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Latest information provided in this report has been dated the 7th of September 2026.

1. Summary

- Following the slowdown in Q1, the Czech economy saw a slight strengthening of real quarter-on-quarter growth to 0.4% in Q2. The recovery was mainly aided by external demand. Investment activity continued to grow strongly, and consumption also strengthened slightly. However, a more significant quarter-on-quarter increase of the GDP was hampered by inventories. Year-on-year growth of the Czech economy slowed to 1.9% in Q2. Growth was supported the most by investment, nevertheless the household consumption also contributed more moderately, and government consumption and external demand were also higher. On the contrary, inventories had a negative effect. Economic growth in the EU also strengthened in Q2, with GDP increasing by 0.7%, quarter-on-quarter, and by 1.4%, year-on-year.
- From the point of view of the supply side of the economy, the recovery of the quarter-on-quarter growth was mainly influenced by developments in industry, where the decline at the beginning of the year was followed by a significant increase of gross value added. Branches outside manufacturing, which nevertheless also grew, contributed more to the total growth. The main driver of growth in the Czech economy continued to be services, which have held this role for more than two years. In Q2, the largest growth was recorded in the financial and insurance activities, followed by real estate activities, and the slightly growing but weight-bearing grouping of trade, transport, accommodation and food service activities also had an impact. In contrast, other activities¹ and information and communication weakened. In terms of gross value added, all major branches grew, year-on-year, in Q2, with the exception of agriculture, forestry and fishing.
- Exports of goods and services increased by 0.9%, quarter-on-quarter, in Q2 and by 3.3%, year-on-year. Imports stagnated, quarter-on-quarter, and increased by 3.7%, year-on-year. The international trade surplus reached 99.0 bn CZK and decreased by 9.6 bn CZK, quarter-on-quarter, and by 20.5 bn CZK, year-on-year. The year-on-year deterioration of the balance in Q2 alone was significantly due to an increase of the prices of crude oil and related products. The balance of trade with coke and refined petroleum products, crude oil and natural gas or basic metals thus deteriorated. Trade with electrical equipment and basic pharmaceutical products and preparations also had a negative impact on the balance. On the contrary, the result of trade with motor vehicles or computers, electronic and optical appliances and equipment improved.
- The increase of crude oil prices in Q2 contributed to an acceleration of consumer price growth to 2.0%, year-on-year, and to 0.9%, quarter-on-quarter. Higher price growth was mainly prevented by falling prices of food and non-alcoholic beverages. Prices of crude oil also affected renewed year-on-year and quarter-on-quarter growth of industrial producer prices. Agricultural producer prices, on the contrary, continued their year-on-year decline.
- Total employment² in Q2 2026 was 1.5% higher, year-on-year, and 0.9%, quarter-on-quarter. The total unemployment rate remained stable at just above 3%. The average gross monthly wage reached 51,966 CZK in Q2, up by 6.4%, year-on-year, and by 1.6%, quarter-on-quarter. In real terms, the average wage increased by 4.3%, year-on-year.
- The key monetary policy-relevant interest rates were raised towards the end of Q1 2026. The volume of new mortgage contracts grew significantly, but more than half of them comprised the pre-existing contracts negotiated with new interest conditions.
- In Q1 2026, government institutions ran a deficit of 72.3 bn CZK. The deficit widened slightly, year-on-year. While the year-on-year growth of total revenues accelerated slightly to 5.2%, the pace of expenditure declined slightly to 4.9%. The social contributions received contributed the most to the increase in revenues. The increase of expenditure was influenced by social benefits and investments. The state

¹ 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.).

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

budget ended with a deficit of 183.6 bn CZK in H1 2026. This year's deficit so far has been the highest in the last three years. Higher growth of budget tax revenues, which was otherwise supported by the continued moderate growth of the domestic economy, was hindered by a change in the budget allocation of taxes. On the contrary, expenditure growth strengthened. Current expenditure, especially social benefits, played a significant role in this development. However, investments also played an important role.

Selected Key Indicators of the Economic Development*

Indicator	Unit	2025			2026		Whole year	
		2q	3q	4q	1q	2q	2024	2025
Economic Performance								
Gross Domestic Product in the CR ¹	y/y, in %	2,8	2,8	2,8	2,2	1,9	1,1	2,7
	q/q, in %	0,6	0,7	0,7	0,2	0,4	x	x
Gross Domestic Product in the EU ¹	y/y, in %	1,6	1,4	1,3	0,9	1,4	1,2	1,5
Final consumption expenditure ¹	y/y, in %	2,9	2,6	2,8	2,7	2,2	2,6	2,5
Gross fixed capital formation ¹	y/y, in %	1,8	4,2	6,6	6,5	7,1	-2,6	3,3
Exports of goods and services ^{1,3}	y/y, in %	3,8	2,4	4,2	2,9	3,3	1,8	3,5
Imports of goods and services ^{1,3}	y/y, in %	5,8	3,3	4,6	5,3	3,7	0,6	4,7
Balance of foreign trade ^{2,3}	in CZK bn	129,5	99,9	106,2	144,1	109,1	515,2	497,7
Balance of economic sentiment indicator ⁴	in p.p.	7,4	9,3	7,5	9,5	8,3	4,8	7,5
Performance in Main Branches								
Industrial production ⁴	y/y, in %	2,2	1,1	4,2	1,4	2,4	-1,0	2,2
Construction production ⁴	y/y, in %	12,0	13,7	7,8	3,7	4,1	-1,4	10,9
Sales in services ⁴	y/y, in %	2,2	0,2	2,1	2,3	2,9	2,3	1,9
Sales in retail trade ⁴	y/y, in %	4,7	2,5	2,8	5,0	3,0	4,6	3,3
Prices								
Consumer price index	y/y, in %	2,4	2,5	2,2	1,6	2,0	2,4	2,5
HICP in the CR	y/y, in %	2,3	2,3	1,9	1,2	1,7	2,7	2,3
HICP in the EU	y/y, in %	2,3	2,5	2,4	2,3	3,2	2,6	2,5
Agricultural producer prices	y/y, in %	14,7	9,8	0,9	-8,1	-12,4	-5,9	7,9
Industrial producer prices	y/y, in %	-0,9	-1,0	-1,5	-2,3	1,3	0,8	-0,8
Service producer prices in the bus. sph.	y/y, in %	4,2	4,4	4,2	3,5	3,1	3,8	4,1
Terms of trade in trade with goods	in %	100,4	100,5	100,9	101,0	98,0	101,5	100,5
Labour Market								
Total employed in the CR ³	y/y, in %	1,2	1,4	1,4	1,0	1,5	0,6	1,3
General unemployment rate in the CR ⁵	in %	2,8	2,9	3,0	3,1	3,1	2,6	2,8
General unemployment rate in the EU ⁵	in %	6,0	6,1	6,0	6,0	6,1	6,0	6,0
Average employee wage (nominal)	y/y, in %	7,2	6,5	6,7	6,1	6,4	6,6	6,6
Average employee wage (real)	y/y, in %	4,7	3,9	4,4	4,4	4,3	4,1	4,0
Monetary Conditions								
Two week repo rate ⁶	in %	3,50	3,50	3,50	3,50	3,75	4,00	3,50
Exchange rate CZK/EUR		24,9	24,5	24,3	24,3	24,3	25,1	24,7
Exchange rate CZK/USD		22,0	21,0	20,9	20,8	20,9	23,2	21,9
State Budget ⁷								
State budget balance in the CR	in CZK bn	-61	-2	-137	-28	-156	-271	-291
State debt ⁶	in CZK bn	3 504	3 518	3 678	3 720	3 727	3 365	3 678

Data source: CZSO, CNB, MF, Eurostat

* Unless stated otherwise, data relate to the CR.

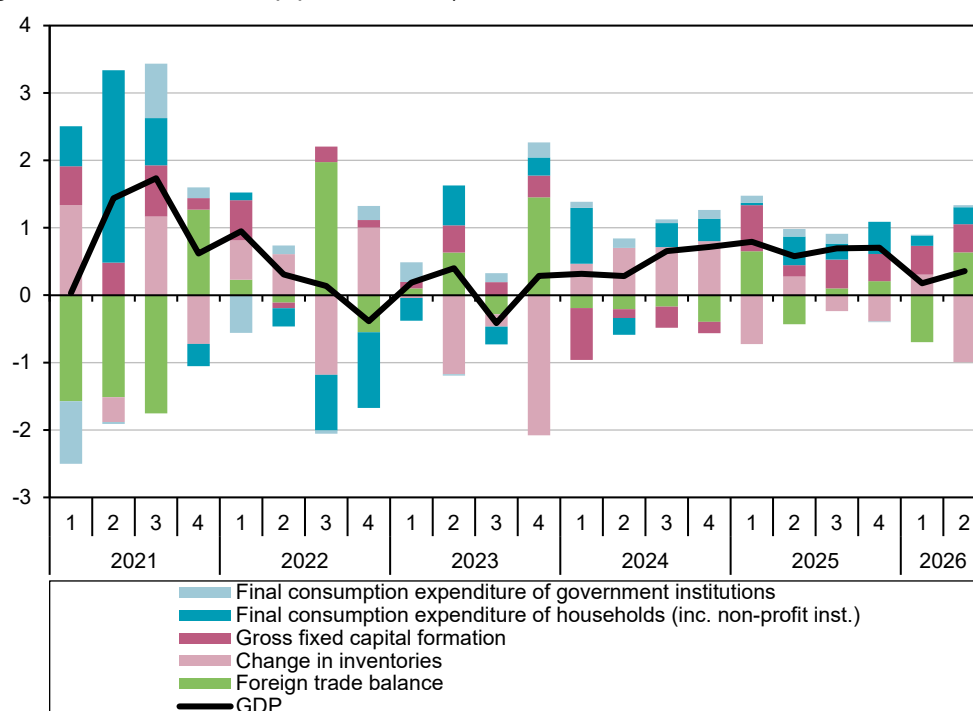
⁴ adjusted for seasonal effects¹ data adjusted for seasonal and calendar effects in constant prices⁵ seasonally adjusted, age group 15 – 74 years² data adjusted for seasonal and calendar effects in current prices⁶ balance at the end of period³ in the national account conception, in natural persons⁷ based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

2. Overall Economic Performance

Quarter-on-quarter GDP growth accelerated in Q2.

The Czech economy followed up on the significant slowdown in Q1 with a slight strengthening of quarter-on-quarter dynamics in Q2. Quarter-on-quarter growth of gross domestic product (GDP)³ accelerated to 0.4% in Q2, nevertheless it did not reach last year's levels. This recovery was mainly aided by external demand. Domestic demand has been and remains the key driver of GDP growth in the last two years, but the positive impact of consumption has diminished in the last two quarters, and on the contrary, the rebound of investment activity has taken over the main role in GDP growth. The quarter-on-quarter decline in GDP in Q2 was driven by a change in inventories. Year-on-year GDP growth slowed to 1.9%. Investment supported year-on-year GDP growth the most. However, household consumption also made a more moderate contribution, while government consumption and external demand also made a small contribution. These favorable effects were offset by the negative effects of changes in inventories.

Chart 1 Contribution of expenditure items to real GDP change* (quarter-on-quarter growth, contributions in p.p., GDP in %)



Source: CZSO

*after exclusion of imports for final use

Dynamics of the EU economy also strengthened.

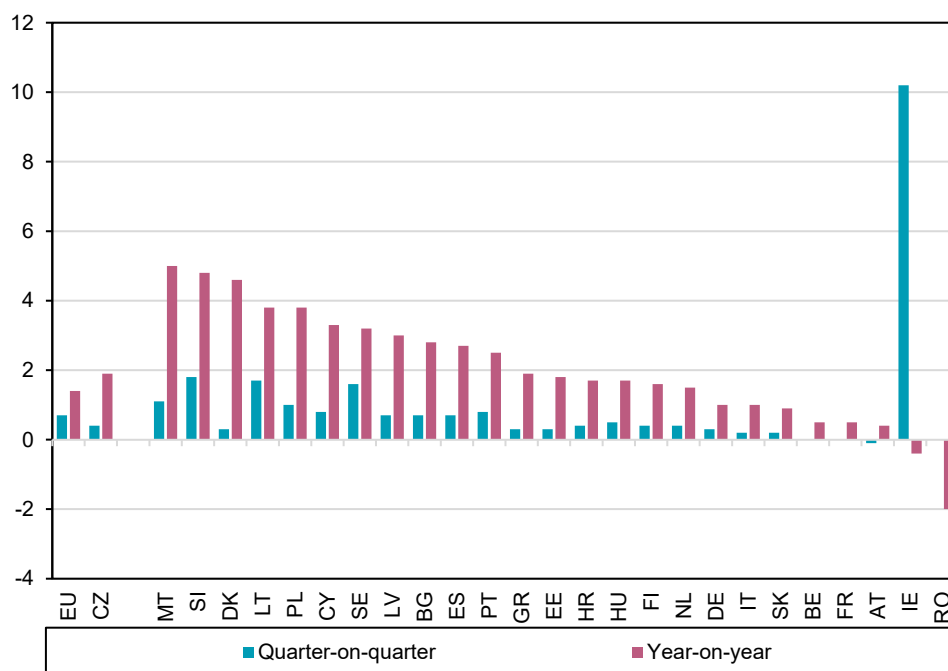
Quarter-on-quarter GDP growth also strengthened in the European Union after a weak start to the year and reached 0.7%⁴ in Q2. Year-on-year GDP growth in the EU accelerated to 1.4%. The recovery of quarter-on-quarter growth in the EU was positively influenced mainly by the external trade balance. Consumption and investment in the EU grew moderately, while a change in inventories had a significantly negative effect. The strengthening of quarter-on-quarter GDP growth was broad-based, with only Austria declining by 0.1% and GDP stagnating in Romania, Belgium and France in Q2. Among the large EU economies, Spain grew the most, quarter-on-quarter (0.7%). The German economy maintained a slight increase (0.3%) for the third quarter in a row. Growth was almost exclusively driven by external demand in Q2. GDP growth in Italy was slightly above the stagnation line (0.2%). Within the Central European area, Poland

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 28th August 2026.

⁴ Data for Luxembourg not available.

grew the most (1.0%), where investment grew strongly, but consumption also thrived. It was followed by Hungary (0.5%) and the Czech Republic. Subdued GDP growth continued (0.2%) in Slovakia.

Chart 2 GDP development in EU countries in Q2 2026 (in %)



Source: CZSO

Household consumption strengthened.

Quarter-on-quarter growth of final consumption expenditure accelerated to 0.5% in Q2. This was mainly due to household consumption (0.5%), while the increase remained on the verge of stagnation (0.1%) for the general government. In contrast to the previous quarter, the strengthening of household consumption growth was not saturated with imports and thus fully contributed to the total increase of GDP. The year-on-year growth rate of consumption slowed to 2.2%. Consumption of both households (2.7%) and general government (1.0%) increased less. The development of consumption expenditure in terms of durability⁵ showed an acceleration of durable consumption (quarter-on-quarter growth of 3.3% and year-on-year 6.8%) and a solid increase of consumption of semi-durable goods (by 1.3%, quarter-on-quarter, 5.8%, year-on-year). Expenditures on services followed the decline in Q1 by a quarter-on-quarter increase of 0.8% and an acceleration of the year-on-year increase to 1.9%. By contrast, short-term consumption increased by only 0.2%, quarter-on-quarter, and the year-on-year increase weakened to 2.0% here.

Growth of investment activity gained pace.

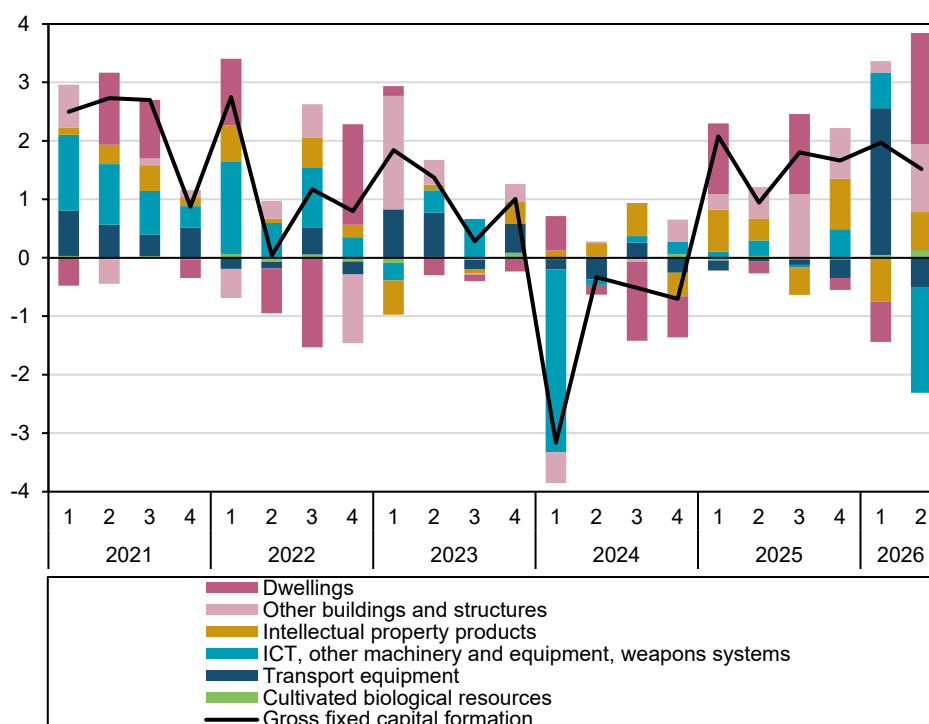
Expenditure on gross capital formation declined by 2.1%, quarter-on-quarter, in real terms in Q2 and its year-on-year increase slowed to 2.0%. This represented the first quarter-on-quarter decline since the beginning of 2024 and was entirely due to inventory⁶. On the contrary, expenditure on gross fixed capital formation (investment activity) increased by 1.5%, quarter-on-quarter, thus extending more than a year lasting series of significant quarter-on-quarter increases of investment. The year-on-year increase of investment strengthened to 7.1% in Q2. The quarter-on-quarter growth of investment activity was mostly supported by expenditure on buildings and structures. After a weak Q1, investment in dwellings (9.2%) and other buildings and structures (4.5%) increased significantly,

⁵ Data regarding consumption based on durability are in domestic conception.

⁶ Change of the inventory stock (in current prices and not seasonally adjusted) attained 17.6 bn CZK in Q2 2026, compared to 35,5 bn in Q2 2025. According to seasonally adjusted data, there was a slump of the value of inventories in Q2.

quarter-on-quarter. Quarter-on-quarter growth of investment was also influenced by intellectual property products (3.5%) and the otherwise marginal category of cultivated biological resources (61.7%). On the contrary, expenditure on transport equipment (−4.3%) and ICT and other machinery and equipment (−7.8%) did not follow up on the strong quarter-on-quarter dynamics from Q1. The largest year-on-year increase of expenditure was recorded in the above-mentioned cultivated biological resources (53.4%), transport equipment (16.9%), other buildings and structures (13.5%) and dwellings (11.6%). Expenditure on intellectual property products also increased slightly year-on-year (1.6%). The only category where investment declined, year-on-year, was expenditure on ICT and other machinery and equipment (−3.5%).

Chart 3 Structure of quarter-on-quarter growth of gross fixed capital formation expenditure (GFCF growth in %, contributions in p.p.)



Source: CZSO

The international trade balance at current prices deteriorated, year-on-year, and quarter-on-quarter.

The strongly positive effect of external demand on quarter-on-quarter GDP growth in Q2 was due to the strengthening of quarter-on-quarter growth of exports of goods and services⁷ to 0.9%, while imports stagnated. The recovery was mainly related to exports of goods (1.1%, quarter-on-quarter), while exports of services remained unchanged in real terms. On the contrary, quarter-on-quarter growth of imports of goods moderated to 0.2% and for services there was a decrease by 0.9%. Year-on-year growth of exports of goods and services accelerated to 3.3%. Despite the weakening of import growth to 3.7%, however, the year-on-year growth rate of exports lagged behind imports for the seventh quarter in a row. The balance of international trade of goods and services reached a surplus of 99.0 bn CZK in Q2. The positive balance deteriorated by 20.5 bn CZK, year-on-year, solely due to a worse result of the international trade with goods (−23.5 bn). Quarter-on-quarter, the balance surplus decreased by 9.6 bn CZK, again solely due to trade with (−10.1 bn).

