

Economic Confidence in Central Europe during the Covid-19 Pandemic: Developments in Business and Consumer Surveys

Anastasija Neradová¹ | *Czech Statistical Office, Prague, Czechia*

INTRODUCTION

The Covid-19 pandemic caused an unprecedented shock to European economies and significantly affected economic confidence among both businesses and consumers. This article draws on data from the European Commission's Business and Consumer Surveys (BCS) to evaluate the impact of the pandemic on three major indicators of economic confidence: the Economic Sentiment Indicator (ESI), business confidence (industry and services), and consumer confidence.

The analysis covers five Central European countries: Czechia, Slovakia, Poland, Austria, and Germany. The goal is to describe how the sentiment in these economies developed between 2020 and early 2025 and to reflect on structural and policy factors that contributed to their varying resilience. While many studies have emphasized the importance of economic diversification and digital preparedness in responding to crises, this article focuses on how sentiment indicators reflect the recovery paths of selected Central European economies.

The ESI aggregates data from industry, services, retail trade, construction, and consumer surveys, offering a composite view of economic sentiment. Special attention is given here to industry, services, and consumer segments, where the pandemic's effects were particularly pronounced.

The article is informational in character and aims to summarize key statistical developments from the BCS data. It's structured to provide an accessible and relevant context to readers interested in current macroeconomic trends and the post-crisis evolution of confidence across sectors. In interpreting consumer confidence developments, it is important to note that confidence was strongly influenced by uncertainty and fears of rising unemployment, rather than actual unemployment, which remained largely stable in the countries under review.

1 RESULTS OF EUROPEAN SURVEYS DURING THE PANDEMIC

This article presents selected results from the Joint Harmonised EU Programme of Business and Consumer Surveys, from January 2017 to February 2025. Data were obtained from the DG ECFIN

¹ Business Cycle Surveys Unit, Czech Statistical Office, Na padesátém 81, 100 82 Prague 10, Czechia. E-mail: anastasija.neradova@csu.gov.cz, phone: (+420)274054249.

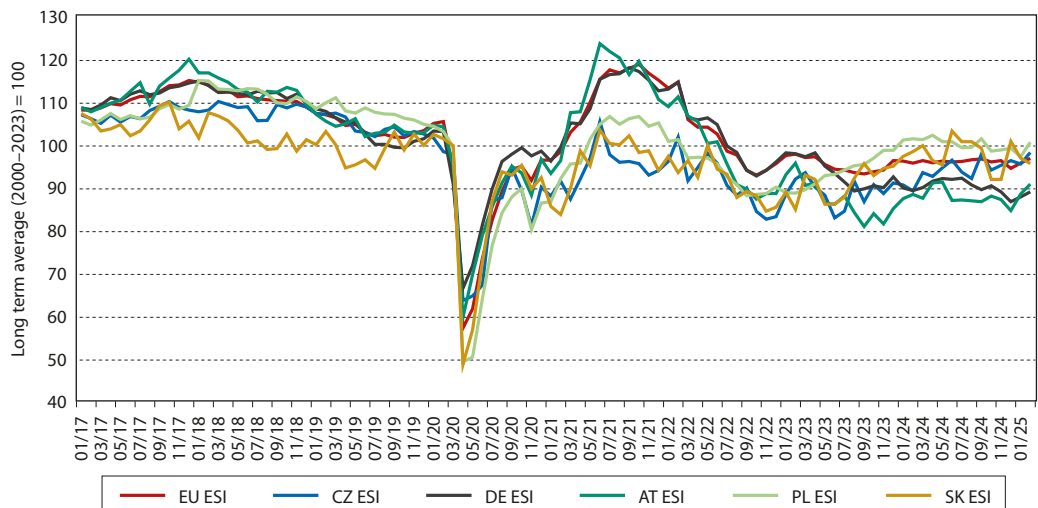
database, as it provides harmonized results across the EU member states. The data were also complemented with national press releases and publications from statistical offices and economic institutes, such as WIFO (Austria), IFO (Germany), GUS (Poland), and ČSÚ (Czechia). These sources provided context for monthly developments and allowed a comparison of national economic sentiment during key phases of the pandemic. The indicators used include the Economic Sentiment Indicator (ESI) expressed in base indices, as well as the industry, services, and consumer confidence indices in balances. The ESI integrates responses from various sectors: industry (40%), services (30%), consumers (20%), retail trade (5%), and construction (5%). Comparisons are made across Central European countries and with the EU average.

