performed well, but in total supported the growth of the economy less significantly (+0.6 p.p.). The performance of construction accelerated dramatically, GVA grew by 6.8% (it reached a higher pace in the current millennium only in 2002) and contributed 0.4 p. p. to the growth of the total economy. Industry had a similar impact last year, with its output strengthening by 1.5%, however it did not compensate for the downturn in 2024. Both manufacturing and energy sectors prospered. GVA in the primary sector strengthened (by 3.5% last year) for the fourth year in a row. As the volume of logging did not change fundamentally last year, as in the previous year, the development of the performance of the primary sector mainly reflected the results of agriculture. The preliminary results of the gross agricultural production account¹⁴ show that the increase of GVA last year was due to higher plant production. It reflected the impact of a very good harvest of most basic crops, especially cereals, fodder crops and potatoes¹⁵. A more significant recovery occurred after a very bad year 2024 in the small fruit growing segment. Production stagnated in the animal production last year. Despite persistently considerable price movements related to the main commodities (especially beef and pork meat) as well as increased sanitary risks, the situation of domestic producers remained stable. Meat production (in physical units) grew for the second year in a row¹⁶. The growth of milk

¹² Data related to GVA are expressed in constant prices and adjusted for seasonal and calendar effects.

¹³ In information and communication, GVA exceeded the pre-crisis level by 47%, by 20% in financial and insurance activities, by 17% in business services (professional, scientific, technical and administrative activities) and by 9% in public administration, education, human health and social care activities. Situation was favourable in agriculture and forestry (+15%), while performance in construction lagged behind Q4 2019 by 8% and in industry by 3% (in its manufacturing part, however, it returned to the pre-crisis level, after a two-year pause (+1%)).

¹⁴ All agricultural data stated below are based on production or value added expressed at constant prices.

¹⁵ The cereal harvest increased by 13%, year-on-year, last year and reached 8.5 million tons (the most in the last nine years). The yield of legumes (+15%), potatoes (+12%), green corn (+12%), hops (+6%), grapes (+37%) was also higher and also increased for oilseeds (+9%), however unlike all the crops mentioned above, it lagged behind the long-term average (compared to the period 2015 to 2024, it was lower by a tenth). Among the more important crop groups, only the yield of sugar beet decreased, year-on-year (by 14%, but it almost did not lag behind the long-term average) and some fodder crops: clover and alfalfa (around 10%).

¹⁶ More detailed business surveys show that physical meat production grew last year (+4.5%). If in 2024 pork contributed the most to the growth of meat production (in domestic slaughterhouses), this role was fulfilled by poultry meat, whose production (185 thousand tonnes) was the highest since 2010 last year. On the contrary, beef production decreased for the second year in a row (by 2%). Gross domestic output, expressed in physical terms by supplies from Czech farms to domestic and foreign slaughterhouses, increased, year-on-year, thanks to growth for poultry meat (+11.4%) and pork (+3.2%) for the whole last year; on the contrary, beef supplies decreased slightly (-0.8%). Exports of live animals for slaughter grew for all three types – poultry (+10.3%) the most, cattle the least (+3.5%), where, however, it is a long-term significant part of domestic production by weight (85 thousand cattle were exported for slaughter abroad last year, i.e. more than a quarter of the animals fattened in the Czech Republic). The development was different according to the main categories in the meat trade last year. The turnover of trade with beef (in physical terms) decreased – exports were lower by 7.8%, imports, also due to weak demand from domestic consumers, by as much as 22.3%. On the contrary, both imports (+4.8%, to 296 thousand tonnes) and exports (+2.6%, to 31 thousand tonnes) grew for the pork meat. Regarding the poultry meat, exporters were more successful (+6.5%, to 23 thousand tonnes), since imports strengthened only slightly, year-on-year (+0.9%, to 136 thousand tonnes).



production was of a longer-term nature, and it was 3.2% last year. In that, the purchase by domestic dairies as such stagnated, thus the primary producers were more successful in exporting milk at more favourable prices.

The recovery of industry took place especially at the beginning and also at the very end of last year, when quarter-on-quarter production growth permeated the vast majority of key economic activities.

After years 2023 and 2024, when industry in the Czech Republic found itself in total mild recession due to weak external and domestic demand as well as strong cost pressures due to the energy crisis, the situation gradually improved last year. The industrial production¹⁷ increased by 2.1%, quarter-on-quarter, already in Q1, which was mainly caused by energy, engineering and some major industries focused on the production of intermediate products (electrical engineering, metallurgy and foundry, production of building materials, rubber and plastic industries). The strengthening of some export sectors was partly related to the efforts of trading partners to stock up ahead of the effectiveness of the US government's trade policy measures. Although this short-term stimulus faded in the following quarter, industrial output continued to grow slightly – mainly due to the production of other (especially rail) transport equipment and also due to the continuing recovery of metallurgy. Domestic industry benefited from growing external demand at the very end of the year and its output increased by 2.2%, quarter-on-quarter (the highest since the end of 2020). Favourable developments occurred in almost all investment-oriented sectors as well as in the area of intermediate products. As a result, total industrial output very slightly (by 1.1%) exceeded the level from the peak of the last boom (Q2 2019)¹⁸ production in Q4 last year and at the same time matched the absolute peak from the post-pandemic recovery period (Q3 2022).

The metalworking industry and the energy sector contributed the most to the slight growth of industrial production last year. There was a growing demand for arms production, and colder weather assisted notably in energy industry.

Total industrial production increased by 2.2% for the whole 2025, which represented the best result in the last four years. Last year's growth was supported the most by the metalworking industry (growth by 7.0%, contribution to growth by +0.69 p.p.), driven by strengthening domestic and external demand, which resulted in production growth of 13.7% in this branch in Q4 (the highest in the last four and a half years). Higher production of metal structures has found application in manufacturing of motor vehicles and motorcycles and construction. In addition, rapid growth of the arms production segment was increasingly evident here. Industry was also assisted by the energy sector (+0.35 p.p.) last year, whose production increased by 4.0% after three weaker years (the highest in the last eight years). The production and consumption of electricity¹⁹, gas²⁰

¹⁷ Includes branches of mining and quarrying, manufacturing and also energy industry (here as activities of production and distribution of electricity, gas, heat and air conditioning supply). All year-on-year rates of growth of output are adjusted for calendar effects, quarter-on-quarter rates as well for the seasonal effects.

¹⁸ Nearly two thirds of the main industrial sectors still fell behind their peak from years 2015 to 2019 in Q4 this year. These were primarily coal mining (by 61%), manufacturing of metal, metallurgy and foundry (-27%), mining of building materials (-27%), footwear and leather industry (-26%), textile industry (-24%), printing (-22%). Among the larger branches, there were also energy (-19%), manufacturing of building materials (-10%), chemical industry and machinery (-9%) and electronics industry (-6%). On the contrary, branches manufacturing investment products and those manufacturing non-durables (0%) were situated above the pre-crisis output level. Among individual activities, these were mainly the manufacturing of other transport equipment (+35%), manufacturing of motor vehicles and motorcycles (+18%), other manufacturing and pharmaceutical industry (both +16%), paper industry (+13%), electrical engineering (+12%), food industry (+9%), metalworking industry (+8%) and repairs of machinery and equipment (+6%).

¹⁹ According to preliminary data from the Energy Regulatory Office, *total net electricity production* (i.e. excluding intermediate consumption, including production losses) increased by 3.2%, year-on-year, in the Czech Republic last year and amounted to 71.2 TWh (the second lowest volume since 2002). The output growth was largely driven by nuclear power plants, which, thanks to the extension of fuel cycles and other modernisation measures, achieved record production last year (already covering half of the total net electricity consumption in the Czech Republic). Production of photovoltaic stations grew rapidly for the third year in a row (by 19% last year); however, it still contributed marginally to the total electricity production (6%). On the contrary, production of hydroelectric power plants decreased due to the lack of precipitation (-40%) and wind power plants also supplied less (-7%). *Total domestic net electricity consumption* was 59.0 TWh last year. Its year-on-year decrease lasting three years stopped (+1.8%). This was largely due to higher household consumption (+6.5%), demand from small businesses also increased (+1.9%), while consumption by wholesale consumers decreased slightly, especially in the largest enterprises (-2.9%). Compared to year 2019, when total net consumption approached the long-term maximum, total electricity consumption fell by 5.2% last year, mainly due to the influence of wholesale customers (-8.2%), while only demand from households consuming 9.2% more grew. The Czech Republic remained a net exporter of electricity last year as well. The cross-border balance, i.e. the difference between exports and imports, increased from 0.8 TWh to 7.4 TWh, year-on-year.

²⁰ Gas consumption reached 7.21 bn m³ last year, up 6.5%, year-on-year (after recalculating consumption to the long-term thermal standard, however, the growth was only 0.5%, thus this consumption grew slightly for the second year in a row but fell in total by almost a quarter in 2022 and 2023). Actual consumption increased for all categories of customers last year – especially households (+9.9%) and retail business customers (+9.3%). Against year 2016, which was temperature comparable to last year, however, the current total consumption is lower by 13%

and heat²¹ increased. This is mainly related to the fact that the beginning of 2025 was not as above average in terms of temperature as the previous one, and it was also relatively colder last year in May, September or October. In addition, the motivation for further savings in consumption, especially in households, was also declining due to the stabilisation and subsequent reduction of energy prices, which was more noticeable especially in the case of natural gas. Higher consumption reflected the more favourable financial situation of households and a gradual recovery of economic performance, accompanied by a stabilisation of demand in some energy-intensive industries last year.

Some important energy-intensive industries focused on the production of intermediate products clearly revived last year. This was evident the most in metallurgy, which was aided by both domestic and external demand.

The industry was also aided by most of the weight-significant, mostly energy-intensive industries producing intermediate products last year. The most important role was played by the rubber and plastics industry, where production increased by 4.0% (the output gradually strengthened during the year – up to 7.7% in the Q4, which was the highest in the last four and a half years). This was solely due to the external demand, which was partly related to the development of the motor vehicle industry. Similar factors also supported the performance of the electrical engineering industry last year (+1.7%). A more significant recovery of production manifested mainly due to higher domestic demand (after a deep decline in the previous three years – the longest and deepest in the current millennium) in metallurgy and foundry (+4.9%). The dynamic development of the domestic construction was also reflected in the manufacturing of other non-metallic mineral products, where production increased by 3.4% last year. In particular, better sales abroad led to a slight increase of production in the relatively small woodworking industry (+1.0%) last year. The output of the downstream paper industry also increased slightly for the second year in a row, currently supported by higher domestic demand. Production in effect stagnated in the chemical industry last year, similarly to the average for year 2024. There was also a gradual reduction of output capacities associated with the decline of some previously traditional productions. Nevertheless, there were signs of a slight recovery of domestic and external demand during H2 2025, which translated into higher production in Q4 (+5.0%, the highest pace in the last three years). The above-mentioned sectors focused on intermediate products contributed to the year-on-year growth of the total industry by 0.76 p.p. last year.

Production increased the most in manufacturing of rail transport equipment last year.

Of all industrial sectors, production increased the most in the manufacturing of other transport equipment (+8.4%) last year. This was helped by a strong end of the year, when, in addition to the longer-term positive external demand, positive stimuli from the domestic market also manifested. The development of other investment-oriented activities was not so intensive last year. Production was rather stagnant in manufacturing of transport equipment last year (+0.5%), thus continuing the weaker result from 2024 (-1.5%). While the slight decline in 2024 mainly resulted from deteriorated situation of direct domestic subcontractors of car parts (operating within the motor vehicle industry), slightly worse results of final motor vehicle manufacturers also had an effect last year²². In the long-term growing branch repair and installation of machinery and equipment,

Production has rather stagnated despite the development of electromobility in motor vehicle industry.

(of which households by 20%). This is also partly due to the reduced number of customers (-5%), which is evident in all categories of customers, with the exception of small entrepreneurs, whose number was at the same level.

²¹ Total heat production increased by 3.1% last year (to 137 PJ) and its deeper slump from the previous three years thus halted (by 17.9% in total). More energy was produced from natural gas (+8%) and biomass (+11%) last year, which are the second and third most frequently used fuels in heat production, respectively. A third of the heat was produced from brown coal last year, the use of which slightly decreased, year-on-year (-0.6%). Thermal energy consumption (in central supply systems) increased, year-on-year (+3.4%, to 68.2 PJ) last year. Growth was mainly driven by the trade, services, education and health sectors (+8.1%) and households (+5.5%). On the contrary, consumption in industry stagnated.

²² According to data from the Automotive Industry Association, 1.45 mil personal vehicles were manufactured in the Czech Republic in 2025, which was by 0.5% less compared to the record result from the year before last. The weaker launch of production at the beginning had a negative effect (resulting from worse sales abroad, some manufacturers introduced short-term production restrictions), on the contrary, the situation gradually improved in the spring and both June and September production (both 136 thousand vehicles) was already noticeably higher, year-on-year and December already brought a double-digit growth. After decline in year 2024, the segment of manufacturing of electric vehicles (including hybrid vehicles) has revived significantly last year, doubling production and accounting for nearly a sixth of the total motor vehicle production. In addition to personal vehicles, most manufacturers of other types of motor vehicles also recorded a decrease of total production last year.



traditionally focused more on the domestic market (e.g. repair of nuclear installations), production increased by 2.5%. Rather domestic demand then supported engineering, where production recovered slightly last year (+1.9%) after a deep downturn in year 2024. The above-mentioned “investment sectors” contributed 0.47 p.p. to industrial growth last year.

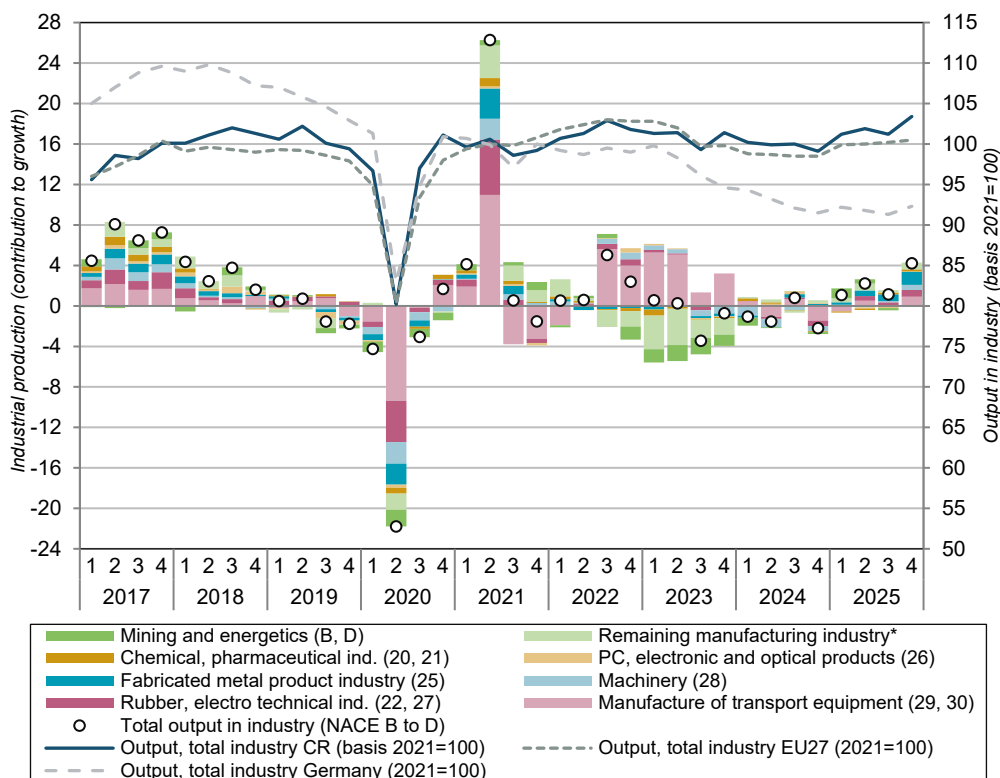
The rising purchasing power of households further supported the development of the food industry. However, production growth slowed slightly compared to 2024.

The food industry in particular benefited among the economic activities producing consumer goods last year, thanks to the growing purchasing power of households as well as their confidence in the economy. However, output growth in this sector slowed down compared to 2024 (to 3.4%). This also applies to other manufacturing industries (+2.3%), including e.g. the production of sporting goods, games, toys and jewellery. The above-mentioned sectors producing mainly consumer goods collectively supported the growth of the total industry by only 0.23 p. p. last year.

The growth of manufacturing was mostly dampened by the production of computers, electronic and optical appliances.

Among investment-oriented industries, output declined only in manufacturing of computers, electronic and optical appliances last year, which is characterized by high import intensity and at the same time a significantly pro-export focus. Production in this sector, which had developed promisingly in the previous four years, fell by 2% last year (and counteracted industrial growth by 0.07 p. p., the most among manufacturing sectors). In addition to weaker external demand, domestic demand also had a negative effect here, which was still significantly supported by the continued development of photovoltaics the year before last.

Chart 4 Contributions of sub-branches to the year-on-year growth of the industrial production in the CR (adjusted for calendar effects, real, in p.p.), production (output) in the industry of CR, Germany and EU27 (seasonally adj., base of 2021=100, right axis)



* Contribution of the remaining manufacturing industry also includes the effect of the total methodical discrepancy stemming from the change of the weights.
Source: CZSO, Eurostat

Energy-intensive branches of the mining industry continued to

Some mostly energy-intensive industries producing intermediate products were still facing deeper problems. Although production in mining and quarrying decreased less significantly, year-on-year, last year than in the previous two years, it still represented

struggle with increased production costs. quite a significant movement (-4.1%). The management of phase-out in coal mining continued (at the turn of 2025 and 2026, hard coal mining in the Czech Republic completely ceased). On the contrary, somewhat surprisingly, the extraction of building materials also decreased noticeably (by about a tenth) last year. The expanding domestic demand is increasingly hitting the current limits set by the number of permitted dwelling unit density here, so materials are probably imported more frequently, e.g. from Poland). Output in the textile industry, the key part of which is the production of artificial textiles for use in industry or construction, fell by 3.0% last year (it decreased for the third time in a row). The above-mentioned sectors counteracted the growth of the total industry by 0.10 p.p. last year.

The largest downturn affected the small leather industry branches. The performance in manufacturing of pharmaceutical products also decreased after a long period. Growth did not continue last year in most small industries focused on the manufacturing of non-durable products. The leather industry²³ was hit by the largest downturn (-9.2%, comparable to the downturn in 2020), solely due to a drop of external demand. This also affected the performance of the clothing manufacturing, which fell by 5.9% last year (the most after year 2009). On the contrary, the traditionally dominant domestic demand was behind the slight decrease of beverage manufacturing²⁴ (by 2.0%). This also affected a similar output reduction in printing industry. The weakening of dominant external demand coupled with the simultaneous rapid growth of the domestic market (related to higher demand from the public sector in security area) resulted in a slight decline of the pharmaceutical industry performance (-0.8%), the first in the last thirteen years. On the contrary, production in manufacturing of furniture decreased for the third year in a row, albeit only slightly last year (-0.1%). Weaker domestic demand was the root cause in both 2024 and last year. In total, the above-mentioned diverse mix of consumer sectors counteracted the growth of the total industry by 0.13 p. p. last year.

In some sectors, the generally favourable development of domestic demand contrasted with weaker export performance last year. The development of the nominal value²⁵ of new industrial orders was uneven in terms of individual parts of the year and sub-sectors last year. Year-on-year growth of order volumes had already slowed during the second half of the year before last and came to a complete halt in Q1 2025 (-0.1%) due to weaker demand for key export sectors. However, subsequently there was a slight recovery that continued throughout the summer, and a more significant growth impulse came at the very end of the year. The volume of orders increased by a tenth in Q4 (the most in the last three years). However, only external demand contributed to it (mainly in manufacturing of other transport equipment²⁶ and in electrical engineering and the metalworking industry). External demand also grew more moderately in manufacturing of motor vehicles and motorcycles (+5.6%, by 3.7% annually). The value of all orders in total industry increased by 3.9% for the whole last year, of which by 54.1% in manufacturing of other transport equipment²⁷, by 9.4% in the metalworking industry and also for instance in engineering (+4.0%). On the contrary, they fell the most in the electronics industry (-4.6%). Taking into account producer prices, orders also fell more slightly in real terms in the textile, clothing, paper and pharmaceutical industries. On the contrary, they grew through this lens very slightly in the metallurgical and chemical industries.

The growth of the value of new orders accelerated sharply at the end of 2025, thanks to external demand in the areas of both public transport and safety. However, demand did not increase in a number of mostly smaller economic activities. Business confidence in industry remained in a slightly negative band. Half of the companies were plagued by insufficient demand.

Business confidence in industry did not change much during 2025 and remained in a slightly negative zone. Nevertheless, there were signs of a partial recovery already last autumn and at the beginning of this year. The confidence balance was -2 p. p. in February 2026 (it also remained slightly below the long-term average). The negative

Business confidence in industry remained in a slightly negative band. Half of the companies were plagued by insufficient demand.

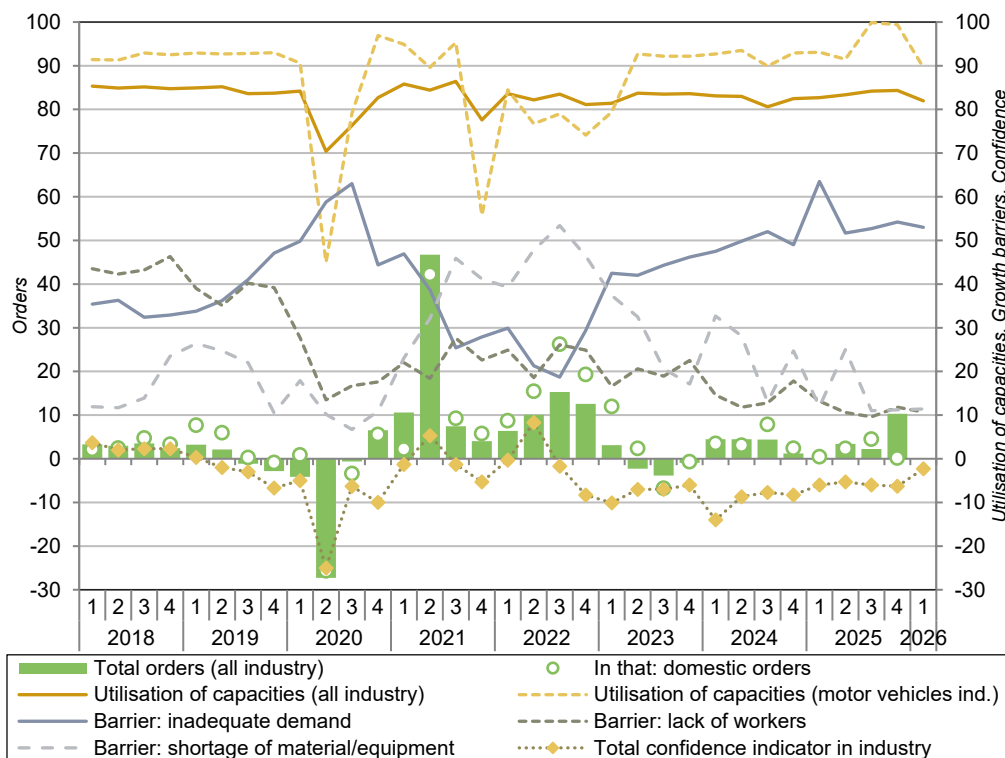
²³ It has included a very marginal segment in recent years of footwear manufacturing.
²⁴ The impact of last year relatively colder and rainier summer probably had an impact here. Since the beverage production fell by 6.5%, year-on-year, in Q3, the most since the beginning of 2021 (when demand was fundamentally affected by anti-pandemic restrictions).
²⁵ Survey of orders is performed in twelve manufacturing activities producing mostly custom-made products, with longer production cycle and larger order stocks. Year-on-year growth rates of orders are adjusted for calendar effects, quarter-on-quarter rates also for seasonality effects.
²⁶ The strong growth impulse was mainly related to the modernization of public transport and the army.
²⁷ The last time they registered a comparably high annual growth in this sector was in years 2007 and 2009.



A noticeable improvement of demand, expectations of production, employment and also the economic situation of businesses was apparent in the year-on-year terms.

view of current demand, especially external demand, was softening. Fifth of businesses already anticipated a demand growth with a view to this spring period (a decrease of only 3%), which was reflected in the prevailing positive expectations of production. The number of companies planning layoffs was decreasing, and the reduction of number of registered employees also slowed down during 2025²⁸. The current economic situation of businesses improved at the turn of the year and their outlook was also slightly positive²⁹. The insufficient demand remains a key growth barrier in industry for the third year in a row³⁰. 53% of businesses reported it in January this year, nevertheless its role decreased, year-on-year (by 10 p. p.). On the contrary, a tenth of businesses are constantly troubled by a lack of labour force, alternatively materials or equipment. On a positive note, the share of businesses that did not report any significant barriers has almost doubled, year-on-year (to 26%, the most in the last five years). Utilisation of production capacities in industry reached 82% in January this year, was almost unchanged, year-on-year, and was lower by 2.5 p. p. compared to the 2015-2019 boom period. Their use was traditionally high (90%) in manufacturing of motor vehicles and motorcycles, nevertheless it lagged slightly behind the period of the last boom even here³¹.

Chart 5 New orders in industry (nominal, year-on-year change in %), utilisation of production capacities in industry, selected growth barriers* (in %, right axis), balance of business confidence indicator in industry* (in p.p., right axis)



* Both utilisation of production capacities and growth barriers express the level in the first month of the given quarter, business confidence balance relates to the second month in the quarter. Orders are adjusted for calendar effects; other indicators are seasonally adjusted. Businesses could have indicated more key growth barriers simultaneously.
Source: CZSO, Eurostat

²⁸ This number (in industrial businesses with 50 or more employees) decreased by 1.8% for the whole last year, of which the year-on-year decline moderated to 1.2% in December.
²⁹ Based on the survey from February 2026, 14% of businesses expected an improvement of own economic situation in the six-month horizon, while only 3% expected a deterioration.
³⁰ Businesses could have indicated more barriers simultaneously.
³¹ Among the individual manufacturing branches, the leather, petrochemical, pharmaceutical, plastics and rubber industries, repairs of machinery and equipment, as well as manufacturing of other transport equipment also reported higher capacity utilization (above 88%). On the contrary, weaker use (between 60 and 70%) was recorded in the electronics, beverage and engineering industries.