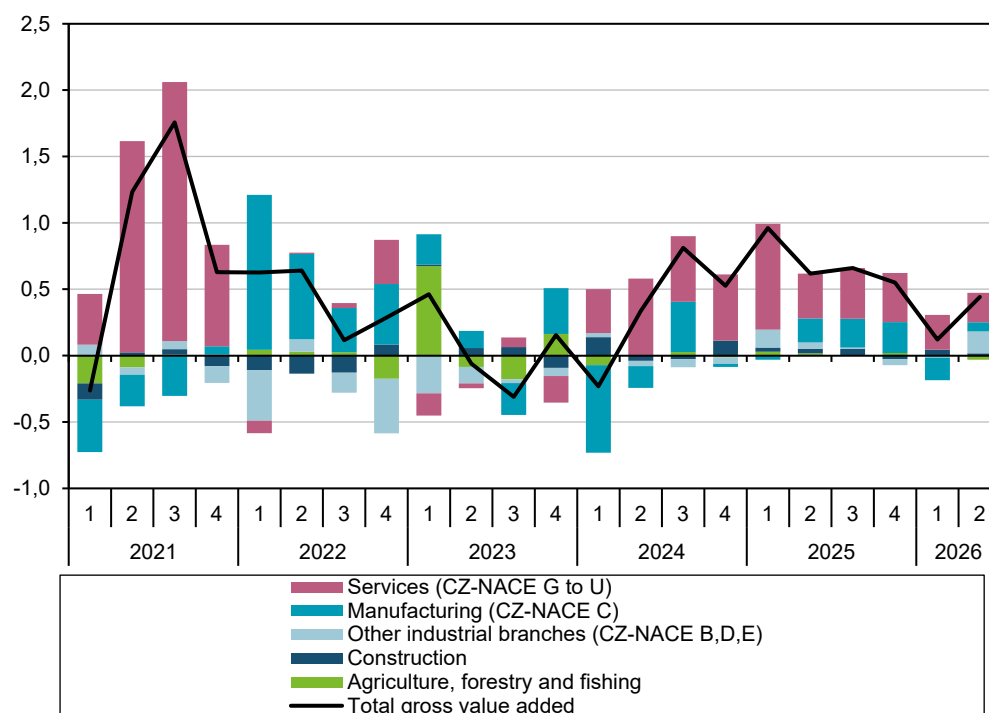
The total price level gauged by the GDP deflator, increased by 1.0%, quarter on quarter, in Q2. The significant rise of the consumption price level (1.7%) was mainly influenced

⁷ 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 growth of the total price level strengthened in Q2.

by the general government sector (4.0%), while the increase in the price level of household consumption was only moderate (0.8%). Capital expenditure prices were 3.4% higher, quarter-on-quarter, of which the investment price level increased by 1.4%. In Q2, quarter-on-quarter growth of export prices of goods and services (2.2%) lagged considerably behind import price growth (4.2%) and the terms of trade were thus negative (98.1%). The year-on-year increase of the price level slowed to 2.6%. Growth of consumer prices (3.4%, in that household consumption prices grew steadily by 2.4%) as well as capital expenditure (4.5%, in that investment slowed the price growth down to 3.1%) was higher. Year-on-year terms of international trade of goods and services reached 98.6%.

Chart 4 Contributions of branches to real change in gross value added (quarter-on-quarter growth, year-on-year contributions in p. p., GVA in %)



Source: CZSO

Both industry and services contributed to the growth of the supply side of the economy.

Even in the case of gross value added (GVA), the quarter-on-quarter increase accelerated after the slowdown at the beginning of the year and reached 0.4% in Q2. The recovery of GVA growth was mainly the result of developments in industry, where the section followed the decline at the beginning of the year with a significant increase (see Table 1). The recovery was milder in manufacturing itself, and non-manufacturing branches contributed more to total GVA growth, quite uncharacteristically. Services continued to be the main driver of quarter-on-quarter GVA growth, holding this role for more than two years. In Q2, the quarter-on-quarter growth of GVA was supported mainly by the financial and insurance activities, where GVA increased the most among all the monitored branches, followed by real estate activities and also by the slightly growing but weight-important grouping of trade, transport, accommodation and food service activities. A quarter-on-quarter decrease was recorded in agriculture, forestry and fishing, other activities and information and communication. The year-on-year increase of GVA moderated to 1.8% in Q2. With the exception of agriculture, forestry and fishing, all branches exceeded the level of last year. Industry contributed the most to the total GVA growth, followed by trade, transport, accommodation and food service activities. The largest year-on-year increase of GVA occurred in financial and insurance activities. Information and communication followed, but the dynamics of the branch

have slowed down since the beginning of this year. Similarly, year-on-year dynamics have slowed down in other activities.

Table 1 Gross value added dynamics (in %)

	Quarter-on-quarter				Year-on-year			
	Q3 25	Q4 25	Q1 26	Q2 26	Q3 25	Q4 25	Q1 26	Q2 26
Total	0.7	0.5	0.1	0.4	2.8	2.8	2.0	1.8
Agriculture, forestry and fishing	0.1	1.0	0.2	-1.4	1.8	3.4	2.1	-0.1
Industry	0.8	0.7	-0.7	0.9	1.8	2.8	1.7	1.8
In that: Manufacturing	1.0	1.1	-0.8	0.3	1.6	2.8	2.1	1.6
Construction	0.9	-0.5	0.7	0.3	4.1	1.6	1.7	1.4
Trade, transport, accommodation and food service	0.5	0.8	0.7	0.4	5.3	6.0	3.4	2.4
Information and communication	2.7	1.1	0.5	-0.3	11.3	10.4	6.2	4.1
Financial and insurance activities	-0.7	1.7	1.9	2.7	3.9	4.3	2.8	5.7
Real estate activities	0.0	-0.5	0.2	0.6	-1.1	-2.3	-1.0	0.4
Professional, scientific, technical and administrative activities	0.3	1.1	0.3	0.2	0.6	0.1	2.1	2.0
Public administration and defence, education, human health and social work	0.2	0.1	0.0	0.0	0.8	0.6	0.5	0.4
Other activities	2.2	1.3	-0.1	-0.9	8.2	8.0	5.2	2.6

Source: CZSO

Nominal wage growth accelerated compared to the beginning of the year.

Quarter-on-quarter growth of paid out wages and salaries decelerated to its lowest level in five years in Q1, nevertheless it accelerated significantly to 2.7% in Q2. This development was partly supported by a significant recovery of quarter-on-quarter growth of total employment⁸ (0.9%, which represented the largest increase since Q3 2021). The strong nominal growth of wages and salaries was also offset by stronger growth of the price level in Q2, so that real wage growth⁹ climbed to a long-term above average 2.0%. Year-on-year nominal growth of paid out wages and salaries also accelerated and reached 7.4% against employment growth of 1.5%. The real year-on-year increase was 4.9%.

Table 2 Labour market dynamics in Q2 2026 (in %)

	Wages and salaries		Total employment	
	Quarter-on-quarter	Year-on-year	Quarter-on-quarter	Year-on-year
Total	2.7	7.4	0.9	1.5
Agriculture, forestry and fishing	0.4	6.6	0.3	-1.5
Industry	1.1	4.2	1.4	0.2
In that: Manufacturing	1.1	4.3	1.0	-0.2
Construction	4.5	11.0	0.2	2.3
Trade, transport, accommodation and food service	0.8	4.7	0.7	0.9
Information and communication	0.6	6.6	-3.0	1.6
Financial and insurance activities	-3.3	8.4	0.1	2.9
Real estate activities	2.6	17.8	0.6	5.3
Professional, scientific, technical and administrative activities	7.8	12.7	1.3	2.9
Public administration and defence, education, human health and social care	5.2	9.7	0.6	2.2
Other activities	4.7	10.2	4.7	4.4

Source: CZSO

Significant increases of wages and salaries in services.

The described acceleration of quarter-on-quarter and year-on-year wage and salary dynamics was mainly impacted by services. The total increase was mostly influenced by the staff intensive public administration and defence, education, human health and social work activities (see Table 2), where an increase of tariffs was reflected. The

⁸ Employment in the national accounts conception (persons), figure seasonally adjusted.

⁹ Converted into the real expression using the deflator of household consumption.

largest quarter-on-quarter increase of wages and salaries was recorded in professional, scientific, technical and administrative activities. The quarter-on-quarter increase of wages and salaries in other activities¹⁰ was also strong, but this was entirely related to an enhanced employment in the activity. Construction on the contrary recorded a strong increase of wages paid, accompanied by only a very slight increase of employment in Q2. It has been struggling with the difficulty of labour shortages for a long time, and the expansion of the branch in the last year and a half has put pressure on wage growth. Year-on-year, employment is higher thanks to last year's growth in construction, however this year's quarter-on-quarter increases slowed down significantly compared to last year. Only a very slight quarter-on-quarter increase of the volume of wages and salaries paid, accompanied by a sharp downturn of employment, was recorded in information and communication in Q2. The average wage thus increased in the branch, and it can be estimated that there has been a reduction of lower-paid job positions, which are coming under pressure in connection with the increasingly sophisticated use of generative AI. Quarter-on-quarter growth of wages and salaries was below average in trade, transport, accommodation and food service activities, industry and agriculture. At the same time, the increase was mostly affected by employment growth. In terms of employment and wage growth, these activities lagged behind the rest of the economy also in a year-on-year comparison. The only quarter-on-quarter decline of wages and salaries paid occurred in the financial and insurance activities.

¹⁰ 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.).

3. Branches Performance

3.1 Agriculture and Industry

Growth of meat production continued, albeit at a more moderate pace than in both 2024 and 2025. It was driven by the poultry meat segment.

Milk production continued to grow relatively rapidly, despite the currently low purchasing prices.

This year's harvest of basic cereals and oilseeds is clearly below average, mainly due to low yields per hectare. On the contrary, in terms of quality parameters, the harvest can be assessed as mostly very good.

At the beginning of the year, a few negative external factors affected domestic industry. The situation partially improved during the spring.

So far this year, the main trends from the previous period have continued in livestock production. Physical meat production in domestic slaughterhouses increased by 2.5%, year-on-year, in H1 (at a slightly lower rate than in 2024 and 2025). Production growth was driven mainly by the poultry meat segment, with the increase of 4.9%. The long-term growing popularity of this meat among domestic consumers, together with the short fattening period of broilers, gives farmers better prerequisites for more stable economic results even in periods of price turbulence. In the hitherto dominant pork segment, meat production increased slower (+1.7%). In the case of beef, the decline has persisted for two and a half years, but this year's pace (−1.0%) is one of the lowers in this context. Rapidly rising consumer prices of beef, which have been clearly evident in recent quarters, may prompt consumers to look for alternatives (e.g. a greater inclination towards pork consumption). Milk production has also been growing in the long term. Its direct purchase from producers increased by 4.0%, year-on-year, in H1 2026, of which the purchase of this commodity by dairies for processing alone increased by 3.6%. With regard to the current surplus of milk on the European market, the purchase prices of milk from domestic primary producers continued to decrease and reached the limit of 10 CZK per litre in Q2 2026 (for quality class Q).

According to this year's third harvest estimate (as of 15 August), the total production of basic crops is expected to be noticeably weaker for 2026. 7.033 million tonnes of cereals (including grain maize) should be harvested (the least in the last eight years, in that the least in the last fourteen years for basic cereals) and 805 thousand tonnes of rapeseed (the least in twenty-one years). The year-on-year decline of cereal production is 17.2% and 21.3% for rapeseed, compared to the ten-year average (for the period 2016 to 2025) it presents a reduction of 11.1% and 31.7%, respectively. The year-on-year drop is caused by the combination of unfavourable weather this winter, spring and summer (mainly due to a lack of precipitation, including snow, partly then also the spring frosts) and a high comparison base as a result of last year's very good harvest (for cereals it was the highest since 2016). The diminished sown area also has a partial effect – for basic cereals by 2.1%, and rapeseed by 8.6%¹¹, year-on-year. Compared to 2025, a higher production is expected only for marginal crops – triticale and spring wheat, for which the decrease of yields per hectare was compensated by a rapid rise of sown areas. Thanks to the warm and mostly dry weather in the summer months, this year's harvest took place at an unprecedentedly fast pace. This was positively reflected in the higher technological quality of the harvested grain¹² for both food wheat and malting barley. According to the estimate, a significant year-on-year reduction of harvest of other crops is also expected. Potatoes should be harvested 544 thousand tons (−26.0%), sugar beet 3.221 million tons (−18.4%), green maize 6.401 million tons (−19.9%) and lucerne 301 thousand tons (−22.4%).

After 2025, when cost pressures further stabilised in domestic industry and external and domestic demand grew (also thanks to a rebound in investment activity) despite fluctuating conditions (also due to tensions in EU-US trade relations), a deterioration occurred at the beginning of this year. The slowdown of the already relatively weak economic growth in the EU (including key trading partners for the Czech Republic) was exacerbated by the escalation of the war in the Middle East in March. This led to a rapid and noticeable rise of global prices of key energy commodities and other raw materials, in addition to weakening (especially in the euro area) fragile business and consumer confidence and increasing the risk of broader and deeper impacts on traditional manufacturing activities (as a consequence of disruptions to global supply chains).

¹¹ Its importance is growing in a longer-term context. Compared to the period 2016 to 2025, this year's crop slump was affected with the similar extent both by sowing area decline and average yields per hectare decline – both for cereals and rapeseed.

¹² These include, for example, a higher average bulk weight or protein content and a lower incidence of mold.

However, prices of some commodities stabilised in Q2 2026 and confidence in key economies partially recovered.

Mainly thanks to investment-oriented sectors, industrial production revived during Q2 and thus overcame the partial downturn at the beginning of the year.

Domestic industry also reacted to this situation. Its output¹³ went down slightly, quarter-on-quarter, at the beginning of this year (by 0.9%) after a stronger recovery in Q4 2025. Investment-oriented activities and also a relatively small segment of branches aimed at production of durable goods (which, however, also struggled with a reduced demand for most of last year) were mainly behind this decrease. In Q2, however, industrial output increased by 1.9%, as demand in investment-oriented activities and segments producing intermediate products recovered, and energy industry also had a growth-boosting effect. Total industrial production thus remained slightly above the level from the peak of the last boom period, i.e. Q2 2019 (2.2%)¹⁴.

This year's slight growth of industrial production was mostly driven by manufacturing of transport equipment and most other investment-oriented activities.

Industrial output increased by 1.9%, year-on-year, for the total H1 2026 and has been on a moderate growth trajectory since the beginning of last year. Despite this more modest pace, production increased in the vast majority of major industries. This year's development was mostly influenced by the manufacturing of motor vehicles, whose output increased by 3.3% – the highest in the last two and a half years. A slight increase of both domestic and external demand played a part here. In addition to final vehicle manufacturers¹⁵, domestic subcontractors (operating within the automotive industry) also have a significant impact on the performance of the above-mentioned industry. The dynamic growth of the smaller sector of manufacturing of other (especially rail) transport equipment continued, benefiting from a longer-term preference for low-emission transport and, in recent years, also from growing public expenditure in the field of defence and security. Its growth (+11.1%), the highest of all manufacturing activities, mainly reflected the strong domestic demand this year¹⁶. Other investment-oriented sectors also developed. The diversified fabricated metal production industry also continued to thrive (+4.3%), assisted by a small but still dynamic segment of arms production. However, the manufacturing of metal structures was also used in the automotive industry and construction. After a weaker year last year, production in the manufacturing of computers, electronic and optical appliances rebounded significantly (+8.8%), mainly thanks to Q2 2026, when its growth was the highest in the last eight and a half years (+14.0%). This development was heralded by strongly growing imports of production components already at the beginning of this year. In addition to the traditionally key external demand, the performance of this sector was also influenced by domestic demand, partly supported by the continued development of photovoltaics. All of the above-mentioned investment-oriented activities contributed 1.55 p. p. to the growth of the total industry in H1, in that the manufacturing of motor vehicles itself 0.65 p. p.

Output in the electronics industry accelerated significantly during the spring months.

The energy-intensive activities of metallurgy, foundry and chemical

Industrial production was also supported by the vast majority of more energy-intensive industries producing intermediate products this year. The rubber and plastics industries had the greatest impact, with a 2.5% growth stemming mainly from higher domestic demand on

¹³ 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.

¹⁴ Three fifths of the main industrial sectors still fell behind their peak from years 2015 to 2019 in Q2 this year. It comprised primarily of coal mining (by 59%), mining of building materials (-27%), printing (-24 %), textile industry (-24%), metallurgy and foundry (-23%) and among the larger branches e.g. manufacture of machinery and equipment (-14%), energy (-11%), chemical industry (-10%) and manufacturing of building materials (-8%). On the contrary, the sectors producing capital goods (+12 %) and also those with non-durable goods (+6 %) were currently above the pre-crisis level of production. Among individual activities specifically manufacturing of other transport equipment (+44%), other manufacturing (+21%), manufacturing of motor vehicles (+19%), paper industry (+17%), pharmacy (+15%), electrical engineering (+14%), food industry (+10%), metalworking (+5%) and electronic industry (+4%).

¹⁵ According to data from the Automotive Industry Association, 780 thousand personal vehicles were manufactured in the Czech Republic in H1 2026, by 4.4% more, year-on-year. Despite occasional planned production shutdowns of some manufacturers, output has increased (except for May) in all previous months in 2026. As last year, production was driven mainly by the rapidly developing segment of manufacturing of electric vehicles (including hybrid vehicles). A total of 319 thousand units has been completed so far this year (including 130 thousand battery electric vehicles, 27 thousand plug-in hybrid electric vehicles and 162 thousand hybrid vehicles) and their share in domestic motor vehicle production has reached a record 40%. In addition to passenger motor vehicles, a significant majority of manufacturers of other types of motor vehicles also recorded an increase of output this year, unlike the total last year.

¹⁶ Sales from industrial activities realised in H1 2026 in the Czech Republic increased by 17.6%, year-on-year, in nominal terms here.

industry continued in last year's recovery.	the part of automotive industry. The chemical industry continued the recovery from H2 2025 and strengthened by 4.2% this year (the most in the last four and a half years), largely due to higher external demand. This demand also supported the production of metallurgy, including foundry (+5.1%), which thus followed last year's partial revival (after a deep production slump between 2022 and 2024 ¹⁷ , the longest and deepest in the current millennium). The manufacturing of electrical equipment recorded slower growth (1.0 to 2.5%) this year. The similar growth was evident also in the smaller branches of the paper industry and also the textile industry, the key part of which is focused on the production of non-woven textiles used, for example, in construction. All the above stated activities contributed to the growth of the total industry by 0.64 p. p.
Electricity production increased mainly thanks to steam-gas power plants.	In addition, the energy sector also had a growth-boosting effect, with production increasing by 2.7% this year and contributing 0.23 p. p. to the growth of the total industry. Net electricity production increased by 2.6%, year-on-year, in H1 (to 37.3 TWh), mainly due to higher production of steam-gas power plants (+28%). Pumped storage hydropower plants (+33%) and photovoltaic power plants (+6.7%, with enhanced installed capacity by 9.6%) also contributed more. On the contrary, due to this year's planned technological shutdowns and last year's high comparison base, production from nuclear installations decreased (-1.2%). The decline of hydroelectric (-17.7%) and wind power plants (-7.9%) also had a smaller overall impact. Total domestic electricity consumption also grew, confirming the trend change from mid-2024. Higher demand was evident across the total market segment ¹⁸ . Gas consumption ¹⁹ also increased slightly for the second year in a row. The growth of electricity and gas consumption reflected the effect of colder weather in January and April this year ²⁰ . The diminishing motivation for further savings in consumption (especially in households) had the opposite effect. It also decreased as a result of stabilisation and subsequent reduction of energy prices, which was more noticeable mainly for natural gas. In addition, higher consumption mirrored 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.
Domestic electricity and gas consumption grew slightly for the second year in a row. There was less willingness of customers to make further savings, but also the impact of colder weather in January and April.	
Moderate growth of the food industry continued thanks to domestic demand. The footwear and leather industry revived more significantly.	Among the manufacturing aimed at production of consumption goods, other manufacturing, including for instance manufacturing of sport goods, games, toys and jewelry, benefited from the growing purchasing power of households and their confidence in the economy. Production growth rose to 5.7% here, solely due to strengthening external demand. Output increased more moderately in manufacturing food (+1.5%) and beverages (+2.6%), for which domestic demand is traditionally decisive. It significantly helped in the recovery of the footwear and leather industry (+7.3%) and also manufacturing of clothing (+3.4%). The above-mentioned "consumer industries" contributed only 0.28 p. p. to the growth of the total industry this year.
Engineering hampered the industry growth the most, limited by weaker external demand.	The growth of domestic industry output was dampened the most by engineering this year (as in H1 last year), where production fell by 2.5%, year-on-year, and continued to lack a significant sales impulse, especially from abroad. Currently, the activity repair of machinery and equipment, traditionally focused more on the domestic market (e.g. repairs of nuclear installations), also did not thrive. Output decreased by 5.1% here – the highest in the last five and a half years. The above-mentioned "investment industries" counteracted the growth of the total industry by a total of 0.35 p. p. Deeper problems were still faced by some mostly

¹⁷ In this three-year period, influenced by a sharp rise of input prices, production in metallurgy and foundry fell by 27% and the employment simultaneously decreased by 7.7% here (three times more than in total industry).