The balances for the industry, services, and consumer indices are calculated by subtracting the percentage of negative responses from the percentage of positive responses. This results in a measure of net sentiment or confidence in each sector. For example, in the industry index, a positive balance indicates a higher proportion of optimistic responses regarding economic conditions, while a negative balance reflects more pessimistic views. The methodology for constructing these indicators is detailed in the new 2025 User Guide provided by DG ECFIN, which ensures that the data are consistent and comparable across countries.

1.1 Economic Sentiment Indicator (ESI)

During the initial wave of the pandemic in April 2020, the ESI values dropped sharply across all countries. The largest drop in ESI was recorded in Slovakia, with a 51.1-point drop to 49.0. Poland followed closely with a decline of 50.2 points to 49.6. Czechia and Austria recorded declines similar to the EU average, with the ESI values falling to 63.9 and 60.0, respectively. Germany, supported by its stable industrial base and robust economy, saw a relatively smaller decline of 24.4 points to 66.8 (see Table A1 in the Annex). By late 2020, the ESI values began recovering, although the pace varied. In Germany and Austria, the ESI returned to pre-pandemic levels by the end of 2020, reflecting their diversified economies and effective government measures. In contrast, Czechia and Poland only returned to pre-pandemic levels by mid-2021, indicating slower economic recovery. However, by early 2025, both countries recorded below-average ESI values, indicating that despite an initially resilient response, ongoing external shocks and sector-specific downturns have weighed on economic sentiment.

Figure 1 Economic sentiment indicators – seasonally adjusted (basis indexes)



Source: European Commission, DG ECFIN

Figure 1 illustrates that, as of early 2025, the economic sentiment presents a mixed picture. Poland currently leads with an ESI of 100.9. The Czech Republic also outperforms the EU average with an ESI of 98.5, indicating solid economic sentiment. Across the EU, the ESI is 97.1, indicating an overall stabilization of economic confidence.

In contrast, Austria (91.1) and Germany (89.3) show lower than-average ESI values, indicating persistent economic problems, which may be due to sectoral downturns or external shocks. Slovakia, which suffered the steepest decline during the pandemic, remains below the EU average at 95.9, indicating that economic sentiment has improved but has not yet fully recovered. These values illustrate that while some countries, such as Poland and the Czech Republic, have maintained strong economic confidence, others, notably Germany and Austria, are experiencing a more muted recovery.

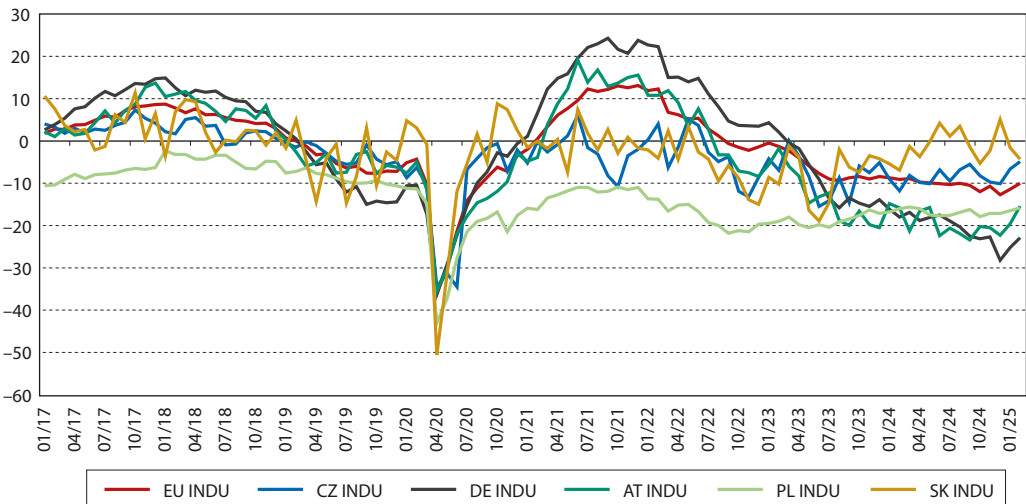
1.2 Business confidence: industry vs. services

1.2.1 Industry

In April 2020, industrial confidence collapsed across Central Europe. Slovakia experienced the most severe decline (−50.6), followed by Poland (−43.0) and Germany (−36.0). Austria and Czechia also saw significant drops, reaching −35.5 and −34.5, respectively.