Industrial production in the EU grew at a similar pace to the Czech Republic last year. However, there was no clear sign of acceleration at the end of the year in the Union.

Moderate production growth resumed only at the end of last year in Germany, however the unfavourable development of industrial employment persisted.

At the turn of 2024 and 2025, there was a significant recovery in construction. However, further continuation of rapid development may be limited by persistent growth barriers, especially on the labour market.

The year-on-year growth of construction production recorded record numbers last year. All construction segments grew at double-digit rates.

The construction of both family and residential dwellings has decreased. However, a

Industry in the EU had already emerged from a mild recession at the end of 2024 and its recovery in Q1 2025 was linked to sectors focused on investment products. There was a slight quarter-on-quarter growth of production (0.2 to 0.3%) in the second part of the year, driven mainly by investment sectors and partly by higher demand for consumer goods. The recovery of industry was more pronounced in the Czech Republic at the end of last year and resulted mainly from higher production of industries focused on investments and intermediate products. The output of the total industry in the EU increased by 1.5% for the whole year 2025 (by 2.2% in the Czech Republic). Higher output of consumer goods (+4.8%) had the largest impact, especially of non-durable consumer goods. On the contrary, the performance of industries focused on intermediate products decreased (-0.3%) for the fourth year in a row, e.g. the chemical industry, rubber and plastics industry, or the production of building materials. Among the Member States, Ireland (+17.7%), Sweden (+4.7%) and Latvia (+4.0%) achieved the highest industrial growth for the fourth year in a row, among the major economies then Poland (+2.5%), Spain (+1.2%) and France (+0.7%). On the contrary, the largest decrease was recorded in Bulgaria (-7.3%, amid a decline in energy and metallurgy), production also went down in Hungary for the third year in a row (by 3.6% last year, amid a deeper downturn in the petro-chemical industry, motor vehicle and other investment sectors, and the production of most intermediate products), and there was also a decline in Slovakia (-3.0%, with a noticeable slump in energy output). Among the major producers, industrial output fell last year in Italy (-0.3%) and Germany (-0.9%³²), where the recession in this sector was not as pronounced as in 2023 and 2024, but lasted for the fourth year in a row. Decline mainly in traditional export areas (motor vehicle, engineering) was evident here last year, and in addition to energy, production fell in all other important branches.

Construction prospered last year. Clear signs of a positive turnaround were already evident in H2 2024. Construction production³³ increased by 6.5%, quarter-on-quarter, after the beginning of last year, with a significant recovery in all segments of the industry. This continued in lower intensity in the rest of the year. However, the quarter-on-quarter growth of production stopped (-1.4%) in Q4 2025 and there was a slight “cooling” in building and civil engineering construction. It cannot be ruled out that the construction market has temporarily become saturated to some extent after a stronger recovery in previous quarters and that its further development has been increasingly limited by persistent barriers (e.g. labour force shortages).

The construction output increased by 10.9% for the whole last year (the most in the available series since 2001) and at the same time exceeded the level of the peak of the pre-pandemic boom (2019) for the first time. Building construction accounted for almost two-thirds of last year's growth, where both building construction (+10.2%) and specialised construction activities (+10.7%), which are usually the domain of smaller enterprises and small entrepreneurs, achieved a significant recovery. A partial recovery of private investment has become apparent (owing to strengthening economic growth and confidence) and price effects³⁴ also play an important role here. The ongoing growth of public investment in transport infrastructure was reflected in more than 11.5% growth of civil engineering production. Subdued residential construction did not assist the

³² However, the output of German industry increased slightly in Q4 2025 alone (+0.9%, there was also a slight recovery in manufacturing of motor vehicles and motorcycles, but the reduction of the total number of employees in industry continued to deepen slightly). This was connected to the overall recovery of industry in the EU (+2.1%), while there was a higher acceleration in the Czech Republic (+4.2%) due to rapid growth of demand for intermediate products and investments, including the modernisation of the army.

³³ Data on construction production are at constant prices, year-on-year rates are adjusted for calendar effects, quarter-on-quarter also for seasonal effects.

³⁴ Cost pressures partially eased already in 2024 (due to more favourable developments of prices of some energies and also the majority of building materials), but at the same time real estate price growth strengthened significantly (owing to increased demand on the part of households, which occurred even with relatively high and unchanged mortgage rates), which partially limited the more pronounced and broad-based growth of demand for residential real estate.



small segment of conversions of existing residential buildings and non-residential buildings developed rapidly.

development of building construction much (other areas, such as manufacturing plants and warehouses, as well as public buildings, are likely developing more). The number of dwellings started last year (35.8 thousand) corresponded to the long-term average and slightly decreased, year-on-year (-2.2%) in almost all segments (except for extensions and upward extensions to residential buildings). Although 10.8% more dwellings were completed, year-on-year, their number (33.6 thousand) was the second lowest in the last eight years last year. The reduction of completion in key segments (new family houses³⁵ and residential buildings) continued, while the number of dwellings created by modification of existing family houses as well as residential buildings and non-residential buildings increased almost two and a half times, year-on-year. This may be connected to the relatively simpler administrative complexity of the execution of these constructions. A third of all commenced and completed dwellings were in Prague and the “*Středočeský region*” last year.

Volume of new construction contracts grew for most of last year, albeit at a slower pace than in 2024.

The value of newly concluded construction contracts³⁶ increased by 9.8%, year-on-year, in the Czech Republic last year. Both major segments of the industry contributed to the growth, with civil engineering contracts playing a decisive role as in 2024. However, the total volume of orders decreased slightly (by 2.6%) in Q4 2025 alone, partly due to the high comparison base in civil engineering the year before last. Thanks to the high inflow of orders from previous quarters and the longer-term horizon of their implementation, the total stock of work of domestic construction companies remains high. The value of all contracts that have not yet been implemented amounted to 401 bn CZK at the end of last year (of which 68% were from the domestic public contracting authorities and 2% of all contracts abroad) and was higher by more than a fifth, year-on-year (similarly for both public and private domestic contracts). According to another leading indicator, the outlook of construction industry is worse. The approximate value of granted building permit decreased by 13.3%³⁷, year-on-year, last year and deepened the decrease from the previous year. The value of permits was falling, except for Q3, throughout last year. The annual decrease was mainly caused by the new civil engineering constructions (both transport and other) and non-residential buildings. In comparison, only modernisation or reconstruction of transport structures grew significantly last year (+40%). “*Moravskoslezský region*” and “*Středočeský region*” participated the most in the total decrease, while in contrast the value of all permits increased only in the “*Ústecký region*”.

The value of permitted constructions fell for the second year in a row, last year in the vast majority of categories of both constructions and regions.

The balance of business confidence in construction was rising for most of the year. The assessment of demand, outlook as well as real employment situation improved.

Pessimism in construction has been easing since autumn 2024, and the balance of business confidence returned to the positive band last year after more than three years. Although there was a slight correction at the turn of 2025 and 2026, when the confidence balance reached -2.0 points in February, it was still slightly more favourable in year-on-year terms, while at the same time significantly exceeding the long-term average. Slightly positive expectations of the nearest development of construction activity (with a view to this spring months) were reflected in the recruitment plans³⁸. 35% of companies have currently assessed their financial situation favourably (only 3% unfavourably), and every fourth company expects an improvement in the six-month outlook (only one in twenty expects deterioration). However, the current demand is still perceived unfavourably by a fifth of companies. The performance of the total industry is limited by chronic growth barriers³⁹. In fact, shortage (especially of qualified) employees have been the most

The most growth barriers of the branch remain in the building construction segment.

³⁵ Last year's number of completed dwellings in family houses (13.9 thousand) was the lowest in the last nineteen years.

³⁶ Orders are given at current prices and cover only businesses with 50 and more employees.

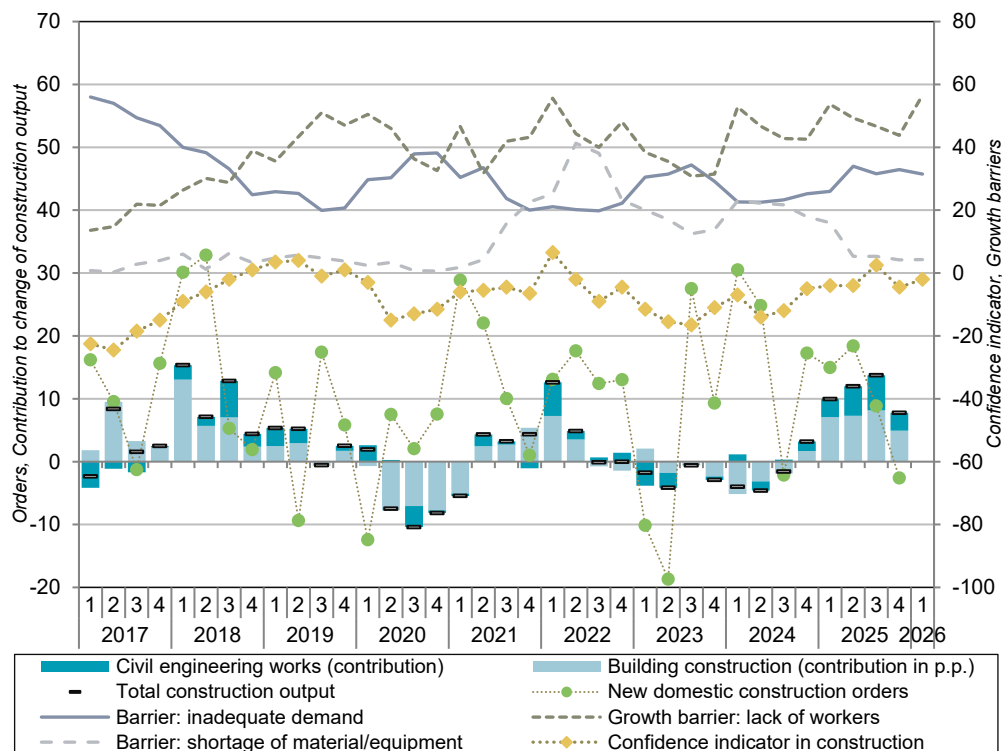
³⁷ This decline was not significantly influenced by the fact that the number of large, permitted constructions (with a budget of over 1 bn CZK) increased slightly, year-on-year (from 44 in 2024 to 51 last year).

³⁸ The registered number of employees (in construction businesses with more than 50 workers) increased by 2.7%, year-on-year, last December and by 1.1% for the whole year. This represents a significant shift, since the number of employees decreased by 1.6% in 2024.

³⁹ Only a fifth of construction businesses did not report any of the possible growth barriers in February this year. This share, which is half lower than in the EU or the euro area, has remained essentially unchanged in the Czech Republic over the past eight years.

significant barrier for more than seven years in a row. About 50% of companies cited it as one of the barriers (similarly to the beginning of last year). Insufficient demand plagued almost a third of businesses⁴⁰ and this share increased slightly, year-on-year. On the contrary, it is positive that the difficulty with the material or equipment shortages, which was acute between years 2021 and 2024, has largely disappeared during last year. This contributed to the stabilisation of prices of construction materials and the moderation of the expected growth of prices of total construction production⁴¹.

Chart 6 Contributions of sub-branches to year-on-year growth of construction output (real, in p.p.), new construction orders (nominal, year-on-year, in %), balance of business confidence indicator in construction* (in p. p., right axis), selected barriers to growth in construction* (in %, right axis)



Note: Data related to construction output are adjusted for calendar effects.
 * Balance of business confidence as well as barriers to growth are seasonally adjusted and express the level in the second month of the given quarter. Businesses could have indicated more main barriers simultaneously.
 Source: CZSO, Eurostat

A slight increase of demand for services persisted last year. The quarter-on-quarter development of sales was influenced by fluctuating developments in branches linked to the situation in industry.

Services sustained the slight recovery from 2024 last year. The stabilisation of the level of consumer prices helped to restart growth of real wages of employees, which was mirrored in a more favourable financial situation of households and subsequently stimulated their consumption. Services were also positively affected by slightly growing corporate demand. The quarter-on-quarter growth of services sales⁴² accelerated at the beginning of last year (to 1.5%) mainly due to professional, scientific and technical activities. However, the total growth stalled in Q2 and Q3, as weaker demand in transportation and storage materialised in response to the volatile industrial situation. At the very end of the year, demand in industry and related service branches grew due to a significant strengthening of firms' investment activity in the economy. This led to an increase in transportation and storage, nevertheless sales grew in all major service

⁴⁰ As with the shortage of workers, the lack of demand affected enterprises in the building construction segment the most (and the least in civil engineering). Worker shortages represent a key growth barrier in all three major construction segments.

⁴¹ In February 2026, a quarter of construction businesses expected (in a three-month perspective) raise of the prices of their own production, which did not deviate significantly from the long-term average.

⁴² Without trade, financial and insurance activities, science, research and public services. All data for services are in constant prices, year-on-year data are adjusted for calendar effects, quarter-on-quarter data are adjusted for seasonal effects (including the effect of the number of working days).



branches (except for real estate activities). Total sales in services were thus slightly above the level from the peak of the pre-pandemic boom⁴³.

Advanced business support service activities, driven by higher demand for engineering and architectural activities, contributed the most to the last year's year-on-year growth of sales.

Sales in services increased by 1.9%, year-on-year, for the whole 2025. Compared to the pace the year before, this presented a very slight slowdown (related to fluctuating demand in transportation and storage). More than a third of last year's growth was accounted for by professional, scientific and technical activities. With the exception of advertising activities (whose performance stagnated)⁴⁴, sales increased in all sub-sectors. The development of the entire branch was driven by architectural and engineering activities, where growth accelerated (to 3.3%) due to the rapidly developing construction sector. Activities of head offices and management consultancy activities also performed well (+6.2%, a four-year high) as well as legal and accounting activities, with sales exceeding the level of the pre-crisis year 2019 by almost a fifth. More dynamic demand growth continued for the second year in a row in the diversified segment of other professional, scientific and technical activities (+4.9%)⁴⁵, and sales matched the level of 2019 here for the first time last year.

Revenues in the ICT area grew mainly due to the dynamic telecommunications segment. Demand has recovered in information activities.

Information and communication activities (ICT), whose sales increased by 2.7% last year (the highest in the last three years) also significantly supported the development of services. The ICT sector benefited mainly from a significant increase of telecommunications performance (to +5.8%, the highest after year 2007), however sales also increased rapidly in information activities⁴⁶, in which the previously dynamic growth of demand had effectively stopped in the previous three years. In the long-term strongly developing IT⁴⁷ activities, sales grew more moderately last year (+2.3%, about half less than in 2024). On the contrary, publishing activities revived very slightly after the downturn in 2023 and 2024 (mostly in the SW area). Sales stabilized after a slump in the previous two years⁴⁸ (+3.4%⁴⁹) in the small ICT segment – the motion picture and music publishing activities – and were 29% lower than in 2019. Sales fell by 13.5%⁵⁰ in the television programme production and radio broadcasting last year, in which, as one of the few sub-sectors of services, demand did not drop significantly during the “pandemic year” of 2020, which was the highest after year 2009.

Last year, all sub-sectors apart from the air transport contributed to a slight sales increase in transportation and storage.

The last sector that significantly supported service growth last year was transportation and storage, where sales increased by 1.5%, year-on-year, and contributed 0.4 p. p. to service growth (the relatively weaker pace was mainly due to Q3 2025, when sales growth in this economic activity ceased for the first time since the end of 2023). While the industry's growth was mainly driven by the weight-important warehousing segment (including other transportation support activities) in 2024, land transport took over this role last year. Last year's slight sales growth (+1.8%) reflected higher transport

⁴³ Compared to Q2 2019, total sales (seasonally adjusted) were 4.8% higher in Q4 2025. Of the main service sectors, information and communication (+16.4%) and professional, scientific and technical activities (+8.0%) and transportation and storage (+4.5%) exceeded this level. On the contrary, sales were still the most lagging behind in accommodation, food service and restaurants (-13.3%) and in administrative and support service activities (-5.9%).

⁴⁴ Unadjusted advertising revenues decreased by 0.3%, year-on-year, last year (and thus declined in real terms for the second year in a row). In contrast, revenues from market research and public opinion polling increased slightly (by 2.4%, the most in the last four years).

⁴⁵ This sub-branch with significant share of small businesses mainly includes brokering activities, design, translation and photographic activities or activities of construction supervision.

⁴⁶ They consist mainly of activities linked to the web portals, news press offices and agencies or data processing and hosting.

⁴⁷ They mainly include programming, consultancy in IT area or computer facilities management activities.

⁴⁸ This drop of demand may have been related to the repercussions of a longer strike in Hollywood here (from H2 2023). The development of sales of the domestic motion picture and music publishing activities is generally quite volatile, which is related to irregular invoicing.

⁴⁹ The motion picture distribution segment performed similarly. According to data from the Union of Motion Picture Distributors, the gross nominal sales of domestic cinema operators increased by 0.5%, year-on-year, last year (with a decrease of total attendance by 3.3%, which slightly deepened for the second year in a row). Last year's result was affected by weaker sales in the autumn months. Compared to 2019, cinema attendance was almost a third lower last year (with almost the same number of performances played) and sales by an eighth.

⁵⁰ Last year's development was influenced by rapidly rising prices for the creation of programming and broadcasting activities as sales at current prices grew slightly (+0.1%).

performance in both passenger and freight transport⁵¹ here. Sales growth slowed in storage, nevertheless in real terms they were almost a sixth above the 2019 level. Postal and courier activities were from a longer-term perspective in a similar situation. However, their sales grew only slightly last year (+2.0%) despite the continued rapid development of sales via internet. In the marginal segment of air transport, the rapid recovery of demand from previous years did not continue and the sales of domestic carriers decreased slightly, year-on-year, (by 3.0%)⁵² last year. However, sales increased by 12.2% in Q4 alone and, seasonally adjusted, matched the peak level of the previous decade for the first time (Q2 2019). On the contrary, sales of water transport still lagged behind 2019 by about a tenth despite last year's recovery (+7.2%).

Sales in accommodation, food service and restaurants increased only slightly. Higher demand growth was counteracted by worse summer weather and, in the longer term, by rapid price growth in these services.

Sales increased by 1.3% in accommodation, food service and restaurants last year (and their growth was subdued for the third time in a row). This happened despite the relatively rapidly growing purchasing power of domestic households and the continuing development of inbound tourism. This may also be related to the rapid hike of the prices of these services⁵³. Physical indicators in the area of inbound tourism indicate slightly better results than real sales. Domestic providers of mass accommodation facilities (MAF) registered 23.55 million guests last year (in that 12.64 million were from the Czech Republic) with an average number of 2.51 nights per guest. The number of overnight stays increased by 3.3%, year-on-year, and, in contrast to the number of guests (which grew similarly last year), its growth rate increased slightly compared to 2024 (2.5%). Demand from non-residents grew faster last year (+5.0%), while overnight stays by domestic guests increased by only 2.0%. The summer season was again marked by worse weather – while the year before last it was exclusively the September floods; it was more long-term changeable weather with a higher frequency of precipitation and relatively slightly below average temperatures in July and September last year. This was reflected in lower demand from domestic guests, especially in campsites⁵⁴. For the second year in a row, the year-round number of visitors to MAF was above the level of the pre-covid year 2019, both in terms of the number of accommodated guests (+7.1%) and overnight stays (+3.7%)⁵⁵.

Demand continued to decline in most segments of administrative and support service activities due to the transformation of the labour market as well as the advancing

Sales increased only very slightly in real estate activities, year-on-year, last year (+0.6%), building on the lacklustre results from 2024. Sales in fact stagnated last year (+0.1%) in the branch administrative and support service activities, which usually provide services with lower added value mainly to enterprises, which was the worst result in the last five years. The slight growth was mostly driven by higher sales in office

⁵¹ According to current data from the Ministry of Transport, transport performance (in passenger-kilometres) increased, year-on-year, in rail transport by 4.6%, in road transport by 12.6% and in public transport by 6.8% in Q1 Q3 2025. However, the number of passengers increased only in public transport (+1.4%), while it stagnated on the railway. The growth of transport performance on roads continued in freight transport (+4.9%) and on the contrary it continued to decline on rail (by 3.3%), due to the shortening of transport distances (the volume of transported cargo increased in contrast by 6.9% last year).

⁵² On the contrary, the number of passengers handled at airports in the Czech Republic continued to grow (according to current data for Q1 to Q3 2025, by 6.5%, year-on-year).

⁵³ Prices of accommodation services increased by 8.5%, year-on-year, in Q1 2025, and prices of food services by 4.9%, year-on-year. Compared to 2015, they were 95% higher in total for both segments in March last year, while prices of the total consumer basket increased by "only" 54% over the same period.

⁵⁴ Overall, however, the number of guests in all MAFs in the Czech Republic increased slightly, year-on-year, in Q3 (+1.5%), since the changeable weather did not disturb urban tourism so much, as indirectly evidenced by the solid growth of the number of arrivals to top-category hotels in the Czech Republic (5*: +4.9%, 4*: +3.3%). The total demand growth in tourism in the Czech Republic was again driven mainly by foreign guests throughout the year. Israelis contributed the most to the growth last year (with a 35% increase of overnight stays), while Poles (+13.4%), Ukrainians (+8.4%) and the British (+7.5%) also had a significant impact. Demand from Germans stagnated, with these citizens still accounting for almost a quarter of the number of overnight stays (their demand grew by 3.1%, year-on-year, in 2024 and, together with guests from Israel and Great Britain, contributed the most to the growth of all overnight stays by foreign guests). Among the regions, the total demand for accommodation grew the most in the "Pardubický region" (+5.8%) and the least in the "Jihočeský region" (+0.8%). No region recorded a decrease of the number of overnight stays last year. Growth was 3.9% in Prague and was largely driven by foreign demand. It increased last year in all regions, except for the "Vysočina region" (-0.3%). In the case of domestic clientele, a similar slight decline of interest was recorded in the "Královéhradecký region" and "Jihočeský region", while the overnight stays of Czechs increased slightly in other regions (the most in the "Plzeňský region": +4.6%).

⁵⁵ This happened almost exclusively thanks to domestic clientele. The number of foreign guests was comparable to 2019 last year, however their number of overnight stays was still slightly lagging behind (by 1.6%).

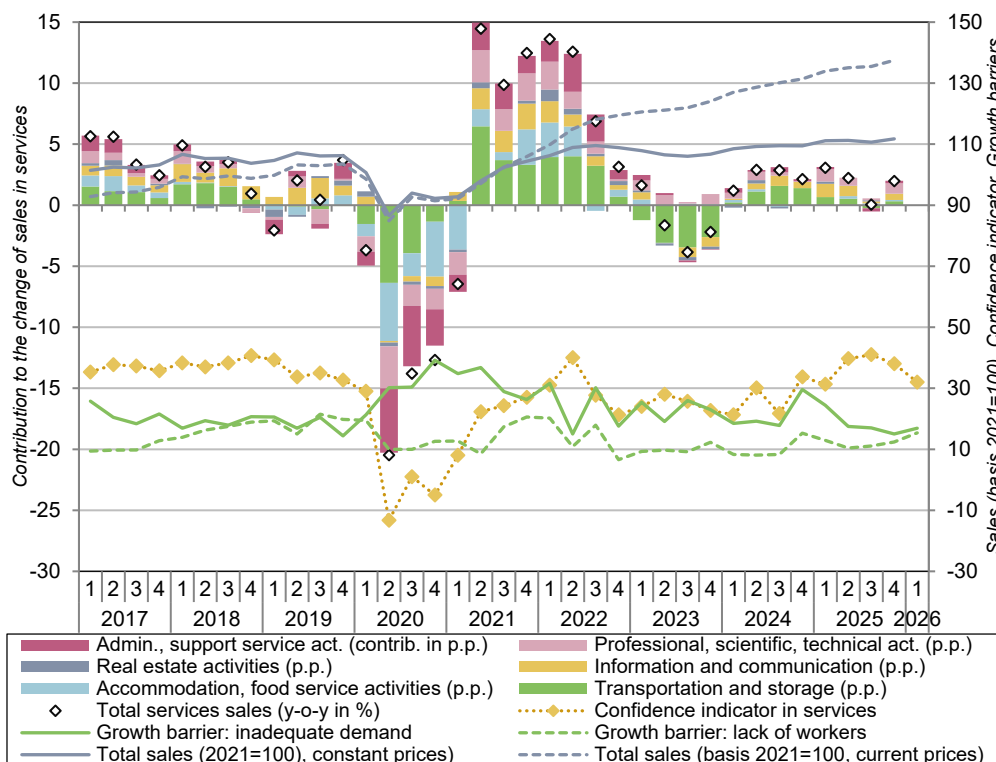


digitalisation.

Rental and operating leasing activities maintained stable demand.

administrative, office support and other business support activities (+6.8%⁵⁶). Higher demand from both households and businesses was reflected in sales growth of rental and operating leasing activities (+4.8%⁵⁷), which thus followed up on the recovery the year before last. On the contrary, a deeper sales decrease of activities of employment placement agencies continued for the fourth year, by 8.7%⁵⁸ last year. The pressure to reduce costs associated with the development of digitalization was reflected in a reduced sales of security and investigation activities. This has been going on for the third year, and it deepened to 7.6% last year (comparably the last time in 2009). For the first time since the retreat of the COVID-19 pandemic, the growth of demand for travel agency services stopped last year (however, sales exceeded the 2019 level by 5% here).

Chart 7 Contributions of sub-branches to year-on-year change of sales in services* (real, in p. p), total sales in services* (2021=100, right axis), balance of business confidence indicator in services (in p. p., right axis), barriers to growth** (in %, right axis)**



Note: All data are seasonally adjusted, only contributions of sub-branches to the growth of sales are adjusted solely for calendar effects.
 *Without branches trade, financial activities, insurance activities, science, research and public services.
 **Also involves the financial sector. Barrier to growth express the level in the first month of the given quarter, balance of confidence is related to the second month of the quarter. Businesses could have indicated more key barriers simultaneously.
 Source: CZSO, Eurostat

The development of retail continued last year. However, quarter-on-quarter sales rates

Retail growth continued in 2025, benefiting from growing household confidence in the economy⁵⁹, supported by favourable labour market developments. Nevertheless,

⁵⁶ These include, for example, the organization of conferences and exhibitions, activities of collection agencies and credit bureaus, but also e.g. call-centre activities.

⁵⁷ Year-on-year, sales (without adjustment) increased the most for rental and leasing of other machinery (e.g. construction or agricultural), equipment and trucks (+8.1%), the least for rental and leasing of passenger cars (and other light motor vehicles), where demand stagnated as in the previous two years.