¹⁸ According to preliminary data from the Energy Regulatory Office, domestic net electricity consumption, i.e. excluding intermediate consumption, including production losses, amounted to 31.0 TWh in H1 this year (+2.8%, year-on-year, it grew in all months). As in the whole of last year, consumption of households increased the most this year (+5.3%), while it increased by 2.3% for small entrepreneurs, and by 1.5% for wholesale customers overall. The Czech Republic remained a net exporter, with electricity exports outweighing imports by 3.8 TWh in H1 2026.

¹⁹ It increased by 3.3%, year-on-year, in H1 (by 1.4% then after conversion to the long-term thermal standard). Actual consumption increased in all key market segments – the difference in consumption growth between the main customer groups was relatively small.

²⁰ The average air temperature was -2.8 degrees Celsius in January 2026, while +0.5 degrees a year earlier (the long-term January thermal standard then -1.2 degrees). In April this year, the temperature reached +8.3 degrees, nevertheless it was +10.5 degrees a year earlier.

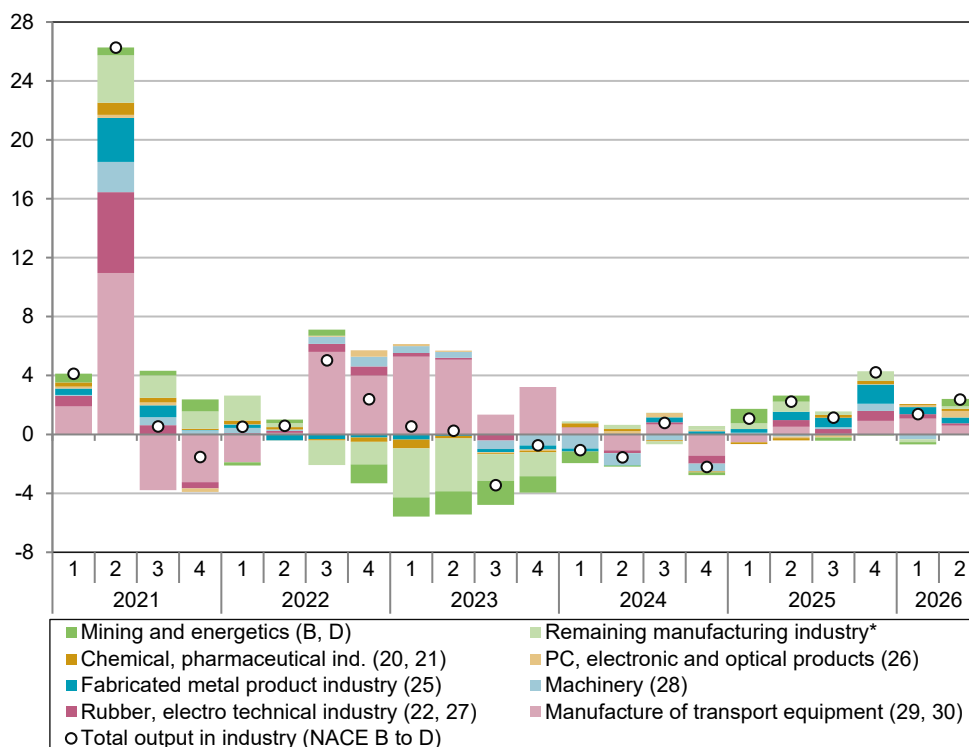
Controlled decline continued in coal mining. The mining of building materials also continued to decrease.

The downturn of production in manufacturing of furniture was related to a drop in external demand.

energy-intensive industries aimed at intermediate products. Output decreased by 4.1%, year-on-year, in mining and quarrying. The decline in coal mining continued (hard coal mining stopped altogether in the Czech Republic at the turn of 2025 and 2026). Production decreased more moderately in the mining of building materials, and its fall continued for the fourth year in a row. In addition to increased production costs, growing demand increasingly ran into the current limits set by the number of permitted mining areas here. The production of the wood-processing industry also decreased negligibly, as the growing domestic demand was not able to fully compensate for weaker sales abroad.

Output also decreased in some small sectors focused on the production of short-term or long-term consumer products this year. In manufacturing of furniture, production fell by almost a tenth, year-on-year, i.e. the most of all industries. Behind it was a drop in external demand. On the contrary, weak domestic sales reduced output in printing (−6.1%), the decline of which, however, is of a longer-term nature. A slight decline of output in the otherwise long-term dynamically developing pharmaceutical industry continued for the second year in a row (−3.7%, the highest since H2 2014). There was a weakening in the key area of external demand, and the growth impulse from the domestic market related to higher public sector demand in the area of security²¹ also likely faded.

Chart 5 Decomposition of year-on-year change in industrial production
(contributions to growth, in p. p.)



Note: Production is presented in real terms and adjusted for calendar effects.

*Contribution of the remaining manufacturing industry also includes the effect of the total methodical discrepancy stemming from the change of the weights.

Source: CZSO

The growth of the value of new orders accelerated slightly during H1.

The year-on-year growth of the nominal value of new industrial orders²², which was evident for most of last year and culminated at the end of the year²³, continued this year. Growth

²¹ This sector is currently also experiencing difficulties with demand in a number of European countries. In H1 2026, its production decreased by 10%, year-on-year, in the EU. On the contrary, employment continued to further increase here in the EU and most of the business cycle indicators at the "EU" level did not deteriorate significantly.

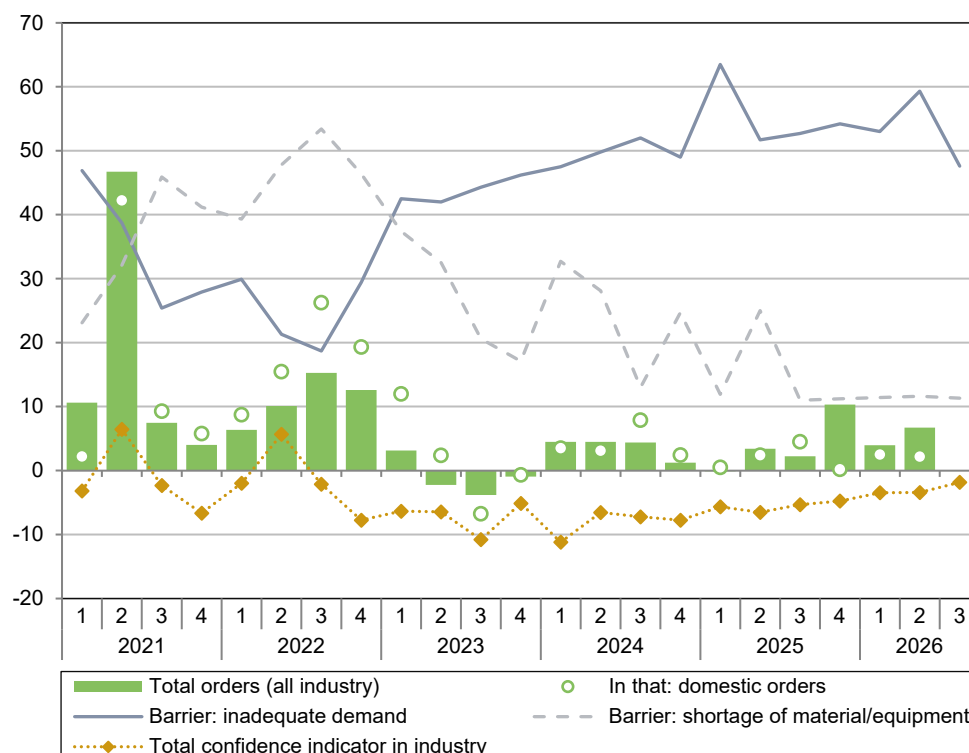
²² Survey of orders is performed only in twelve manufacturing branches producing mostly custom-made products, with longer production cycle and larger order stocks. Year-on-year growth rates of orders are adjusted for calendar effects.

²³ The value of orders increased by a tenth (the highest in the last three years) in Q4 2025. However, only external demand contributed to this and predominantly in manufacturing of other transport equipment (the strong growth impulse was mainly related to the modernization of public transport and the army) and also in electrical engineering and the metalworking industry.

External demand in the production of transport equipment played a key role.

reached 4.0% in Q1 and accelerated to 6.7% in the following period. In both cases, external demand was the dominant driver, as the value of domestic orders increased by only 2% for the whole half-year. The automotive industry contributed the most to the growth, with orders increasing by 7% in H1 2026. Expected demand in manufacturing other transport equipment increased dynamically (+34%), mainly due to high orders which were concluded in June this year. Manufacturing computers, electronic and optical appliances (+10%, primarily due to domestic demand), and electrical equipment have favorable prospects, and the continuing recovery is also confirmed by metallurgy. On the contrary, the persistence of adverse developments is indicated by lower orders in engineering (-1%) and pharmacy (-4%) and stagnation (after taking into account producer prices) in other monitored sectors²⁴.

Chart 6 New orders in industry (nominal, year-on-year change in %), selected growth barriers (in %), balance of business confidence indicator in industry (in p.p.)



Note: Growth barriers express the level in the first month of the given quarter, balance of business confidence expresses the monthly average for the whole quarter, and for the last period, the average for the first two months. Orders are adjusted for calendar effects; other indicators are seasonally adjusted. Businesses could have indicated more key growth barriers simultaneously.

Source: CZSO, Eurostat

Business confidence in industry increased after a brief downturn in the spring. Still, it remained in a slightly negative range.

Business confidence in industry increased at the beginning of this year, also thanks to the favourable development of new orders, and reached a nearly three-year high in March. Subsequently, however, the negative effects of the escalation of the conflict in the Middle East became apparent. Short-term expectations of production and the assessment of current (especially external) demand deteriorated, and also inflation expectations strengthened. However, the spring decrease of total confidence in industry in the Czech Republic (as in most EU countries) was not drastic and its level returned to the “pre-crisis” level already at the beginning of the summer. Nevertheless, the situation in individual activities naturally differed²⁵. Only 6% of industrial businesses expected their own economic situation to deteriorate in the six-month outlook (12%

²⁴ For example, the value of new orders increased by a tenth in Q2 2026 in the chemical industry. However, when assessing the real outlook for this industry, it is necessary to take into account the ongoing growth acceleration of prices of manufacturers of chemicals and chemical products (to 13%) in the same period caused by the escalation of the war in the Persian Gulf region.

²⁵ The highest balance of confidence was expressed by entrepreneurs in other manufacturing industry (+32 points), manufacturing of motor vehicles (+18), as well as, for example, in electrical engineering (+4), machinery repairs (+4) or manufacturing of beverages (+2) in July. The opposite was true for rubber and plastics industry (-42), manufacturing of furniture (-20), pharmaceutical industry (-12) and further for instance manufacturing of building materials (-8).

anticipated improvement). Although expectations of the development of own employment remained slightly negative, the vast majority of companies (80%) expected stable development in the coming quarter.

Almost half of the companies were plagued by insufficient demand. However, the utilization of production capacities increased in the summer.

Insufficient demand²⁶ remains the key growth barrier in industry for the fourth year in a row. This was reported by 48% of businesses in July this year (similar to the previous year). However, the share of businesses limited by a shortage of workers increased slightly (to 13%), but there was a positive development in the area of the availability of materials or equipment²⁷. Although the utilization of production capacities in industry has been decreasing since the beginning of the year this year, there was a turnaround at the beginning of Q3, mainly related to the favorable development of demand in manufacturing of motor vehicles. Capacity utilization in total industry now approaches 85% (i.e. the level common in the boom period in the second half of the last decade).

3.2 Construction

The year-on-year growth of construction production slowed down noticeably. The effect of a high comparative base was most evident in civil engineering construction.

Construction continued to perform well in H1 this year. The ongoing moderate growth of the output of the domestic economy in recent quarters was associated with a more significant recovery of investment activity by households, companies and the public sector. At the same time, however, the faster development of the construction sector was hampered by long-term significant growth barriers (especially a shortage of workers across professions) as well as persistent cost pressures stemming from rising prices of construction materials and the continued elevated price levels of some energy. Construction production²⁸ increased by 1.1%, quarter-on-quarter, in Q1 2026 and by 1.2% in the following period. In both cases, however, only building construction contributed to this development. In year-on-year terms, output increased by 4.0% for the entire H1 2026, and although it slowed down by more than half compared to last year's rates, output growth has persisted for two years in a row. The construction of buildings contributed the most to the current growth (where production increased by 8.3%), but the segment of specialized construction activities, which is usually the domain of smaller enterprises and small entrepreneurs, had a similar effect. On the contrary, civil engineering construction did not follow up on last year's dynamic growth and its output decreased very slightly this year (−0.7%).

The scope of commenced residential construction increased across the board. However, the number of completed dwellings decreased slightly, as the finalization of family houses was still stalled.

The development of building construction was partly helped by the residential construction segment. However, trends in various residential construction diverged this year. While the half-year number of dwellings started (22.7 thousand) rose the highest in the last four years and increased by 39%, year-on-year, the number of completed dwellings (16.3 thousand) was the lowest in the last six years when comparing the same periods of the year, and the volume of construction decreased by 4.4%, year-on-year. In particular, the completion of family houses was stagnant – the fewest were built in the last two decades (5.9 thousand). On the contrary, there was a slight recovery for the residential buildings, mainly thanks to Prague. In the case of dwellings started, their year-on-year growth is basically broad based in nature, both in terms of forms of construction (dwellings in residential buildings had the greatest pro-growth effect) and regions (here analogously “*Jihomoravský region*” and “*Středočeský region*”, while construction declined only in three regions – including Prague²⁹). The number of dwellings started in the Czech Republic is currently growing mainly due to the revival of demand after the stabilisation of the mortgage market, the

²⁶ Businesses could have indicated more barriers simultaneously.

²⁷ This factor is currently mentioned as a barrier by 11% of businesses, which is not out of step with the long-term average. On the other hand, the importance of other limiting factors increased – up to 21% at the beginning of Q3 (the highest share since the end of 2023), where companies themselves most often cited the deteriorated geopolitical situation, or its impact on the growth of energy costs, fuel and other inputs.

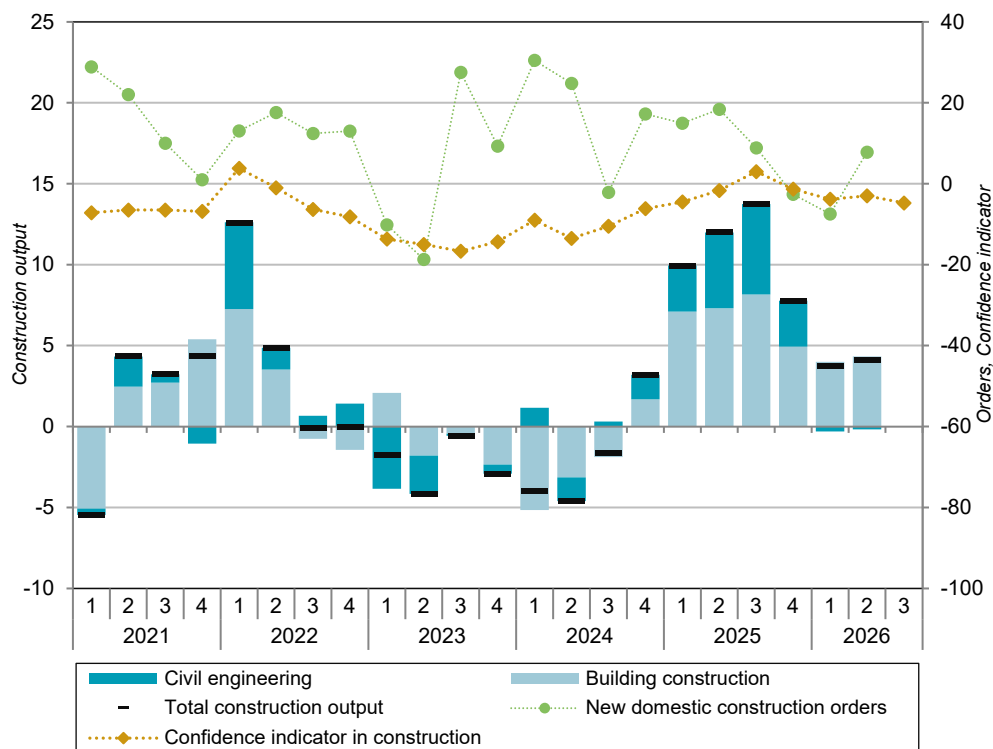
²⁸ Data on construction production are at constant prices, year-on-year rates are adjusted for calendar effects, quarter-on-quarter also for seasonal effects.

²⁹ Even so, the number of dwellings started in the metropolis was relatively significant this year (4.2 thousand). In the same period last year, it reached 4.6 thousand, which within the first half of the year meant the strongest construction since the beginning of the 1990s.

launch of postponed real estate projects and efforts to cover the long-term housing deficit. On the other hand, the volume of completed construction reflects the downturn of construction commencements from the previous three years, exacerbated by the extension of the construction period due to the increase of the cost of building materials, the total high workload of construction companies and the complex process of construction proceedings.

Chart 7 Decomposition of year-on-year change of construction output

(contributions to growth, in p. p.), new construction orders (nominal, year-on-year, in %), balance of business confidence indicator in construction (in p. p.)



Note: Data related to construction output are adjusted for calendar effects.

Data on construction production are presented in real terms and adjusted for calendar effects. The balance of business confidence is seasonally adjusted and expresses the monthly average for the whole quarter, and for the last period the average for the first two months.

Source: CZSO, Eurostat

Year-on-year growth of the value of new construction contracts resumed in Q2 2026.

The total supply of work of domestic construction companies was still high. Both public and private contracts in the Czech Republic participate in this.

The number of new construction contracts in the Czech Republic (concluded by companies with 50 or more employees) increased by 7.8%, year-on-year in Q2 2026 (and returned to growth after a six-month pause). The recovery was largely a reflection of the high expected demand for building construction (+16.8%), while it represented rather a stagnation in civil engineering at last year's high level (+1.9%). Despite shorter-term partial fluctuations in the volume of orders, it is still valid that domestic construction companies have been relatively busy in the long term. The total stock of work (in the form of the value of all not yet realized orders both in the Czech Republic and abroad) was 20.7% higher, year-on-year, at the end of June this year (and grew at a similarly brisk pace for the ninth quarter in a row). On the positive side, in addition to the dominant group of domestic public contracts (+20.9%), private domestic contracts (+23.8%)³⁰ are currently also contributing to growth. According to another leading indicator, the prospects for the construction sector remain relatively favorable. The floor area for new construction of buildings for which building permits were issued from January to June this year increased by almost a third³¹, year-on-year, of which for residential buildings by 54%

³⁰ The stock of work is declining only in the marginal segment of orders abroad (-14.0%, the decline persists for the third quarter in a row).

³¹ However, the data on the floor area of permitted new construction of buildings cover only about 40% to 50% of all previously (until December 2025) published permits. Slightly more than half (53%) of the indicative values of buildings permitted in 2025 thus served other purposes. These comprised of the reconstruction and modernization of existing buildings (22%), civil engineering transport structures (20%) and other civil engineering constructions (11%), e.g. in the field of energy industry. As of January 2026, data on the number, not the value, of permitted constructions are available. In total, the number of such permits increased by 7%, year-on-year, in

and for non-residential buildings then by 10%. For most of last year, this area decreased in both categories.

The balance of confidence in construction remained in a slightly negative band. Expectations of higher production were also reflected in employment growth.

The main growth barrier remains the shortage of labour force, and the role of other influences in relation to the conflict in the Middle East is growing.

Business confidence in the construction sector has fluctuated slightly since the end of last year without a sign of a clear trend. It was in a slightly negative range in August this year (balance: -5 points) but compared to the long-term average (the period 2003 to 2025) it was significantly more favourable (+13%). Slightly positive expectations of the nearest development of construction activity (with a view to this autumn months) were reflected in the recruitment plans³². A third of companies have currently assessed their financial situation favourably (only 3% unfavourably), and one in six companies expects an improvement in the six-month outlook (only one in twenty will deteriorate). However, almost a quarter of companies still perceive the current demand unfavourably. The performance of the entire sector is limited by chronic growth barriers. In fact, for more than seven years in a row, the most significant barrier has been the shortage of (especially qualified) employees. Around 41% of firms cited it as one of the barriers in July (down 6 p. p., year-on-year). Insufficient demand plagued 30% of firms³³, and this share also decreased slightly, year-on-year. During the spring, the number of respondents citing other barriers increased significantly (up to 20% of all firms). These are mainly related to the current geopolitical situation leading to sharply rising input prices. Shortages of materials or equipment do not pose a significant barrier to the construction sector this year (or for most of last year), but inflation risks stemming from the expected growth of construction production prices remain elevated³⁴.