Despite these setbacks, the sector rebounded relatively quickly. By the end of 2020, Germany and Austria had nearly returned to neutral levels (−0.6 and −3.0), driven by strong export capacity, technological preparedness, and government support. Czechia followed a similar trend, and although its recovery was slower in early phases due to delayed investments in digitalization, by the end of 2020 its industry confidence indicator (−2.1) slightly outperformed Austria (−3.0). By mid-2021, industrial confidence in Czechia improved to 6.1, while Germany (19.6) and Austria (19.1) surged ahead, reflecting their competitive advantages in high-value manufacturing. Poland remained in negative territory, hindered by domestic consumption shortfalls. Slovakia, while initially worst-hit, managed to return to modestly positive sentiment by 2021 (2.5 by the end of 2020, 7.4 by mid-2021).

Figure 2 Balance of the seasonally adjusted industrial confidence indicator



Source: European Commission, DG ECFIN

By February 2025, industry confidence had deteriorated again across the EU (−10.0), due to external shocks like the energy crisis and geopolitical tensions (see Table A2 in the Annex). Czechia and Slovakia

performed better than the average. Germany (–22.9) and Austria (–15.4) faced declining exports. Poland remained weak (–15.8), indicating persistent industrial challenges.

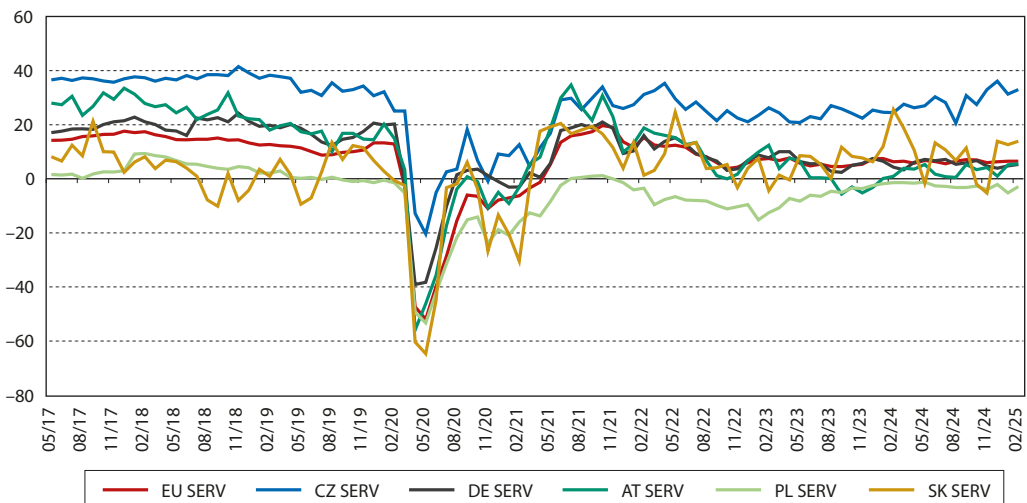
1.2.2 Services

The service sector faced significant challenges, especially in tourism, hospitality, and cultural activities, which were severely restricted during the pandemic. The impact and recovery varied across countries due to factors like digitalization, government support, and economic structure.

In April 2020 as can be seen in Figure 3 below, service sector confidence plummeted across Europe, with Slovakia (–60.4) and Austria (–55.9) seeing the sharpest declines. Poland (–49.4) and Germany (–39.1) also faced significant drops, reflecting widespread closures and reduced consumer activity. Czechia, with a strong initial confidence, experienced a drop to a value of –12.8 in April 2020 and recovered faster, while Poland remained weak, (with a value of –18.8 at the end of 2020), and saw only modest improvement in 2021. By mid-2021, most countries saw a rebound, especially Austria (29.9) and Czechia (29.2), while Poland (–2.4) still lagged (see Table A3 in the Annex).