⁵⁸ The decline of sales also occurred amid a high growth of the number of working foreigners in the Czech Republic. Refugees from Ukraine have played a significant role in it in the last four years. Due to the Temporary protection status granted to these persons, their employment in the CR is administratively simpler (compared to other groups of migrants from the so-called third countries) and thus they can find employment more easily “directly” (without an intermediary). In addition to the above, the reduced demand for the agency workers on the part of key manufacturing branches of the industry can also play a role in the decrease of sales.

⁵⁹ Last November, it thus broke out of the negative zone for the first time since the end of 2019 and was almost 12% higher than the long-term average (2003–2024). Although there was a slight correction in the following months, consumer confidence was still noticeably higher, year-on-year.

indicated a possible slowdown of growth.

quarter-on-quarter sales rates in retail⁶⁰ indicated a tendency towards a slight growth slowdown in H2. Although households' assessment of their own financial situation (and its outlook for 2026) gradually improved, people's willingness to make larger purchases (especially investments and durable goods) did not increase much, and at the same time there was a higher tendency to create financial savings. Retail performance was slightly above the peak of the pre-pandemic boom (+1.6%) in Q4 last year, however it has not yet fully compensated for the downturn in 2023 and 2024 (associated with a fall of real wages).

The year-on-year retail growth was mainly driven by sales via internet and higher demand for fuel, stimulated by last year's favourable price developments.

Retail sales increased by 3.3% for the whole last year (and the pace slowed slightly compared to 2024). Higher demand for non-food goods (growth by 4.2%, contribution to the growth of the total retail trade +2.2 p.p.) still maintained a dominant influence, which was essentially influenced by sales in the area of sales via internet or mail order houses, which strengthened by almost a tenth and, as in 2024, represented the most dynamic segment of total retail. Sales of cosmetic and toilet products continued to increase the most in specialized stores⁶¹ (+9.2%), while sales of pharmaceutical and medical goods also performed well (+5.4%)⁶². Demand for fuels was growing, which stemmed mainly from their favourable price developments⁶³. Year-on-year growth of their sales reached 8.0%⁶⁴ (the highest pace since 2008) and contributed 1.0 p. p. to the growth of the total retail last year. A positive turnaround was recorded in the retail sale of cultural and recreation goods, where sales increased by 3.2% last year after three years of declines, mainly due to higher demand for sports equipment. On the contrary, despite favourable price developments, there was no change regarding the demand for clothing, footwear and leather goods, and sales grew only slightly here for the second year in a row (and were still lower by almost a quarter compared to 2019). In addition, sales in some assortment groups of stores continued to decrease last year – by 2.5%⁶⁵ in the rather marginal segment of stores with computer and communication equipment, by 0.3% with products mainly for households⁶⁶. Sales increased only very slightly in food retail (+0.4%, contribution to the growth of the total retail sector +0.2 p.p.), while they grew at an almost identical pace for large chains⁶⁷. In specialized (usually small) stores⁶⁸, they slightly fell. While demand growth moderated (to +0.5%) last year compared to the 2024 pace (+2.8%) in chains, the fall of demand for specialized grocery stores continued for the seventh year in a row (by 0.2% last year).

Growth of food sales slowed down last year. Households have probably reduced their consumption of some foodstuffs also due to their raised prices.

⁶⁰ All year-on-year rates of retail sales are given at constant prices and adjusted for calendar effects, quarter-on-quarter rates are seasonally adjusted (including the effect of the number of working days). Retail trade includes only CZ-NACE 47 economic activities.

⁶¹ In addition, sales growth in the marginal segment of non-specialised stores with non-food goods predominating continued for the fifth year in a row last year (by 5.7% last year, by 14.6% the year before). It focuses on offering diverse, rather smaller goods at discount prices and has gradually expanded its sales network in the Czech Republic in recent years.

⁶² Favourable price developments also helped to drive demand for both of these assortment groups in the longer term (consumer prices fell slightly here in both 2024 and 2025).

⁶³ The consumer price of diesel reached an average of 32.70 CZK/l last May, and Natural 95 petrol was sold at filling stations for approximately 33.90 CZK/l. In the case of diesel, this was the lowest value since June 2023 and in the case of Natural 95 petrol even since September 2021. Favourable price developments continued without significant fluctuations until the outbreak of the war in Iran (at the beginning of March 2026). In addition to domestic households and companies, foreign carriers that operate transit transport through the Czech Republic have also responded to this development.

⁶⁴ However, fuel sales at current prices increased by only 1.5% last year, i.e. four times less than in 2024.

⁶⁵ Sales have been falling at a similar pace here for the fourth year in a row. It can be assumed that an increasingly significant part of the demand for computer and communication equipment is usually realized in larger establishments belonging (according to their predominant activity) to sales via Internet.

⁶⁶ These include mainly hardware, building materials, paints, glass, DIY supplies, electrical appliances, electronics, furniture, lighting equipment, carpets or home textiles.

⁶⁷ More detailed data for non-specialised stores with food predominating (in enterprises with an annual turnover of more than 15 bn CZK) indicate that the long-term trend of decline of the consumption of alcohol, non-alcoholic beverages and tobacco products probably continued last year (e.g. consumer prices of tobacco products increased by 7.0% in the Czech Republic last year, but sales for these products in the above-mentioned store segment increased by only 4.4% at current prices). On the contrary, consumers probably demanded more non-food goods in the above-mentioned stores last year, as indicated by the growth of sales at current prices for building materials and hardware (+7.4%). In contrast, they demanded less clothing, footwear, leather goods and travel equipment (-6.8%). Last year, consumer prices in the Czech Republic did not rise for clothing and footwear, on the contrary, they rose for household products.

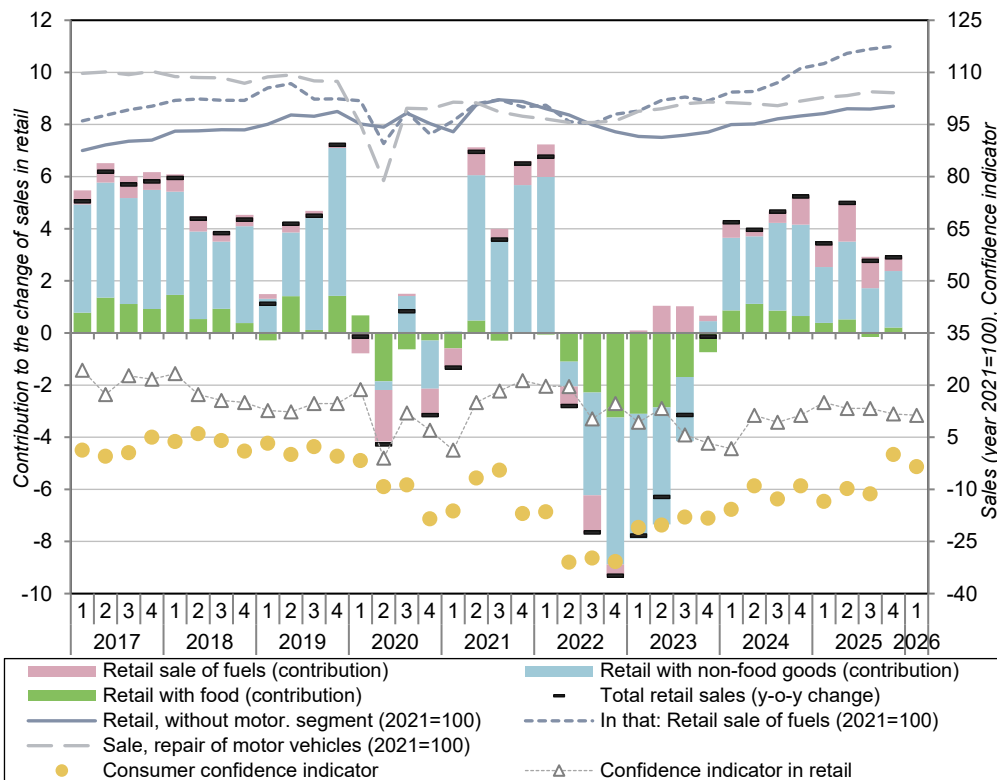
⁶⁸ These include, for example meat products, pastries, confectionery products, beverages or fruit and vegetables. However, tobacco shops, whose role grows especially to the detriment of stores with meat, have the greatest weight here in the latest years.



Growth of motor vehicles sales accelerated. However, the demand for parts and accessories for vehicles continued to decline.

In the automotive segment of trade, demand increased for the third year in a row last year, when sales increased by 2.5%. Growth accelerated in the key segment of the motor vehicle sales (excluding motorcycles) to 3.9%. This was mainly due to higher corporate demand, which is decisive for this segment of trade. Sales for repairs and maintenance of motor vehicles also grew at a moderate but more stable pace. By contrast, sales in the trade of parts and accessories for motor vehicles decreased by 1.5%, demand declined slightly here for the fourth year in a row and was lower by more than 15% compared to 2019 (by almost 5% in the total automotive segment of trade).

Chart 8 Contributions of sub-branches to year-on-year change of sales in retail trade* (real, in p.p.), sales in retail trade and motorist segment of trade (real, base of 2021=100, right axis), balance of business and consumer confidence indicator*** (in p. p, right axis)**



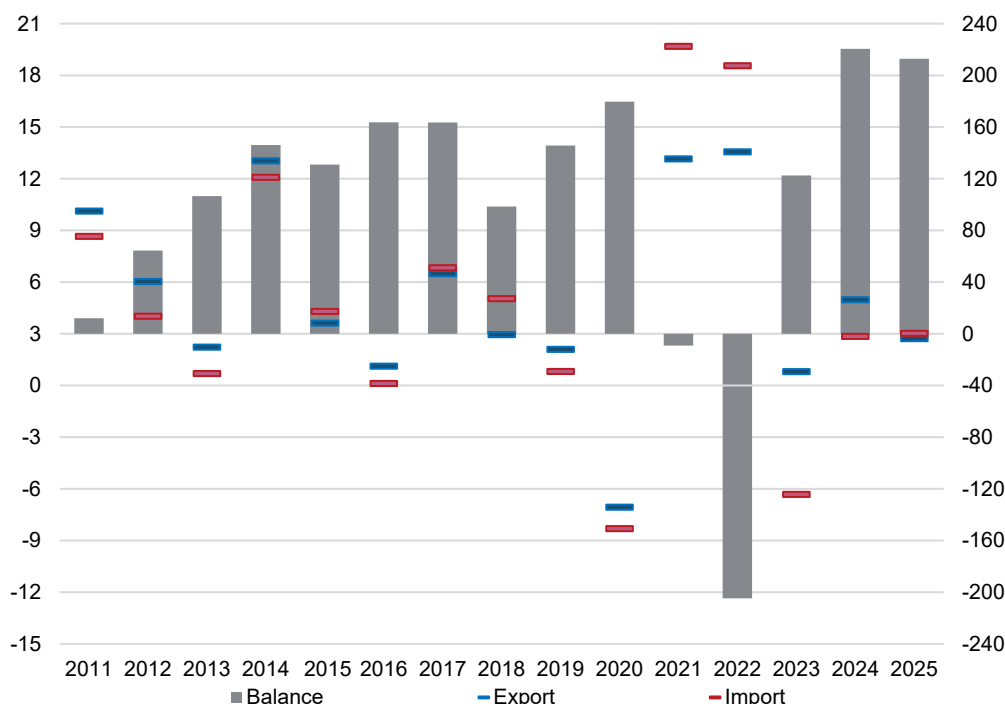
* Sales are adjusted for calendar effects.
 ** Sales are adjusted for both seasonal and calendar effects.
 *** Consumer confidence indicator balance is seasonally adjusted and expresses the position in the second month of the given quarter.
 Source: CZSO

4. External Relations

Exports of goods increased last year, but their year-on-year dynamics weakened during the year.

The value of exports of goods⁶⁹ totalled 4,789.5 bn CZK in 2025 and increased by 126.4 bn CZK (2.7%) compared to the previous year. Nominal growth of exports was more moderate than in 2024, mainly due to price developments⁷⁰. Global international trade was affected by the introduction of tariffs between the United States and the rest of the world last year. Exports received a strong impetus especially at the beginning of the year⁷¹, and the year-on-year pace weakened during last year. In Q4 alone, the value of exports increased by 1.7 bn CZK (0.1%), year-on-year, and reached 1,191.1 bn CZK. According to seasonally adjusted data, the value of exports increased by 1.5%, quarter-on-quarter, in Q4.

Chart 9 Export and import of goods (y-o-y change, in %) and balance of international trade with goods (in bn CZK, right axis)



Source: CZSO

The growth of exports to some non-EU countries has slowed down.

The value of exports of goods to the EU (+77.7 bn CZK, 2.1%) and outside the EU (+48.3 billion, 4.7%) increased last year. However, a significant growth slowdown compared to the previous year was evident for non-EU exports. The main contribution to this moderation last year was due to the development of exports to the United States of America, Great Britain and Singapore. Massive exports from year 2024 were followed by stagnation here last year⁷². Exports increased the most to Germany (+34.8 bn CZK, 2.5%), Slovakia (+13.6 bn CZK, 3.2%) and France (+13.4 bn, 6.0%) last year. Significant increases were also recorded for exports to Turkey (+7.7 bn, 10.0%), Ukraine (+7.6 bn CZK, 16.9%), Denmark (+7.0 bn, 18.8%), Austria (+6.9 bn, 3.9%), Sweden (+6.2 bn, 9.0%), Belgium (+6.3 bn, 6.1%) and

⁶⁹ Data for international trade with goods are recalculated using the updated method based on higher rate of detail since year 2020, see <https://www.czso.cz/csu/czso/aktualizace-metody-propoctu-zahranicni-obchod-se-zbozím>. Unless stated otherwise, all figures are without seasonal adjustment and at current prices.

⁷⁰ Export prices of goods fell by 1.2% in 2025. In Q4 2025 alone, they decreased by 4.2%, year-on-year, and by 0.7%, quarter-on-quarter.

⁷¹ In the Czech context, the effect of stocking up in connection with the expected introduction of tariffs on imports to the USA was reflected mainly in a significant acceleration in the year-on-year increase of exports of goods to Germany in Q1 of this year, which is the largest European exporter to the USA. The Czech Republic is a subcontractor in this relation. However, the increase of Czech exports to Germany decreased sharply in Q2. Exports from the Czech Republic to the USA themselves strengthened significantly in 2024, and this year's Q1 continued this trend. Here, too, the dynamics slowed down in the following quarters.

⁷² Exports to the UK increased by 1.1 bn CZK last year after an increase of 40.9 bn CZK in 2024, by 3.4 bn CZK to the USA after an increase of 21.4 bn CZK, and exports to Singapore by 50 million CZK after an increase of 10.6 bn CZK.



Switzerland (+5.6 bn, 7.2%). There was also a significant percentage increase of exports in the Philippines (+1.1 bn CZK, 73.4%) and South Korea (+4.8 bn, 38.0%) last year. The recorded decreases were generally moderate last year, with exports to the Netherlands (-4.8 bn CZK, -3.2%), Hungary (-3.6 bn, -2.5%) and Russia (-3.4 bn, -23.3%) declining the most last year. Exports to the EU (+2.6 bn CZK, 0.3%) and outside the EU (-1.0 bn, -0.4%) stagnated, year-on-year, in Q4 alone. The favourable development of exports to France, Slovakia, Switzerland or Sweden (see Table 2) was offset by export decreases to Poland, the United States of America, Germany and Great Britain.

Tabulka č. 1 Sections of CPA classification with impact on goods exports in Q4 2025 (year-on-year) **Tabulka č. 2 Countries with largest impact on exports of goods in Q4 2025 (year-on-year)**

	bn CZK	%		bn CZK	%
Machinery and equipment, n.c.e	+6.2	+4.9	France	+6.4	+11.8
Motor vehicles (excl. motorcycles) and parts	+5.1	+1.6	Slovakia	+5.4	+4.7
Crude petroleum and natural gas	+2.5	+943.7	Switzerland	+3.1	+16.1
Basic pharmaceutical products	+1.8	+10.4	Sweden	+2.1	+12.5
Other transport equipment	+1.4	+6.4	Austria	+1.8	+4.1
Basic metals	+1.2	+3.6	Norway	+1.4	+26.6
Food products	+1.1	+2.2	South Korea	+1.2	+29.6
Computers, electron. and opt. appliances and equipment	+1.0	+0.8	Singapore	+1.1	+30.0
Furniture	-1.1	-12.8	Belgium	-1.1	-4.0
Other non-metal mineral products	-1.1	-5.6	Israel	-1.4	-18.4
Metalworking products except for machinery and equipment	-1.3	-1.9	Netherlands	-1.5	-3.9
Paper and paper products	-1.3	-6.5	Great Britain	-2.3	-4.5
Electricity, gas, steam and air-conditioning	-4.1	-20.9	Germany	-2.6	-0.8
Chemicals and chemical products	-4.8	-8.3	United States of America	-3.0	-8.7
Electrical equipment	-6.4	-5.4	Poland	-6.7	-7.3

Source: CZSO

Source: CZSO

Motor vehicles were a key contributor to last year's increase of exports.

Exports of motor vehicles (+57.8 bn CZK, 4.4%) clearly contributed the most to the increase of the value of exports in 2025. Other areas of domestic production followed with a distance – machinery and equipment (+17.2 bn CZK, 3.4%), which partially recovered from the decline in the previous year, and other transport equipment (+13.1 bn CZK, 15.9%) and food products (+11.8 bn, 6.2%) significantly growing in recent years. The exports increase of basic pharmaceutical products (+8.0 bn, 11.3%), electricity, gas, steam and air-conditioned air (+7.8 bn CZK, 16.2%), rubber and plastic products (+6.6 bn, 3.0%), computers, electronic and optical appliances (+6.0 bn, 1.4%) and coke and refined petroleum products (+5.5 bn, 13.0%) was also significant. The decrease of the value of exports was concentrated mainly in the area of chemical substances and preparations last year (-10.7 bn CZK, -4.8%). In Q4, the year-on-year dynamics of exports across various items was only very modest, including the usual export leaders, such as weakly growing motor vehicles (see Table 1). On the contrary, exports of machinery and equipment, which have been subdued in recent years, recorded a relatively strong quarter. Exports of crude oil and natural gas also contributed more significantly to the total year-on-year growth of exports. By contrast, the decline of exports of electrical equipment from the previous quarter deepened, the decrease lasted for chemical substances and preparations, and exports of electricity, gas, steam and air-conditioning decreased significantly.

Imports grew slightly last year.

Imports of goods amounted to 4,576.7 bn CZK in 2025 and increased by 134.0 bn CZK (3.0%). Nominal growth strengthened compared to 2024, although price developments were downward⁷³. The year-on-year dynamics were strongest at the beginning of the year and gradually weakened also in the case of imports. The value of imports decreased by 10.8 bn

⁷³ Import prices fell by 1.6% in 2025. They were lower by 5.1%, year-on-year, and by 1.1%, quarter-on-quarter, in Q4.

CZK (−0.9%) to 1,138.7 bn CZK in Q4. On a quarter-on-quarter basis, imports increased by 1.3% in Q4.

Imports from both the EU and non-EU countries grew.

Imports from EU countries increased by 62.6 bn CZK (2.3%) last year. In the case of imports outside the EU, the increase was relatively stronger (+48.5 bn, 3.0%). The largest increase was recorded in imports from Norway last year (+24.2 bn CZK, 44.0%) and China (+19.6 bn, 3.6%). Significant increases were recorded for imports from Germany (+11.4 bn CZK, 1.1%), Austria (+9.1 bn, 7.5%), Turkey (+8.9 bn, 16.0%), Hungary (+6.1 bn, 6.1%) and Switzerland (+5.6 bn, 11.8%). Strong percentage increases were recorded for imports from Singapore (+5.1 bn, 102.2%) and the United Arab Emirates (+1.4 bn, 32.6%). Only a minority of countries recorded a decrease of imports, only imports from Russia (−53.0 bn CZK, −67.5%) and Taiwan (−8.0 bn, −17.8%) featured a significant decrease. Non-EU countries (−8.6 bn, −2.0%) accounted for a greater share of the total reduction of imports in Q4 compared to imports from the EU (−5.7 bn CZK, −0.8%). The year-on-year decline of imports was mainly due to developments in Russia and China (see Table 4), and significant decreases were also recorded for imports from Slovakia, Poland and Germany. On the contrary, imports from Norway, Hungary and Taiwan grew.

Imports of metalworking products grew significantly last year.

Last year, imports of metal products⁷⁴ (+40.1 bn CZK, 18.4%) and electrical equipment⁷⁵ (+31.4 bn, 7.2%) increased the most. A significant increase was also recorded for imports of motor vehicles (+16.7 bn CZK, 2.5%), food products (+15.3 bn, 6.2%), electricity, gas, steam and conditioning (+10.7 bn, 54.8%), other products of the manufacturing industry (+9.2 bn, 9.6%) and other transport equipment (+9.1 bn, 14.5%). In particular, the value of imports of coke and refined petroleum products decreased significantly (−7.5 bn CZK, −7.5%). The total year-on-year decrease of imports of goods in Q4 was mainly influenced by a decline of imports of crude oil and natural gas (see Table 3). Imports of chemical substances and products, machinery and equipment, electrical equipment or coke, and refined petroleum products were also lower. On the contrary, imports of other transport equipment or other products of the manufacturing industry increased.

Tabulka č. 3 Sections of CPA classification with highest impact on goods imports development in Q4 2025 (year-on-year) **Tabulka č. 4 Countries with largest impact on imports of goods in Q4 2025 (year-on-year)**

	bn CZK	%		bn CZK	%
Other transport equipment	+3.6	+24,9	Norway	+7,1	+75.8
Other manufacturing products	+1.6	+5,7	Hungary	+4,5	+18.7
Metalworking products except for machinery and equipment	+1.4	+2,1	Taiwan	+2,5	+27.9
Basic pharmaceutical products	+1.0	+3,1	Austria	+2,1	+6.6
Motor vehicles (excl. motorcycles) and parts	+1.0	+0,6	Singapore	+1,9	+145.7
Wood and wood products excl. furniture	+0.8	+13,7	Switzerland	+1,7	+15.3
Hard coal, brown coal and lignite	−0.8	−28,0	Japan	+1,6	+8.0
Paper and paper products	−0.9	−5,1	Kazakhstan	+1,5	+33.0
Rubber and plastic products	−0.9	−1,8	India	−1,6	−17.1
Leather and associated products	−0.9	−11,6	Azerbaijan	−1,8	−18.6
Coke and refined petroleum products	−1.5	−6,8	Germany	−3,0	−1.2
Electrical equipment	−1.8	−1,5	Poland	−4,1	−3.8
Machinery and equipment, n.c.e.	−2.1	−2,1	Slovakia	−5,2	−7.8
Chemicals and chemical products	−2.6	−2,9	China	−7,7	−5.1
Crude oil and natural gas	−6.7	−16.4	Russia	−21.7	−78.0

Source: CZSO

Source: CZSO

The surplus of the international trade with

The balance of international trade with goods reached a surplus of 212.9 bn CZK last year. This represented a slight decrease of the positive balance compared to the previous year

⁷⁴ The increase was mainly in weapons and ammunition.

⁷⁵ Batteries were imported to a larger extent, especially for electric cars.



goods remained significant last year. (–7.6 bn CZK). Most of the surplus was created in H1 2025. The international trade surplus with goods reached 52.4 bn CZK in Q4 2025. This was a year-on-year improvement of 12.5 bn CZK and at the same time the highest positive balance for this quarter of the year in the entire time series. According to seasonally adjusted data, the balance of international trade with goods also improved, quarter-on-quarter, in Q4.

The positive balance of trade with EU countries was improving. In 2025, the balance of international trade with goods improved for trade with the EU (+15.1 bn CZK) and slightly deteriorated for trade with non-EU countries (–0.2 bn). However, it had a significant negative impact on the total balance of the category of unspecified countries⁷⁶ last year (–22.5 bn CZK). Trade with Norway (–25.0 bn CZK), China (–21.7 bn CZK), Hungary (–9.7 bn), the Netherlands (–6.9 bn), Spain (–5.6 bn) and Singapore (–5.0 bn) had the greatest impact on the deterioration of the balance of international trade with goods. On the contrary, the balance improved significantly for trade with Russia (+49.6 bn CZK), Germany (+23.4 bn) and France (+11.1 bn). Trade with the United States (+7.2 bn), Taiwan (+7.0 bn), Ukraine (+6.1 bn), Denmark (+5.9 bn), Slovakia (+5.5 bn) and Belgium (+5.1 bn) also had a significant impact on the balance improvement. The surplus of trade with the EU increased by 8.3 bn CZK, year-on-year, in Q4 alone and the deficit with non-EU countries⁷⁷ narrowed by 7.6 bn CZK. The balance improved the most, year-on-year, for Russia, Slovakia, China and France (see Table 6). In contrast, trade with Norway, the United States or Hungary acted in the direction of deterioration.

Tabulka č. 5 Sections of CPA classification with highest impact on international trade with goods balance development in Q4 2025 (year-on-year)

	bn CZK
Crude petroleum and natural gas	+9.3
Machinery and equipment, n.c.e.	+8.2
Motor vehicles (excl. motorcycles) and parts	+4.2
Coke and refined petroleum products	+1.9
Computers, electron. and opt. appliances and equipment	+1.8
Rubber and plastic products	+1.5
Basic metals	+1.3
Products of agriculture and hunting	+1.1
Other manufacturing products	–0.9
Other non-metal mineral products	–1.6
Other transport equipment	–2.2
Chemicals and chemical products	–2.2
Metalworking products except for machinery and equipment	–2.7
Electricity, gas, steam and air conditioning	–4.4
Electric equipment	–4.7

Source: CZSO

Tabulka č. 6 Countries with largest impact on international trade with goods development in Q4 2025 (year-on-year)

	bn CZK
Russia	+21.0
Slovakia	+10.6
China	+8.4
France	+6.1
Sweden	+2.0
South Korea	+1.6
Belgium	–1.7
Ireland	–2.0
Kazakhstan	–2.3
Great Britain	–2.5
Poland	–2.7
Taiwan	–2.7
Hungary	–3.5
United States of America	–3.5
Norway	–5.7

Source: CZSO

Last year, the motor vehicle trade was in the direction of improving the balance.