3.3 Services, Tourism and Retail

The development of services continued to be supported by higher demand from households and businesses.

The development of services also continued at the beginning of this year. The improving financial condition of households was reflected in the continued growth of their consumption expenditure. Increasing corporate demand, especially for advanced services requiring the work of specialists, also played an important role. Slight quarter-on-quarter growth of sales in services³⁵ therefore continued. It reached 0.9% each in Q1 and Q2 2026. In both cases, transport and warehousing proved to be key here, benefiting from a recovery in international trade with goods related to more favourable industrial developments. In Q2, the effect of frontloading may also have materialised, through which domestic industrial enterprises tried to mitigate the effects of the conflict in the Middle East on prices or the availability of some important inputs to production.

The most advanced business services contributed to the year-on-year growth of sales in services, driven mainly by higher demand for architectural and engineering activities.

Sales in services increased by 2.6%, year-on-year, in H1 2026 (similar to the same period last year) and have been growing continuously since the beginning of 2024. As in the previous year, professional, scientific and technical activities contributed the most (+1.4 p. p., with a growth of 6.1%³⁶ in this branch), where, in addition to advertising and market research (-1.2%), all sub-sectors were clearly thriving. Sales increased the most in activities of head offices and management consulting activities (+10.6%). However, the growing demand for architectural and engineering activities, supported by the rapidly developing construction industry, was of the greatest importance for the development of the total branch. Growth of sales in legal and accounting activities also accelerated (to

H1 this year, of which by 21% in new construction of buildings, it continued to grow for engineering transport constructions (+15%) and other civil engineering constructions (+10%), while it decreased mainly for the reconstruction and modernization of existing buildings (-9%).

³² The registered number of employees (in construction enterprises with more than 50 workers) increased already by 2.1%, year-on-year, in H1 this year. Quarterly data covering the entire sector show that employment also increased in smaller enterprises.

³³ Weak demand continued to hit businesses in the building construction segment the most (40% of firms). Labor shortages constrained businesses in all three major construction segments with similar intensity and represented a key growth barrier for them.

³⁴ 20% of construction companies expected (in a three-month perspective) the rise of sales prices in August 2026. This was noticeably lower than in April this year (37%, a temporary surge due to the effects of the Gulf conflict), nevertheless still slightly higher than at the end of last summer.

³⁵ 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).

³⁶ Apart from the rapid recovery of this branch after the pandemic subsided (at the turn of 2021 and 2022), this year's rate represents the highest growth since H2 2007.

7.8%). Slightly weaker but stable growth persisted in the diversified field of other professional, scientific and technical activities³⁷.

Demand growth accelerated in Q2 in land transport and storage. Growing transport performance in passenger and freight transport related to the development of industry and trade was evident.

In the transportation and storage activities, important in terms of weight, sales increased by 2.7% this year (by 4.3% in Q2 alone – the highest since the end of 2024) and the growth of the total services sector was supported by 0.7 p. p. Land and pipeline transport performed particularly well (+3.7%), reflecting higher transport performance in passenger transport and road freight transport. Demand growth in significantly procyclical warehousing (including other transportation support activities³⁸) also accelerated during H1 this year. Despite the continued rapid growth of sales via internet, sales in postal and courier activities decreased (–0.9%). This represented the weakest result in this long-term relatively dynamic, but internally diverse sector in the last two and a half years. Current demand has still not reached the level of pre-crisis 2019 in the marginal sectors of water and air transport. Also, in a year-on-year comparison, the sales of domestic air carriers lagged behind this year (–6.3%), but entities operating in water transport registered a slight increase of demand.

In the ICT area, demand growth remained rather moderate. Programming continued to thrive, and the motion picture and music publishing activities recovered.

Information and communication (ICT) were the last area that significantly supported the growth of the services sector this year (contribution +0.4 p. p., compared to the sector's growth of 1.9%). This segment of the economy, which was still very dynamic in the last decade, has been copying the overall trends in services in recent years in terms of revenue development. The ICT sector benefited mainly from long-term developing IT³⁹ activities this year, in which the sales pace slightly strengthened to 3.4%. On the contrary, sales in telecommunications did not follow up on last year's strong year (+0.6%), and the development of demand in the previously dynamic field of information activities⁴⁰ has also been weak so far this year. In the area of radio and television broadcasting activities, demand has recovered very slightly after last year's decline (+1.5%)⁴¹. Sales in publishing activities decreased by 3.4%, as in contrast to the previous two years, when this sector was generally stagnant, there was also a decline in the software publishing segment. However, they had a weak impact on the result of the total ICT branch. This also applies to the motion picture and music industries, where demand growth accelerated significantly and sales increased by 14.1% this year, i.e. the most in the last four years (however, they were still about a quarter weaker compared to 2019). The impact of the growth of the number of foreign projects implemented in the Czech Republic may have been reflected here. However, the development of this field is generally quite volatile, which is closely related to irregular invoicing. The motion picture distribution segment itself has probably grown more slowly⁴².

Sales in food service and restaurants continued to grow slightly. However, the decline deepened in accommodation.

Sales increased by 0.6%, year-on-year, in accommodation, food service and restaurants this year, and their very moderate growth thus continued for the third half of the year in a row (at the same time, however, sales are still clearly lagging behind the pre-crisis year of 2019). This resulted solely from the slightly growing demand in food service and restaurants as at the beginning of last year. Sales of entrepreneurs whose predominant economic activity is accommodation decreased by 3.3% (the highest since the peak of anti-pandemic restrictions at the beginning of 2021), mainly due to a deeper decline in Q2 alone. This

³⁷ This sub-branch with an important share of small businesses and which was significantly hit by the slump of demand during the pandemic period mainly includes brokering activities, design, translation and photographic activities or activities of construction supervision.

³⁸ These include a variety of activities, including cargo handling.

³⁹ They mainly include programming, consultancy in IT area or computer facilities management activities.

⁴⁰ They consist mainly of activities linked to the web portals, news press offices and agencies or data processing and hosting. In the second half of the last decade, but also during the "pandemic period", demand growth in this sector was among the highest within services. However, total sales were rather stagnant between 2022 and 2024 here, and there was only a partial recovery last year.

⁴¹ At the same time, relatively rapid growth of prices of these services persisted. In nominal terms, sales increased by 11.9%, year-on-year, in H1 here.

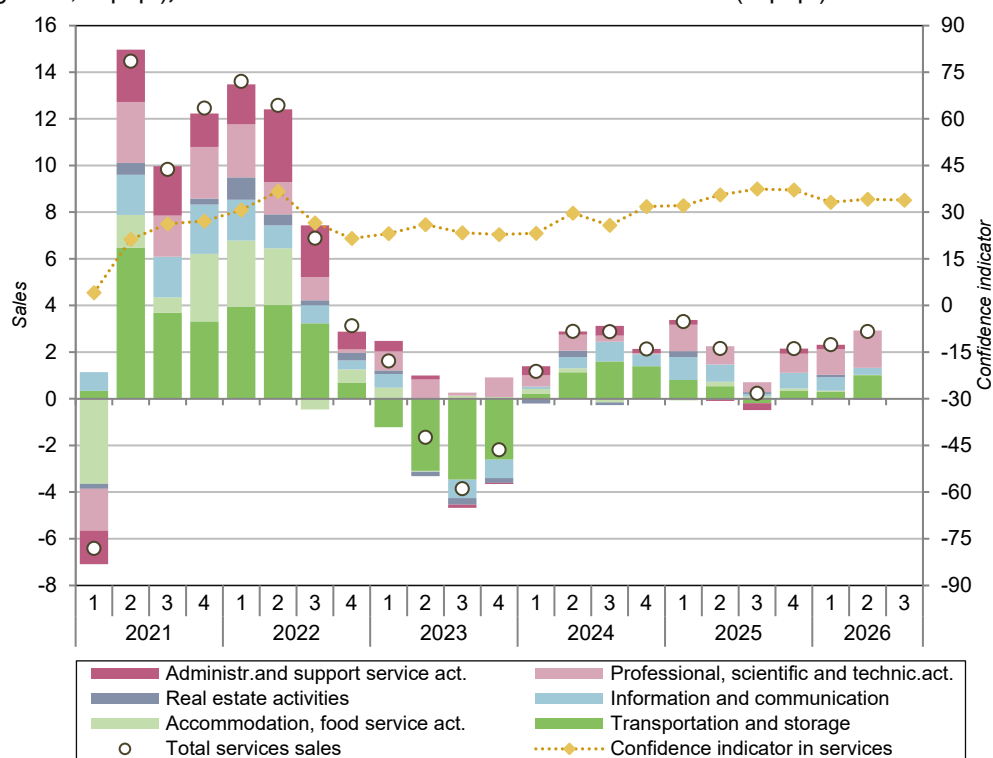
⁴² According to data from the Union of Motion Picture Distributors, gross nominal sales of cinema operators in the Czech Republic increased by only 0.7%, year-on-year, in H1 2026, with a 3% decline of total attendance. Compared to 2019, when most performance indicators reached their maximum, the current cinema attendance (with stagnation in the number of performances played) was lower by 34% and sales by 15%.

manifested despite the relatively rapidly growing purchasing power of domestic households and the continued development of inbound tourism. The impact of the rapid growth of prices of related services could be felt here⁴³. In-kind indicators in the area of inbound tourism indicate slightly better results than real sales.

However, the number of accommodated guests continued to grow slightly, but only thanks to domestic guests in Q2.

Domestic providers of collective accommodation facilities registered a slight year-on-year growth of both guests (+0.5%) and overnight stays (0.3%) in Q2. However, this was the weakest pace in the last seven and five quarters, respectively. The slowdown is particularly noticeable compared to the pace achieved in Q1 2026 (+5.2%, +5.6%), when mountain resorts were also doing well. The slight year-on-year growth of the number of accommodated guests in Q2 was supported only by domestic clients. The number of foreign guests decreased slightly (-0.1%) for the first time since the peak of the pandemic (Q1 2021). The current slowdown of visitor growth may also be related to a partial change in clientele (growth in the number of overnight stays by guests from most countries neighbouring the Czech Republic, as well as from the USA and Canada, but also from the Balkan states, and at the same time a decline for guests from e.g. the United Kingdom, France or the Middle East) and their financial behaviour (a possible greater tendency to save in connection with the long-term rising prices of accommodation and restaurants in the Czech Republic).

Chart 8 Decomposition of year-on-year change of sales in services* (contributions to growth, in p. p.), **balance of business confidence in services**** (in p. p.)



Note: Sales are given in real terms and adjusted for calendar effects. The balance of business confidence is seasonally adjusted.

* Sales in services do not include the branch trade, financial, insurance activities, science, research and public services.

** The balance of business confidence also includes the financial sector and expresses the monthly average for the entire quarter, and for the last period, the average for the first two months.

Source: CZSO, Eurostat

The development in the individual fields of administrative and support service activities was contradictory. In some of

Sales in real estate activities effectively stagnated for the third year in a row. In the administrative and support service activities, which generally provide lower value-added services mainly to enterprises, their pace continued to be subdued (+0.6%). The diverse field of office administrative, office support and other business support activities contributed the

⁴³ In Q2 2026, prices of accommodation services increased by 6.4%, year-on-year, and by 4.1%, year-on-year. Compared to 2015, they were higher by more than 100% in total for both segments, while prices in the entire consumer basket increased by "only" less than 60% over the same period.

them, corporate demand grew due to the procyclical recovery, while in others there was a slowdown caused by advancing digitalisation.

most to growth (+4.3%)⁴⁴ as for most of last year. Corporate demand was primarily reflected in the ongoing growth of rental and operating leasing sales, which increased (+3.0%), as demand for cars (and other light motor vehicles) recovered significantly this spring, as it also performed well for other machinery (e.g. construction or agricultural) and trucks. By contrast, growth of sales for rental and leasing of products for personal use and mainly for households has basically stopped. A very slight recovery of demand occurred in services to buildings and landscape activities (+2.6%)⁴⁵. The decline of sales of employment placement agencies continued for the fifth year in a row, but moderated this year (to 1.0%)⁴⁶, which may be related to the improvement of the situation in industry. Similarly, demand for security and investigation services decreased slightly, the unfavourable development of which (related to the development of digitalisation) is also of a longer-term nature⁴⁷. Sales of travel agencies decreased by 3.0%, confirming the change of the trend from last year (until the beginning of the year, demand in this area had been increasing, continuously since the end of the “pandemic period”).

Retail benefited from stable household confidence in the economy, supported by rapid wage growth.

Retail has also performed well so far this year, benefiting from relatively stable household confidence in the economy (significantly unaffected by the deteriorated geopolitical situation), supported by favorable developments on the labor market, reflected in steadily rising employment and rapid growth of real wages. The financial situation of households has also improved slightly through the lens of self-assessment questions in regular business cycle surveys, while on the contrary, some concerns remained regarding the economic development of the Czech Republic in the coming year. This was also reflected in consumers' persistently more reserved attitude towards large, anticipated purchases (especially durable goods and investments). The trend of a higher propensity of households to save (which started at the beginning of the current decade) also continued. Quarter-on-quarter retail sales⁴⁸ thus accelerated to 1.7% in Q1 (the highest in the last two years).

Sales via the Internet and mail order houses continued to contribute dominantly to the year-on-year growth in retail.

Total retail sales increased by 4.0%, year-on-year, for the entire H1 (at a similar pace as in the same period in 2024 and 2025). The focus of their growth was on dynamically developing trade via the Internet or mail order houses, in which sales increased by 14.5% and contributed 2.1 p. p. to the growth of the total retail sector. The long-term rapid growth of this segment, which has been the most dynamic segment of the total retail sector in the last two years, is related to the gradual change of household purchasing behaviour, technological progress, innovations in marketing and logistics, as well as the global reach of a number of major retailers in the Czech Republic. The growth of most specialised stores with non-food goods⁴⁹ continued at a weaker but stable pace. Sales of cosmetics and toilet products (+8.3%), pharmaceutical and medical goods (+5.6%) and cultural and recreational products⁵⁰ (+3.1%) performed particularly well. Demand for clothing, footwear and leather goods recovered, mainly due to developments in Q2 2026. By contrast, sales of products mainly for households⁵¹ increased only slightly (+0.9%), nevertheless this also represented the best result since H1 2022. Sales in the rather marginal segment of stores

Specialized stores with computer and communication equipment continued to struggle with weaker demand.

⁴⁴ These include, for example, the organization of conferences and exhibitions, activities of collection agencies and credit bureaus, verification of customer solvency, but also call-centre activities.

⁴⁵ These mainly include building and industrial cleaning activities.

⁴⁶ However, sales in nominal terms have already grown markedly this year (+7.0%). The decline of real 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 this in the last four years. Due to the temporary protection status granted to these persons, their employment in the Czech Republic is administratively simpler (compared to other groups of migrants from the so-called third countries) and they can thus find work “directly” (without an intermediary).

⁴⁷ This is also evidenced by the fact that compared to H1 2019, sales were a tenth lower this year.

⁴⁸ 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 activities.

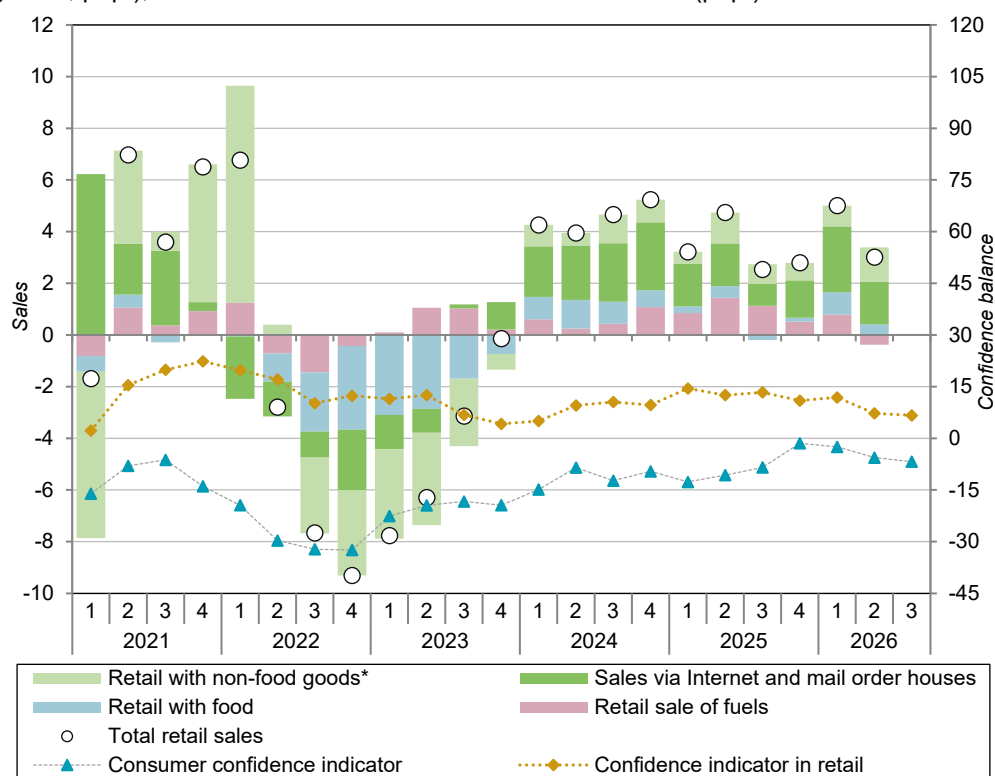
⁴⁹ In addition, there was a noticeable increase of sales in the marginal segment of non-specialized stores with a predominance of non-food goods (currently by 6.8%) for the fifth year in a row. It focuses on offering diverse, rather smaller goods at discount prices and has gradually expanded its sales network in the Czech Republic in recent years.

⁵⁰ It is traditionally dominated by sports equipment stores. However, it also includes shops with games and toys, books, newspapers, magazines and stationery.

⁵¹ These include mainly hardware, building materials, paints, glass, DIY supplies, electrical appliances, electronics, furniture, lighting equipment, carpets or home textiles.

with computer and communication equipment also feature a downward trend in the period after the COVID-19 pandemic has subsided, which was also confirmed by this year's result (-0.8%)⁵².

Chart 9 Decomposition of year-on-year change in retail sales (contributions to growth, p. p.), **balance of consumer and retail confidence** (p. p.)



* Sales via Internet and mail order houses are not included

Note: Sales are presented in real terms and adjusted for calendar effects. Confidence balances are seasonally adjusted and reflect the monthly average for the entire quarter, and for the most recent period, the average for the first two months. Source: CZSO

Growth of sales of food accelerated slightly, but it mainly concerned only large establishments (i.e. chains).

Demand for fuel has fluctuated significantly due to the price shock since the beginning of the year.

Retail food sales increased by 1.7%, year-on-year, this year (the highest since the end of 2024) and contributed 0.6 p. p. to the growth of the total retail. Despite this recovery, which could also have been contributed to by the drop of the prices of some basic foodstuffs, demand growth was basically supported only by the dominant segment of large chains, as sales in small, specialised stores⁵³ were effectively stagnating. Year-on-year growth of sales of fuels increased by 1.4% for the whole H1 and its contribution to the growth of the total retail was low (+0.2 p. p.). Strong demand for fuels continued still in Q1, stemming mainly from favourable fuel price developments for most of this period and partly also from the effect of pre-stocking due to the expected sharp rise of world fuel prices following the escalation of the Gulf conflict. In April, however, the year-on-year growth of demand for fuel, which had lasted continuously for the previous twenty-two months, stalled (-7.8%). The price shock was partly dampened by government measures⁵⁴, but sales did not recover until July (as a result of a temporary stabilisation of global oil prices and regular growth of demand in the main motoring season).

⁵² 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.

⁵³ These include, for example, meat products, pastries, confectionery products, beverages or fruit and vegetables. However, the tobacco stores held the greatest importance here in recent years, their role has been growing mainly at the expense of meat stores.