As of February 2025, Czechia (33.0) leads in service sector confidence, far above the EU average (6.5), with Slovakia (13.9) also showing positive growth. Austria (5.6) and Germany (5.3) hovered near the EU average (6.5), while Poland remained negative (–2.9), showing unresolved structural weaknesses in its service industries.

Figure 3 Seasonally adjusted confidence indicator balance in services



Source: European Commission, DG ECFIN

1.3 Consumer confidence

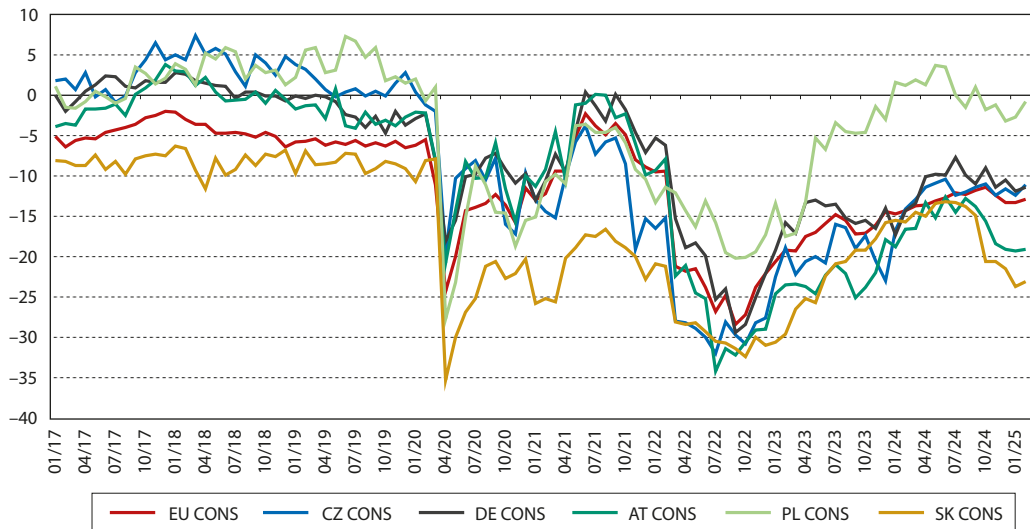
Consumer confidence fell sharply during the pandemic, due to economic uncertainty, restrictions, and fears of job loss. However, the extent of this decline varied significantly between countries.

The most significant decline in consumer confidence was seen in Slovakia, where it fell by 27.4 points to –35.3 points in April 2020 (see Figure 4). Although confidence improved in the following months, as shown in Table A4 in the Annex, the recovery remained slow. At the beginning of 2025, Slovakia continued to record the lowest consumer confidence index among the surveyed countries, which reached –23.1 in February, indicating persistent consumer pessimism. The consumer confidence index in Poland declined by 28.7 points in April 2020, but recorded one of the fastest recoveries,

reaching -15.5 at the end of 2020 and -3.6 in mid-2021. The latest data from February 2025 shows consumer confidence at -0.8 , suggesting that sentiment in Poland has almost returned to pre-pandemic levels.

In Czechia, consumer sentiment fell from -2.0 in March to -19.5 in April 2020. It gradually recovered (-3.8 by mid-2021), though it declined again to -11.1 by early 2025. Germany and Austria have seen smaller declines thanks to strong social support systems and rapid government intervention. In Germany, the index fell 9.9 points to -18.1 in April 2020 but recovered to 0.4 by mid-2021. However, the latest data indicate a decline again, with consumer confidence at -11.4 in February 2025. Austria is in a similar position, having seen a decline to -20.8 in April 2020 and improving to -1.0 by mid-2021, but currently showing a consumer confidence index of -19.1 . While some countries, such as Poland, have almost returned to pre-crisis levels overall, others, notably Slovakia and Austria, continue to face high uncertainty and weak consumer sentiment.