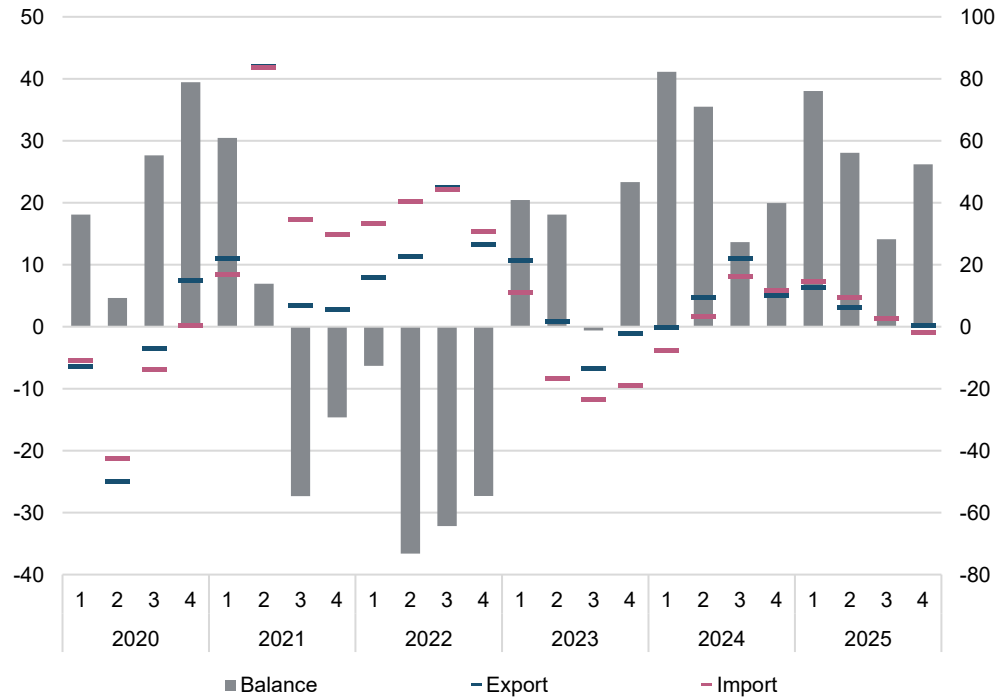
Trade with metalworking products (–39.9 bn CZK) and electrical equipment (–30.8 bn) had the greatest impact on the deterioration of the balance of international trade with goods. The balance of trade with agricultural and hunting products (–7.2 bn CZK) and chemicals and chemical products (–7.3 bn CZK) also deteriorated significantly. On the contrary, trade with motor vehicles (+41.1 bn CZK), machinery and equipment (+15.1 bn CZK), coke and refined petroleum products (12.9 bn CZK), computers, electronic and optical appliances (+8.6 bn), basic pharmaceutical products (+5.3 bn) and rubber and plastic products (+5.1 bn) had a significant impact on the balance last year. The total year-on-year improvement of the balance of international trade with goods in Q4

⁷⁶ The impact on the balance for the “unspecified” category has been growing since the beginning of the year. Mainly the trade with crude oil and natural gas, which could not be territorially classified, was captured here.

⁷⁷ The balance deteriorated by 3.4 bn CZK in case of unspecified origin of goods.

was positively influenced mainly by trade in crude oil and natural gas (see Table 5) and machinery and equipment. Smaller improvements were then recorded in trade with coke and refined petroleum products, basic metals, motor vehicles, or rubber and plastic products. On the contrary, the balance of trade with electrical equipment, electricity, gas, steam and air-conditioning, metalworking products, other transport equipment, or chemicals and chemical goods deteriorated.

Chart 10 Export and import of goods (y-o-y change, in %) and balance of international trade with goods (in bn CZK, right axis)



Source: CZSO



5. Prices

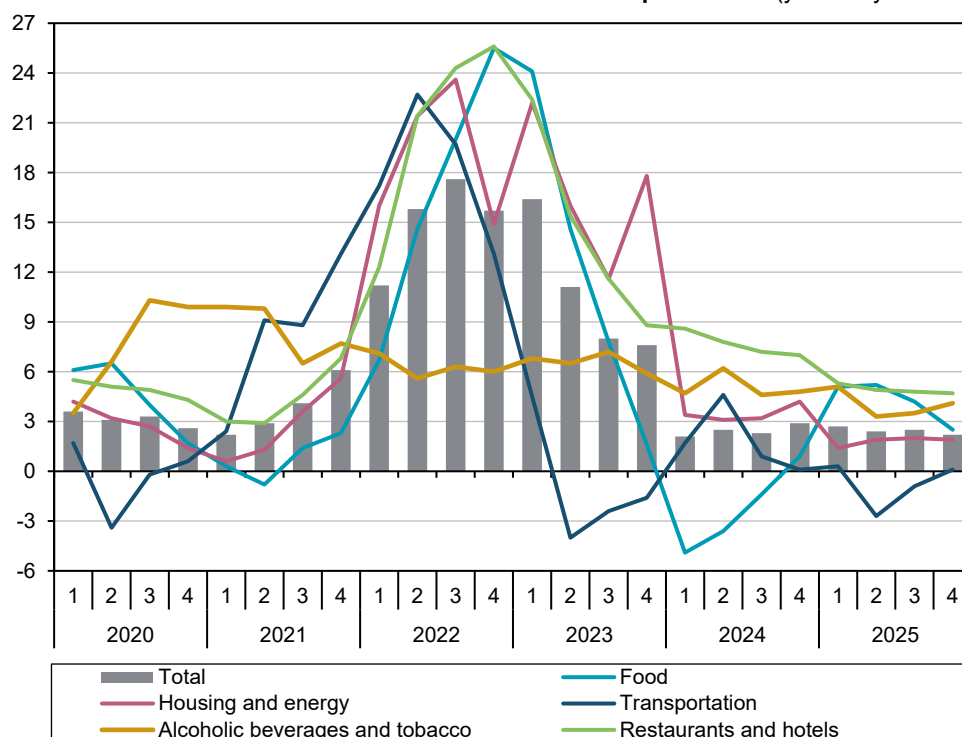
The price level increased by 3.4% in 2025.

The total increase of the price level, as measured by the GDP deflator, was 3.4% in 2025. The price level was higher for consumption (3.2%, in that household consumption prices increased by 2.9%) and expenditure on gross capital formation (3.1%). The terms of trade in international trade with goods and services were positive (100.7%). The total year-on-year growth of the price level strengthened to 3.9% in Q4 last year. This was mainly influenced by the development of the price level of capital expenditure (5.4%), especially the valuation of inventories. The price level of expenditure on fixed capital formation rose only slightly (2.1%). Consumer prices were 3.2% higher, year-on-year, of which prices for households increased by 2.5%. Year-on-year terms of international trade reached 100.9%. Quarter-on-quarter, the total price level increased by 1.0% in Q4. The increase strengthened, and this was due not only to stronger growth of consumption prices (0.8%), but also to positive quarter-on-quarter terms of international trade (100.5%). Quarter-on-quarter growth of gross capital expenditure prices weakened to 0.5%.

Year-on-year growth of consumer prices did not differ much from 2024.

In total, consumer prices increased by 2.5% in 2025. The increase went up only slightly compared to the previous year (2.4%). The prices of food and non-alcoholic beverages contributed the most to the total increase of consumer prices last year, followed by the division housing, water, energy and fuels. Above average dynamics and a significant impact on consumer price developments continued to be maintained last year by two divisions comprising services – food service and accommodation and recreation and culture. Only developments of clothing and footwear and transportation were in the direction of the consumer price drops last year.

Chart 11 Prices in the selected divisions of the consumer price index (year-on-year in %)



Source: CZSO

Year-on-year growth of consumer prices slowed down at the end of the year.

The year-on-year dynamics of the consumer price index weakened towards the end of 2025, and prices were thus higher by 2.2% in Q4. The slowdown was mainly due to a drop of food and non-alcoholic beverage prices. The position of the division with the strongest contribution to the total year-on-year growth of consumer prices was thus

again taken over by housing and energy in Q4. Alcoholic beverages and tobacco, recreation and culture, and food and accommodation also contributed significantly to the year-on-year growth of consumer prices in Q4. On a quarter-on-quarter basis, consumer prices decreased by 0.2% in Q4 2025 (the first decline since Q4 2023), mainly due to developments of food and non-alcoholic beverages, recreation and culture and transportation prices.

Food prices contributed the most to the increase of the price level.

Prices of food and non-alcoholic beverages rose significantly, year-on-year, for most of last year (over 5% in H1, 4.2% in Q3) and increased by total 4.2%. In 2025, the prices of milk, cheese and eggs (8.2%), sugar, confectionery and related products (6.4%) and non-alcoholic beverages (6.2%) increased the most. There was also a significant increase of the prices of oils and fats (5.6%), fruit (5.3%) and meat (4.3%). Prices of bread and cereals maintained a moderate growth rate throughout the year and increased by total 2.2%. Only vegetable prices fell (-2.2%). The Q4 itself brought a significant slowdown of year-on-year growth of food and non-alcoholic beverages prices to 2.5%, which also corresponded to a quarter-on-quarter decline of 0.7%. The slowdown was mainly due to a year-on-year fall of prices of oils and fats by 10.6% and also a decrease of fruit prices by 4.9%. In the rest of the division, price dynamics remained broadly stable. Strong year-on-year growth was maintained mainly by the prices of sugar and confectionery products (6.0%), milk, cheese and eggs and meat (both 5.3%) and non-alcoholic beverages (5.1%). Prices of alcoholic beverages and tobacco also contributed significantly to consumer price growth last year, although their increase of 4.0% was the lowest since 2019. Alcohol and tobacco prices increased by 4.1%, year-on-year, and by 0.6%, quarter-on-quarter, in Q4 alone.

Housing and energy prices maintained a stable role in consumer prices development.

Housing and energy prices rose by 1.8% last year, which was the lowest increase since 2017. However, given the weight of this consumer basket division, housing and energy still contributed significantly to the total consumer price growth despite the slowdown. The reduction of housing and energy prices was driven solely by the prices of electricity, heat, gas and other fuels, which were lower by 3.4% last year. On the contrary, rentals for housing (6.1%) as well as imputed rentals⁷⁸ (4.4%) grew significantly, and other housing-related services (3.9%) and routine maintenance and minor repairs of dwellings (3.4%) continued to have considerable price dynamics. Housing and energy prices increased by 1.9%, year-on-year, in Q4 alone and by 0.5%, quarter-on-quarter. The prices of rentals for housing (6.1%) and imputed rentals (4.8%) increased the most, year-on-year. Prices of other housing-related services (3.9%) and routine maintenance and minor repairs (3.4%) maintained a significant pace. Prices of electricity, heat, gas and other fuels were the only ones to fall, year-on-year (-3.9%).

Prices of services increased significantly last year.

A characteristic feature of price growth in 2025 was the ongoing strong dynamics of services prices. This was reflected in particular in the development of the food and accommodation division, where prices increased by 4.9% last year. Prices of accommodation services (7.4%) rose more significantly than prices of food service (4.6%). Stable strong year-on-year price dynamics was maintained throughout the year in this division, and prices of food and accommodation increased by 4.7%, year-on-year, in Q4 and by 0.9%, quarter-on-quarter. Prices of recreation and culture also increased at an above-average pace, rising by 3.7% for the whole of 2025. The increase was mainly driven by prices of recreational and cultural services (5.8%) and package holidays (4.3%). Prices of newspapers, books and stationery also rose strongly (3.9%). The year-on-year increase of prices of recreation and culture weakened to 3.8% in Q4 alone, reflecting the usual seasonal quarter-on-quarter decrease of prices (-3.7%,

⁷⁸ Imputed rent expresses the cost of owner living. Apart from prices of housing themselves, it also contains the cost of construction and renovation and further fees. For more see: <https://csu.gov.cz/metodicka-poznamka-k-indexu-spotrebitelskych-cen-imputovane-najemne>.



mainly package holidays). Prices of other goods and services increased by 3.2% last year⁷⁹. Prices of education increased significantly (8.7%) last year – an exceptionally strong quarter-on-quarter increase of 6.9% at the end of 2024 was still visible. The high comparative basis was also evident in the weakening of the year-on-year growth rate of education prices to 4.1% in Q4 2025. The quarter-on-quarter increase reached 2.3%. Prices in the area of health were 3.4% higher last year and increased by 3.1%, year-on-year, in Q4 alone.

A slight increase was recorded for the prices of home furnishings last year.

Within the consumer basket, prices of home furnishings, household equipment and repairs rose only slightly last year (1.4%). Household textiles recorded a relatively high price increase (6.8%) and furniture, furnishings and floor coverings also increased in price (2.6%). However, prices in the rest of the division rather stagnated or decreased in the case of goods and services for routine household maintenance (−1.7%). The division maintained a stable growth rate throughout the year, and the year-on-year increase of prices of furnishings, equipment and repairs reached 1.3% in Q4 alone. Quarter-on-quarter, prices increased by 0.1% here. Prices of post offices and telecommunications increased by 0.4% last year, were higher by 0.5%, year-on-year, in Q4 alone and remained unchanged, quarter-on-quarter.

A decline was recorded last year for the prices of clothing and footwear and transportation.

Prices fell in only two divisions, last year. The first was clothing and footwear (−1.9%), where the year-on-year decline was maintained throughout the year. The year-on-year decrease of prices reached 2.0% in Q4, but there was a significant increase of 1.2%, quarter-on-quarter. The second division, where total prices decreased was transportation (−0.8%), which was mainly affected by a reduced cost of the operation of personal transport vehicles (−2.5%), especially a decrease of fuel prices (−6.8%). Purchase prices of motor vehicles, motorcycles and bicycles were only slightly higher last year (0.6%). Only the costs of transportation services increased more significantly (3.2%) within the development of transportation prices. Depending on the development of fuel prices, transportation prices occasionally went from falling to year-on-year stagnation during the year, which was also the case in Q4 (growth by 0.1%, year-on-year, −0.1%, quarter-on-quarter). Prices of operation of personal transport equipment decreased by 0.9%, year-on-year, in Q4. The year-on-year increase weakened to 1.4% for transportation services and the purchase prices of motor vehicles, motorcycles and bicycles were higher by 1.2%.

Consumer prices increased by 2.5% in the EU in 2025.

The Harmonised Index of Consumer Prices (HICP)⁸⁰ in the European Union increased by 2.5% in 2025. The pace slowed slightly compared to the previous year (2.6%) and the structure of price growth also changed. The increase of food and non-alcoholic beverages prices (3.3%) and housing and energy prices (2.8%) strengthened in the EU. On the contrary, the prices of alcohol and tobacco (4.4%), accommodation and food service (4.0%), recreation and culture (1.9%) increased more moderately, and the growth of prices of clothing and footwear (0.4%) almost ceased. In 2025, only telecommunications prices fell in the EU (−1.5%). Consumer prices rose in all EU countries last year. Price increases in Cyprus (0.8%) and France (0.9%) fell below 1%. By contrast, HICP grew the most by a significant margin in Romania (6.8%), followed by Estonia (4.8%), Croatia and Hungary (both 4.4%). In Czechia, HICP growth moderated to 2.3%. In Q4 alone, the HICP grew by 2.4% in the EU, year-on-year, and by 0.3%, quarter-on-quarter. The slight slowdown of the year-on-year pace of the HICP was mainly due to the development of food and non-alcoholic beverages prices (a moderation of the increase to 2.9%). Prices of accommodation and food service and other services continued to rise strongly. Only telecommunications prices decreased,

⁷⁹ Contains services of personal care and personal needs and accessories, social care, insurance and further financial services etc.

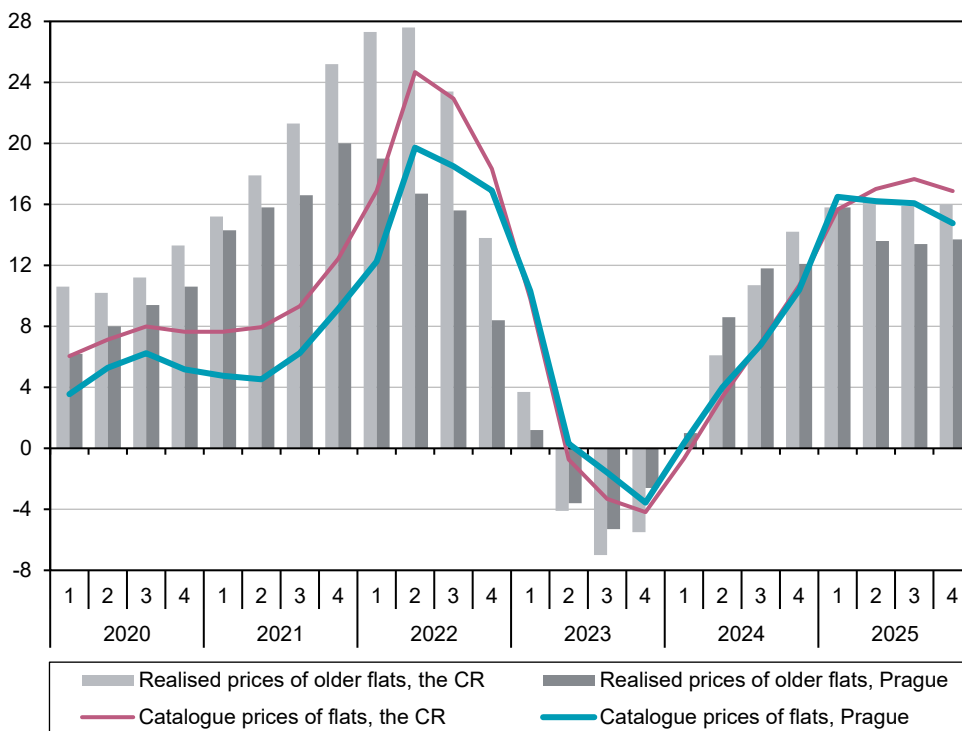
⁸⁰ Contrary to the consumer price index, which the CZSO compiles for the Czech economy, HICP does not contain imputed rent, which is the main reason for the difference between the HICP and Consumer price index.

year-on-year (-0.6%). Prices were raised the most, year-on-year, in Romania (8.6%), Estonia (4.4%) and Croatia (4.0%) in Q4. Prices in Cyprus (0.1%) practically stagnated, and prices in France (0.8%) and Italy (1.2%) increased only slightly, year-on-year.

Year-on-year growth of catalogue prices of dwellings peaked in H2.

Catalogue prices of dwellings in the Czech Republic increased by 16.8%, year-on-year, in 2025. Compared to the previous year, there was a sharp acceleration of price dynamics, both regarding the prices of dwellings in Prague (15.8%) and outside Prague (17.9%). The acceleration of the year-on-year growth rate of catalogue prices of dwellings in the Czech Republic peaked in H2, and the increase slowed slightly to 16.9% in Q4. The quarter-on-quarter increase was also milder (2.4%). The slowdown of the year-on-year pace was mainly due to the catalogue prices of dwellings in Prague (14.8% in Q4, 16.1% in Q3), while the price increase for dwellings outside Prague fell from 19.5% in Q3 to 19.2% in Q4. The year-on-year and quarter-on-quarter dynamics of realized prices of older dwellings in the Czech Republic have been stable for several quarters. In Q4 2025, they increased by 16.0%, year-on-year, with a quarter-on-quarter increase of 3.7%. Realized prices of older dwellings increased by 13.7%, year-on-year, in Prague alone and by 16.6% outside Prague. Prices of new dwellings, which are only available for Prague, showed a noticeable growth slowdown in Q4 2025 – prices increased by 13.3%, year-on-year, and by 0.9%, quarter-on-quarter, which was the lowest since Q3 2024.

Chart 12 Real estate prices (year-on-year change, in %)



Source: CZSO

Industrial producer prices fell in total last year.

In total, industrial producer prices fell by 0.8% in 2025, the first decrease since 2016. Only prices of water supply and related services were higher, year-on-year (4.1%). Mining and quarrying prices fell the most (-3.8%). Among these, the prices of coal and lignite mining fell by 9.6% and crude oil and natural gas by 15.5%. On the contrary, prices of other mining, especially construction materials, rose (5.8%). Prices for electricity, gas, steam and air-conditioning were 2.9% lower in 2025. The year-on-year development of prices of products and services in manufacturing was around the stagnation threshold for most of the year, and total prices in this division fell by 0.2% last year. Prices of chemicals and chemical products (-5.6%), basic metals (-2.6%),

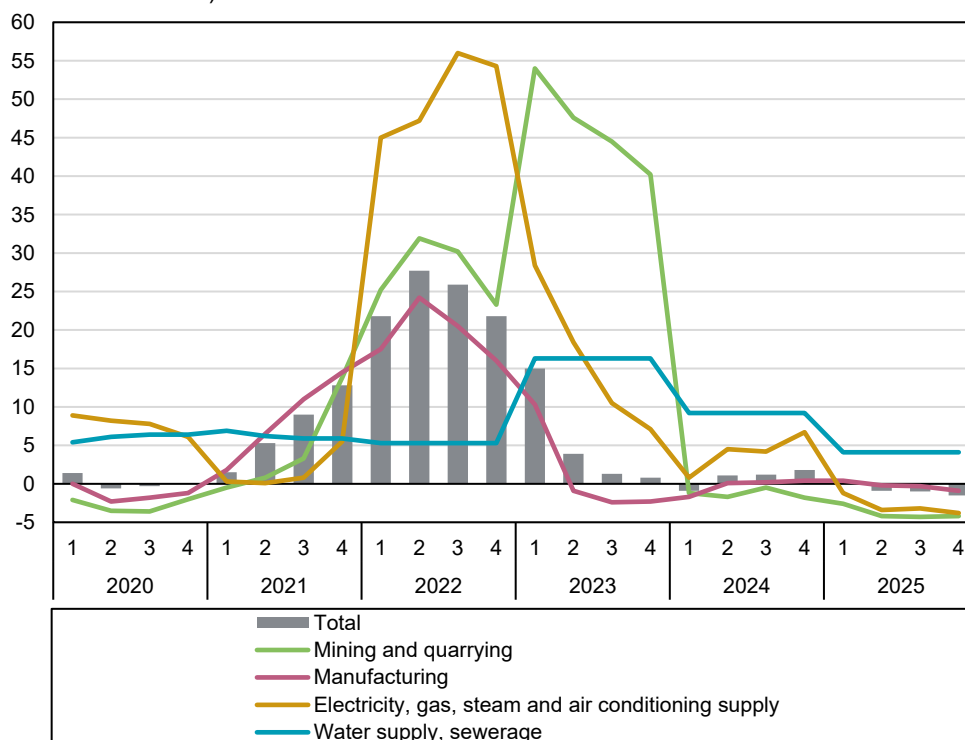


electrical equipment (-1.3%), metalworking products (-0.5%) or motor vehicles (-0.2%) were lower last year. In contrast, prices of wood and wooden products (4.8%), clothing (4.4%), repairs, maintenance and installation of machinery and equipment (4.1%), other transport equipment (3.9%) and basic pharmaceutical products and preparations (3.1%) increased significantly.

The year-on-year decrease of industrial producer prices deepened during the year.

In the course of the year, the drop of industrial producer prices gradually deepened down to -1.5% in Q4. Industrial producer prices decreased by 0.2%, quarter-on-quarter. Mining and quarrying prices maintained a similar year-on-year decline as in the previous quarter (-4.2%) and fell by 0.4%, quarter-on-quarter. The development within the division did not differ from the rest of the year. The prices of coal and lignite mining (-10.0%) and crude oil and gas (-15.0%) decreased the most, year-on-year. On the contrary, prices of other mining rose (5.2%). The year-on-year fall of electricity, gas, steam and air-conditioning prices deepened to -3.8% in Q4 and prices were 1.2% higher, quarter-on-quarter. The year-on-year decrease of prices of manufacturing products and services deepened to -0.9% in Q4 and prices fell by 0.6%, quarter-on-quarter. Especially prices of chemicals and chemical products slumped, year-on-year (-8.1%), while the decline deepened for paper and paper products (-3.7%), and prices of basic metals (-2.7%), motor vehicles (-2.0%), electrical equipment (-2.0%) and metalworking products (-0.9%) were also lower. At the end of the year, prices of computers, electronic and optical appliances and equipment (-1.7%) and rubber and plastic products (-1.3%) fell, year-on-year. On the contrary, the year-on-year increase of prices of wood and wood products accelerated significantly (7.5%), while prices of other transport equipment (4.2%), repairs, maintenance and installation of machinery and equipment (3.9%), clothing (3.6%), furniture (3.2%) and basic pharmaceutical products and preparations (3.1%) were also higher.