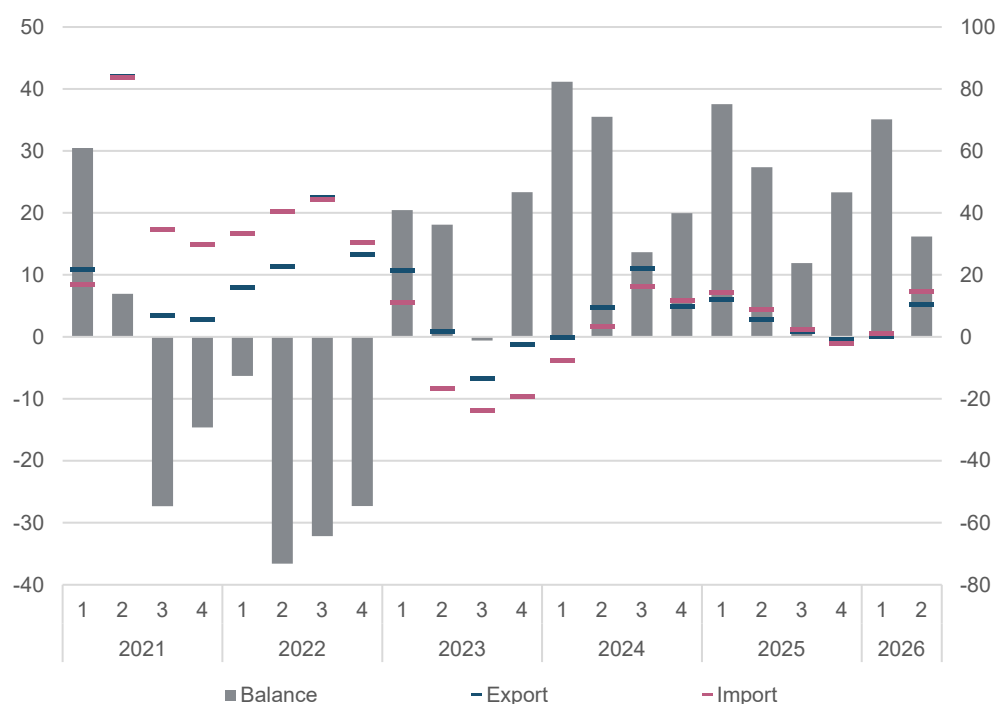
⁵⁴ This was an extraordinary price regulation and capping of the margins of fuel sellers in the Czech Republic, which was in force from Wednesday, April 8, 2026, to Sunday, July 19, 2026.

4. External Relations

Export growth
accelerated in Q2.

The value of exports of goods⁵⁵ in H1 2026 reached 2,509.2 bn CZK and was higher by 64.5 bn CZK (2.6%), year-on-year. The growth for the total half of the year was largely caused by the developments in the second quarter of the year. The value of exports of goods increased by 63.0 bn CZK (5.2%), year-on-year, in Q2 to 1,282.4 bn CZK. The acceleration of export dynamics (which practically stagnated in Q1) was partly supported by international trade prices⁵⁶, mainly by a significant increase of crude oil prices and some related production. In total, however, export prices rose only slightly, year-on-year, so the aggregate increase of exports was only minimally supported by them. The situation was different in quarter-on-quarter terms. According to seasonally adjusted data, the value of exports of goods increased by 2.8%, quarter-on-quarter, and price developments played a significant role in this.

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

In particular, exports to
the EU grew.

Exports to EU countries mainly contributed to the year-on-year increase of the value of exports in H1 (+82.1 bn CZK, 4.3%), while exports outside the EU were lower by 18.0 bn CZK (-3.3%). The largest increases were recorded in the case of exports to Austria⁵⁷ (+22.9 bn CZK, 24.7%), France⁵⁸ (+12.2 bn, 10.1%) and Italy (+9.3 bn, 9.5%). In H1, exports to a minority of the monitored countries decreased, most notably to the United States of America⁵⁹ (-9.7 bn CZK, -13.1%). Exports to the EU also accounted for the year-on-year growth of exports of goods (+63.5 bn CZK, 6.7%) in Q2 alone, while exports outside the EU continued to decline (-0.7 bn, -0.2%). After two previous slumps, the value of exports to

⁵⁵Unless otherwise stated, all data are seasonally unadjusted and at current prices.

⁵⁶ Export prices of goods increased by 0.7%, year-on-year, in Q2 after falling by 3.4%, year-on-year, in Q1. Export prices increased by 2.4%, quarter-on-quarter, (by 0.8% in Q1). Prices of coke and refined petroleum products increased by 43.2%, electricity by 15.5% and prices of forestry and logging products by 14.0%, year-on-year, in Q2.

⁵⁷ In particular, the value of exports of electricity and motor vehicles grew

⁵⁸ Most of the half-year increase took place in Q2. Mainly exports of motor vehicles, electrical equipment and machinery and equipment strengthened here.

⁵⁹ Most of the decrease took place already in Q1, when exports fell across the board, spanning the entire Classifications of Products. In Q2, the largest drop was maintained in computers, electronic and optical appliances and equipment and other transport equipment.

Germany⁶⁰ increased again, year-on-year, (see Table 4) and exports to Austria and France grew strongly. Trade with the Netherlands, Poland, Italy and Hungary also had a significant impact on export growth. Only a minority of the countries surveyed recorded a decrease of exports – more than 1 bn CZK was recorded in the United States, Kazakhstan, Great Britain, Romania, the UAE and Mexico.

Exports of computers, electronic and optical appliances grew the most.

Exports increased, year-on-year, in most of the production divisions in H1. Exports of computers, electronic and optical appliances (+21.6 bn CZK, 9.9%), motor vehicles (+18.2 bn, 2.6%) and chemical substances preparations (+8.5 bn, 7.9%) increased the most. Exports of computers, electronic and optical appliances and equipment (see Table 3) and motor vehicles increased the most in Q2 alone. In both cases, export growth strengthened, as well as in the case of chemical substances and preparations, electricity, gas, steam and air-conditioning, as well as in the area of waste collection, treatment and disposal activities, where year-on-year price growth was reflected. Only a minimum of production classification sections recorded a year-on-year decrease of exports in Q2, and the drop exceeded 1 bn CZK only for food products.

Table 3 Sections of CPA classification with impact on Table 4 Countries with largest impact on exports of goods exports in Q2 2026 (year-on-year) goods in Q2 2026 (year-on-year)

	bn CZK	%		bn CZK	%
Computers, electron. and opt. products	+14.5	+13.2	Germany	+13.8	+3.9
Motor vehicles (excl. motorcycles) and parts	+12.1	+3.4	Austria	+10.1	+21.5
Chemicals and chemical products	+9.0	+17.2	France	+9.4	+15.8
Electricity, gas, steam and air-conditioning	+6.6	+71.9	Netherlands	+5.9	+16.7
Waste collection, treatment and disposal	+3.8	+31.5	Poland	+5.8	+6.7
Products of agriculture and hunting	+3.2	+24.4	Italy	+4.5	+9.0
Machinery and equipment, n.c.e.	+2.8	+2.1	Hungary	+4.3	+12.1
Basic metals	+2.5	+6.2	Belgium	+3.3	+12.1
Other transport equipment	+1.7	+6.4	Slovakia	+2.7	+2.5
Crude petroleum and natural gas	+1.5	+864.0	Switzerland	+2.0	+9.4
Other manufacturing products	+1.5	+5.4	Taiwan	+1.8	+93.5
Rubber and plastic products	+1.3	+2.2	Finland	+1.6	+28.9
Basic pharmaceutical products	+1.2	+6.2	Bulgaria	+1.5	+17.2
Hard coal, brown coal and lignite	-0.7	-44.2	Kazakhstan	-1.7	-44.4
Food products	-1.1	-2.2	United States of America	-3.4	-9.1

Source: CZSO

Source: CZSO

Imports grew faster than exports.

Imports of goods reached 2,406.7 bn CZK in H1, which was thus higher by 91.8 bn (4.0%), year-on-year. The value of imports increased by 85.4 bn CZK (7.3%), year-on-year, in Q2 alone to 1,250.1 bn CZK, and as with exports, price growth played a significant role in accelerating the dynamics⁶¹. According to seasonally adjusted data, the value of imports increased by 5.0%, quarter-on-quarter. Imports from the EU (+73.5 bn CZK, 5.1%) and from non-EU countries (+16.0 bn, 1.9%) increased in H1. The largest increase of imports in H1 was recorded in Germany⁶² (+31.7 bn CZK, 6.1%), Poland (+10.1 bn, 4.7%), Taiwan⁶³ (+9.4 bn, 53.2%) and Hungary (+9.2 bn, 18.2%). Imports decreased only in a minority of countries, the most from Russia⁶⁴ (-7.7 bn CZK, -47.6%). Imports from the EU increased by 61.3 bn

⁶⁰ Exports of electricity and electrical equipment have stopped falling.

⁶¹ Import prices increased by 2.8%, year-on-year, in Q2 (they fell by 4.4%, year-on-year, in Q1). Quarter-on-quarter, import prices were higher by 4.7% in Q2 (they grew by 1.0% in Q1). The prices of coke and refined petroleum products increased the most by 59.9%, electricity by 27.9% and crude oil and gas prices by 25.7%.

⁶² The strong recovery of imports from Germany was mainly concentrated in Q2. In particular, imports of coke and refined petroleum products, fabricated metal products, chemical substances and products, machinery and equipment, and electrical equipment strengthened.

⁶³ In particular, imports of computers, electronic and optical appliances increased here. For the same reason, imports from Malaysia also strengthened in Q2.

⁶⁴ Most of the H1 decrease took place in Q1. Imports from Russia have already fallen to billions of CZK last year, when a significant reduction of oil imports through the Druzhba pipeline became apparent. Only imports of chemical substances and preparations and basic metals currently reach values above 1 bn CZK per quarter.

CZK in Q2 (8.5%), year-on-year, and from non-EU countries by 22.1 bn (5.2%). The increase of imports from Germany was particularly strong (see Table 6) and imports from Poland, Slovakia, the United States of America⁶⁵ and China also featured significant increases. Less common destinations such as Malaysia and Ireland⁶⁶ also made it to the list of countries with a significant contribution to import growth. Only a few countries saw imports fall, with the largest decline recorded for Norway.

Part of the increase of the value of imports was related to the raised raw material prices.

The largest year-on-year increase of the value of imports in H1 2026 was recorded for computers, electronic and optical appliances (+20.2⁶⁷ bn CZK, 7.9%). The value of imports of coke and refined petroleum products (+13.6 bn CZK, 29.3%) and motor vehicles (+11.2 bn, 3.2%) also increased significantly. From the point of view of the sectoral structure, the factors influencing the dynamics of imports in Q2 alone can be divided into several groups. On the one hand, strong growth of imports of computers, electronic and optical appliances and equipment (see Table 5), motor vehicles, basic pharmaceutical products and preparations, electricity, gas, steam and air-conditioning and other non-metal mineral products, which was already evident in Q1, continued to grow. In connection with the increase of prices, imports of coke and refined petroleum products, chemical substances and preparations, crude oil and natural gas, basic metals, and rubber and plastic products increased significantly or have newly appeared. A recovery of year-on-year import growth was also recorded in Q2 for electrical equipment, metal products, other transport equipment, and machinery and equipment. A more significant year-on-year decline (more than 1 bn CZK) occurred in Q2 only for food products.

Table 5 Sections of CPA classification with highest impact on goods imports development in Q2 2026 (year-on-year)

	bn CZK	%
Coke and refined petroleum products	+13.0	+57.9
Computers, electron. and opt. products	+10.0	+7.8
Chemicals and chemical products	+9.7	+10.8
Electrical equipment	+9.2	+7.6
Crude oil and natural gas	+8.0	+17.5
Fabricated metal products	+7.3	+11.7
Motor vehicles (excl. motorcycles) and parts	+5.7	+3.2
Basic metals	+5.5	+6.4
Other transport equipment	+4.3	+25.5
Basic pharmaceutical products	+3.8	+11.6
Machinery and equipment, n.c.e.	+3.3	+3.2
Electricity, gas, steam and air-conditioning	+3.0	+53.6
Rubber and plastic products	+2.4	+4.5
Other non-metal mineral products	+1.8	+12.1
Food products	-2.8	-4.3

Source: CZSO

Table 6 Countries with largest impact on imports of goods in Q2 2026 (year-on-year)

	bn CZK	%
Germany	+27.3	+10.6
Poland	+8.6	+7.9
Slovakia	+6.3	+10.3
United States of America	+5.5	+18.5
China	+4.3	+3.2
Hungary	+4.2	+16.2
Austria	+4.2	+12.8
Italy	+3.3	+6.5
Taiwan	+3.1	+32.3
Ireland	+2.2	+37.5
Malaysia	+2.1	+28.4
Spain	+1.9	+7.4
Bulgaria	-1.9	-26.6
Singapore	-2.2	-53.3
Norway	-4.5	-18.2

Source: CZSO

The international trade surplus decreased, year-on-year.

The dynamics of exports in the last few quarters lagged behind imports, which repeatedly led to a deterioration of the balance of international trade in goods. For the whole H1, the balance surplus reached 102.5 bn CZK and was lower by 27.3 bn CZK, year-on-year. The Q2 itself had a majority share in this decline, when the balance reached a surplus of 32.3 bn CZK, which was worse result by 22.4 bn CZK, year-on-year. According to seasonally adjusted data, the balance deteriorated significantly, quarter-on-quarter, for the second time

⁶⁵ Growth was boosted by a 2 bn CZK increase of imports of crude oil and natural gas, higher imports of computers, electronic and optical appliances or other transport equipment.

⁶⁶ Imports of pharmaceutical products and preparations were higher.

⁶⁷ This item represented the largest increase recorded in the first half of the year. A significant increase is associated with imports of components for manufacturers operating in the Czech Republic – the manufacturing of computers, electronic and optical appliances in Q1 and 2 increased by 3.6% and 13.1%, year-on-year, respectively. Memory units and devices for automated data processing, among others, account for a significant share in the increase of imports.

in a row. The balance of international trade with non-EU countries deteriorated, year-on-year, in H1 (−34.1 bn CZK), while the surplus of trade with the EU increased slightly by 8.6 bn CZK. The largest deterioration of the balance was recorded for trade with Germany (−30.1 bn CZK), Great Britain (−8.7 bn CZK) and the United States of America (−8.1 bn CZK) in H1. On the contrary, the balance of trade with Austria (+16.1 bn CZK) and France (+12.4 bn CZK) was significantly better. In Q2 alone, the balance with non-EU countries deteriorated by 22.8 bn CZK, year-on-year, while the trade surplus with the EU increased by 2.2 bn CZK. Trade with Germany (see Table 8) and further the United States of America and China had the greatest impact on the deterioration of the balance. Slovakia, Kazakhstan and the United Kingdom followed with a distance. On the contrary, trade with France, Austria and the Netherlands had a significant impact on the improvement of the international trade balance in Q2.

Table 7 Sections of CPA classification with highest Table 8 Countries with largest impact on international impact on international trade with goods balance trade with goods development in Q2 2026 (year-on-year) development in Q2 2026 (year-on-year)

	bn CZK		bn CZK
Motor vehicles (excl. motorcycles) and parts	+6.4	France	+9.6
Computers, electron. and opt. products	+4.5	Austria	+6.0
Electricity, gas, steam and air conditioning	+3.6	Netherlands	+5.2
Waste collection, treatment and disposal	+3.0	Norway	+4.2
Products of agriculture and hunting	+2.5	Bulgaria	+3.4
Food products	+1.7	Belgium	+2.9
Other non-metal mineral products	−1.1	Singapore	+2.5
Paper and paper products	−1.4	Ireland	−2.6
Basic pharmaceutical products	−2.6	Poland	−2.8
Other transport equipment	−2.6	Great Britain	−3.0
Basic metals	−3.0	Kazakhstan	−3.5
Crude petroleum and natural gas	−6.5	Slovakia	−3.6
Fabricated metal products	−6.6	China	−4.8
Electric equipment	−9.0	United States of America	−8.8
Coke and refined petroleum products	−12.9	Germany	−13.5
Source: CZSO		Source: CZSO	

The deterioration of the balance was significantly influenced by more expensive crude oil.

The year-on-year deterioration of the balance of international trade with goods in H1 was mainly due to the worse result of trade with electrical equipment by 16.4 bn CZK and with coke and refined petroleum products by 15.4 bn CZK. By contrast, the surplus of trade with motor vehicles increased by 6.9 bn CZK. The year-on-year deterioration of the balance in Q2 alone was significantly affected by an increase in the prices of crude oil and related products. This was the case of trade with coke and refined petroleum products (see Table 7), crude oil and natural gas or basic metals. As in the Q1, trade with electrical equipment and basic pharmaceutical products and preparations, which showed an increase in imports, had a significant impact on the deterioration of the balance. The year-on-year improvement of the balance was mainly driven by trade with motor vehicles, computers, electronic and optical appliances, electricity, gas, steam and air-conditioning, or in the area of waste collection, treatment and disposal activities.

5. Prices

5.1 Consumer Prices

Growth of consumer prices strengthened in Q2.

The year-on-year increase of the consumer price index⁶⁸ accelerated to 2.0% in Q2 2026. The strengthening of total price growth was largely influenced by developments in the transportation division, namely the sharp increase in fuel prices. To a lesser extent, prices of housing and energies and recreation, sports and culture acted in the direction of price growth. The pressures described above were dampened mainly by the year-on-year development of food prices, which fell for the first time since Q2 2021. Transport, housing and energy, alcoholic beverages and tobacco prices contributed the most to the total year-on-year price growth. Consumer prices increased by 0.9%, quarter-on-quarter, in Q2, the increase thus slightly strengthened compared to Q1. Such a development is rather atypical and was the result of a sharp increase in transportation prices. Housing and energy prices also went from a slight quarter-on-quarter decline to growth. In most divisions, quarter-on-quarter price dynamics moderated after the usual New Year's increase. Only food and non-alcoholic beverages prices dropped.

Table 9 Development of the consumer price index and its divisions (in %)

	Year-on-year				Quarter-on-quarter			
	Q3 25	Q4 25	Q1 26	Q2 26	Q3 25	Q4 25	Q1 26	Q2 26
TOTAL	2.5	2.2	1.6	2.0	0.7	-0.2	0.7	0.9
Food and non-alcoholic beverages	4.2	2.5	0.2	-2.2	-0.5	-0.7	0.4	-1.4
Alcoholic beverages, tobacco	3.5	4.1	4.0	4.4	0.5	0.6	2.8	0.5
Clothing and footwear	-1.8	-2.0	-2.5	-2.5	-1.2	1.3	-2.7	0.1
Housing, water, electricity, gas and other fuels	2.1	1.8	0.9	1.3	0.6	0.4	-0.5	0.7
Furnishings, household equipment and routine household maintenance	1.6	1.2	1.4	1.3	0.0	0.0	0.6	0.6
Health	3.0	3.1	4.1	3.4	0.5	-0.6	2.5	1.0
Transport	-0.8	0.2	0.8	7.9	0.2	-0.1	1.7	6.0
Information and communication	2.2	2.1	2.3	2.6	0.8	0.2	0.6	1.0
Recreation, sport and culture	3.8	3.5	2.2	3.0	6.2	-5.1	2.1	0.1
Education	8.7	4.1	4.0	4.0	1.2	2.4	0.2	0.2
Restaurants and accommodation services	4.8	4.7	4.6	4.4	1.1	0.8	1.1	1.4
Insurance and financial services	4.6	5.2	5.2	4.1	0.5	1.0	2.0	0.5
Personal care, social protection and miscellaneous goods and services	2.3	2.6	3.6	3.5	0.1	0.3	2.4	0.6

Source: CZSO

Transport prices were driven up by fuel.

The key influence on price growth in the transportation division (see Table 9) was fuel prices. Costs of operation of personal transport equipment increased by 15.3%, year-on-year, of which fuel prices were higher by 21.9%. The high year-on-year increase of fuel prices was the result of a significant month-on-month increase that occurred in March (19.4%) and April (7.3%). Prices decreased, month-on-month, in the following months. Prices of transportation and postal services maintained a significant year-on-year increase (7.8%). In the rest of the division, however, the year-on-year price growth was very moderate and slowed down – in the case of passenger transport prices to 1.6% and in the case of purchases of personal transport equipment to 0.1%.

⁶⁸ Since January 2026, detailed consumer price indices have been calculated on the basis of the updated COICOP 2018 classification. The weights have been updated based on household expenditure of national accounts statistics from January 2026. A significant change is the splitting of the original division 12 Miscellaneous goods and services into two divisions: 12 Insurance and financial services and 13 Personal care, social protection, and miscellaneous goods and services. More on https://csu.gov.cz/kdyz_se_rekne_inflace_resp_mira_inflace a https://csu.gov.cz/indexy_spotrebitelskych_cen_revize

The growth of housing costs is mainly affected by imputed rents.

The effects of the crisis in the Middle East were limited to transport and have not yet been reflected in housing costs. Price growth in this division is currently mainly influenced by imputed rents⁶⁹ (5.3%) and housing rents (6.2%, year-on-year). Imputed rents were the group with the second largest impact on total consumer price growth after the costs of operating transport equipment. On the contrary, prices of electricity, gas and other fuels decreased by 7.0%, year-on-year. Smaller items classified as services – minor repairs, maintenance and security of dwellings (4.5%) and water supply and other housing-related services (3.5%) – maintained rapid growth. The year-on-year growth continued in the division household furnishings, equipment and services, supported mainly by the development of prices of household textiles (3.4%) and furniture and household equipment (1.7%).