Figure 4 Balance of the seasonally adjusted consumer confidence indicator



Source: European Commission, DG ECFIN

CONCLUSION

The economic impact of the Covid-19 pandemic exposed significant vulnerabilities in different EU countries, with some states being more susceptible to the initial shock. In April 2020, the steepest decline in economic sentiment was observed in Slovakia and Poland, while Germany and Austria proved more resistant due to their diversified economies. As countries emerged from the pandemic, the recovery was uneven. By late 2020, Germany and Austria had managed to return to pre-pandemic levels of economic sentiment, while the Czech Republic and Poland experienced slower recoveries. Slovakia, facing the most dramatic drop, showed early signs of recovery by the end of 2020, outperforming Poland and Czechia temporarily. However, its overall recovery remained fragile and slower in the longer term. These variations in recovery can be attributed to the countries' dependence on sectors such as tourism, hospitality, and domestic demand, which were particularly hard-hit during the pandemic. Post-pandemic disruptions, such as inflation, supply chain issues, and the energy crisis, further complicated recovery, particularly in export-oriented countries. The Russian invasion of Ukraine in 2022 introduced an additional layer of uncertainty.

By 2025, Poland and the Czech Republic showed stronger economic sentiment, with ESI values above the EU average. Meanwhile, Germany and Austria continued to face challenges, especially in the industrial sector, which, despite their diversified and technologically advanced economies, suffered from prolonged exposure to global shocks and external dependencies. Slovakia, despite improvements, remained below the EU average, indicating that its recovery was incomplete.

In summary, while economic sentiment has largely recovered from the initial pandemic shock, structural vulnerabilities remain. Ongoing policy support and investment in diversification and digital transformation will be crucial to maintaining stability. Future research could further explore how persistent external shocks reshape confidence, labour markets, and the resilience of national economies.

ACKNOWLEDGMENTS

This paper was conducted using data provided by the European Commission, which were essential for its completion. It also incorporates insights from monthly publications, specifically for April 2020, from WIFO, IFO, the Slovak Statistical Office (ŠÚSR), the Polish Statistical Office (GUS), and the Czech Statistical Office (ČSÚ), as well as from press releases by DG ECFIN.

References

- ČZSO. (2020). *Confidence in the economy is shaken by the pandemic. Business cycle survey – April 2020* [online]. Prague: Czech Statistical Office. [cit. 10.3.2025]. <<https://csu.gov.cz/rychle-informace/business-cycle-survey-april-2020>>.
- EUROPEAN COMMISSION, DG ECFIN. (2020). *Euro area, and EU Economic Sentiment crashes – Employment Expectations plummet. Full business and consumer survey results (incl. ESI, EEL, sectoral CIs) – 29 April 2020* [online]. Brussels: European Commission. [cit. 19.3.2025]. <https://economy-finance.ec.europa.eu/document/download/d54d4a75-7d5d-476a-a9b0-464b68176048_en?filename=full_bcs_2020_04_en.pdf>.
- EUROPEAN COMMISSION, DG ECFIN. (2020). *Flash Consumer Confidence Indicator for EU and EA – April 2020* [online]. Brussels: European Commission. [cit. 19.3.2025]. <https://economy-finance.ec.europa.eu/document/download/23a97511-d813-47a1-92a5-f00aad437d82_en?filename=flash_consumers_2020_04_en.pdf>.
- EUROPEAN COMMISSION, DG ECFIN. (2025). *The Joint Harmonised EU Programme of Business and Consumer Surveys. User Guide* [online]. Vol. 2, Brussels: European Commission. [cit. 26.3.2025]. <https://ec.europa.eu/economy_finance/db_indicators/surveys/documents/methodological_guidelines/bcs_user_guide.pdf>.
- HÖLZL, W., KLIEN, M., KÜGLER, A. (2020). *Drastische Verschlechterung der Konjunktüreinschätzungen. WIFO-Konjunkturtest* [online]. Vienna: WIFO. [cit. 26.3.2025]. <<https://www.wifo.ac.at/publication/54400>>.
- IFO INSTITUTE. (2020). *IFO Business Climate Index Plunges to Historic Low. Results of the IFO Business Survey for April 2020* [online]. Munich: IFO Institute. [cit. 10.3.2025]. <<https://www.ifo.de/en/facts/2020-04-24/ifo-business-climate-index-plunges-historic-low-april-2020>>.
- NERADOVÁ, A. (2025). Indikátory důvěry vypovídají o odolnosti ekonomik [online]. *Statistika & My*, Prague: ČSÚ. [cit. 10.3.2025]. <<https://statistikaamy.csu.gov.cz/indikatory-duvery-vypovidaji-o-odolnosti-ekonomik>>.
- STATISTICS POLAND. (2020). *Consumer tendency – April 2020. News Releases* [online]. Warsaw: Statistics Poland. [cit. 10.3.2025]. <<https://stat.gov.pl/en/topics/business-tendency/business-tendency/consumer-tendency-april-2020,3,4.html?pdf=1>>.
- STATISTICS POLAND. (2020). *Impact of coronavirus SARS-CoV-2 pandemic on business tendency – assessment and expectations. News Releases – Business tendency in manufacturing, construction, trade and services – April 2020* [online]. Warsaw: Statistics Poland. [cit. 10.3.2025]. <<https://stat.gov.pl/en/topics/business-tendency/business-tendency/business-tendency-in-manufacturing-construction-trade-and-services-april-2020-with-annex-impact-of-coronavirus-sars-cov-2-pandemic-on-business-tendency-assessment-and-expectations,2,4.html>>.
- SYNEKOVÁ, I. (2020). *Konjunkturálne prieskumy – April 2020. Konjunkturálne prieskumy a spotrebiteľské názory* [online]. Bratislava: ŠÚSR. [cit. 19.3.2025]. <<https://1url.cz/v17Nn>>.