Chart 13 Prices of main groups of industrial producers (year-on-year change, in %, based on CPA classification)



Source: CZSO

<p>Industrial producer prices in the EU rose slightly last year.</p>	<p>Total industrial producer prices in the EU⁸¹ increased by 0.5% in 2025. Prices of electricity, gas, steam and air conditioning (0.8%), mining and quarrying (0.5%) and manufacturing products and services (0.3%) were slightly higher. Industrial producer prices increased the most in Bulgaria (13.2%), Denmark (3.6%) and Romania (3.1%) last year. By contrast, the most significant decreases were recorded in Luxembourg (-4.2%), Portugal (-2.5%) and Lithuania (-2.1%). Under the influence of the sharp quarter-on-quarter decline of prices that occurred in Q2, a slowdown of year-on-year industrial producer price growth to -1.0% in Q4 (with a quarter-on-quarter increase of 0.2%) was evident in the course of 2025. Prices of electricity, gas, steam and air-conditioning (-5.2%), which had a key impact on the above-described dynamics, and mining and quarrying prices (-2.7%), declined, year-on-year. The year-on-year price growth was moderate (0.4%) in manufacturing. Industrial producer prices increased the most in Q4, year-on-year, in Bulgaria (13.6%), Romania (6.7%) and Sweden (3.0%). By contrast, Luxembourg (-5.9%), Ireland (-4.0%) and Portugal (-3.3%) saw the most price falls.</p>
<p>Prices of construction works increased by 3.0% last year.</p>	<p>According to estimates, the prices of construction works were on average 3.0% higher for the whole 2025 compared to 2024. This meant a boost of growth (prices rose by 2.0% in 2024). Prices of materials and products consumed in construction increased on average by 1.0% for the whole of 2025 (they were lower by 0.5% in 2024). The year-on-year growth rate of construction prices was stable throughout 2025, and prices increased by 3.1%, year-on-year, in Q4 alone and were 0.7% higher, quarter-on-quarter. Prices of materials and products consumed in construction increased by 1.2%, year-on-year and by 0.3%, quarter-on-quarter in Q4.</p>
<p>The growth of prices of market services was significantly influenced by the prices of advertising services and market research.</p>	<p>Prices of market services increased by 4.1% in 2024. Prices of advertising services and market research increased the most (13.9%), followed by security and investigation activities (11.7%) and employment services (9.2%). Prices of warehousing and support activities for transportation (6.1%), publishing services (5.1%), insurance, reinsurance and pension financing (4.5%), postal and courier services (4.3%), real estate services (3.9%) and computer programming and related consulting services (3.7%) also increased significantly. Only the administrative, office support and other business support activities recorded a 0.5% decrease of prices. In Q4 alone, year-on-year growth of prices of market services slowed slightly to 4.2%. Prices increased by 1.4%, quarter-on-quarter. The prices of programming and broadcasting (15.2%), advertising services and market research (16.7%), security and investigation activities (12.0%) and employment activities (8.9%) grew the most, year-on-year, in the last quarter of 2025. Prices of warehousing and support activities for transportation (6.2%), publishing services (6.2%), motion picture, video and television programme production (5.1%) or insurance, reinsurance and pension financing (5.0%) were also higher. Prices of water transport (-0.4%), rental and operating leasing services (-0.3%), land and pipeline transport (-0.2%) and administrative, office support and other business support activities (-0.1%) decreased, year-on-year.</p>
<p>Last year, the prices of livestock production rose sharply.</p>	<p>Total agricultural production prices (including fish) increased by 7.9% in 2025. The growth was driven mainly by developments in animal production, but crop production prices were also higher last year, specifically by 3.0%. Prices of weight-important cereals (5.2%), mainly wheat (6.9%), maize (10.3%) and other cereals (especially triticale, 4.9%) were higher. On the contrary, barley prices stagnated (0.3%) and prices of rye (-4.3%) and oats (-10.1%) fell. A strong increase was recorded for industrial crops (7.4%, driven mainly by growth of prices of oilseeds by 13.2% and hops by 10.0%, prices of sugar beet fell by 16.8%) and grapes (12.4%). Prices of fodder crops (3.1%)</p>

⁸¹ Without prices of water distribution and services associated with wastewaters.



and fruit (3.8%) were also higher last year. On the contrary, a strong decrease was recorded for the prices of potatoes (-20.1%) and further vegetables and horticultural products (-3.4%). Livestock production reported a sharp price hike last year (14.7%). Except for pig prices (-9.8%), prices rose across this total segment of agricultural production. Prices of cattle increased sharply (32.0%) and poultry prices increased (8.0%). Considerable increase of the prices of eggs (36.0%) and milk (16.8%) then had significant consequences for final consumers.

Prices of crop production decreased, year-on-year, in Q4.

The current episode of year-on-year growth of agricultural producer prices began as early as the end of 2024 and this high comparison basis was one of the reasons for the significant slowdown of year-on-year price growth to 0.9% in Q4 2025. Crop production prices fell by 5.9%, year-on-year, in Q4. Cereal prices were lower by 7.0%, year-on-year (wheat -7.9%, barley -3.5%, maize -10.1%). Fruit fell by 19.3%, potatoes by 18.3%, industrial crops by 7.6% and feed crop prices fell by 1.9%. On the contrary, the year-on-year decrease of prices of vegetables and horticultural products halted in Q4 (prices stagnated). Year-on-year growth of livestock prices slowed to 12.7% in Q4. The dynamics of cattle prices (year-on-year growth of 39.8%) and poultry (11.9%) remained virtually unchanged, and the slowdown of egg price growth (35.4%) was only cosmetic. The year-on-year growth of milk prices decreased by approximately half (10.3%). The decline of pig prices deepened to -13.1%.

Export prices fell in 2025.

International trade prices were strongly influenced by the appreciation of the koruna against the euro and the dollar throughout 2025⁸². This had a significant anti-inflationary effect, especially in a year-on-year comparison. Export prices of goods decreased by 1.2% for total 2025. Only prices of agricultural, forestry and fishing products (5.5%) and electricity, gas, steam and air-conditioning (2.8%) increased. Deep declines were recorded in mining and quarrying (-12.0%) and water supply and sewerage and waste management and remediation activities (-9.5%). Prices of manufacturing products also decreased (-1.3%), especially coke and refined petroleum products (-15.0%), chemicals and chemical goods (-5.2%), furniture (-4.5%) and basic metals (-3.8%). Export prices also declined during the year in major export branches such as electrical equipment (-2.0% for the full year 2025), computers, electronic and optical appliances (-1.7%), machinery and equipment (-0.6%), metalworking products (-0.3%) and motor vehicles (-0.2%). A more significant increase was recorded only for the export prices of wood and wood products except furniture (6.5%).

The year-on-year decline of export prices of goods gradually deepened during the year.

In the course of 2025, the year-on-year decrease of export prices of goods gradually deepened down to -4.2% in Q4. Prices of electricity, gas, steam and air-conditioning, which gradually reached a year-on-year decline of 16.4% were the main driver of this development in Q4. A deep decline of prices of mining and quarrying (-11.1%) and water supply and sewerage and waste management activities (-10.0%) also continued. The year-on-year decrease of manufacturing product prices also deepened to 3.9% in Q4. At the end of the year, prices decreased, year-on-year, in most divisions, except for prices of wood and wooden products apart from furniture (5.8%) and beverages (0.4%). The most significant price decreases were recorded for coke and refined petroleum products (-13.5%), chemicals and chemical goods (-9.0%), paper and paper products (-7.4%) and furniture (-6.4%). The only section where prices rose were products of agriculture, forestry and fishing (2.2%). However, even here, the year-on-year increase weakened during the year. Quarter-on-quarter, export prices fell by 0.7%

⁸² Based on the CNB data, the average koruna foreign exchange per euro reached 24.693 CZK/EUR and per dollar 21.914 CZK/USD in 2025. The koruna foreign exchange attained on average 25.119 CZK/EUR and 23.202 CZK/USD in 2024. In Q4 2025, the koruna foreign exchange per euro reached an average of 24.273 CZK/EUR compared to CZK 24.498 CZK/EUR in Q3 and 25.249 CZK/EUR in Q4 2024. The koruna foreign exchange per dollar averaged 20.866 CZK/USD in Q4 2025 and 20.973 CZK/USD in Q3. In Q4 2024, it was 23.640 CZK/USD.

in Q4, which was a smaller decline compared to the previous two quarters. Export prices in mining and quarrying (-3.5%), manufacturing products (-1.0%) and water supply and sewerage and waste management activities (-2.8%) were lower. On the contrary, there was a significant quarter-on-quarter increase of the prices of electricity, gas, steam and air-conditioning (7.9%) and prices of agricultural, forestry and fishing products also increased (2.8%).

Import prices in mining and quarrying fell sharply.

The dynamics of import prices was similar to that of exports, the year-on-year decrease gradually deepened during 2025 and total prices fell by 1.6% last year. Import prices of agricultural, forestry and fishing products were higher by 6.3% and electricity, gas, steam and air-conditioning by 4.6%, however the resulting total plunge of prices resulted from the fall of import prices of mining and quarrying by 10.7% and of manufacturing products by 1.2%. The decline of import prices deepened to -5.1% in Q4. This was due to an accentuated fall of mining and quarrying prices to -23.0%, nevertheless a more noticeable decline was also recorded regarding the prices of imports of electricity, gas, steam and air-conditioning (-8.6%) and prices of manufacturing products (-3.9%). Prices of products of agriculture, forestry and fishing stagnated, year-on-year. Import prices fell by 1.1%, quarter-on-quarter, in Q4. Import prices were lower by 6.4% in mining and quarrying, quarter-on-quarter, and by 0.9%, year-on-year. On the contrary, the prices of imported electricity, gas, steam and air-conditioning increased by 11.0% and products of agriculture, forestry and fishing by 2.1%.

Terms of trade were positive in 2025.

The terms of trade of international trade with goods were positive in all quarters of 2025 and reached a total of 100.5%. In Q4 alone, year-on-year terms of trade amounted to 100.9%. The terms of trade were considerably positive in mining and quarrying products (115.4%) and products of agriculture, forestry and fishing (102.2%). The terms of trade with manufacturing products reached 100.0%. On the contrary, the terms of trade in electricity, gas, steam and air-conditioning (91.4%) moved into negative territory in Q4. Quarter-on-quarter terms of international trade with goods reached 100.4% in Q4. Terms of trade were positive in mining and quarrying (103.0%) and products of agriculture, forestry and fishing (100.6%). In contrast, quarter-on-quarter terms of trade with electricity, gas, steam and air-conditioning (97.1%) and manufacturing products (99.9%) were negative.



6. Labour Market

Branch-differentiated employment growth continued, saturated largely from abroad. However, the number of unemployed also increased slightly. Wage growth maintained a brisk pace.

The strengthening of the economy's output was gradually reflected in the labour market in 2025. There was a slight increase of the number of both employees and self-employed persons, the focus of which was on services, which generally benefited from growing domestic demand. The growth of investment activity in the economy was reflected in construction performance, employment and wages. The improved situation in industry was also partly reflected in employment towards the end of the year. The influx of workers from abroad, in addition to Ukraine, also from distant Asian countries continued at an enhanced intensity. Companies' expectations in the area of employment were improving, a positive shift was evident in trade and construction, and currently also in industry. Unemployment, including its long-term component, increased slightly. The supply of job vacancies stagnated and a long-term structural mismatch between supply and demand persisted. Brisk nominal wage growth continued and there was no apparent tendency for the dynamics to weaken from their quarter-on-quarter rates. Wage growth accelerated for the lowest-paid employees at the end of the year. The stabilisation of the price level in the economy led to rapid growth of real wages, which has been evident in all major economic activities since the beginning of last year. The purchasing power of gross employee earnings reached the level of Q4 2019 at the end of the year.

Employment increased, quarter-on-quarter, for most of last year. The number of workers in the Czech Republic has again moved to an all-time high.

The employment growth rate increased at the beginning of last year. Total employment⁸³ increased by 0.4%, quarter-on-quarter, in Q1 2025 and by 0.5% in the following period. This recovery was due to most of the services branches, as well as industry, which experienced a partial stabilisation (and the number of employees did not decrease here anymore, quarter-on-quarter, in Q2). However, the total brisk pace was not maintained in Q3, and the number of employees only stagnated at the very end of the year, mainly due to a partial correction in the economic group trade, transport, accommodation and food service activities. Employment in the total economy currently stood at a record 5.52 million people and was already 2.7% higher (+145 thousand) compared to the peak from the last boom period (Q4 2018), mainly as result of the development of public services⁸⁴.

Both employees and small entrepreneurs participated on the slight year-on-year growth of the number of employees.

Total employment increased by 1.1%⁸⁵ in 2025, increasing for the fifth time in a row and slightly accelerating compared to the pace the year before last. Not only employees (+46 thousand), but also the self-employed (+12 thousand)⁸⁶ contributed to the growth last year, whose percentage increase was nevertheless half that of employees. From a branch perspective, the services sector continued to play a key role in the total employment dynamics in the economy. If in 2023 the total employment was driven by advanced business services (concentrated mainly in the professional, scientific, technical and administrative activities) and by real estate activities in the subsequent

⁸³ Data regarding employment stem from the national accounts' conception. They are expressed in physical persons and adjusted for seasonal effects. Unlike the data from the business statistics or the labour force sample survey (LFSS) also include for instance the estimation of the grey economy impact.

⁸⁴ 12% more people (+117 thousand) were employed in the public administration and defence, education, human health and social work activities in Q4 last year compared to the end of 2018. Increases in construction (+13%), professional, scientific, technical and administrative activities (+8%), information and communication (+18%) and also real estate also had a significant impact.

⁸⁵ Unlike the year before last, domestic employment grew faster than in the EU (where it grew by 0.5% in year 2025), also for the reason that the domestic growth was also supported by self-employed persons. As in the Czech Republic, the increase of jobs in the Union manifested exclusively in construction (+1.1%) and across the services branches - the most in real estate activities (+2.9%), financial and insurance activities (+1.3%) and branches with a significant state role (+1.2%). On the contrary, the number of workers shrank in manufacturing (-0.7%), where the situation rather continued to deteriorate (there was no positive turnaround even in Q4 2025), similarly to the primary sector (-4.8%). The total number of workers in the economy grew the most last year in Malta (+3.9%) and among the major countries, mainly in Spain (+2.7%) and Italy (+1.1%). Employment stagnated in France, Germany and in all other countries neighbouring the Czech Republic. Only Romania (-3.5%) recorded a more significant decline, followed by a milder decline in Lithuania (-0.7%), Latvia, Estonia and Finland (equal: -0.5%) and Slovenia (-0.4%). Industrial employment had a significant impact on the different rates between Member States, with the fastest growth in Spain (+3.9%) and Ireland (+3.6%), the largest contraction in Estonia (-4.5%) and Romania (-4.2%), and a widening decline to 1.8% in Germany.

⁸⁶ More detailed data from the LFSS show that both the number of entrepreneurs without employees and employers increased, year-on-year, in Q3 and Q4 of 2025.

Public services were the focus of employment growth. More advanced business services, real estate, trade and tourism also did well.

The lowest number of workers was added last year in the time period after year 2012 in the ICT area. The reduction of employment continued in financial activities.

Employment growth accelerated also thanks to the strengthening of the role of small entrepreneurs in construction.

The reduction of employment in manufacturing eased last year and stopped in Q4. However, the situation in many traditional export industries is still difficult.

Hours worked increased faster than the physical number of workers, especially in construction and advanced business services.

period, public services⁸⁷ took over this role last year. There were 1.8% more jobs in them, year-on-year, and all economic activities (human health and social care the most) contributed to this increase, the highest in the last four years. However, employment increased relatively most significantly in the smaller diversified sector of other service activities⁸⁸, where the number of entrepreneurs (+4.4%) and employees (+4.0%) increased rapidly, and the total number of workers in this branch, which was significantly affected by anti-pandemic restrictions, thus exceeded the record level of pre-crisis 2018 for the first time. A slower growth persisted in the group trade, transport, accommodation and food service activities last year (+1.0%). On the one hand, trade and tourism-related activities prospered, but at the same time, jobs in transportation and storage were declining, which was connected to the ongoing weaker dynamics of performance in industry. Employment increased by 1.3% in professional, scientific, technical and administrative activities, which mainly concentrate specialists providing advanced services mainly for the corporate sector, which was the lowest in the last four years (also due to a slowdown of growth in the category of employees). Real estate activities developed rapidly (+3.5%), where primarily employment jobs continued to grow. By contrast, total employment in the most advanced services (included in the quaternary sector of the economy) grew only slightly in recent quarters – only by 0.5% in ICT last year (the pace slowed for the third year in a row). It even decreased (by 0.2%, for the second year in a row, solely due to employees) in financial activities. While the total employment growth rate in ICT last year was the weakest since the recession in 2012, it was a confirmation of a longer-term trend related to the development of digitalisation in the financial and insurance activities. In a dynamically changing technological environment, both industries thus face challenges to maintain competitiveness and high productivity and simultaneously effectively use the relatively expensive (and not always easily accessible) work of specialists.

Outside the services sector, the number of workers increased only in construction last year (+2.5%). The high stock of construction orders led to a strengthening of employment during the year (up to 3.5% in Q4), to which small entrepreneurs contributed significantly. On the contrary, the number of workers decreased, year-on-year, in manufacturing for the third year in a row. However, last year's reduction was relatively milder here (-0.2%) and was driven by both employees and the self-employed. In addition, external demand for goods recovered in Q4 2025, and domestic investment activity (machinery, weapons) also improved, which was positively reflected in employment – it grew by 0.3% and recorded its first year-on-year growth after thirteen quarters (a positive turnaround was recorded in the segment of small enterprises in industry). In other industry, employment fell by 0.4% for the whole last year after three years of moderate growth. The impact of the deepening slump in mining and quarrying became apparent, and it was not compensated by a slight strengthening of employment in water and waste management. The number of workers did not change significantly in the primary sector of agriculture, forestry and fishing for the third year in a row, but it was 6% lower than in 2018.

The total number of hours worked⁸⁹ in the economy increased by 2.3%⁹⁰, year-on-year, last year, and the pace also accelerated slightly during the year. As in previous years (since the retreat of the COVID-19 pandemic), the number of hours has expanded faster than the number of employed persons (in physical persons). The same was valid with similar intensity for employees and the self-employed last year, and from the point of

⁸⁷ For simplification consist of economic group public administration and defence, education, human health and social work activities.

⁸⁸ These include in addition to cultural, amusement and recreational activities, for instance various services for households (repair of goods, hairdressing and cosmetic activities, etc.). Employment is comprised of more than one third of small entrepreneurs in this branch (or self-employed persons).

⁸⁹ Data stem from the national accounts' conception and are seasonally adjusted.

⁹⁰ Compared to 2019, the number of hours worked in the economy was higher by 5.2% last year, of which 9.8% for the self-employed. A similar increase was 2.9% for the number of manual workers, of which 5.4% for the self-employed.

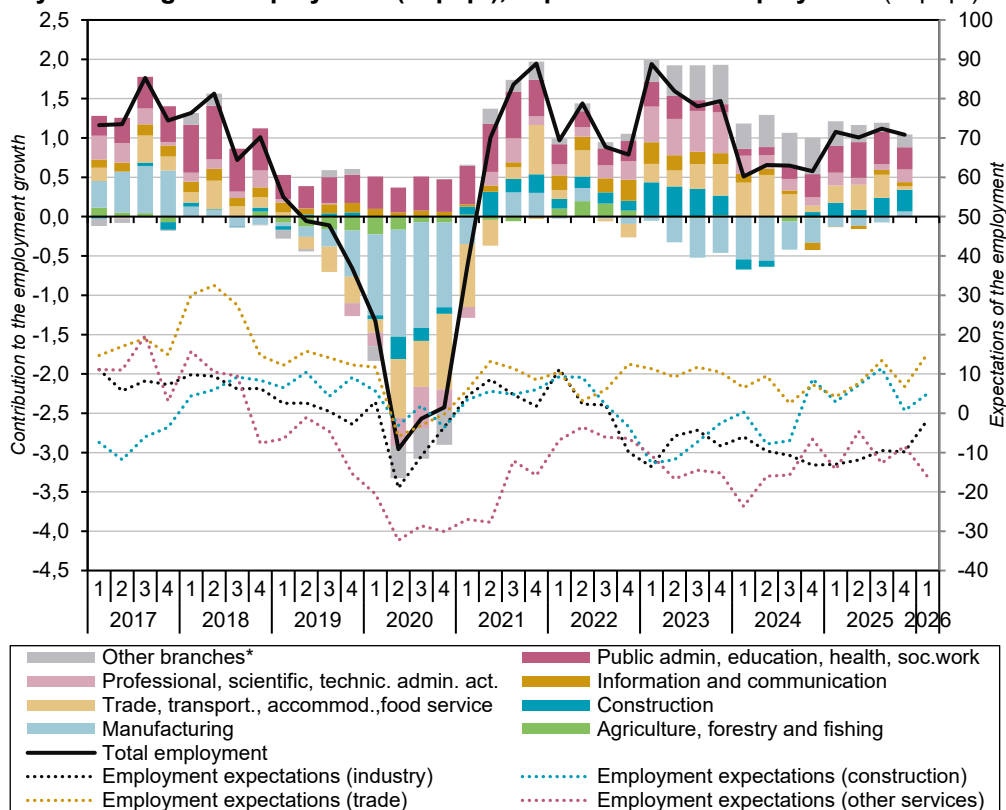


view of the main economic activities then in general especially for construction (where the number of hours worked compared to employment grew at almost twice the rate), and to a lesser extent also for most other areas of the economy (with the exception of some services branches with a small weight⁹¹). This is related to the lack of manual (both skilled and less skilled) workers, as well as specialists on the market.

Labour productivity growth has resumed, mainly thanks to the ICT branch. Construction or primary sector also prospered.

The acceleration of economic performance led to an increase of labour productivity last year, even with a relatively significant growth of hours worked. Hourly productivity⁹² increased by 0.3%, year-on-year, and grew for the first time since 2021. It increased the most in ICT (+6.2%) and was also the main driver of productivity growth in total economy. It also grew rapidly in construction (2.2%) and similarly in the primary sector or in the group trade, transport, accommodation and food service. On the contrary, there was a decline in business support service activities for the third year in a row (by 1.4% last year, by 4.3% in total), and productivity also declined slightly in manufacturing and financial activities. A positive turnaround in productivity expressed per worker (in physical persons), which increased slightly, year-on-year, already in Q2 2024. Compared to 2019, this productivity was slightly higher (+2.2%), mainly due to manufacturing, ICT, financial and also the primary sector, where it grew by almost a fifth over this six-year period. By contrast, it lagged behind the pre-crisis level mainly in real estate activities and construction (by 16%). Hourly labour productivity across the economy was completely comparable to year 2019 levels last year.

Chart 14 Total employment (year-on-year in %), contributions of branches to year-on-year change of employment (in p. p.), expectations of employment (in p. p.)



* Mining and energetics; Financial and insurance activities; Real estate activities; Arts, entertainment and recreation activities. Balance of expectations expresses the difference in p.p. between categories growth vs. decrease of employment in the nearest three months. Data are seasonally adjusted and relate to the second month of the given quarter. Source: CZSO (national accounts), Eurostat (business cycle surveys)

⁹¹ These are activities in real estate, where the time worked (as in the only major economic activity) even decreased slightly last year (by 0.3%). The second exception is the other service activities, where 3.0% more hours were worked, year-on-year, last year, however employment increased by as much as 4.2%.

⁹² Expresses seasonally adjusted GDP or GVA at the level of individual branches (in 2020 prices) per hour worked by employed persons (after seasonal adjustment).

The growth of the number of working foreigners in the Czech Republic accelerated last year. Their increase was still driven mainly by the citizens of Ukraine.

The influx of people from some Asian countries has accelerated. The number of workers from Central and Eastern Europe usually increased only slightly.

The year-on-year growth of the employment rate for persons aged 15 to 64 halted at the end of last year.

The labour market has long been struggling with a low supply of available labour force in the Czech Republic due to demographic ageing and low birth rates⁹³. This, together with the growing pressure of companies to optimize production costs, stimulates the demand of domestic employers for workers from abroad. Legislative changes to reduce the administrative burden in this area have helped to facilitate the employment of foreigners in recent years. This applies to both Ukrainian citizens⁹⁴ and foreigners from other countries, not only from economically less developed countries outside the EU⁹⁵. The long-term influx of foreign workers to the Czech Republic therefore continued. In the dominant group of employees, a record 935 thousand of them were registered at the labour offices last December, according to qualified estimates by the Ministry of Labour and Social Affairs. This was 90 thousand more⁹⁶, year-on-year, while the growth rate accelerated compared to previous years. Citizens of Ukraine traditionally accounted for the highest year-on-year increase (+53 thousand to 358 thousand, of which females +27 thousand, to 190 thousand), followed by Slovakia (+13 thousand, to 229 thousand), the Philippines (+4.3 thousand, to 14.0 thousand) and Vietnam (+2.1 thousand, to 23.0 thousand). Among the more important groups of foreigners, the number of citizens of India, China and Kazakhstan, Uzbekistan and Azerbaijan grew rapidly (both around 20%). On the contrary, for a number of large groups of workers from relatively poorer countries of Central and Eastern Europe – mainly from Poland, Bulgaria, Romania and Macedonia – their number grew minimally (up to 2%), while it decreased slightly (up to 5%) for Serbia and Bosnia and Herzegovina. This is related to the gradual levelling of wage levels in this region. A third of all foreigners in employment status in the Czech Republic were registered in Prague (together with the “*Středočeský region*”, half of them). Year-on-year, there was an increase of foreigners in all regions – the highest in Prague (+16%), “*Olomoucký region*” (+15%), “*Karlovarský region*” and “*Pardubický region*” (+10%), and the least in “*Liberecký region*” (+4.5%)⁹⁷.

The above trends were reflected in the continuing growth of the number of workers with higher qualifications (especially specialists, technical and professional workers and officials), but employment in the lowest class of assistant and unskilled workers also increased slightly⁹⁸. On the contrary, the number of people in some manual professions decreased, especially craftsmen and repairmen or operators of machinery and equipment. The long-term trend of gradual ageing of workers also continued, with employment growth being overwhelmingly driven by people over the age of 45. The employment rate⁹⁹ (persons aged 15 to 64 years) reached 75.4% in January this year, falling by 0.3 p. p., year-on-year (it had been rising slightly for the vast majority of last

⁹³ It stems from the LFSS data, that the number of economically inactive persons not looking for work but stating their willingness to work amounted to 75 thousand last year in Q4 (similarly to the preceding year). In addition, only a fifth of this number was able to start work (a significant part of the work reserves are students and women on parental leave) immediately (within 14 days). Further, it is also possible to include the frictionally unemployed in the labour force reserves – in a broader sense, people who have been unemployed for less than one year. According to the same source, there were 106 thousand of them (a tenth more, year-on-year). A numerically marginal group of part-time workers who report a willingness to work longer (20 thousand) can also be added. Even with the theoretical immediate integration of all these people into the labour market (not taking into account their territorial and qualification mismatch with potential vacancies), the total number of employed persons would increase by only 3.9%.

⁹⁴ More than four-fifths of all Ukrainian citizens (or 74% of males and 91% of females) working in the Czech Republic in an employed capacity did not need a work permit (work permit, the employee card or blue card) at the end of Q4 2025.

⁹⁵ As of 1st July 2024, foreigners from some economically developed countries outside the EU (USA, Great Britain, Canada, Australia, New Zealand, Japan, South Korea, Israel and Singapore) newly do not need a work permit or employee cards in the Czech Republic. At the end of December last year, 10.0 thousand persons from these countries worked in the Czech Republic in an employment position (up 4%, year-on-year).

⁹⁶ In addition, the Ministry of Industry and Trade registered 146 thousand foreign nationals with trade licenses in the Czech Republic in the same period (a tenth more year-on-year). Ukrainians, of whom 52,000 did business in the Czech Republic, accounted for two-thirds of this growth, followed by Slovaks (28,000), Vietnamese (21,000) and Russians, Romanians, Germans and Poles with a significant margin.

⁹⁷ This region, with a relatively strong representation of industry, has recently faced relatively higher unemployment and job losses (probably also in subcontractors for the motor vehicle industry).

⁹⁸ According to data from the LFSS, their number increased by 21 thousand or 8%, year-on-year, in Q4 2025 (the growth rate was strengthening last year), which could be related to a strong influx of workers from non-EU countries.

⁹⁹ These are data in a new model of seasonal adjustment – using the trend cycle. The innovated adjustment model better reflects changes in the nature of the labour market and seasonality. The monthly unemployment rate is similarly adjusted.