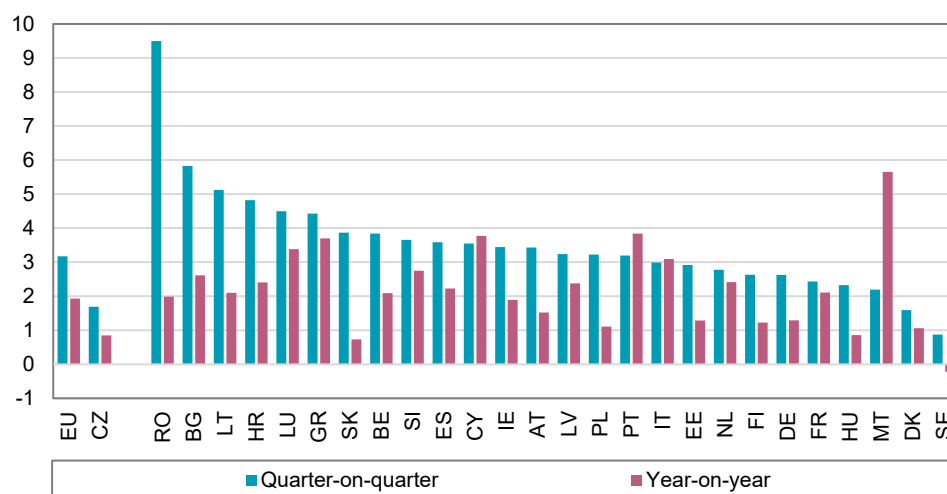
Above-average growth of prices of services continued.

Divisions alcoholic beverages and tobacco and restaurants and hotels continued to have a significant impact in the direction of year-on-year growth of consumer prices. Price dynamics also remained above the total average in other divisions including services such as insurance and financial services and personal care and social protection, miscellaneous goods and services. The strengthening of year-on-year growth of prices of recreation, sport and culture was mainly influenced by package holidays and tours (3.3%) and products for gardens, plants and pets (prices shifted from decline to growth of 0.7%). In addition, prices of durable goods for recreation (10.1%) and cultural services (7.7%) rose strongly, year-on-year.

Food prices fell, year-on-year.

The only divisions where prices fell, year-on-year, in Q2 were food and non-alcoholic beverages and clothing and footwear. In the case of food and non-alcoholic beverages, it presented the first year-on-year decrease in almost five years, and the decrease involved most of the groups in the division. There was a clear connection with the development of agricultural producer prices. The prices of oils and fats (−17.1%) kept the biggest plunge and the decrease of prices of milk, dairy products and eggs (−5.1%) deepened. The total decrease of food prices was also influenced by a decrease of prices of fruit and nuts (−4.3%) and meat (−2.0%). Only the prices of sugar and confectionery (1.8%) increased, followed by fish and seafood (0.7%).

Chart 11 Harmonised index of consumer prices in the EU in Q2 2026 (in %)



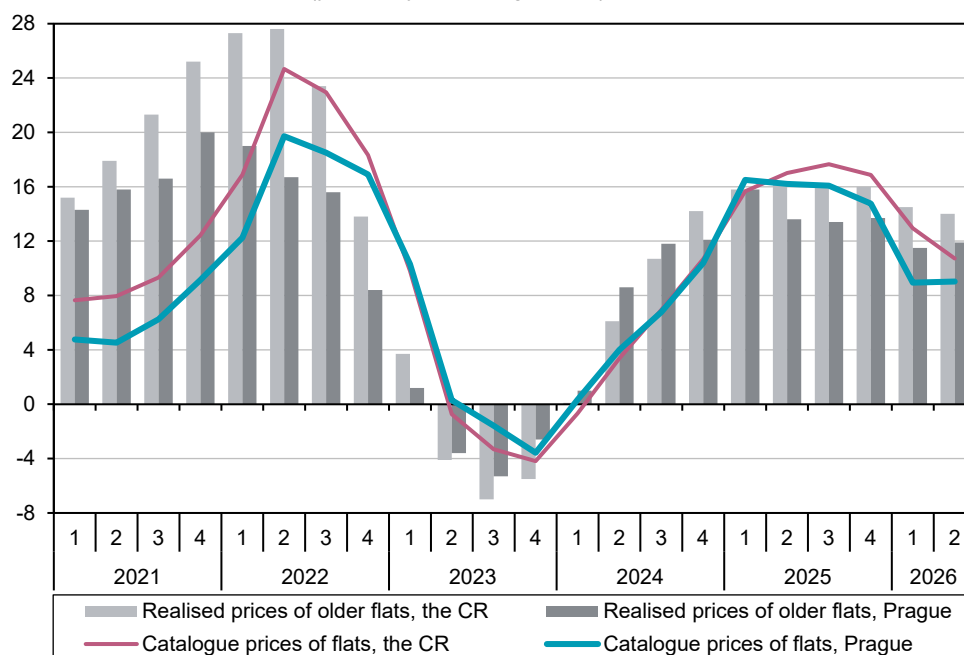
Source: Eurostat

⁶⁹ 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/methodological-note-to-consumer-price-index-imputed-rentals>.

Consumer price growth in the EU has accelerated under the influence of transport prices.

The quarter-on-quarter increase of the Harmonised Index of Consumer Prices (HICP)⁷⁰ in the EU was 1.9%. Prices in all classification divisions were higher, quarter-on-quarter, in Q2. The strengthening of HICP dynamics was mainly related to a sharp increase of transport prices (4.4%), but there were also a significant increase of prices of restaurants and hotels (3.3%) and clothing and footwear (7.9%). Prices of recreation, sport and culture (1.7%), housing and energies, insurance and financial services, and personal care and social protection, miscellaneous goods and services (all by 1.1%) also increased by more than 1.0%, quarter-on-quarter, in the EU, reflecting persistent inflationary pressures in services. With the exception of Sweden (−0.2%), consumer prices increased, quarter-on-quarter, in the EU as a whole. At the same time, the Czech Republic achieved the second lowest price growth in the EU (0.8%, the difference between the HICP and the published consumer price index is due to the absence of imputed rents in the HICP). Year-on-year consumer price growth in the EU strengthened to 3.2% in Q2 (from 2.3% in the previous quarter). The highest increases were recorded for transport prices (6.4%), education (4.7%), alcoholic beverages and tobacco, and restaurants and hotels (both by 4.0%). In terms of year-on-year HICP growth, the Czech Republic was one of the countries with the lowest year-on-year growth (1.7%, the third lowest in the EU).

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



Source: CZSO

Growth in catalogue prices of dwellings slowed down.

Catalogue prices of dwellings in the Czech Republic increased by 1.4%, quarter-on-quarter, and by 10.7%, year-on-year, in Q2. Growth slowed down compared to the previous quarter (2.7%, quarter-on-quarter, 12.9%, year-on-year), especially for dwellings outside Prague, where catalogue prices increased by 1.2%, quarter-on-quarter, and by 12.6%, year-on-year (after 17.7% from the previous quarter). In Prague, catalogue prices of dwellings increased by 1.6%, quarter-on-quarter, and by 9.0%, year-on-year, in Q2. On the contrary, quarter-on-quarter growth of realized prices of older dwellings in the Czech Republic strengthened to 3.2% in Q2 (year-on-year increase weakened to 14.0%). Realized prices outside Prague were higher by 3.3%, quarter-on-quarter (by 14.5%, year-on-year) and in Prague growth strengthened to

⁷⁰ 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.

2.6%, quarter-on-quarter and 11.9%, year-on-year. Realized prices of new dwellings (only for Prague) fell by 1.0%, quarter-on-quarter, in Q2 and there was also a significant drop in year-on-year growth to 3.1%.

5.2 Producer Prices

Industrial producer prices have started to rise again, year-on-year.

The sharp increase in the prices of some raw materials had already affected the end of Q1, but it did not fully affect industrial producer prices until Q2. Industrial producer prices rose by 2.2%, quarter-on-quarter, and by 1.3%, year-on-year, in Q2. The hike of crude oil prices (by 70.7%, quarter-on-quarter, and by 50.2%, year-on-year) had a key impact on the strengthening of the dynamics of mining and quarrying prices (see Table 10, prices rose, year-on-year, for the first time since the end of 2023 here). Growth of prices of other mining, which mainly includes various building materials, also accelerated. So far, the significant increase of prices has been limited to crude oil, so the situation for natural gas has been stable (prices increased by 1.0%, quarter-on-quarter). Prices of electricity, gas, steam and air conditioning also maintained a year-on-year decline in Q2 and also decreased, quarter-on-quarter.

Table 10 Development of industrial producer prices (in %)

	year-on-year				quarter-on-quarter			
	Q3 25	Q4 25	Q1 26	Q2 26	Q3 25	Q4 25	Q1 26	Q2 26
TOTAL	-1.0	-1.5	-2.3	1.3	-0.4	-0.2	-0.2	2.2
MINING AND QUARRYING	-4.3	-4.2	-1.0	2.0	-0.4	-0.4	0.3	2.6
MANUFACTURING	-0.3	-0.9	-0.8	3.2	-0.4	-0.6	0.6	3.5
Food products	3.4	1.3	-2.4	-4.2	0.4	-1.4	-2.6	-0.5
Beverages	-0.3	0.0	0.9	1.6	-0.2	0.6	0.8	0.3
Textiles	1.7	0.5	-1.8	-1.7	-0.4	-0.4	-1.4	0.4
Wearing apparel	4.4	3.6	2.3	2.0	-0.2	0.3	1.7	0.2
Leather and related products	1.5	1.5	0.3	0.1	0.0	0.0	0.0	0.1
Wood and products of wood and cork	4.9	7.5	10.0	9.4	0.5	2.9	3.0	2.6
Paper and paper products	-0.9	-3.7	-3.8	-3.4	-0.1	-1.4	-1.9	0.0
Printing and recording services	-4.4	0.2	3.9	6.4	-0.2	1.9	2.6	2.0
Chemicals and chemical products	-7.1	-8.1	-9.1	13.0	-2.8	-2.0	-0.4	19.1
Basic pharmaceutical products	3.4	3.1	2.5	3.1	-0.3	0.3	1.7	1.4
Rubber and plastic products	0.2	-1.3	-1.1	2.5	-1.6	-0.9	0.3	4.8
Other non-metal mineral products	2.1	2.3	2.3	4.0	0.4	0.1	1.0	2.3
Basic metals	-2.9	-2.7	0.0	2.9	-0.1	-1.3	0.9	3.5
Fabricated metal products, except machinery and equipment	-0.6	-0.9	-1.3	-0.2	-0.8	-0.4	-0.2	1.3
Computer, electronic and optical products	0.4	-1.7	-0.4	-0.4	-1.3	-0.6	2.4	-0.9
Electrical equipment	-1.7	-2.0	-0.8	1.3	-1.2	-0.2	0.9	1.9
Machinery and equipment, n.c.e.	0.5	0.0	0.4	0.8	-0.4	-0.4	1.5	0.2
Motor vehicles (excl. motorcycles) and parts	-1.1	-2.0	-2.2	-1.6	-0.9	-0.7	0.1	-0.0
Other transport equipment	4.2	4.2	2.4	0.9	0.0	0.0	1.1	-0.2
Furniture	3.6	3.2	3.0	2.2	0.3	0.1	1.4	0.3
Other manufacturing products	0.6	1.7	1.0	2.2	0.4	0.7	0.1	0.9
Repair and installation services of machinery and equipment	4.0	3.9	3.9	4.0	0.4	0.1	2.5	1.0
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING	-3.2	-3.8	-7.9	-5.6	-0.7	1.2	-3.5	-2.7
WATER SUPPLY AND RELATED SERVICES	4.1	4.1	3.9	3.9	0.0	0.0	3.9	0.0

Source: CZSO

Crude oil prices had a major impact on the development of prices in manufacturing.

Prices of manufacturing products and services began to rise again, year-on-year, thanks to a relatively significant quarter-on-quarter increase in Q2. However, the acceleration of dynamics was mainly influenced by several divisions, for which price developments are linked to crude oil prices. Prices of coke and refined petroleum

products rose strongly⁷¹. Year-on-year and quarter-on-quarter growth of prices of chemical substances and preparations accelerated to double-digit rates, while the dynamics of prices of rubber and plastic products, other non-metallic mineral products (including various building materials, such as asphalt, but also cement, lime and gypsum and their products) and basic metals also considerably increased in price. The divisions where prices increased significantly (especially quarter-on-quarter) in Q2 also included wood and wood and cork products, printing and recording services, electrical equipment, basic pharmaceutical products and preparations, and fabricated metal products. However, price developments were rather stagnant in a significant part of industrial production. This was the case for manufacturing of motor vehicles and parts, other transport equipment, or machinery and equipment. A decrease in prices was recorded for a minority of divisions. After a short-term fluctuation in Q1, prices of computers, electronic and optical appliances declined again, and the two previous slumps were followed by a slight decline of food products.

Industrial producer prices have been raised in the EU.

Industrial producer prices in the EU⁷² rose by 2.7%, quarter-on-quarter, and by 5.1%, year-on-year, in Q2. The increase strengthened significantly compared to the previous quarter, which was already affected by the crisis in the Middle East and the related increase of crude oil and gas prices. Growth of the prices of mining and quarrying (5.4%, quarter-on-quarter, and 8.0%, year-on-year) and manufacturing products and services (3.8%, quarter-on-quarter and 5.5%, year-on-year) strengthened. In addition to the increase of crude oil prices and the closely related production of coke and refined petroleum products, the cost shock was also reflected in quarter-on-quarter increases of prices of chemical substances and products, as well as in the manufacturing of rubber and plastic products. On the contrary, prices of electricity, gas, steam and air-conditioning decreased by 1.6%, quarter-on-quarter, and were higher by 4.1%, year-on-year. In most EU countries, industrial producer prices increased, quarter-on-quarter, in Q2. The exceptions were Estonia, Latvia, France, Bulgaria, Sweden, Finland and Luxembourg. The Czech Republic was slightly below the EU average with an increase of 2.2%.

The growth of the prices of material inputs to the construction industry accelerated.

The raised prices of some building materials related to the crisis in the Middle East was reflected in a significant acceleration in the quarter-on-quarter increase of prices of materials and products consumed in construction, which was estimated to have reached 4.2% in Q2. The year-on-year increase then rose to 5.9%. On the other hand, the dynamics of construction prices remained quite stable – according to estimates, prices were 1.0% higher in Q2 than in Q1 and increased by 3.6%, year-on-year.

Advertising services had a significant impact on the total growth of market services prices.

Despite a relatively strong quarter-on-quarter increase of 1.9%, the year-on-year increase of prices of market services weakened again to 3.1%. The significant quarter-on-quarter increase of prices was mainly influenced by a sharp jump of prices of advertising services and market research (17.7%). Year-on-year price dynamics weakened for a large part of services, while the transition from growth to decline in architectural and engineering activities, technical tests and analyses (–2.2%) had the greatest impact on the total index. A slowdown in advertising services and market research (15.7%), prices of warehousing and support activities for transportation (1.3%), computer programming, consultancy and related activities (2.5%) and programming and broadcasting activities (7.5%) also had an impact. On the contrary, prices of land and pipeline transport (1.6%) and telecommunications services (2.1%) acted in the direction of accelerating the year-on-year growth of market services prices in Q2. In addition to the above, prices of employment activities (8.3%), security and

⁷¹ Individual data

⁷² Without prices of water distribution and services associated with wastewaters.

investigation activities (6.2%) and information services (5.3%) also increased strongly, year-on-year.

Table 11 Development of agricultural producer prices (year-on-year in %)

	2024		2025				2026	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
TOTAL	-1.4	5.0	8.8	14.9	9.8	0.9	-8.1	-12.4
Crop products	-4.5	2.3	6.5	14.7	2.7	-5.9	-13.9	-12.1
Cereals	-8.9	-0.2	9.5	14.9	4.3	-7.0	-14.6	-16.1
Industrial crops	4.2	9.7	21.7	22.9	9.3	-7.6	-11.5	-10.1
Forage plants	11.0	7.5	-0.2	9.6	5.4	-1.9	-5.3	-8.2
Vegetables and horticultural products	-5.8	-3.8	-17.7	17.3	-7.7	0.0	-14.0	0.7
Potatoes (including seeds)	-21.3	-10.8	-18.3	-23.8	-20.7	-18.3	-23.8	-3.0
Fruits	32.4	31.4	25.6	28.3	8.2	-19.3	-36.7	-11.8
Livestock production	2.6	10.1	12.0	15.6	18.6	12.7	-1.7	-12.9
Cattle	8.3	13.6	20.1	28.0	38.9	39.8	30.5	10.7
Pigs and piglets	-8.8	-6.6	-11.1	-9.8	-5.3	-13.1	-17.8	-18.8
Poultry	-7.2	-0.7	2.6	6.0	11.3	11.9	9.3	4.8
Milk	10.5	17.8	17.9	19.7	19.7	10.3	-11.4	-24.3
Eggs	-14.1	10.3	25.1	41.8	43.4	35.4	21.2	4.6

Source: CZSO

The year-on-year decrease of agricultural producer prices deepened.

The year-on-year decrease of agricultural producer prices deepened to 12.4% in Q2. Crop production prices maintained a double-digit slide. With the exception of vegetables and horticultural products (see Table 11), other parts of crop production showed a year-on-year decline of prices. As regards cereals, the prices of wheat (-17.9%), barley (-14.0%), corn (-13.9%) and oats (-12.4%) fell the most. The decrease of oilseeds prices was influenced by rapeseed (-9.4%), however also by a significant deepening of the fall of poppy seeds prices (-19.8%). The decrease of potato prices moderated significantly compared to the previous quarter due to the entry of new consumer production. The year-on-year decrease of prices of livestock production sank significantly in Q2, and this had a key impact on the total development of agricultural producer prices. The significant year-on-year decrease of prices of pigs and piglets continued, however the growth of prices of other animals – cattle (bulls, heifers and calves) and poultry – also moderated. The year-on-year decrease in Q1 was followed by a further deepening of the decrease of milk prices, and egg price growth also moderated significantly.

5.3 International Trade Prices

International trade prices were significantly affected by the increase of crude oil prices.

The increase of crude oil prices also had a significant impact on international trade with goods. The quarter-on-quarter increase of prices of exports of goods accelerated to 2.4% in Q2 and prices rose by 0.7%, year-on-year, for the first time since Q1 2025. The exchange rate of the koruna against the euro and the dollar strengthened, year-on-year⁷³, which had an anti-inflationary effect on the year-on-year growth of international trade prices. On the export side, the impact of crude oil prices was evident mainly in the acceleration of quarter-on-quarter growth of product prices in manufacturing (see Table 12), while export prices in mining and quarrying returned to decline and prices of electricity, gas, steam and air-conditioning were also lower. Among other divisions of manufacturing, the quarter-on-quarter and year-on-year increase of prices of coke and refined petroleum products and chemical substances and preparations stood out. A significant quarter-on-quarter increase of prices was also recorded in Q2 in the case of basic metals, textiles, wood and wood products, computers, electronic and optical

⁷³ Based on the CNB data, the average koruna foreign exchange per euro reached 24.298 CZK/EUR in Q2 2026 compared to 24.328 CZK/EUR in Q1 2026 and 24.921 CZK/EUR in Q2 2025. The koruna foreign exchange per dollar attained 20.899 CZK/USD in Q2 compared to 20.790 CZK/USD in Q1 2026 and 21.985 CZK/USD in Q2 2025.

appliances, rubber and plastic products, fabricated metal products and electrical equipment. Quarter-on-quarter prices decreased only for a minority of products.