ANNEX

Table A1 ESI values for selected periods

Country	March 2020	April 2020	End of 2020	Mid-2021	February 2025
EU	94.5	57.5	96.7	115.6	97.1
Czechia	97.9	63.9	90.4	105.7	98.5
Germany	91.2	66.8	98.8	115.6	89.3
Austria	95.4	60.0	96.9	123.9	91.1
Poland	99.8	49.6	86.7	105.1	100.9
Slovakia	100.1	49.0	92.6	103.7	95.9

Source: European Commission, DG ECFIN

Table A2 Industry sector values for selected periods

Country	March 2020	April 2020	End of 2020	Mid-2021	February 2025
EU	-10.3	-36.3	-3.5	9.6	-10.0
Czechia	-10.5	-34.5	-2.1	6.1	-4.9
Germany	-17.3	-36.0	-0.6	19.6	-22.9
Austria	-11.5	-35.5	-3.0	19.1	-15.4
Poland	-14.8	-43.0	-17.6	-11.0	-15.8
Slovakia	-0.8	-50.6	2.5	7.4	-4.3

Source: European Commission, DG ECFIN

Table A3 Services sector values for selected periods

Country	March 2020	April 2020	End of 2020	Mid-2021	February 2025
EU	-3.0	-47.3	-7.9	13.5	6.5
Czechia	25.1	-12.8	9.2	29.2	33.0
Germany	-1.9	-39.1	-1.0	17.9	5.3
Austria	3.3	-55.9	-5.0	29.9	5.6
Poland	-5.3	-49.4	-18.8	-2.4	-2.9
Slovakia	-2.5	-60.4	-13.4	20.5	13.9

Source: European Commission, DG ECFIN

Table A4 Consumer confidence values for selected periods

Country	March 2020	April 2020	End of 2020	Mid-2021	February 2025
EU	-11.1	-24.3	-11.5	-2.3	-12.9
Czechia	-2.0	-19.5	-9.6	-3.8	-11.1
Germany	-8.2	-18.1	-9.7	0.4	-11.4
Austria	-8.0	-20.8	-10.0	-1.0	-19.1
Poland	1.0	-27.7	-15.5	-3.6	-0.8
Slovakia	-7.9	-35.3	-20.3	-17.3	-23.1

Source: European Commission, DG ECFIN