However, female employment continued to grow, albeit at a more moderate pace.

year). The decline was caused exclusively by males, for whom the rate reached 80% (−1.1 p. p.), while for females the growth continued to 70.5% (+0.6 p. p.). However, the gap between males and females is no longer as intense as it used to be from H2 2025, (the rate of year-on-year fall of the male employment rate is no longer deepening, while growth for females is noticeably weakening). Males are affected by partial improvements in industry and the developing construction industry. The development for females indicates a possible current exhaustion of growth potential in some branches of market services, as well as the fact that most of the females from the ranks of Ukrainian refugees have probably already integrated into the labour market. Also, the increase in the supply of part-time work, particularly noticeable in 2022 and 2023¹⁰⁰, moderated last year¹⁰¹.

Short-term employment expectations of businesses have improved in industry and trade this year, while the opposite has been achieved in services.

Short-term expectations of domestic companies in terms of their own employment¹⁰² were already improving during 2024. The beginning of last year brought (not only in the Czech Republic, but also in the EU and the euro area) a short-term strengthening of the negative outlook, which reflected the growing uncertainty of entrepreneurs probably stemming from external (foreign) factors. Nevertheless, the outlook began to improve slightly again in Q2, and the total indicator of employment expectations in the Czech Republic rose to the highest level in the summer in the last two and a half years (and its level corresponded to the long-term average). There were no significant changes in the rest of the year, however a slight whiff of optimism prevailed at the beginning of 2026, particularly evident in industry and trade. On the contrary, a deterioration occurred in services and expectations, employment was the weakest¹⁰³ here among all the main sectors. Naturally, significant differences persisted within sub-sectors¹⁰⁴. The share of enterprises for which labour force shortages present one of the major barriers to growth¹⁰⁵ has traditionally been highest in construction at the beginning of Q1 2026 (57%). The opposite was true in services (15%) and also in industry (11%), where the role of this barrier decreased slightly, year-on-year, while it strengthened slightly in construction and services.

There was a slight increase of enterprises limited by the lack of free labour force in construction and services.

The general unemployment rate rose

The general unemployment rate¹⁰⁶ has started to increase slightly since last spring after stagnating in 2024. Unemployment for persons aged 15-64 years was 3.3%¹⁰⁷ in January

¹⁰⁰ This was related to more general changes on the labour market after the retreat of the COVID-19 pandemic, as well as to the state employment policy, which stimulated the supply of these jobs from year 2023 (in particular in the form of a discount on employers' premiums, which applies to selected groups of employees, e.g. persons caring for a child under 10 years of age, persons over 55 years of age, persons with disabilities or students).

¹⁰¹ Nevertheless, the number of people working in this form grew slightly, year-on-year. According to data from LFSS, 366 thousand of females (+7.5%, year-on-year) and 149 thousand of males (+3.7%) worked part-time in the Czech Republic in Q4 2025. Although a full third of women working part-time were aged 30–44 years, the year-on-year growth of the number of these jobs was concentrated in older or alternatively the youngest women (up to 25 years of age). 12.4% of females worked in this form in the age group 25 to 54 years and this share stagnated, year-on-year (it was 15% in the total female population). Thus, in the European context, the Czech Republic is still one of the countries with a significantly below-average share of part-time work. 29% of all females aged 15 to 74 worked in this way in the EU in Q4 2025, 50% in Germany and Austria, and even around 63% in the Netherlands. On the contrary, among the countries that joined the Union after 2000, only Estonia (20%) and Malta (17%) had a higher share than the Czech Republic, and Greece (10%) and Portugal (8%) had a very low share among the older members. Year-on-year, this share increased the most in Finland, Belgium, Latvia, Poland and Slovakia (in the range of 1 to 2 p. p.), and by 0.4 p. p. in the Czech Republic.

¹⁰² Unless stated otherwise, seasonally adjusted data are used from now on.

¹⁰³ According to the Business Survey from February 2026, a quarter of companies (excluding seasonality) expected a reduction of the number of employees in selected services over a three-month horizon, a tenth both in industry and construction (but only 3% in trade). On the contrary, the intention to expand the number of workers was most evident in trade and construction (both 18%) and the least in industry and services (only 10% of firms agreed).

¹⁰⁴ The prevailing negative anticipations of employment were expressed by enterprises in one half of *manufacturing industries*. Mechanical engineering, metallurgy and foundry industry, manufacturing of building materials and chemical industry, and from smaller activities the textile, clothing, woodworking and furniture industries held the worst prospects. On the contrary, positive employment outlook persisted mainly in the manufacturing of rail transport equipment, electrical engineering, repairs of machinery and equipment, pharmaceutical and food industry. In *services*, negative expectations prevailed in a quarter of sub-sectors – most notably in financial and insurance activities, motion picture and sound industry, telecommunications and advertising. By contrast, optimism prevailed in restaurants and food service, information activities, warehousing, activities of head offices and management consultancy activities, security and investigation activities.

¹⁰⁵ Businesses could have stated more barriers simultaneously.

¹⁰⁶ Data on unemployment rates in the Czech Republic are based on the LFSS (according to the ILO methodology) and are seasonally adjusted using a trend cycle.

¹⁰⁷ The labour market remains generally stable within the EU. The seasonally adjusted unemployment rate (persons aged 15-74 years) was 5.8% in the Union in January 2026, and 6.1% in the euro area. There was no significant change month-on-month or year-on-year. Current unemployment in both formations is almost at its historical lows (yet it is currently slightly higher than, for example, in the USA,

slightly for most of the year. Still, it remains low from both a historical and international point of view.

this year (males: 2.8%, females: 3.8%). General unemployment is thus comparable to that at the peak of the pandemic (March 2021) and was last higher at the beginning of 2017. Unemployment increased by 0.5 p. p., year-on-year, similarly for males and females (however, it showed higher month-on-month dynamics for females in the last half of the year, while it was stabilised for males). This is mainly related to the situation in the industry. Especially the developing services were still largely able to absorb the redundant workers from some declining industries. This is one of the reasons why the number of long-term unemployed has not increased dramatically¹⁰⁸. At the same time, hidden unemployment (in the form of a temporary “escape” into economic inactivity) is not increasing significantly either.

The number of registered job applicants increased slightly. Their share of the working-age population was the highest since January 2017.

Data from the Labour Offices (LO) do not yet indicate a significant cooling of the domestic labour market. The seasonally unadjusted share of registered job applicants on the total population of persons aged 15 to 64 years reached 5.1% at the end of January this year (males: 4.9%, females: 5.4%). This is 0.8 p. p. more, year-on-year, the most significant deterioration since the peak of the pandemic (March 2021). Moderate growth of unemployment continued continuously throughout 2024, the year-on-year growth rate gradually increased slightly last year. The last time unemployment was higher compared to the current level was in January 2017. Unemployment has traditionally been significantly regionally differentiated¹⁰⁹. The current increase of registered job applicants may (in addition to the usual seasonality) also be related to higher activity of the Labour Office in the field of counselling and retraining, as well as to more flexible contact options for the Labour Office (digitally at a distance). It can be assumed that people may already be more courageous to change unsatisfactory working positions (e.g. with motivation to earn more or enhanced support in the first months of unemployment, which has been in force since January 2026). It also cannot be ruled out that proportion of persons who intended to leave their jobs in recent months have timed their departure only for the period of validity of higher unemployment benefits.

The acceleration of economic growth last year did not translate much into a higher supply of job vacancies through the Labour Offices.

At the end of January this year, the Labour Offices registered 86.4 thousand job vacancies¹¹⁰ (in principle, only vacancies with a registration period of less than six months). There were fewer of them month-on-month for the fourth month in a row (and at the same time, comparable number to the end of January 2025, 83.3 thousand). The development of vacancies during the last year basically corresponded to standard seasonal influences. The impact of the accelerating growth of the economy is not yet

where it was 4.3%, or in Japan with 2.7%). Unemployment in the Czech Republic (3.2%) is one of the lowest, currently together with Poland and Bulgaria (3.1% each) and Malta (3.4%). It is now at 4% in Germany and the Netherlands, 4.5% in Hungary, and at 5.6% in Slovakia and Austria. The worst situation is in Finland (10.0%), and after a long time, Spain (9.8%) and Greece (7.7%) are not in the lead in the EU, as the reduction of unemployment in these countries is currently one of the highest. There was also a positive shift in Sweden, yet unemployment remains high (8.0%). It also continued to increase in France (7.7%) and Denmark (7.5%). Year-on-year, total unemployment is lower in 11 Member States – mainly in Greece (–2.1 p. p.), Sweden (–1.8 p. p.) Italy (–1.5 p. p.), Estonia (–1.3 p. p.) and Spain (–1.1 p. p.). On the contrary, there was a deterioration in 14 countries – mainly in Finland and Denmark (both +0.9 p.p.).¹⁰⁸ Year-on-year, there were 13 thousand of them more in Q4 (to 52 thousand), mainly due to the influence of males. People who have been unemployed for more than a year currently account for 33% of the total number of unemployed (29% a year earlier), which represents an average value in the long-term and international context.

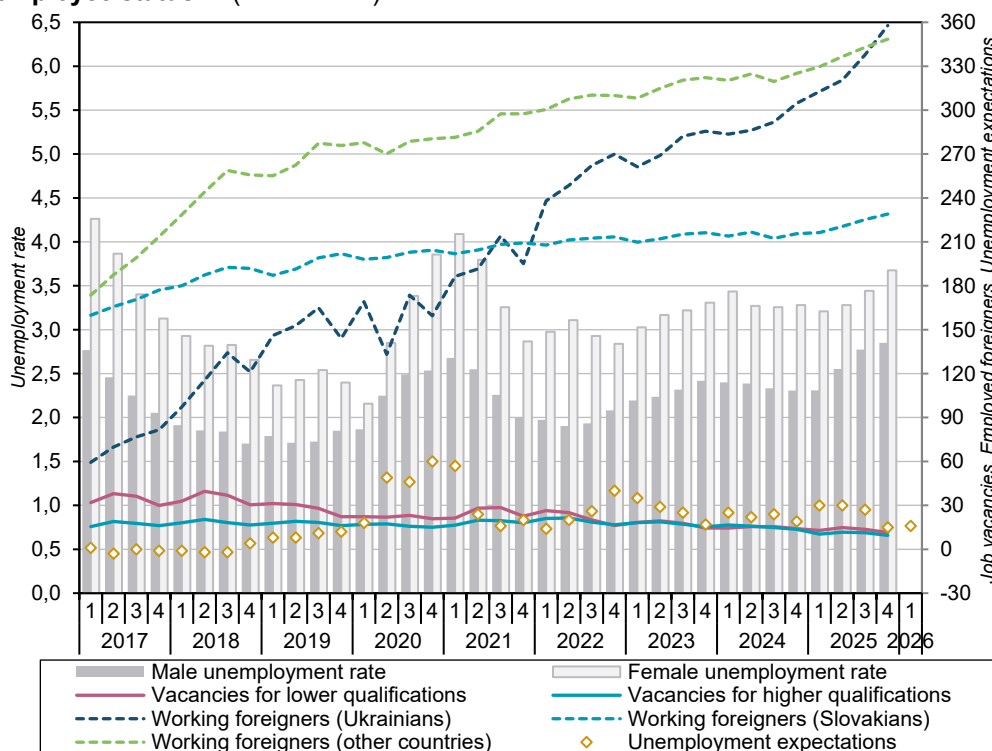
¹⁰⁹ The highest share of unemployed (to the population aged 15–64) was currently held by males in the “*Karviná* district” (10.5%) and females in the “*Most* district” (11.8%). In addition to the above-mentioned regions, total unemployment exceeding the national value by at least half was recorded in the “districts of *Bruntál*, *Sokolov*, *Chomutov*, *Znojmo* and *Děčín*”. On the contrary, the lowest (below 3.6%) was in the immediate outskirts of Prague and in the “*Rychnov*, *Pelhřimov* and *Mladá Boleslav* districts”. Year-on-year, unemployment increased in all regions of the Czech Republic – the most in the “*Sokolov* region” (from 6.3% to 8.2%), the “*Most* region” (from 8.8% to 10.3%) and the “*Česká Lípa* region” (from 4.9% to 6.4%).

¹¹⁰ According to the CZSO experimental statistics (surveys of enterprises carried out since 2020), the offer of domestic companies was estimated at 99 thousand vacancies in Q4 2025 (these are only employed positions, not temporary jobs, e.g. various types of agreements). The number of job vacancies decreased by 2%, year-on-year (and was slightly falling also in the previous last year's quarters). The current decline of supply was mainly due to administrative and support activities (–2.2 thousand), as well as public administration and transport, including warehousing (both around 1 thousand) and, somewhat surprisingly, construction and information and communication. On the contrary, the supply of jobs in trade and industry grew the most (both by about 2 thousand) and in education (+1.2 thousand). Most vacancies were in sectors with an important role of the state (26 thousand), in industry (25 thousand) and in trade (13 thousand).



very evident in the supply of job vacancies¹¹¹. There were currently 4.4 applicants per 1 vacancy in the Czech Republic (including persons temporarily not available). A significant structural mismatch between supply and demand persisted from both a qualification¹¹² and regional perspective¹¹³. People's concerns regarding rising unemployment (as expressed in business surveys) grew in H1 2025, subsequently stabilised and decreased significantly during the autumn months, thus being below the long-term average at the beginning of 2026.

Chart 15 General unemployment rate (in %, age 15-64 years), unemployment expectations of households* (in p. p.), job vacancies (in thousand) and working foreigners with the employee status*** (in thousand)**



Note: Figures regarding the unemployment rate are adjusted using trend cycle.
 *Seasonally adjusted balance of expectations of unemployment in the next 12 months (difference between percentage frequency of answers of households, growth and decrease expressed in percentage points). Data relates to the second month of the given quarter.
 **Only job vacancies with a registration period of up to six months (balance at the end of quarter).
 Vacancies for higher qualifications include positions requiring at least secondary education with A-level or higher education.
 ***Number of foreigners in the status of employee registered at labour offices in the Czech Republic (at the end of the relevant quarter).
 Source: CZSO (LFSS, business cycle survey), MLSA (JV registered at labour offices in the CR, employed foreigners)

The growth rate of nominal wages did not change much during the last year.

Wage growth was supported mainly by

The average gross monthly nominal wage of an employee in the national economy reached 52,283 CZK in Q4 and increased by 7.4%, year-on-year. Seasonally adjusted wages increased by 1.8%, quarter-on-quarter, which is not out of step with the development over the last 1.5 years. The recalculated number of registered employees increased by 0.2%, year-on-year (the same as in total since the beginning of last year). The average gross monthly wage for the whole last year was 49,215 CZK and increased by 7.2% (identically in years 2023 and 2024). The persistently brisk wage growth is related to the gradual strengthening of the performance of the domestic economy,

¹¹¹ However, many job vacancies (especially for people with higher qualifications) are advertised in a different form (e.g. via job portals). At the same time, not all unemployed persons (according to the international concept of the ILO) use labour offices as their primary source of information on job vacancies. People with higher education more often prefer several ways of looking for a job simultaneously (placing and updating CVs, actively attending interviews, etc.).

¹¹² For almost three quarters of job vacancies, only basic education was sufficient for applicants. On the other hand, more than a third of all registered job applicants have at least a high school diploma.

¹¹³ At the end of January 2026, the highest number of applicants for a position was traditionally in the “Karviná district” (20), followed by Sokolov and Děčín (17 each), Bruntál (14), Hodonín and Znojmo (12) and Jablonec n. Nisa (11) and Ústí nad Labem (10). On the contrary, the ratio between applicants and vacancies was almost equal in the “districts of Mladá Boleslav” (1.3), Prague-East and West (1.4) and continued to be favourable in the “Tachov region” (1.6) and Prague (1.7).

improved economic performance and a persistent shortage of available labour force in a number of activities.

including labour productivity growth. There is also general shortage of available labour force, which is most visible in construction, but also in some services (e.g. transportation). Given the persistently relatively low unemployment (as well as its stable outlook for the near term) and the subsiding concerns of households regarding its growth, there may be a higher turnover of workers. They may be more motivated to change working positions with the vision of higher earnings (among other things, due to the influence of state employment policy – an increase in the supply of retraining, an enhanced state support for people in the first months of unemployment). On the other hand, wage growth in the economy was still dampened by the need for savings in the budgetary sphere and also by the steadily rising number of foreign workers from “third countries”. They often occupy low-skilled positions, and their earnings therefore usually do not reach the level of Czech citizens¹¹⁴.

The rapid growth of the purchasing power of average wages persisted. Purchasing power was at the level of the end of 2019.

With consumer price developments stabilising, annual growth of the average real wages rose to 5.1% in Q4 (to 4.6% for the whole last year, similarly in 2024). Although this represents a high growth, it lags by about 1 p. p. in comparison to the boom years 2018 and 2019. Year-on-year, the purchasing power of wages increased in all major economic activities (including the most important branches of manufacturing), which was also valid in previous quarters last year. At the level of the total economy, real wages have been growing, year-on-year, continuously since the beginning of 2024. In total, the current purchasing power of gross wages was currently at the level of Q4 2019, while net earnings already likely moved slightly above this level¹¹⁵.

Wages grew relatively the most in advanced business support services throughout the year, and in the energy sector then in Q4.

Year-on-year wage growth at the end of last year did not differ much from the rates for the whole 2025 in most economic activities. However, there have traditionally been more significant differences in wage dynamics between economic activities. These were also linked to the payment of extraordinary bonuses and pre-Christmas bonuses in Q4. The wage growth was 15.8% in the energy sector (only 7.8% for the whole last year). The improved economic results of this branch and a lower comparative wage basis were reflected. The high demand for qualified specialists continued in professional, scientific and technical activities, and wages thus increased by 11.8% in Q4 (similarly in the full-year perspective, where it presented the highest growth among all economic activities). However, some branches with traditionally low wage levels also performed well - earnings in agriculture, forestry and fishing grew by 11.5% (the highest since Q1 2008). The growth was driven by good economic results (higher crop yields, growth of the profitability of some livestock farming) and the progressive modernisation of production, which reduces the demand for low-skilled labour force (which is already difficult to access for this branch). Wage growth was 10.9% in construction (it was higher than the pace in the economy as a whole for more than two years), with employment mildly strengthening at the same time. Earnings were higher by 9.1% in administrative and support service activities and by 8% in transportation and storage – in both cases accompanied by long-term declining employment. This is not the case in real estate activities, where wages increased moreover by 8.8% and their level was gradually approaching the level of the total economy.

However, wages of employees in construction and in the primary sector also improved significantly.

Wage growth in economic activities with an important role of the state lagged behind the

Wages in economic activities with an important role of the state increased the most in cultural, entertainment and recreational activities in Q4 (and throughout last year), specifically by 9.8% (however, their level remained below average, in contrast to other

¹¹⁴ According to the preliminary results of the Information and Statistics on Average Earnings (under the responsibility of the MLSA), the median wage of Ukrainians working in the Czech Republic reached only 77% of the wage of workers with Czech citizenship last year, it was 91% for citizens of Bulgaria, 97% for Poland and Romania, but 116% for Slovaks and 97% for other foreigners in total.

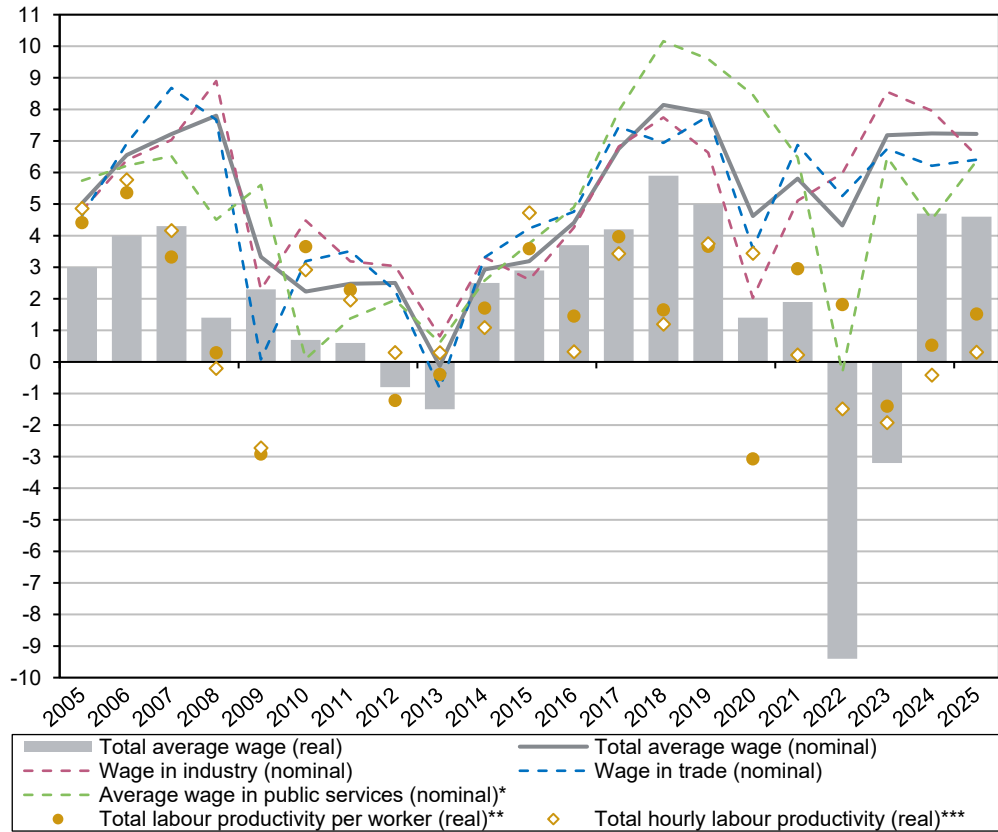
¹¹⁵ Regarding net earnings, the slight increase of the tax burden on labour due to the reintroduction of employee contributions to sickness insurance (the total social insurance contribution for employees increased from 6.5% to 7.1%), which was approved as part of the government's consolidation package (with effect from January 2024), has an adverse impact on their development. On the contrary, the abolition of the super-gross wage (January 2021) contributed to the growth of the purchasing power of earnings.



economy as a whole for the fourth year in a row last year.

areas of public services). Average wages increased by 8.4% in public administration and defence and compulsory social security (their pace strengthened during the year, while in contrast the growth was very low throughout 2024). Weaker wage growth in education (6.6%) and human health and social care (4.5%) was partly “sacrificed” to continued rapid growth of employees (it amounted to over 2% in both cases). In total, wage growth in branches with an important role of the state lagged behind the economy as a whole for the fourth year in a row.

Chart 16 Average nominal and real wage and labour productivity in the national economy (year-on-year change in %)



* Includes branches with a significant state involvement: Public administration, defence, social security; Education; Human health and social work activities; Cultural, amusement and recreational activities.
 **Expresses GDP in total economy (in 2020 prices) related to 1 worker (in natural persons).
 ***Expresses GDP in total economy (in 2020 prices) related to the total number of hours worked.
 Source: CZSO

The persistently moderate wage rates in industry reflect the difficult economic conditions of this branch.

Weaker economic results, together with still significant cost pressures, translated into relatively moderate wage growth in manufacturing, which stood at 6.8% in Q4 2025 (6.6% for the full year). Among the main sectors, earnings increased the most in the manufacturing of motor vehicles and motorcycles (+7.5%, to 59.4 CZK thousand per month), the least in its subcontracted branch – rubber and plastics (+5.1%). It remains true that among the main manufacturing branches, the number of employees is expanding only in the food industry (in the automotive sector, on the contrary, the decline is one of the highest: around 3%). Mining and quarrying lost almost a tenth of workers, year-on-year, and the average wage grew at a weaker pace for the second year (by 4.7% in Q4 of last year), and its level (mainly in the annual perspective) did not differ significantly from the total economy. In the trade sector, which concentrates almost a third of employees in the total services market segment, wages increased by 7.1% in Q4 (by 6.4%, year-on-year). The same was true in accommodation, food service and restaurants, as well as in information and communication (ICT). Still, the average earnings in ICT (90.7 thousand CZK) remained at the top among the economic activities and were three times higher than in accommodation, food service and restaurants.

The relative wage pace continued to be below average in the financial and insurance activities.

Wages increased by only 3.7% (by 5.2% for the whole last year, which was the third year in a row at a below-average pace) in the financial and insurance activities. However, non-wage financial benefits also play a relatively substantial role in this economic activity (the importance of which may have been strengthened due to a slight increase of taxation of high-income earners – in connection with the consolidation package effective from 2024). The weakest wage growth occurred in the small low-profit branch of other services activities (+3.4%)¹¹⁶.

Prague continued to report the relatively highest wage and employment growth among the regions.

Among the regions, average nominal wages grew the most, year-on-year, in Prague (+7.8%), among the other regions in the “*Pardubický* region” (+7.7%), “*Jihomoravský* region” (+7.5%) and “*Moravskoslezský* region” (+7.4%), in which, unlike in the above-mentioned regions, this was associated with a reduction of employment. Wages increased the least in the “*Karlovarský, Liberecký and Zlínský* region” (from 6.1% to 6.3%). An almost identical picture was evident for the whole 2025. The wage level is currently above the level of the total economy only in Prague (+24%) and was just below the average in the “*Středočeský and Jihomoravský* regions”, while it lagged behind the most in the “*Karlovarský* region” (–14%) and by a tenth in the “*Liberecký, Olomoucký, Zlínský and Moravskoslezský* regions”.

Wage growth of the lowest-paid employees accelerated significantly at the end of the year.

Median wages reached 45.5 thousand CZK per month in Q4 and increased by 8.8%, year-on-year, i.e. the highest in the last four and a half years (the full-year median wage reached 44.3 thousand CZK last year, +6.4%, year-on-year). It grew faster at the end of the year for females (9.5%, to 42.7 thousand). The tenth of employees with the lowest wages received a gross monthly wage below 23.3 thousand CZK (the lower decile increased by a high 13.8%, year-on-year), the tenth with the highest wages earned above 89.0 thousand CZK (the top decile increased by 7.8%). Total wage differentials thus decreased, year-on-year, in Q4 (nevertheless, they were almost unchanged in the previous part of last year). The gap in median earnings by gender decreased by 1 p. p. and amounted to 11.7% (for earnings on the lower decile the difference was only 3.8%). The lowest wages grew relatively the most in total, mainly due to a number of market services branches (but partly also the state – e.g. in cultural and social services), where the shortage of free labour force is deepening and at the same time (even after the abolition of guaranteed wages in the market sphere) the continuing growth of the statutory minimum wage still has a partial influence.