Table 12 Development of prices of international trade with goods in Q2 2026 (in %)

	Quarter-on-quarter			Year-on-year		
	export	import	terms of trade	export	import	terms of trade
TOTAL	2.4	4.7	97.8	0,7	2.8	98.0
PROD. OF AGRICULTURE, FORESTRY AND FISHING	-0.2	-2.3	102.1	1,7	5.3	96.6
MINING AND QUARRYING	-0.7	25.8	78.9	-3,9	21.5	79.1
MANUFACTURING PRODUCTS	2.6	3.5	99.1	0,2	1.4	98.9
Food products	-0.3	-1.9	101.6	-7,8	-9.2	101.6
Beverages	0.1	-0.1	100.2	-5,6	1.6	92.9
Textiles	3.8	1.3	102.5	-0,6	-3.5	103.0
Wearing apparel	-0.3	-1.9	101.6	-1,5	-9.0	108.3
Leather and related products	-2.1	0.1	97.8	-4,0	2.4	93.8
Wood and products of wood and cork, except for furniture	3.5	2.9	100.6	5,5	2.3	103.1
Paper and paper products	0.7	2.8	97.9	-6,4	-2.5	96.0
Coke and refined petroleum products	35.1	45.1	93.1	43,2	59.9	89.6
Chemicals and chemical products	15.0	11.6	103.0	7,0	7.5	99.5
Basic pharmaceutical products	1.2	0.3	100.9	-1,0	0.8	98.2
Rubber and plastic products	2.4	2.6	99.8	-1,3	1.2	97.5
Other non-metallic mineral products	0.7	1.0	99.7	-1,7	-1.8	100.1
Basic metals	5.3	5.1	100.2	2,9	6.9	96.3
Fabricated metal products, except machinery and equipment	2.3	1.1	101.2	-2,1	-0.8	98.7
Computer, electronic and optical products	3.4	6.0	97.5	2,9	2.8	100.1
Electrical equipment	2.0	0.6	101.4	1,4	-1.2	102.6
Machinery and equipment, n.c.e.	1.0	0.4	100.6	0,1	-3.4	103.6
Motor vehicles (excl. motorcycles) and parts	0.5	0.5	100.0	-1,2	-1.1	99.8
Other transport equipment	-0.2	-1.2	101.0	-4,7	-2.6	97.9
Furniture	-0.6	0.0	99.4	-4,5	1.5	94.1
Other manufacturing products	1.3	-0.6	101.8	-2,8	-5.3	102.7
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING	-2.4	-4.5	102.2	15,5	27.9	90.3
WATER SUPPLY AND RELATED SERVICES	8.7	x	x	4,0	x	x

Source: CZSO

The terms of exchange of international trade with goods were negative.

Import prices rose more sharply than export prices in Q2, reflecting a more significant role of raw materials in the total composition of imports. Quarter-on-quarter, prices of imports of goods were higher by 4.7% and 2.8%, year-on-year. Under the influence of crude oil and natural gas, import prices in mining and quarrying increased sharply. On the contrary, prices of electricity, gas, steam and air-conditioning declined, quarter-on-quarter. Prices of manufacturing products were higher and the dynamics within the division were similar to exports – prices of coke and refined petroleum products and chemical substances and preparations hiked up, and prices rose at least slightly in most other divisions. Quarter-on-quarter terms of international trade with goods reached 97.8%, reflecting in particular the significantly negative result in mining and quarrying. However, trade with manufacturing products (mainly coke and refined petroleum products) were also slightly negative. By contrast, quarter-on-quarter terms of trade with electricity were positive. Year-on-year terms of trade reached 98.0% and were negative for the first time since Q4 2022. Relations of trade with products of agriculture, forestry and fishing, mining and quarrying, products of manufacturing and electricity, gas, steam and air-conditioning were negative.

6. Labour Market

6.1 Employment and unemployment

Employment and unemployment increased slightly. Wage growth maintained a brisk pace owing to more significant imbalances on the labour market. The purchasing power of wages gradually approached the level of 2021.

The effects of last year's mild acceleration of economic growth were gradually reflected on the labour market. Moderate growth of the number of employees and self-employed persons persisted, with the focus continuing to be on services, where the supply of part-time work was also expanding more. Higher investment activity in the economy was reflected in employment in construction. By contrast employment positions were declining in industry and the primary sector of the economy. The inflow of workers from abroad, in addition to Ukraine, also from distant Asian countries continued to increase in intensity. Firms' expectations for employment improved over the summer, and the impact of external geopolitical turbulence had not yet been very evident in this area. Unemployment, including its long-term component, continued to rise slightly. The supply of job vacancies rather stagnated and a long-term noticeable structural mismatch between supply and demand persisted. Nominal wages grew steadily, often more rapidly in many low-wage branches. The stabilisation of the price level in the economy led to rapid growth of real wages, which was evident in all major branches in H1 2026. The purchasing power of gross employment earnings still lagged slightly below the level of 2021.

Moderate quarter-on-quarter employment growth accelerated this year. The number of workers in the Czech Republic has again moved to an all-time high.

Moderate employment growth also continued at the beginning of this year. The total number of employees⁷⁴ increased by 0.1%, quarter-on-quarter, in Q1 2026, continuing the weak dynamics from last year. However, the pace accelerated markedly to 0.9% in Q2, mainly due to the improved situation in industry and growing demand for advanced business services (concentrated mainly in professional, scientific, technical and administrative activities). However, the number of workers increased in almost all major branches. Employment in the total economy currently reached a record 5.60 million people and was already 4.2% higher (+224 thousand) compared to the peak value from the last boom period (Q4 2018), which was related, among other things, to the development of public services⁷⁵.

The slight year-on-year growth of the employment was mainly due to employees, but also small entrepreneurs, whose role increased in a number of market services branches.

Total employment increased by 1.3%⁷⁶, year-on-year, in H1 and it strengthened almost identically throughout last year. Two-thirds of the current growth was contributed by employees (+49 thousand, +1.0%), nevertheless the number of self-employed increased at a relatively stronger pace (+2.7%), which was true for most of the period after the pandemic subsided. From the branches' point of view, public services⁷⁷ continued to have a crucial impact on the total employment dynamics in the economy. This is because 2.3% more people worked in them, year-on-year, and all branches contributed to this increase, the highest in the last four and a half years (mostly human health and social work together with education). Employment also increased at the same pace in long-term developing professional, scientific, technical and administrative activities, this year largely thanks to the unprecedentedly strong growth of the self-employed⁷⁸. This segment also significantly

⁷⁴ 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.

⁷⁵ 13% (+135 thousand) more people were employed in the public administration and defence, education, human health and social care activities in Q2 this year compared to the end of 2018. An increase in professional, scientific, technical and administrative activities (+10%), information and communication activities (+23%) and real estate also had a significant impact. Of the traditional sectors of material production, only employment in construction increased (+10% and +39 thousand persons, respectively), while the number of workers in industry decreased significantly (-7%, -102 thousand).

⁷⁶ This year's employment growth in the Czech Republic, as in the whole of last year, was more rapid than in the EU. It was only 0.5% in the EU in H1 2026, also due to the persistent fall in Germany (-0.5%) and Romania (-1.3%). Among the Central European countries, only Poland (+0.8%) recorded further growth. The number of workers increased at a higher rate to that in the Czech Republic only in six member states – e.g. Italy (+1.3%) and Spain (+2.3%). The year-on-year development of employment in terms of branches in the EU was very similar to that in the Czech Republic – total growth was driven by the vast majority of services (except ICT) and construction. The decline affected industry (-0.5%) and the primary sector of the economy (-3.0%).

⁷⁷ For simplification consist of economic group public administration and defence, education, human health and social work activities.

⁷⁸ Their number increased by 8.3% in H1 (the highest since 2003), which contrasted with a weak increase for employees (+0.3%). It cannot be ruled out that there was a transition of people between these forms of employment. A similar process seems to be taking place in the financial sector in recent years.

Employment growth in public services was the highest in the last 4.5 years. More advanced business services, real estate and tourism-related industries also did well.

supported growth in the diverse sector of other activities⁷⁹ (+3.7%) and also contributed to a slight recovery of total employment in financial and insurance activities (+2.6%). On the contrary, in fact, only employees contributed to an increase in the number of employees in the relatively small and specific real estate sector (+5.8%)⁸⁰. The increase of workers rose very gradually in the remaining service areas. Growth slowed down to 0.8% in the grouping trade, transport, accommodation and food service activities this year, i.e. the slowest pace in the last three and a half years. On the one hand, tourism-related activities continued to develop here, but at the same time, there was no increase of jobs in the more important segments (trade, transport and storage). In addition, growth in this group continued to be driven only by employees (the number of self-employed persons stagnated and still lagged behind the 2019 level). In information and communication, total employment increased by 1.3%, nevertheless it was the slowest pace in H1 this year in the last eleven years⁸¹.

Employees contributed mainly to the rapid growth in construction this year. Employment in manufacturing and agriculture continued to decline slightly.

Outside the services sector, the number of workers increased (similarly to the total for the whole of last year) mainly in construction (+2.4%) this year. While the growth in 2025 was significantly aided by small entrepreneurs, it was largely driven by the employees themselves, whose growth rate was among the highest in the “post-pandemic period” this year. A slight but longer-term decline of employment continued in manufacturing (by 0.5%, year-on-year, in H1). This did not avoid even the most traditional export sectors. A sign of stabilisation or a slight recovery can be observed in the small business segment⁸². Employment increased slightly (+2.5%) in other industry, as the effects of the deep downturn in mining and quarrying were offset by growing employment in the energy sector and in water and waste management. The number of workers decreased by 2%, similarly to last year in the primary sector of agriculture, forestry and fishing, mainly due to a more pronounced decline in the important category of self-employed. The sector as a whole continued to struggle with increased cost pressures and increasing import competition, which had a negative impact on the profitability of a number of types of agricultural and crop production.

The number of hours worked continued to grow more rapidly than the physical number of employees in most branches.

The year-on-year growth of the total number of hours worked⁸³ in the economy rose in H1 this year by the highest pace since the end of 2022 (+2.7%⁸⁴). As in previous years (since the retreat of the COVID-19 pandemic), the number of hours has grown faster than the number of employed persons (in natural persons). From the point of view of the main branches, this disproportion is particularly evident in construction this year (where hours worked have grown at more than twice the rate of employment⁸⁵), and to a lesser extent in most other areas of the economy, with the exception of some smaller service branches (e.g. real estate activities). This may be related to the lack of manual workers (regardless of qualifications), but also of specialists on the market.

The year-on-year strengthening of hourly

The moderate year-on-year growth of hourly labour productivity⁸⁶ in the domestic economy, which resumed last year after a three-year hiatus, did not continue in H1 2026 (−0.8%). Of

⁷⁹ 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).

⁸⁰ The high rate of employment may also be related to more frequent changes in the classification of enterprises (their classification into the branch takes into account the predominant activity on the basis of preliminary sales data, which can then be refined using more detailed data).

⁸¹ In a dynamically changing technological environment, ICT areas, as well the financial and insurance sectors, face challenges in maintaining competitiveness and high productivity while effectively using the relatively costly and not always easily accessible work of specialists.

⁸² The number of self-employed persons in manufacturing increased by 1.2%, year-on-year, in H1.

⁸³ The data are based on the national accounts' conception and seasonally adjusted.

⁸⁴ Compared to H1 2019, the number of hours worked in the economy was higher by 5.1% this year, of which the number of self-employed was 7.1%. An analogous increase was 4.1% for the number of manual workers, of which 6.1% for the self-employed. This year's rapid total growth of hours worked in the economy was also supported by an increase of work on contracts (agreement to complete a job, to perform work). According to the CZSO's experimental statistics, the number of hours worked in this way increased by 14%, year-on-year, in H1 this year (it also increased at a slightly higher pace throughout last year).

⁸⁵ Of these, the year-on-year growth of the number of self-employed persons was 9.1% (with an increase in the number of physical employees by 1.2%).

⁸⁶ It expresses seasonally adjusted GDP or gross value added at the level of individual branches (at comparable 2020 prices) per hour worked by persons in paid employment (after seasonal adjustment).

labour productivity has halted this year. However, the favourable development continued in manufacturing.	the market sectors, advanced business services and construction had the most significant effect against the strengthening of productivity. Information communication activities in particular had the opposite effect. Productivity growth also continued in manufacturing (+0.5%), trade, transport, accommodation and food service activities (+0.4%) and the primary sector of the economy (+1.8%). Compared to the pre-crisis year of 2019, the current level of labour productivity in total economy was 2.4% higher. This was mainly due to manufacturing (with an increase of 11%) and information and communication activities (+26%), followed by financial and insurance activities or the primary sector of the economy. Labour productivity per worker (in natural persons) increased by 0.6%, year-on-year, in the total economy in H1. Its growth thus continued, albeit at a slower pace than in the whole of last year.
Labour productivity per worker continued to grow very slightly.	
The rapid growth of the number of working foreigners in the Czech Republic continued. Their increase was still driven mainly by Ukrainian citizens, while the number of Slovaks and Filipinos also increased.	Due to demographic ageing and the long-term persistence of low birth rates, the domestic labour market is struggling with a low supply of available labour force ⁸⁷ . This, together with the growing pressure of companies to optimise production costs, is stimulating the demand of domestic employers for workers from abroad. Legislative changes reducing administrative demands in this area have helped to facilitate the employment of foreigners in the recent period. The long-term influx of foreign workers to the Czech Republic has therefore continued. According to the current qualified estimates of the Ministry of Labour and Social Affairs, a record 957 thousand of them were registered at labour offices in the dominant group of employees in March this year. This was 11.5% more ⁸⁸ , year-on-year, and the growth rate accelerated slightly. Traditionally, the largest year-on-year increase was recorded in the number of citizens of Ukraine (+62 thousand to 374 thousand, in that females +30 thousand, to 199 thousand), followed by Slovakia (+14 thousand, to 230 thousand), the Philippines (+4.4 thousand, to 14.9 thousand) and Vietnam (+2.3 thousand, to 23.5 thousand). Of the more important groups of foreigners, the number of citizens of India, China, Kazakhstan, Uzbekistan and Azerbaijan grew rapidly (between 11 and 17%). On the contrary, in a number of large groups of workers from relatively poorer countries of Central and Eastern Europe – mainly from Poland, Bulgaria, Romania – their number grew minimally (up to 3%) or even slightly decreased ⁸⁹ . This is related to the gradual equalization of the wage level in this region.
The influx of people from some Asian countries accelerated. The number of workers from Central and Eastern Europe increased only moderately or even decreased.	A third of all foreigners in employment status in the Czech Republic were registered in Prague in March this year (together with the “ <i>Středočeský</i> region”, half of them). Year-on-year, the number of foreigners increased in all regions – most in the “ <i>Olomoucký</i> region” (+18%), Prague (+14%), the least in the “ <i>Liberecký</i> region” (+8%), “ <i>Plzeňský</i> region” and “ <i>Středočeský</i> region” (both +9%). Males were not prevailing among employees with foreign citizenship only in the “ <i>Karlovarský</i> region”.
The number of foreigners holding employment position has noticeably increased in all regions.	
The employment rate increased slightly. The impact of the improved performance of the economy and the faster	According to data in the LFSS, the employment rate of persons aged 15 to 64 rose to 76.1% in Q2 this year. Year-on-year, it increased slightly by 0.4 p. p. (it grew comparably on average in the two previous years), without a significant difference in dynamics between males and females, whose employment reached 80.4% and 71.7% ⁹⁰ , respectively. The

⁸⁷ According to the LFSS data, the number of economically inactive persons who are not looking for work, but state their willingness to work, reached 73 thousand in Q1 this year, down 8%, year-on-year (and the decrease was as much as 28% in the last five years). In addition, however, only less than a fifth of this number was able to start work immediately (within 14 days) - a significant part of the potential labour reserves comprises of students and women on parental leave.

⁸⁸ In addition, the Ministry of Industry and Trade registered 145,000 foreign nationals with trade licenses in the Czech Republic in the same period (a tenth more, year-on-year). Ukrainians accounted for two-thirds of this growth, with 51,000 doing business in the Czech Republic, followed by Slovaks (28,000), Vietnamese (21,000) and Russians, Romanians, Germans and Poles with a significant distance.

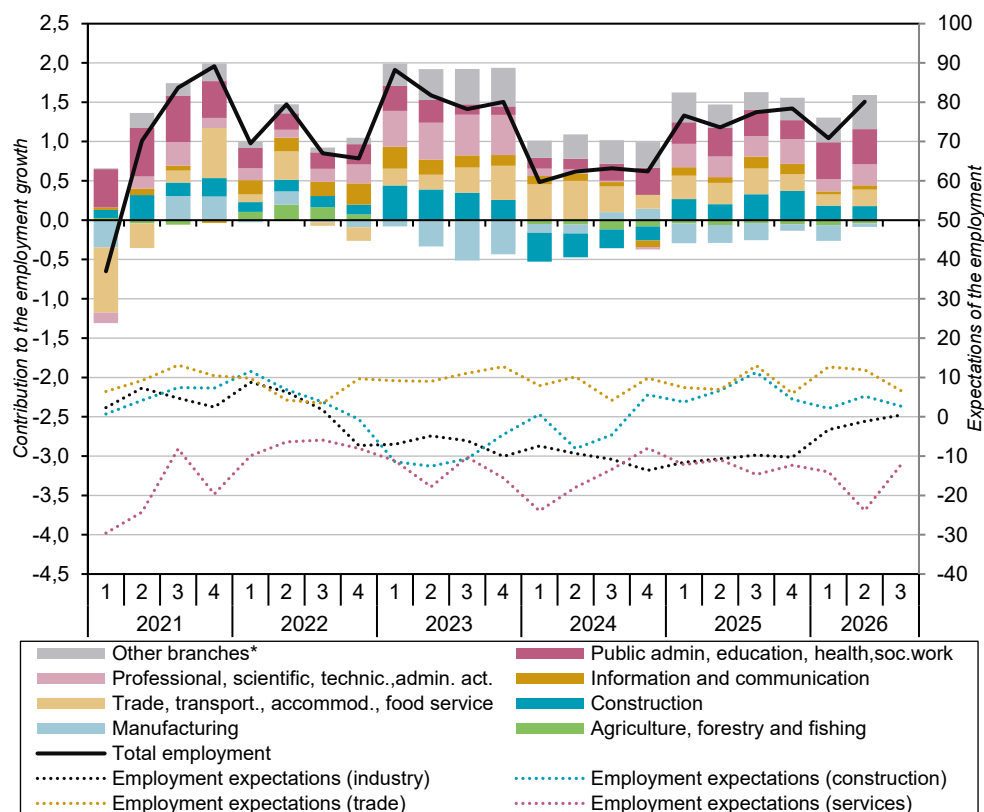
⁸⁹ This concerned, for example, citizens of Macedonia, Serbia, Bosnia and Herzegovina or Belarus.

⁹⁰ The Czech Republic has long been one of the countries with a high employment rate within the EU. According to the latest data for Q1 2026, this rate was the fifth highest in the Union for males aged 15 to 64 years (it exceeded the EU average by 5.1 p. p.) and the eleventh highest for females (+4.4 p. p.). However, the Czech Republic clearly lagged behind the Netherlands, which achieves the highest employment among the member states (by 5.3 p. p. for males and 7.6 p. p. for females). Among the member states that joined the EU only after 2000, the Czech Republic was surpassed only by some small economies (Malta, Cyprus) and by the Baltic States for females. In terms of age, the total employment rate in the Czech Republic is lower than in the EU only for persons aged 15 to 24 years, but also for females in the 25-39 age group.

expansion of part-time work became apparent.

employment rate increased in the vast majority of cohesion regions⁹¹, with the exception of the Northwest area, where it also reaches the lowest level (72.7%, while Prague has the highest level in the long term: 79.9%). Its current development at the national level is reflected in the slightly accelerating growth of the economy, the steadily increasing retirement age, as well as the expanding offer of part-time work, which is used by women in three quarters of cases in the Czech Republic. In Q2, 16.0% of employed females (and 5.4% of males) already used this form of work, and the year-on-year growth of the number of people with these jobs accelerated to 9.9% (twice as much as last year's average)⁹².

Chart 13 Decomposition of year-on-year change in total employment (contributions of branches to growth, p. p.), **expectations of employment** (balance in p. p.)



* Mining and energetics; Financial and insurance activities; Real estate activities; Arts, entertainment and recreation activities.
 Note: Balance of expectations expresses the difference in p.p. between categories growth vs. decrease of own employment in the nearest three months. The data are seasonally adjusted and express the average for the total quarter, for the last period the average for the first two months.
 Source: CZSO (national accounts), Eurostat (business cycle surveys)

Short-term employment expectations of companies have increased this summer. They were still the most favourable in construction and trade.

Short-term expectations of domestic businesses in terms of their own employment⁹³ improved at the very beginning of this year, reaching their highest level in three and a half years in March (and their level was in line with the long-term average). Expectations subsequently deteriorated slightly due to external shocks related to the worsening geopolitical situation (businesses in services experienced more movement), nevertheless they returned to the level of the beginning of this year during the summer holidays. The greatest optimism in the employment area was maintained in construction in Q3, which contrasted with a significantly more cautious outlook in a number of service

⁹¹ These are regions at the NUTS-2 level (according to the EU nomenclature). As of this year, quarterly data from the LFSS are available only at this (and not the previously published) regional level (NUTS-3).

⁹² Females accounted for 80% of the year-on-year increase of the number of part-time workers in Q2 2026 (+49 thousand), mainly by strengthening these job contracts in the youngest working group (persons aged 15–24 years) and the oldest group (persons aged 60 years and over). This was also 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 job contracts from 2023 onwards (in particular in the form of a discount on employers' insurance 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).