The total wage differentials increased year-on-year. However, the earnings gap between men and women has narrowed.

¹¹⁶ It includes business, employer and professional organisations and also personal services (e.g. hairdressing treatment, funeral services), repairs of goods and activities of households as employers of domestic personnel.



7. Monetary Conditions

Monetary policy-relevant interest rates have not changed since May.

The stabilisation of inflation in 2025 also meant a pause in the process of lowering monetary policy-relevant interest rates. After the last cut, which took place last May, the two-week repo rate remained at 3.50%, the discount rate at 2.50% and the Lombard rate at 4.50% until the end of the year¹¹⁷. For most of last year, the koruna also strengthened against the euro and the dollar, which had an anti-inflationary effect. The exchange rate against the euro strengthened from 25.175 CZK/EUR at the beginning of January to 24.245 CZK/EUR at the end of December. The exchange rate reached 24.273 CZK/EUR on average for Q4. It was stronger by 0.98 CZK (3.9%), year-on-year, and by 0.23 CZK (0.9%), quarter-on-quarter. The exchange rate of the koruna against the dollar reached 24.398 CZK/USD at the beginning of January and strengthened to 20.632 CZK/USD by the end of December. The exchange rate was 20.866 CZK/USD on average for Q4 and was stronger by 2.77 CZK (11.7%), year-on-year, and by 0.51 CZK (0.1%), quarter-on-quarter.

Government bond yields rose.

The interbank interest rates showed slight upward shifts in the final quarter of the year¹¹⁸, breaking the previous trend of gradual decline. At the end of December, the three-month PRIBOR rate was 3.54% (+0.05 p.p.), the six-month rate was 3.57% (+0.09 p.p.) and the annual rate was 3.60% (+0.12 p.p.). An increase was also recorded in the area of interest rates on government bonds. Those with a maturity of up to two years bore an average interest rate of 3.60% (+0.05 p.p.) at the end of December 2025, the yield for medium-term bonds with a maturity of up to 5 years was 4.12% (+0.19 p.p.) and 4.46% for long-term bonds (+0.22 p.p.).

Households and general government contributed the most to the growth of deposits.

Upward changes in the order of hundredths of a percentage point were recorded for the average interest rate on overnight deposits (1.44% at the end of 2025), current accounts (0.14%) and deposits with agreed maturity of households (2.89%). Similarly, the average remuneration on deposits of non-financial businesses was unchanged, whether they were current accounts (0.57% at the end of December) or deposits with an agreed maturity (2.90%). The total volume of deposits deposited in Czech banks reached 7,663.8 trillion CZK at the end of 2025 and increased by 442.3 billion CZK (6.1%), year-on-year. After a six-quarter downturn, the growth rate of the term deposit volume recovered (+238.8 bn CZK, 10.1%). Non-term deposits increased by 203.5 bn CZK (4.2%), year-on-year. From the point of view of individual sectors, households¹¹⁹ (+182.9 bn CZK) and general government institutions (+182.9 bn CZK) contributed to the year-on-year increase of deposits by a similar amount. Increases were then more moderate in financial institutions (+34.3 bn CZK) and non-financial businesses (+29.0 bn CZK).

The volume of new mortgage contracts was significantly driven up by other new arrangements.

The average interest rate on consumer credit of households stood at 7.98% at the end of December and remained unchanged compared to the end of September. A slight downward shift in the order of hundredths was recorded for interest rates on mortgages (4.57%). There were differences between the individual lengths of fixation periods. While the average interest rate decreased noticeably for fixations up to 1 year and over 10 years, there was an increase in the category between 5 and 10 years and the interest rate for the most frequently used fixation between 1 and 5 years remained almost unchanged. The year-on-year growth rate of the volume of provided consumption credit strengthened again in Q4, and increased by 38.4 bn CZK (11.0%). The volume of mortgages was higher by 151.3 bn CZK (7.7%) at the end of December, and growth

¹¹⁷ The ARAD database of the Czech National Bank (CNB) is the data source in this chapter. Values of exchange rates are also from the CNB.

¹¹⁸ Unless otherwise stated, the difference between the value as of 31 December 2025 and 30 September 2025 is understood as the change of interest rates.

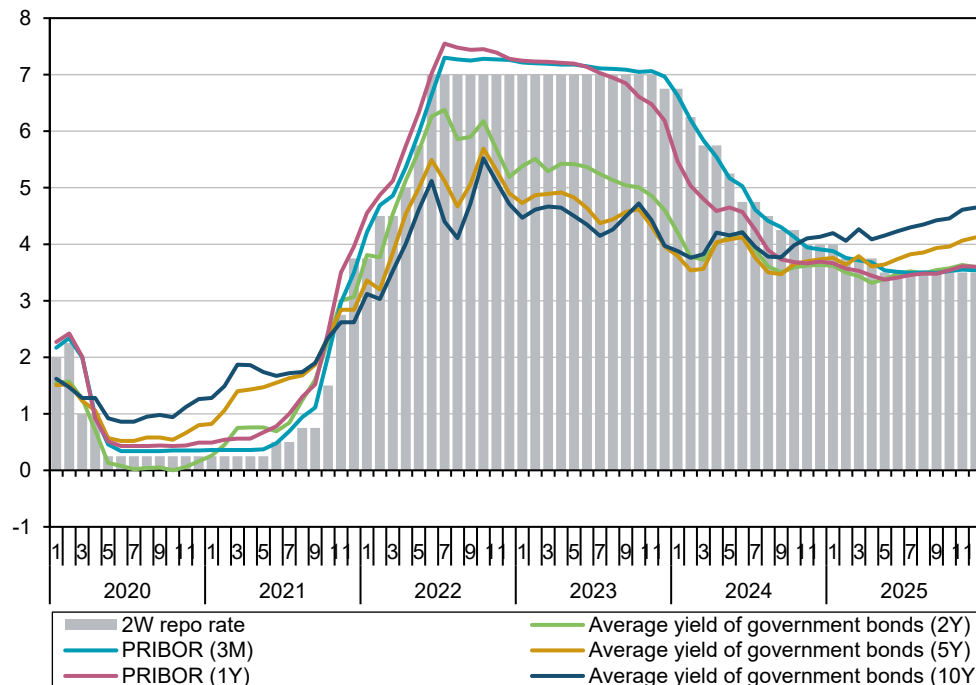
¹¹⁹ Population including self-employed persons.

also accelerated here, mainly under the influence of mortgages, but also bridging loans from building society accounts, which were higher by more than a fifth, year-on-year. The volume of new mortgage contracts¹²⁰ amounted to 192.1 bn CZK in Q4 2025, of which net new loans accounted for 85.9 bn CZK, refinanced loans for 18.0 bn CZK and other new arrangements for 88.3 bn CZK. Other new arrangements also contributed the most to the total growth of the new contracts volume. For the whole of 2025, new mortgage contracts were concluded in the amount of 691.3 bn CZK (+218.0 bn, year-on-year), which nominally surpassed the record year 2021. Net new loans accounted for 320.1 bn CZK from new contracts and other arrangements for 315.0 bn CZK. Total household debt stood at 2,661.7 bn CZK at the end of December and was 10.3% higher, year-on-year.

The share of loans denominated in foreign currency to non-financial businesses was declining.

The average interest rate on loans up to 7.5 million CZK for non-financial businesses was 5.63% (+0.13 p.p.) at the end of December, between 7.5 and 30 million CZK 5.30% (-0.05 p.p.) and above 30 million CZK 5.13% (+0.06 p.p.). The total volume of credit and claims of non-financial businesses was 2.9% higher, year-on-year, at the end of December. Only koruna denominated credit contributed to the increase, whose volume was higher by 10.9%. Credit denominated in foreign currencies fell by 4.4%, and with it also the share of credit denominated in foreign currency on total credit, which reached 48.2% at the end of 2025¹²¹. The largest increase of the volume of credit provided at the end of December was in information and communication (58.9%¹²²), public administration and defence, compulsory social security, education and human health and social work activities (26.3%). Double-digit year-on-year increases of credit continued in accommodation and food service (18.6%). By contrast, the volume of credit granted decreased year-on-year in mining and quarrying (-34.0%), in manufacturing and in professional, scientific, technical and administrative activities (similarly -4.2%) and in transportation and storage (-1.0%).

Chart 17 Market interest rates (in %)



Source: ARAD, CNB

¹²⁰ New contracts also include the refinanced credit and other renegotiated loans. Refinanced credit includes current contracts concluded newly at other bank, while other renegotiated loans are current contracts concluded with new conditions at the same bank.

¹²¹ The share began to grow sharply at the turn of 2021 and 2022 and peaked at 52.5% at the end of December 2024.

¹²² The volume of credit here often fluctuates significantly. The current results were mainly driven by a sharp increase of credit in the branch of publishing activities, programming, broadcasting and information activities.



8. State Budget

The deficit of the SB slightly deepened last year and exceeded the amount of the approved budget after a long time. However, the deficit continued to decline after adjusting for revenues and expenditure on EU projects.

The growth of total revenues was driven mainly by rapidly strengthening tax collections and the collection of social security contributions. Mainly the lower revenues from the EU budget had the opposite effect.

The growth of nationwide tax collection was supported mainly by higher VAT and corporate tax collection.

The growth of VAT collections accelerated thanks to strengthening consumption by households and general government.

The state budget (SB)¹²³ ended in 2025 with a deficit of 290.7 bn CZK, deeper by almost 20 bn CZK, year-on-year, and simultaneously the most significant in the last three years. For the first time since 2011, the currently attained deficit was worse than budget expectations¹²⁴. The balance of the SB adjusted for funds from the EU budget¹²⁵ reached 249.9 bn CZK last year, and although it did not meet the above expectations either, it indicated a trend of a slight decrease of the budget deficit expressed in this way. This is connected to a slight strengthening of the growth of the Czech economy and the economies of some important trading partners as well. In addition, both the revenue and expenditure sides of the budget were gradually increasingly affected by the effects of “the consolidation recovery package” (approved in 2023). The change of the budgetary allocation of taxes (BAT), which has again increased the share of the revenue of some weight-important taxes in favour of the SB (at the expense of local and regional budgets) since January 2025, also has a clear impact here¹²⁶.

Total revenues of the SB increased by 5.9%, year-on-year (+116 bn CZK) last year. Almost all key revenue items (except revenue from the EU budget) expanded. Last year's growth was still driven by rapidly growing tax revenues (+9.5%, +92 bn CZK), mainly affected by higher VAT collection and corporate taxes. The steadily increasing collection of social security contributions (+7.1%, +54 bn CZK), including active employment policy, stemming from favourable conditions of the labour market (e.g. higher employment accompanied by strengthening average earnings in the corporate sector), also had a significant impact. Legislative adjustments in connection with the SB consolidation¹²⁷ also contributed to a lesser extent to the growth of this collection, which was, however, slightly below budget expectations. On the contrary, the growth of the SB total revenues was dampened mainly by lower revenues from the EU budget and financial mechanisms (–29.5 bn CZK) and also by a weaker transfer of revenues from companies under the state ownership (–12.5 bn).

Nationwide tax collection excluding insurance premiums (taking into account revenues at the level of all public budgets) increased by 8.1% last year (its growth accelerated significantly compared to 2024). VAT as well as the regular corporate tax, whose role has strengthened compared to the previous year, contributed (each of them) to the growth of collections by a full third. On the contrary, the impact of excise duty, income tax of natural persons and real estate tax was weakening (its collection increased sharply the year before last due to the legal regulation).

Last year, 8.4% more (+32.1 bn CZK) flowed to SB from the weight-dominant tax – VAT. Although its growth strengthened slightly during the year, full-year collection remained slightly below budget expectations (a similar phenomenon occurred to a more significant extent also in the previous two years). Its collection continued to be favourably influenced by rising household incomes (mainly due to brisk wage dynamics), which

¹²³ Unless stated otherwise, all data related to the state budget stem from the data of the Ministry of Finance (MF) of the CR regarding the treasury fulfilment.

¹²⁴ Act On the state budget for year 2025 (based on the MF macroeconomic prediction from August 2024 and approved at the end of December 2024) anticipates annual deficit of 241 bn CZK this year, which is by 30 bn lower than the deficit achieved in year 2024.

¹²⁵ These are funds for programmes from the EU and Financial Mechanisms (FM) budgets pre-financed by the SB and subsequently reimbursed from the EU and the FM budgets. Without these funds (included in the approved SB with a neutral impact), last year's deficit was the lowest after 2019 and at the same time it decreased, year-on-year, for the fourth time in a row (in that 38.9 bn CZK last year).

¹²⁶ As of January 2025, the BAT has been changed as part of the consolidation package so that the collection from the increased shared tax rates is the income of the state budget only (reduction of the share of municipalities to 24.16% and regions to 9.45%). According to the Ministry of Finance's estimates, the positive impact (on SB) of this legislative change amounted to 13.3 bn CZK for the whole last year.

¹²⁷ The gradual raising of the minimum assessment base for the self-employed (from 30% to 35% of the average wage from January 2025) as well as the increase of the premium rate for selected groups (e.g. employers of firefighters or paramedics and workers in high-risk employment) had a positive effect. On the contrary, the application of discounts on insurance premiums had a negative effect (from January 2025, a discount of 6.5% of the assessment base for working pensioners was introduced).

Nevertheless, last year it fell slightly short of budget expectations. gradually led to a better consumer confidence in economy. Higher consumption of the general government sector also had a positive effect. The SB also benefited from the change of the BAT, which, according to the estimates of the Ministry of Finance, brought the SB an additional amount of about 6 bn CZK from this tax. Current legislative changes (mainly the abolition of the exemption in the area of financial services) also had a partial impact, and the year-on-year comparison was still marginally affected by the impact of tax rate adjustments¹²⁸ introduced as part of the so-called consolidation package¹²⁹.

Excise duty collection increased for all key items and at the same time exceeded budget expectations. The effects of tax rate hikes and the acceleration of economic growth were felt. From excise taxes (including energy taxes), SB gained 2.4% more, year-on-year (+ 3.9 bn CZK) in 2025. The growth occurred in all key tax items and at the same time exceeded budget expectations (it has been rather the opposite in recent years). More than half of the higher collection was due to taxes on tobacco and related products, whose collection increased by 4%. The impact of the increase in the tax rate¹³⁰ was clearly evident here, while the growth of collections slowed down during last year (as the effect of frontloading products with a lower tax rate fades). The collection of the traditionally most important excise duty in terms of weight – on mineral oils – grew moderately last year (+1.5%). The improved performance of the economy stimulated demand for road freight transport, and the very favourable development of retail fuel prices¹³¹ also played a role. Of the other excise taxes that are significantly lower in weight, only levies on the performance of solar power plants (+0.4 bn CZK) had a more significant impact on the development of total collections, mainly due to the expansion of their network¹³².

The collection of corporate tax was influenced by the increase of its rate and the improved performance of the economy. Like the collection of extraordinary corporate taxes, it exceeded budget expectations. Last year, SB collected 15.7% more on corporate tax (excluding extraordinary taxes), year-on-year (+30.1 bn CZK) and the growth rate of collection exceeded budget expectations by half. The growth of collections accelerated in H2 2025, as the impact of the across-the-board increase of the tax rate from 19% to 21% (especially through the annual tax settlement) was fully felt. At the same time, quarterly tax advances gradually reflected the impact of the recovery of the Czech economy. On the contrary, as in 2024, the exemption of yields on government bonds or the extension of the effectiveness of extraordinary depreciation had a negative (but only partial) effect on tax collection. In addition to the regular corporate tax, 38.4 bn CZK in windfall tax¹³³ has flowed into SB so far last year, up 4.6%, year-on-year.

Employees in particular continued to contribute to the ongoing rapid growth of ITNP. Income tax of natural persons (ITNP) grew at a double-digit rate last year for the fourth year in a row (+12.1%, +20.4 bn CZK). As with corporate tax, its revenue to the SB is increased by the BAT change¹³⁴. The higher ITNP collection was mainly due to the tax

¹²⁸ This concerns the unification of two reduced rates (10% and 15%) into one of 12% (apart from books, which are now completely exempt from VAT). Several goods and services are now subject to lower taxation (e.g. basic foodstuffs, medicines, medical products, construction work). The negative budgetary impact is mainly mitigated by the transfer of some items without demonstrable social or health significance to the basic 21% tax rate (beer, non-alcoholic beverages, services of authors and artists, hairdressing services, firewood, municipal waste, cleaning work).

¹²⁹ This was first reflected in the cash fulfilment of the SB in February 2024 and thus still had partial impact on the year-on-year pace of the VAT collection amount.

¹³⁰ Last year, there was a further increase of the tax rate on classic tobacco products (by 5%, as part of the gradual raise during the 2024 – 2027 period) as well as an expansion of the range of taxed products: e-cigarette refills from 2024 (growth of rate by 15%) and nicotine pouches and other alternatives from 2025. At the same time, the consumption of alternative tobacco products is also growing thanks to higher social tolerance and still relatively lower level of taxation as well.

¹³¹ According to CZSO data, from January to October 2025, the consumption of diesel increased by 1.9%, motor gasoline by 1.5% and aviation kerosene by 1.0%, year-on-year. The average consumer price of Natural 95 petrol in the Czech Republic was 33.9 CZK/l in May 2025 (the least since September 2021) and diesel 32.7 CZK/l (the least since June 2023). Cross-border purchases (or stronger transit traffic) also probably contributed to higher domestic consumption, as the price of these commodities was among the lowest in Central Europe.

¹³² In addition, the collection of most energy taxes – mainly from natural gas and electricity – grew. In contrast, the collection of tax on alcohol decreased slightly last year after stagnating in 2024, as the effect of the continued increase of the tax rate was not enough to offset the falling consumption (or the shift of residents' preferences to spirits with a lower alcohol content). Changes in the lifestyle of the population were probably also reflected in the continuing slight reduction of tax collection on beer and sparkling wine.

¹³³ This applies to energy, petrochemical and mining companies (in the field of fossil fuels) and also includes large banks. This is a 60% tax surcharge applied to the excess profit of these companies, determined as the difference between the tax base in 2023 to 2025 and the average of the tax bases for 2018 to 2021 increased by 20%. The vast majority of the collection of this tax flowed to the SB from the energy sector.

¹³⁴ The collection of this tax at the level of all public budgets was 10.3% higher, year-on-year (+27 bn CZK) last year. Of these, the collection of the most important tax in terms of weight – ITNP from dependent activity – reached 223 bn CZK and exceeded the record level from 2019 for the first time (by 3.3%), when the super-gross wage regime (with higher total taxation) was still in force.



collections. The collection of tax from dependent activity fell slightly short of budget expectations.

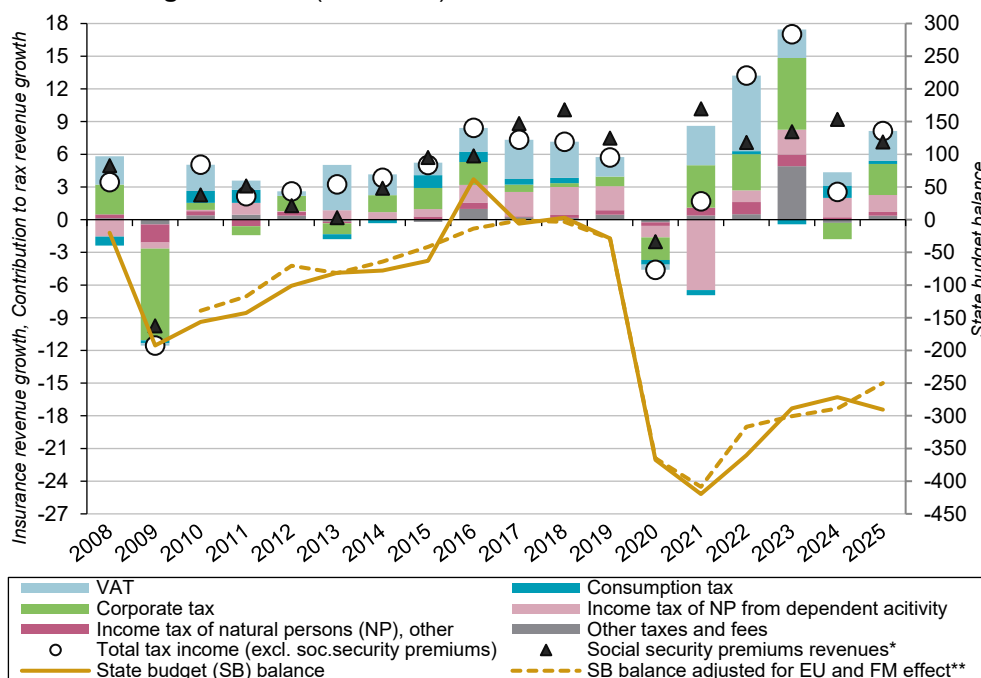
The growth of ITNP collection from self-employment activities has accelerated significantly, mainly due to legal adjustments.

The decline of interest rates on deposits contributed to lower collection of withholding tax.

paid by taxpayers (i.e. from dependent activities), which increased by 12.8% (to 145.3 bn CZK). The continuing good condition of the labour market (higher employment and rapid nominal growth of the average wage in the business sphere) and partly the legislative changes from 2024 (mainly the reduction of the band for the second increased rate of this tax, the abolition or reduction of selected tax credits and, to a lesser extent, the adjustment of taxation of selected non-monetary benefits¹³⁵) had a positive effect here. Despite the dynamic growth of the above-mentioned tax, its last year's collection did not exceed budget expectations (unlike all other types of direct taxes).

Although the collection of ITNP paid from self-employment activities accelerated significantly last year and the amount of collection (14.5 bn CZK) was almost half higher, year-on-year, its contribution to the growth of total revenues of the SB resulting from ITNP continued to be rather marginal. The growth of the collection of this tax from taxpayers stemmed from a higher number of small entrepreneurs and the impacts of the consolidation package (reduction of the income threshold for the second, higher tax rate, cancellation or reduction of some tax reliefs). On the contrary, the collection of ITNP levied by deduction (i.e. withholding tax) decreased, year-on-year, last year (by 2.4%, to 29.7 bn CZK). With the expected reduction of interest rates on deposits, the previous four-year period of dynamic growth of income from this tax ended for SB. The effect of the decline of rates is partly dampened by the persistent, relatively high level of household savings. The current decrease of direct debits may also reflect a lower number of people working on agreements (outside the main employment contract).

Chart 18 Contributions of sub-incomes to year-on-year growth of total nationwide tax income collection (in p. p.), year-on-year growth of social security revenues (%) and state budget balance (in bn CZK)



* Also includes contributions to state employment policy.
 **Balance adjusted for funds on programmes/projects from the EU and FM budgets, which were pre-financed from the SB and are subsequently paid for by the EU and FM budget. Annual figures are available from the year of 2010.
 Other income taxes of NP (natural persons) consist of taxes paid mainly by self-employed workers and withholding tax (which applies, for example to bank deposits, work agreements).
 Other taxes and fees include especially real estate tax, gambling tax, motorway toll, tolls and, from 2023, also a levy on excess income and windfall profits.
 Source: MF CR

¹³⁵ Most of these changes began to affect the amount of tax collection for the first time in February 2024. The impact of the abolition or reduction of some tax discounts was first felt only during the annual tax settlement (in April 2025).

Non-tax and capital revenues and received transfers of the SB decreased, year-on-year, for the second year in a row last year. In 2025, lower revenues from the EU budget and FM contributed the most.

Non-tax and capital income and transfers received by SB decreased by 11.9% (-29.6 bn CZK), year-on-year, last year, falling at a similar pace for the second year in a row. In addition, their selection fell significantly short of budget expectations¹³⁶ in 2025. The low level of non-tax revenues fulfilment was mainly related to the year-on-year decrease of collections for the weight-dominant item – revenues from the EU budget (including financial mechanisms – FM) – by almost a fifth. The complete cessation of revenues to cover pre-financed expenditure from the older EU programming period (2014–2020) was not compensated by a strengthening of revenues from the current period 2021–2027 (+16.5 bn CZK, mainly in the area of transportation and the Integrated Operational Programme) and further funds from the National Recovery Plan. Another important factor of the revenue non-fulfilment was the continuing significant reduction of revenues from the sale of emission allowances (by 16.5%, by 26.3% in two last years, to 13.7 bn CZK last year¹³⁷) and further lower revenues from state ownership participation (e.g. in the energy sector).

The year-on-year growth of total SB expenditure accelerated last year and at the same time exceeded budget expectations.

Total SB expenditure increased by 6.0%, year-on-year, in 2025, which represented a significant acceleration compared to the previous year's pace. This is mainly due to the fact that in 2024 the decline of support for households and companies affected by previously high energy prices was fully felt. Consumer price growth had also stabilised at that time, which was soon reflected in lower pressure on the adjustment of a wide range of social benefits. In contrast to the previous three years, last year's spending slightly exceeded budget expectations. Last year, both current expenditure (+85.1 bn CZK) and investments, the impact of which was unusually high (+49.9 bn CZK), contributed to the year-on-year growth of total SB expenditure. Within current expenditure, higher transfers to territorial budgets, which rose to 281 bn CZK and increased by 8.5%, year-on-year, had the most significant impact. The higher expenditure is mainly related to the strengthening of funds directed to regional education, primarily for salaries¹³⁸ (including supplementing the missing resources for the salaries of non-teaching staff), for the co-financing of non-research educational projects supported by the EU, and also for social services. On the contrary, fewer funds were directed to the area of integration of refugees from Ukraine (compensatory allowance for accommodation, Ukrainian teaching assistants).

The growth of current expenditure was mainly driven by current transfers to regional budgets, especially direct expenditure on education.

Pension spending has grown at least in the last 11 years. The impact of the mitigated adjustment and the tightening of the conditions for granting early retirement pensions became apparent.

Despite a more modest growth (+1.2%¹³⁹), expenditure on social benefits (+17.7 bn CZK) also contributed significantly to the strengthening of total SB expenditure last year. Pension insurance benefits form slightly more than three quarters of total social benefits. Last year, SB spent 0.8% more on pensions, year-on-year, which represented the lowest growth in the last eleven years. The moderation of consumer prices was reflected in a relatively insignificant adjustment of pensions¹⁴⁰, and in addition the number of pension recipients decreased slightly (by 0.6%), which was related to the tightened rules for early retirement¹⁴¹. Although the year-on-year growth of pension premium collection

¹³⁶ Compared to the originally approved SB for 2025, last year's performance lagged behind by 11% and compared to the budget after the changes even by as much as 20%, or 53 bn CZK (the estimate for the category of non-tax and capital income and received transfers was enhanced during last year, which was mainly related to the faster continuous drawdown of investments from the SB, which were directed to the pre-financing of joint projects of the Czech Republic and the EU).

¹³⁷ At the same time, the approved SB expected revenues from the sale of allowances in the amount of 30 bn CZK in 2025. The failure to meet the expected return was affected by a more significant than expected effect of the market stability reserve mechanism. The relatively low price of allowances on the European market in both 2024 and 2025 was also related to the persistently high number of allowances in circulation due to the decline of the volume of emissions emitted and the overall cooling of the market.

¹³⁸ Expenditure on teachers' salaries increased by 7% from 1 January 2025 and increased by 5% for other teaching staff (tutors, teaching assistants) and non-teaching staff. The increase of salary tariffs by 1,400 CZK affected only non-teaching staff. The year-on-year growth of expenditure also considers the continuing growth of the number of pupils and students in regional education and the greater use of the division of hours to improve the quality of teaching.

¹³⁹ This estimate was slightly increased over the course of last year so that the expected expenditure on social benefits in 2025 should have exceeded their actual use in the previous year by 2%.

¹⁴⁰ The basic amount of the pension assessment has been increased to 4,660 CZK (+260 CZK); the percentage assessment increased by 0.6% and pensioners who reached the age of 85 in January 2025 had their percentage assessment increased by another 1,000 CZK. In December 2025, the average monthly old-age pension (excluding concurrence with other pensions) was 2% higher, year-on-year, reaching 22.3 thousand CZK for males and 19.9 thousand CZK for females.

¹⁴¹ From October 2024, the required insurance period has increased from 35 to 40 years. Further tightening has already taken place: the maximum period of early retirement has been reduced from 5 years to 3 years, the indexation of the percentage assessment of early



slowed slightly for the second year in a row last year (to +6.4%), the deficit of the pension insurance system¹⁴² fell significantly (to 9.2 bn CZK, from 50.7 bn CZK in 2024) and was the lowest in the last four years.

Growth of expenditure on non-pension social benefits accelerated mainly due to rapidly growing care contributions. The drawdown of the vast majority of other types of benefits increased.

Year-on-year growth of expenditure on other (non-pension) social benefits was slightly above 6% for the second year in a row last year (and, unlike in 2024, it was the decisive factor of the growth of total expenditure on social benefits - contribution of +11.8 bn CZK). Year-on-year expenditure growth that exceeded budget expectations was recorded for almost all important types of benefits. An increase of the long-term care allowances significant by volume (+5.2 bn CZK, +12.4%¹⁴³) played a key role here. The drawdown of unemployment benefits increased for the third year in a row (by 2.0 bn CZK last year, +15.8%), both due to a slightly growing number of job applicants entitled to benefits, and mainly due to a higher average level of support (related to wage growth in the economy). At the same time, the growth of material deprivation assistance benefits continued (+0.5 bn CZK, +4.1%), mainly due to higher humanitarian benefits for Ukrainian refugees (+20.4%)¹⁴⁴. Long-term growing benefits of state social support and foster care increased by 4.0% last year, mainly due to housing benefits (+3.2 bn CZK, +16%)¹⁴⁵. The opposite effect was due to a decrease of parental and child allowances (by a total 1.7 bn CZK), which, however, present a longer-term phenomenon related to a decreasing birth rate. The use of sickness insurance benefits increased slightly for the second year in a row (by 1.4 bn CZK last year, +2.9%)¹⁴⁶. The growth was mainly driven by sickness benefits¹⁴⁷, while the volume of maternity benefits fell for the fourth time in a row. Income from insurance premiums paid by employed persons increased by 8.2%, year-on-year, last year, partly still due to the legal regulation in relation to the consolidation package¹⁴⁸. As a result, the balance of sickness insurance¹⁴⁹ achieved a slight surplus for the first time since 2018 the year before last, which further increased to 13.5 bn CZK in 2025 (the highest surplus since 2008).

In the smaller range of benefits, there was a longer-term decline of drawdown due to falling birth rates.

The health insurance balance ended in surplus for the second year in a row, the highest since 2008.

Non-investment purchases grew rapidly for the second year in a row, mainly due to defence and security spending.

Non-investment purchases and related expenditures (excluding government debt service) increased, year-on-year, last year (+15.9%, +15.0 bn CZK). Last year's rapid growth, which occurred for the second year in a row, was mainly due to higher spending at the end of the year. The impact of savings for expenditure on the purchase of water, fuel, energy and maintenance was dampened by the strengthening of material purchases (especially for defence and security) and the compensation payment in the telecommunications sector. Net expenditure on servicing the state debt¹⁵⁰, which mainly includes interest, increased by 10.7%, year-on-year, last year and rose to a record 98.1 bn CZK and almost

retirement up to the retirement age has been abolished, and the reduction of the amount of pension for early retirement has increased significantly. The total number of persons with permanently reduced old-age pensions (due to prematurity) was only 0.4% higher, year-on-year, at the end of last year (the lowest increase in the current millennium). Even so, these people already accounted for almost one third of the total number of old-age pensioners.

¹⁴² This expresses the difference between income from pension insurance premiums and expenditure on benefits from this insurance (incl. funds for the administration of the benefit system) according to the balance sheet of the Ministry of Finance.

¹⁴³ It was closely related to the statutory increase of amounts for people in the 2nd to 4th degree of dependence for both children and adults (from July 2024). Last December, 381 thousand people received these benefits, up 1.5%, year-on-year (however, 11.6% more than in 2015).

¹⁴⁴ The year-on-year development is influenced by an increase of the eligible costs of housing and accommodation for the purposes of determining entitlement to humanitarian benefits. In December 2025, 45 thousand benefits were paid out. A seventh less, year-on-year (and even half as much compared to December 2022).

¹⁴⁵ Due to the increase of the amounts of normative housing costs, the number of beneficiaries of this benefit continued to grow slightly (it amounted to 307 thousand in December last year, which was 7% higher, year-on-year, and the number of beneficiaries has doubled in the last four years).

¹⁴⁶ However, compared to the record drawdown in the "pandemic year" of 2020, the state spent 11% less on these benefits last year.

¹⁴⁷ The influence of higher illness was also evident here. According to data from the CSSA, the number of days off (associated with temporary incapacity for work) reached 76.3 million in 2025. Although it increased slightly, year-on-year (+0.4%), but it was the second lowest absolute number in the last six years.

¹⁴⁸ As of January 2024, health insurance paid directly by the employee was reintroduced, amounting to 0.6% of the assessment base (gross wage). At the same time the assessment base for the self-employed has been also increased. Later, the limits for participation in the insurance of an employee working on the basis of an agreement to perform work were set (from January 2025, this limit is CZK 11,500).

¹⁴⁹ This expresses the difference between revenues of sickness insurance premiums and expenditure on benefits from this insurance (according to the CSSA balance sheet).

¹⁵⁰ Net expenditures correspond to the balance of the budget chapter State debt (No. 396).

<p>The amount of the state debt and interest expenditure on its servicing increased by a tenth.</p>	<p>twice the level of 2022. In addition to the growing volume of planned repayments, they were also influenced by the level of interest rates on domestic government bonds, which have risen in recent years and were above average in the EU last year. The amount of the Czech government's (state) debt reached 3,678 bn CZK at the end of December last year and increased by 9.3%, year-on-year (growth accelerated slightly for the second year). Last year's debt development is primarily related to an increase in the need for financing due to a higher volume of planned repayments of earlier bonds, borrowings and loans. The impact of the growing deficit of the SB in 2025 was also partly apparent. Traditionally, the issuance of <i>koruna</i> medium-term and long-term government bonds¹⁵¹ was used to cover the financing needs, and short-term debt instruments were also used more than in 2023 and 2024. Last year's increase of total debt was driven mainly by internal debt (+297 bn CZK), but external debt (+16 bn), which grew for the second year in a row also had an impact. However, external debt accounted for only 5.4% of the current total debt.</p>
<p>The growth of expenditure on salaries in organizational units of the state as well as subsidies to semi-budgetary organizations accelerated.</p>	<p>After the stagnation in 2024, expenditure on salaries in organizational units of the state increased by 7.1% (+12.2 bn CZK) last year¹⁵². Last year, the growth of current subsidies to semi-budgetary organizations also accelerated significantly, with expenditure increasing by 10.2% (+9.2 bn CZK), both due to higher contributions to the day-to-day operation of universities and support for research, development and innovation in the higher education and government sectors. Spending on defence organisations also strengthened. Current transfers to non-profit organisations also increased rapidly, nevertheless in contrast to semi-budgetary organisations, in line with budget expectations (+12.4%, +3.0 bn CZK), mainly due to higher support for European projects in the field of employment, growing subsidies in the areas of sports, religious schools, foster care and social services.</p>
<p>The decline of subsidy support for entrepreneurs linked to high energy prices was offset by an increase of subsidies for RES. Total subsidies significantly exceeded budget expectations last year.</p>	<p>Current transfers to entrepreneurs (businesses) increased by 4.1%, year-on-year, last year, but their amount (69.3 bn CZK) was the second lowest in the last six years. The effect of the expected reduction of most subsidies in the energy sector was still visible¹⁵³. However, this effect was offset by increasing subsidies for renewable energy sources (RES), which increased significantly, year-on-year (+44%, to 25.9 bn CZK). In addition, subsidies to companies for European projects (especially under the National Recovery Plan) and expenditure on active employment policy also increased, as well as a contribution to support the employment of people with disabilities. Total non-investment subsidies to entrepreneurs significantly exceeded budget expectations last year – by 22.1 bn CZK compared to the original plan (of which 17.4 bn CZK in the area of RES).</p>
<p>The growth of expenditure on public health insurance payments, which hold a significant weight, moderated notably.</p>	<p>Due to the moderation of growth of the price level in the economy, SB's expenditure on public health insurance payments (for the so-called state insured persons) increased only slightly last year (+1.5%, +2.3 bn CZK)¹⁵⁴. Of the other major current expenditures, only contributions to the EU budget increased significantly (+14.9%, +7.7 bn CZK). Among the more important items, the growth of total SB expenditure was dampened only by current transfers to state funds, which decreased by 6.3 bn CZK last year (–8.4%, the original budget plan had planned a twofold decrease). This was mainly the result of lower financing of the State Fund (SF) for Transport Infrastructure (to cover its deficit) and, to a lesser</p>
<p>Last year, lower subsidies to state funds</p>	

¹⁵¹ Their total sales on the primary and secondary markets reached 486 bn CZK last year (376 bn CZK a year earlier). The average maturity of newly sold koruna bonds was 8.9 years and the average annual yield of newly sold fixed-interest bonds was 4.21%. While the maturity period decreased slightly, year-on-year (by 1.5 years), the average yield increased (by 0.26 p. p.), but its last year's level was still slightly lower than for newly issued government bonds in 2022 and 2023.

¹⁵² This increase is reflected in an across-the-board increase of salary tariffs for members of the security forces and soldiers (by 1500 CZK) and most other civil servants (by 1400 CZK) from January 2025. From July 2025, expenditure on soldiers' salaries, (service tariffs and housing allowances) of police, firefighters and other members of the security forces (higher stabilisation allowances) has been further strengthened.

¹⁵³ These are compensations for the supply of electricity and gas to customers and for losses due to the capping of their prices (with a year-on-year decrease of 7.4 bn CZK) and subsidies to the transmission system operator (–1.3 bn CZK), which were still paid at the beginning of 2024.

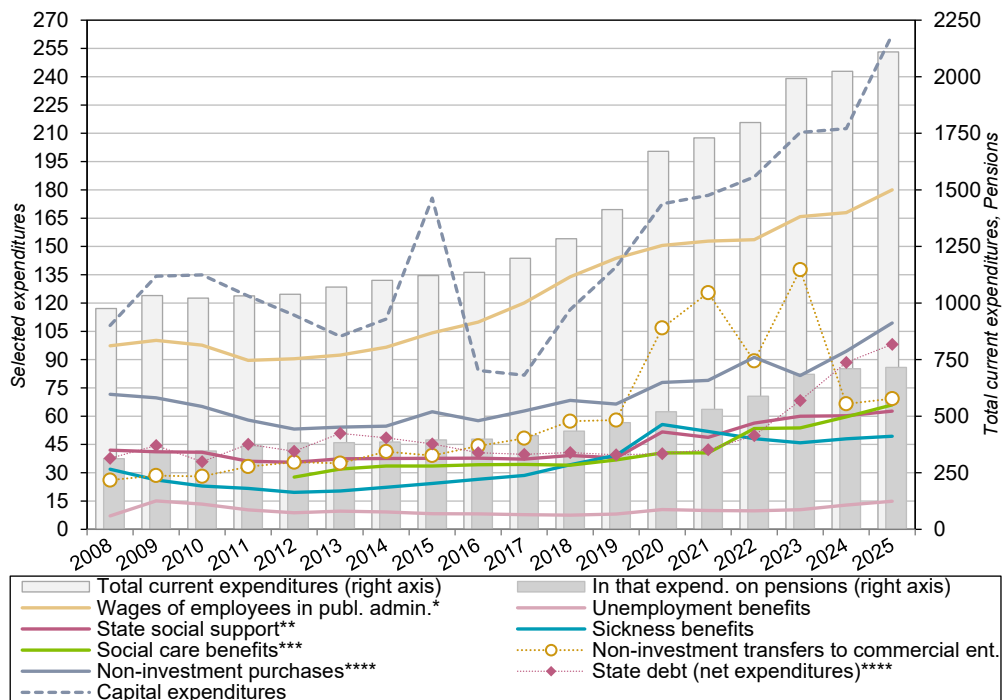
¹⁵⁴ The impact of the newly introduced automatic indexation, which adjusts the assessment base of the payment by the sum of 100% of consumer price growth and 50% of real wage growth from January 2024, has become apparent. As a result, the monthly payment per person has increased from 2085 CZK to 2127 CZK since January 2025.



contributed to the decrease of total SB expenditure.

extent, a decrease of SF transfers to agriculture (for direct payments to farmers). On the contrary, expenditure on the environment (on European projects) has strengthened.

Chart 19 Selected expenditures of the state budget (in bn CZK)



*Expenditures on salaries in central government institutions. Do not include e.g. wage costs of regional education.
 **Also includes the foster care benefits.
 ***Include Material deprivation assistance benefits, Benefits for people with disabilities, Care benefits based on Act on State Social Support. Humanitarian aid provided for citizens of Ukraine is also included here.
 ****Contains mainly expenditures on purchase of services, materials, energies or other services (e.g. expenditures on repairs and maintenance).
 *****Net expenditures correspond to the balance of the budget chapter State debt (no. 396).
 Source: MF CR

Growth of capital expenditure accelerated significantly last year. The share of investments on total SB expenditure was the highest in the last decade.

Mainly investments covered by purely national resources increased – especially in the area of transport infrastructure.

Investment subsidies to entrepreneurs have fallen, as well as investment purchases, especially in defence.

Year-on-year growth of capital expenditure accelerated significantly last year, reaching 23.5% (a five-year high). Mainly due to more intensive absorption in H2 of the year, last year's amount of investments amounted to 262.4 bn CZK¹⁵⁵, which represented 11.1% of all SB expenditure (the highest in the last ten years and the second highest share after 2011). Last year's growth was mainly supported by investments made exclusively from national sources (+CZK 29.2 billion). Unlike in 2024, expenditure on projects of joint EU-Czech programmes has already increased (+20.7 bn CZK)¹⁵⁶, mainly due to the higher use of funds from the National Recovery Plan. Pre-financing of expenditure on these joint projects accounted for almost 40% of all last year's investments from SB. Investments covered exclusively by national sources increased, year-on-year, last year, mainly due to a higher allocation to state funds – especially to transport infrastructure (+35.2 bn CZK, +60%), including repairs of state-owned roads after the floods (in autumn 2024). Expenditure on funds in the area of the environment and agriculture also strengthened more slightly. More investments were also directed to semi-budgetary and similar organizations (+9.5 bn CZK, +50%), equally to health care and education. On the contrary, investment subsidies to entrepreneurs fell for the second year in a row (by 4.1 bn CZK or 21.6% last year) due to a slower launch of drawdowns on European projects in the current EU programming period. After strong growth in both 2023 and 2024, capital purchases and related expenditures also decreased last year (-3.9 bn and -5.3%, respectively), mainly due to irregular financing of equipment for the Czech Army. Still, the amount of

¹⁵⁵ At the same time, last year's drawdown exceeded the original budget expectation (according to the approved SB), which amounted to 250 bn CZK. At the same time, this expectation was continuously adjusted during the year by budgetary measures (up to just under 270 bn CZK in Q3).

¹⁵⁶ This is related to the gradual launch of the use of these expenditures in the new (current) EU programming period.

these purchases accounted for more than a quarter of all capital expenditures of the SB and its drawdown exceeded budget expectations last year. From the perspective of budget expenditure by kind, most of total SB investments last year went to transportation (86 bn CZK), defence (60.6 bn CZK), housing, municipal services and territorial development (21.1 bn CZK), education and school services (15 bn CZK) and also to health care (10.9 bn CZK), where expenditure more than doubled, year-on-year (it also increased by half in the area of transportation and environmental protection).

The general government deficit did not change significantly, year-on-year, in the three quarters last year.

The general government (GG) sector in the Czech Republic ran a deficit of 87.5 bn CZK¹⁵⁷ in Q1 to Q3 2025¹⁵⁸, slightly higher, year-on-year (+0.8%)¹⁵⁹. Growth of SB *total revenues* slowed to 5.7% (the slowest pace in the same period of the last five years). This slowdown was due to weaker growth of revenues from current taxes (from incomes and wealth). The received social payments (from both employers and households) represented the largest contributor to the growth of total, despite the fact that their pace also weakened, year-on-year (to +6.3%, which represented the lowest growth after 2020). Revenues from the volume-significant item of taxes on production and imports, including primarily indirect taxes, increased by 4.2%, year-on-year (a slight slowdown was also evident here). This year, as in the previous year, revenue growth was dampened mainly by lower funds arising from ownership income (-4.6%), namely interest income¹⁶⁰. *Total expenditure* was 5.5% higher, year-on-year, in the first three quarters last year (3.6% a year earlier). This acceleration was due to higher subsidies paid out, which increased by 14.2%. Even so, their previous level last year (136.7 bn CZK) clearly lagged behind for years 2021 and 2023, influenced by extraordinary events. Higher expenditure on fixed capital formation (+13.1%) also contributed to fiscal expansion last year, the growth of which was among the highest in the last seven years (and unlike in 2023 and 2024, regional and municipal investments contributed the most). Compensation to employees also grew relatively rapidly (+6.1%), both due to slightly growing employment in public services and adjustment of wage tariffs. The pace of intermediate consumption expenditure slowed to a four-year low (+4.8%), partly due to price developments of some energies. Price effects were also reflected in a sharp slowdown of interest payments growth (to 3.2%), mainly owing to lower payments to holders of government anti-inflation bonds (i.e. to households). Growth of expenditure on the most important expenditure item in terms of weight – social benefits – slowed down sharply for the second year in a row (to +2.4%). The moderation of consumer price dynamics and indexation adjustments for old-age pensions was apparent here, and a moderation of the pace of expenditure on social transfers in kind also played a partial role.

The growth of a number of weight-important revenues of GG sector moderated.

The growth of total expenditure in GG sector accelerated mainly due to subsidies and also investments, the year-on-year strengthening of which was mainly driven by expenditure of local GG sector.

The deficit of general government sector in the EU fluctuated around 3% last year, and no significant easing of fiscal imbalances has been achieved at the level of the Member States over the past year. This resulted in an increase of the number of states facing pressure

The situation in the area of the GG sector in the EU Member States¹⁶¹ has partially stabilised after the start of mild economic growth and the moderation of price developments the year before last. The deficit of general government sector in the EU fell below 3% of GDP in Q1 2025 for the first time in two and a half years. Subsequently, however, this favourable development stopped and in Q3, the deficit stood at 3.2% of GDP and was slightly higher in year-on-year terms (by 0.2 p. p.). In total, eleven EU Member States reported the deficit of more than 3% of GDP in Q1 to Q3 2025 (the same as a year earlier). The deepest deficits burdened Romania (8.1% of GDP), Poland (6.5%), France (5.4%) and Belgium (5.2%), as well as Italy among major economies. The Czech deficit

¹⁵⁷ Unless stated otherwise, data regarding the GG sector in Czechia are expressed in nominal terms and without seasonal adjustment.

¹⁵⁸ Data regarding the government sector for Q4 2025 will be published by the CZSO on 1st April, 2026, Eurostat subsequently on behalf of the Union Member States on 22nd April. More detailed assessment of the development in the Czechia for Q3 2025 is offered in the publication *Analysis of the sector accounts: Analýza sektorových účtů*

¹⁵⁹ This deterioration was due to local government institutions, whose surplus fell by 13.8% to 70.0 bn CZK (and was thus the lowest in the last four years in the same period). By contrast, the central government sector deficit, which has traditionally contributed dominantly to the deterioration of the budget balance of the whole GG sector in recent years, narrowed by 3.3%, year-on-year, to 155 bn CZK (the best result in the last six years). The deficit of health insurance companies was then reduced by about 5 bn CZK, year-on-year.

¹⁶⁰ On the contrary, dividend income, which was dominantly behind the decline of general government ownership income in 2024, increased, year-on-year, last year (and effectively returned to the level of Q1 to Q3 2023).

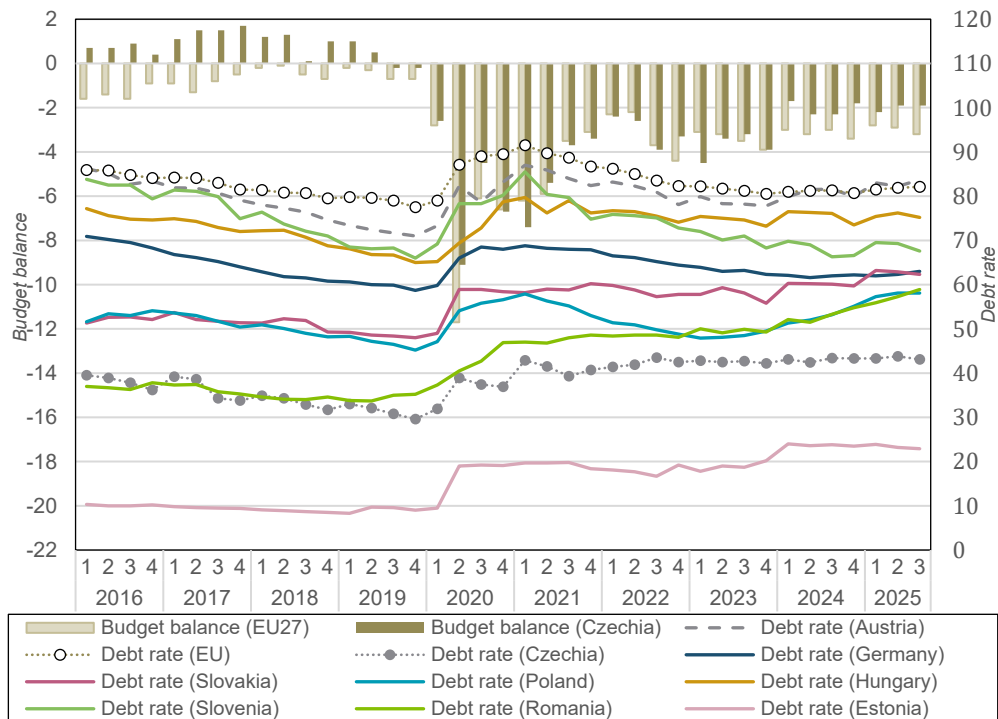
¹⁶¹ All the data on the budget balance listed below are expressed after adjusting for seasonality and number of working days.



from the Union for consolidation efforts.

(2.0% of GDP) was slightly more favourable last year than in Germany and at the same time the lowest of all Central European countries. Only five countries achieved a surplus – in addition to traditionally fiscally responsible Denmark (+3.6% of GDP), also some currently or previously heavily indebted economies (Greece, Portugal, Cyprus, Ireland). Year-on-year, the balance deteriorated the most mainly in small or smaller countries (Luxembourg, Ireland, Denmark), and of the larger economies only in Poland (from -5.6% of GDP to -6.5% of GDP) and the Netherlands (from -0.5% to -1.5%). Improvements have been made mainly in countries facing pressure from the EU to consolidate public finances¹⁶² – in Hungary (from -5.4% to -3.3% of GDP), and to a lesser extent in Finland, Slovakia and Romania. In Germany, the deficit fell (from 2.8% to 2.3% of GDP). In the Czech Republic, as in the EU and the euro area, the deficit stagnated. The surplus increased (to 2.9% of GDP) in Greece.

Chart 20 Budget balance and debt ratio of the general government institution sector in selected EU states (in % of GDP)



Note: Budget balance is seasonally adjusted. The debt rate expresses the balance at the end of quarter.
Source: Eurostat

The debt ratio decreased, year-on-year, in less than half of the EU countries in Q3. The position of the Czech Republic has not changed according to the level of debt.

The gross consolidated debt of the general government sector in the EU stood at 82.1% at the end of Q3 (88.5% of GDP in the euro area) and has been increasing, quarter-on-quarter, since the beginning of last year. Although the debt ratio was “only” 0.8 p. p. higher, year-on-year, it was the most significant strengthening in the last four years. Debt ratios fell, year-on-year, in 11 Member States – most notably in Greece (from 159% of GDP to 150% of GDP), Ireland (from 40% to 33%) and Cyprus (from 67% to 61%), and among major economies in Spain (from 104% to 103%). In the Czech Republic, debt amounted to 43.1% of GDP, remained almost unchanged, year-on-year (+0.3 p. p.) and remained the ninth lowest among the Member States. The debt ratio increased most significantly in countries with high budget deficits last year – Romania (from 53.3% of GDP to 58.9% of GDP) and Poland (from 53.2% to 58.1%). Almost half of the EU Member States and three-fifths of the euro area members reported debt in excess of 60% of GDP.

¹⁶² This is the start of the so-called Excessive Deficit Procedure for breaches of budgetary rules. This standard procedure was resumed after a temporary interruption between 2020 and 2023 (due to the COVID-19 pandemic). In 2024, proceedings were opened with Belgium, France, Italy, Malta and some Central European members (Slovakia, Poland, Hungary), a year later with Austria and this year with Finland.