⁹³ Unless otherwise stated, seasonally adjusted data are also used.

The lack of free labour force significantly limits the development of construction; however, it is also reflected in some areas of services.

sectors⁹⁴. In industry, expectations have been steadily improving since the beginning of the year. Naturally, significant differences persisted within sub-sectors⁹⁵. The share of companies for which labour shortages represent one of the significant growth barriers⁹⁶ was also the highest in construction (41%) at the beginning of Q3 2026. The opposite was true in services (12%) and industry (13%), where the role of this barrier increased very slightly, year-on-year, while the opposite was true in construction. Nevertheless, there were a few mostly smaller sectors of industry and services in which labour shortages represented the main growth barrier⁹⁷.

The general unemployment rate continued to rise slightly. The number of long-term unemployed also increased.

The general unemployment rate⁹⁸ has started to increase slightly since last spring after stagnating in 2024. Unemployment of persons aged 15–64 years thus stood at 3.4% in July this year (males: 2.8%, females: 4.0%). Total 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 0.3 p. p., year-on-year, with growing at a slightly higher pace for females. The number of long-term unemployed grew faster (by 14 thousand, year-on-year, in H1 to 53 thousand), nevertheless they still accounted for less than a third of all unemployed (which is not out of step with the long-term and international context). On the positive side, hidden unemployment (in the form of a temporary “escape” into economic inactivity) is not increasing significantly⁹⁹.

Unemployment in the EU stagnated, year-on-year. Among the member states, it reached a minimum in the Czech Republic and a maximum in Finland.

Despite its moderate growth, unemployment in the Czech Republic remains low from a historical and international point of view. The unemployment rate for persons aged 15 to 74 years reached 6.1% in the EU in July (males 5.9%, females 6.3%) and continued to stagnate, year-on-year. Total unemployment in the Czech Republic (3.3%) was at a minimum among the member states, but seven countries had a better position among females (led by Bulgaria and Poland, where unemployment was lower by 0.7 p. p. compared to the Czech Republic). In Germany it reached in total 4.0% and 5.7% in Slovakia, and in both cases, it increased slightly, year-on-year (+0.2 p. p.). Unemployment peaked in Finland at 10.5% (+0.6 p. p.) and Spain (10.0%) was also hit hard, however there was a slight improvement (–0.6 p. p.) thanks to decent economic growth. The relatively difficult situation continued in Sweden (8.6%) and France (8.3%).

The year-on-year growth of the number of registered job applicants slowed down this year. Unemployment increased in all regions.

Even data from labour offices do not yet indicate a significant cooling of the domestic labour market. The seasonally unadjusted share of registered job applicants in the total population aged 15 to 64 years reached 5.0% at the end of July this year (males: 4.4%, females: 5.5%). This share has been increasing, year-on-year, for more than two and a half years, but this year the growth of unemployment slowed down for the sixth month in a

⁹⁴ According to the August Business Survey, 19% of companies in services expected (without taking into account seasonality) to reduce the number of employees in the three-month horizon, about a tenth in industry and construction (but only 7% in trade). On the contrary, the intention to increase the number of employees was most evident in construction (14%), followed by a slight distance in industry (11%), trade (10%) and services (8% of companies).

⁹⁵ Businesses in a third of *manufacturing industries* expressed predominantly negative expectations of employment in August this year. The worst prospects were held in metallurgy, electronics and mechanical engineering, and among smaller sectors in leather, woodworking and paper industries. On the contrary, positive outlooks persisted mainly in electrical engineering, metalworking industry, repair of machinery and equipment, other industries (e.g. production of sporting goods), food, pharmaceutical and printing industries. Negative expectations also prevailed in a third of sub-sectors *in services* – mostly in telecommunications, financial, advertising industries, veterinary activities and some administrative and support service activities. By contrast, optimism prevailed in information activities, legal and accounting activities, activities of head offices and management consultancy activities, activities of employment placement agencies, land transport, warehousing, and security and investigation activities.

⁹⁶ Businesses could have stated multiple barriers simultaneously.

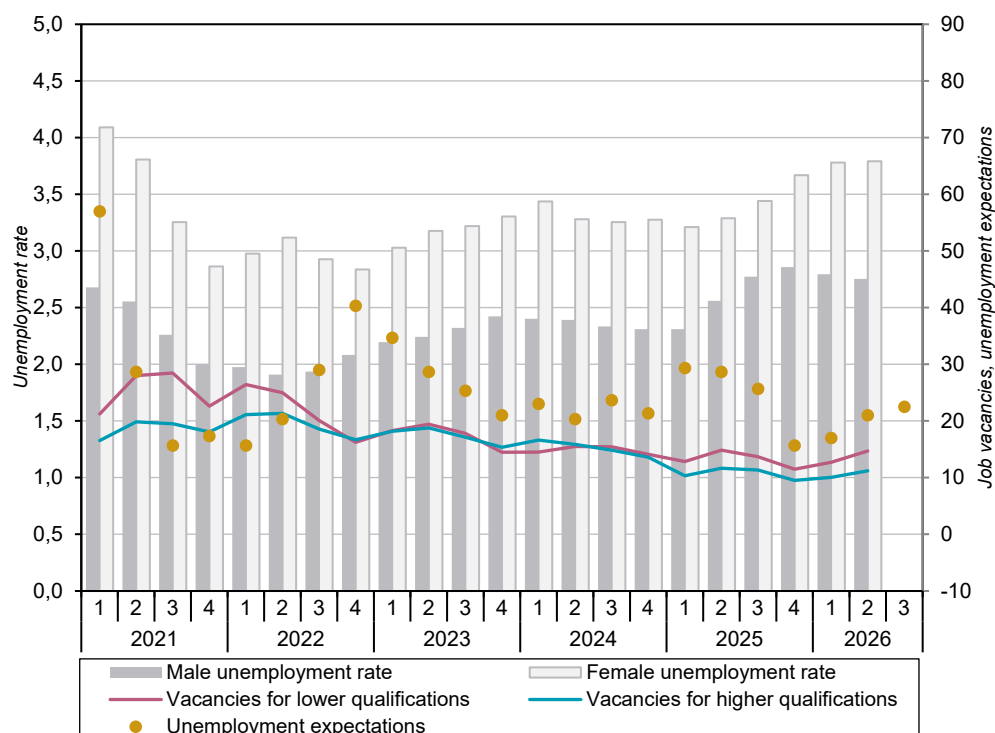
⁹⁷ These included the manufacturing of other transport equipment, repairs of machinery and equipment, as well as other industries (e.g. manufacturing of sporting goods, games and toys, etc.). The services included land transport, food service and restaurants, architectural and engineering activities, security and investigation activities, cleaning activities, employment placement agencies and the provision of other personal services.

⁹⁸ 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.

⁹⁹ The number of economically inactive persons who are not actively looking for work, however at the same time state their willingness to work, reached 76 thousand in H1 this year, and this group decreased by 5 thousand, year-on-year.

row (to +0.5 p. p.)¹⁰⁰. Unemployment has traditionally been significantly regionally differentiated¹⁰¹. The current increase of registered job applicants may be related (apart from normal seasonality) and ongoing structural changes in the economy to higher activity of labour offices in the field of counselling and retraining, as well as to more flexible options for their contact (digitally at a distance). It cannot be ruled out that people may have already been more courageous to change unsatisfactory jobs (e.g. with motivation to gain higher earnings or increased support in the first months of unemployment, which has been in force since January 2026).

Chart 14 General unemployment rate (in %, age 15 to 4 years), unemployment expectations of households* (in p. p.), job vacancies (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). It expresses the monthly average for the entire quarter, and for the last period, the average for the first two months.

** Only job vacancies (balance at the end of quarter) with a registration period of up to six months are included.

Vacancies for lower qualifications include positions requiring secondary education without A-level examination.

Vacancies for higher qualifications include secondary education (with A-level examination) or tertiary education.

Source: CZSO (LFSS, business cycle survey), MLSA (job vacancies registered at labour offices in the CR)

The supply of vacancies through labour offices increased slightly, year-on-year. However, the pressure of applicants for jobs increased slightly.

The labour offices registered 100.9 thousand vacancies at the end of April this year (in principle, only vacancies with a registration period of less than six months) and their number expanded, year-on-year, for the second month in a row (most recently by 5.4 thousand). There were currently 3.6 job applicants per 1 vacancy in the Czech Republic (including persons temporarily unreachable). This was still slightly more than in the same period last year (3.4), nevertheless at the same time (together with June this year) the least in the last nine months. There was still a significant structural mismatch between

¹⁰⁰ In January this year, it reached 0.8 p. p., which at the time represented the most significant deterioration since the peak of the pandemic (or March 2021).

¹⁰¹ The highest share of unemployed (to the population aged 15 to 64 years) in July this year was recorded by males in the "Karviná district" (11.0%) and females in the "Most district" (12.0%). Total unemployment in the range of 7 to 10% plagued the "districts of Bruntál, Ostrava, Sokolov, Chomutov, Ústí nad Labem, Děčín and Louny". On the contrary, the lowest unemployment rate was still recorded in the districts of Prague-West and Prague-East (2.0%), Rychnov nad Kněžnou (2.9%), Pelhřimov (3.0%), Zlín (3.5%), Kroměříž, Ústí nad Orlicí and Jindřichův Hradec (both 3.6%). Year-on-year, unemployment increased in all districts of the Czech Republic – mostly due to the decline of coal mining in the "Karviná district" (+1.1 p. p.), followed by the "Bruntál district" (+1.1 p. p.), the Prostějov district and the Děčín district (+0.8 to 0.9 p. p.). However, slightly above-average growth also occurred, for example, in Plzeň (from 3.5% to 4.1%) and Prague (from 3.4% to 3.9%).

supply and demand from the qualification¹⁰² and regional point of view¹⁰³. People's concerns about the rise of unemployment (expressed in the annual outlook in business surveys) have been growing very slightly since March this year, but they have been lower, year-on-year, and their level did not exceed the long-term average even in August.

6.2 Wages

Nominal wage growth remained relatively stable and rapid.

The favorable development of consumer prices led to a further significant increase of the purchasing power of wages. Despite this, it has not yet surpassed the level of 2021.

A noticeable shortage of available labour force in a number of sectors continued to contribute to wage growth. State measures through the institute of the minimum wage and the establishment of salary scales for employees paid from public budgets also played an important role.

The average gross monthly nominal wage of an employee in the national economy reached 51,966 CZK in Q2 2026. It increased by 6.4%, year-on-year, which was slightly higher than in Q1 2026 (when the pace was 6.1% and the wage level was 49,328 CZK), however at the same time less than the average for 2024 and 2025 (both +6.6%). Seasonally adjusted wages increased by 1.6%, quarter-on-quarter, in Q2 this year and increased at a similar pace as in previous periods (including 2025). Relatively moderate growth of consumer prices created room for a further rapid strengthening of the purchasing power of employee earnings. Average wages thus increased by 4.3%, year-on-year, in real terms and grew for the tenth quarter in a row, while at the same time reaching a slightly higher pace than the average for both 2024 and 2025. The purchasing power of gross wages was already slightly above the level of the 2019 boom year, however compared to Q2 2021 (which was on the verge of a strong inflation wave), it was still slightly behind (by 2.5%). In the case of net earnings, however, it also probably already exceeded even this level slightly¹⁰⁴.

This year's brisk wage growth took place in an environment of moderate growth in the domestic economy, accompanied only by a weak strengthening of labour productivity (per worker). Persistent imbalances on the labour market, consisting mainly of a longer-term shortage of available labour force, which is most visible in construction, but also in a number of service areas (e.g. transport and hospitality), played an important role, which stimulates further growth of nominal earnings. The fading effect of strong growth of consumer prices and corporate profitability in the period 2022 to 2023, which is reflected in increased wage demands of employees, has a similar impact. Given the persistently relatively low unemployment rate (as well as its relatively stable outlook for the near future) and the absence of any significantly accentuated household concerns about its growth, there may have been a higher turnover of workers (due to increased motivation to change jobs with the prospect of higher earnings). Wage growth was also influenced by state activity – on the one hand, through a relatively brisk, steady increase of the minimum wage¹⁰⁵, and on the other hand, mainly through wage growth in the public sector (which has usually been more differentiated in recent years in terms of various areas of public services and also different timing within the year¹⁰⁶).

¹⁰² For three quarters of the job vacancies offered, only basic education was sufficient for the applicants and for 90% secondary education without a school-leaving certificate. On the contrary, more than a third of all registered job applicants have at least a school-leaving certificate and as many as 70% of applicants have achieved at least a lower form of secondary education. However, it should not be forgotten that better-paid jobs for applicants with higher qualifications are often primarily offered in a form other than through labour offices.

¹⁰³ The highest number of applicants per position is traditionally in the "mining districts" of *Karviná* (19.1) and *Sokolov* (18.3), followed by *Ústí nad Labem* (17.1), *Děčín* (16.4), *Bruntál* (10.5), *Jablonec n. Nisa* (9.5) and *Ostrava* (8.6). On the contrary, the ratio between applicants and vacancies was almost equal in the districts of *Tachov* (1.2), Prague-East and Prague-West, *Mladá Boleslav* and *Prachatice* (both 1.3), and it was also relatively favourable, for example, in Prague (1.7) and in the vicinity of *Píseň*. The pressure of applicants for vacancies increased, year-on-year, in 60% of districts, most notably in *Ústí nad Labem* (from 8.8 to 17.0, mainly due to the absolute decrease of vacancies) and *Děčín* (from 13.8 to 16.4), and among the regions the most in the "Liberecký region" and "Střední Čechy". By contrast, among the districts, it decreased mainly in *Hodonín* (from 12.2 to 7.4) and *Karviná* (from 24.4 to 19.1), and among the regions mainly in the "Jihomoravský region" and the "Vysočina region".

¹⁰⁴ Regarding net earnings, the slight increase of the tax burden on labor 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 effect on their development. On the other hand, the abolition of the super-gross wage (as of January 2021) contributed significantly to the growth of the purchasing power of earnings.

¹⁰⁵ It has increased by 7.7%, year-on-year, to 22,400 thousand CZK since January 2026.

¹⁰⁶ Since January this year, expenditure on salaries of education workers, soldiers and security forces has increased. The salary tariffs have been indexed for employees remunerated under the Civil Service Act and the Labour Code since April: for civil servants and other administrative professions, including culture (by 9%), for human health care workers and employees in social services (by 5%) and for doctors and dentists (by 2%).

High wage growth in administrative and support service activities continued for the second year in a row. Rapid growth was also evident in a few other low-profit branches.

Despite the decline of employment, information and communication activities maintained the highest wage level among branches.

The wage pace in industry weakened for the third year in a row. A number of major export sectors reduced their job positions.

The relatively low wage growth in the energy sector is related to last year's high payment of extraordinary bonuses.

Percentage wage growth in Prague did not differ significantly from other regions.

The difficulties of the mining industry were reflected in the decline of the number of employees at the level of the entire "Moravskoslezský region".

Administrative and support service activities stood out among the main branches in H1 2026 (as well as throughout last year) due to strong wage dynamics, where average gross earnings increased by 14.4%, year-on-year, and approached the limit of 40 thousand CZK per month. Growth was concentrated in the employment placement agency segment, with the situation of employees in cleaning services, for example, also improving relatively significantly. Earnings increased slightly above average (in the range from 6.6% to 7.4%) in other branches with a lower wage level – agriculture, forestry and fishing, water and waste management, construction, real estate activities, as well as in cultural, entertainment and recreational activities. However, advanced business services also performed well, concentrated mainly in the professional, scientific and technical activities, where wages increased above average in 2024 and 2025 and increased by 7.1% this year (to 63.8 thousand CZK). A similar increase was also recorded in the financial and insurance activities (in absolute terms, it presented 5.9 thousand – the highest of all branches). In information and communication activities, wage growth slowed down to 6.4% compared to last year's pace, but employees still received the most (94.3 thousand CZK) here. The two above-mentioned "high-earning" branches are also connected by a slight decline of the registered number of workers, which persisted for the second year in a row. Of the branches with a significant role of public services, wages increased the most this year in public administration, defence and social security (+7.5%), but the highest level of earnings was maintained by employees in human health and social work (54.1 thousand CZK), despite continued more modest wage growth (+4.6%). In the important trade branch, which concentrates almost a fifth of employees from the entire service sector, wage growth accelerated slightly to 6.3% after a weaker last year.

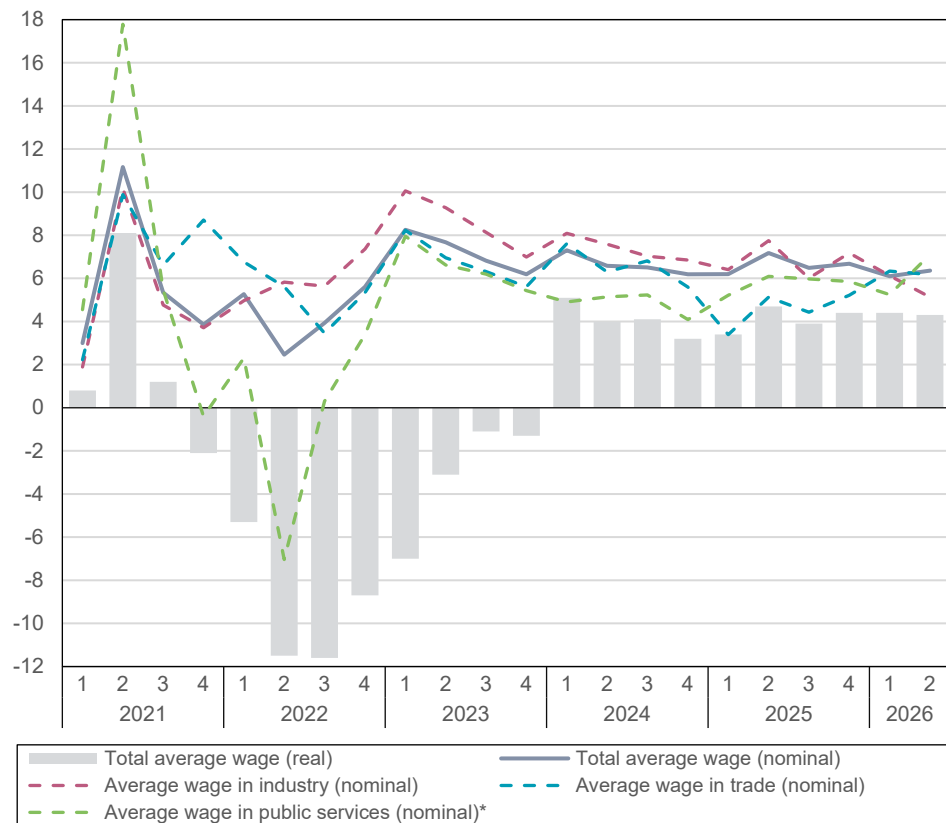
Wage growth in industry reached 5.6% this year, its pace declined for the third year in a row, and the number of employees has been decreasing virtually continuously since 2019. This reflects a controlled decline of a significant part of the mining industry, which is accompanied by continued weak growth of average wages (currently +3.6%). Within the manufacturing industry, situation of employees in food manufacturing (+6.9%) and manufacturing of electrical equipment (+6.6%) improved the most, while situation of employees in manufacturing of building materials, mechanical engineering and metalworking industry improved the least (+5.1%). This basically corresponds to the current economic results of these sectors. These are also reflected in the energy sector, where wage growth slowed sharply this year, also influenced by last year's high bonuses payments (to 2.8%, the lowest among all branches). Wage growth slowed down markedly in transportation and storage (to +4.4%) in services. In accommodation, food service and restaurants activities, which are characterised by their very low wage levels, the impact of the statutory increase of the minimum wage was not particularly noticeable. The weaker wage rate (+5.8%) contrasted with rapid employment growth. The situation was similar in other service activities¹⁰⁷, where wage growth weakened markedly compared to last year's rate (to 3.0%) and average earnings did not even reach three-quarters of the level of the national economy.

Among the regions, average nominal wages grew the most, year-on-year, in H1 this year in the "Plzeňský region" (+7.0%), the least in the "Ústecký region" (+5.3%). Wage dynamics in Prague followed the nationwide pace, however the registered number of employees grew the most among all regions (+1.5%) together with the "Pardubický region". A slight decrease of the number of employees affected only the "Moravskoslezský region" (–0.2%), where the impact of the sharp decline in coal mining was reflected. The wage level in Prague (66.5 thousand CZK/month) exceeded the national level by almost a third, and an order of magnitude less in Central Bohemia (with 51.8 thousand). The lowest wage level has long been reported by businesses in the

¹⁰⁷ These include mainly various services for households (product repairs, hairdressing and beauty activities, etc.).

“*Karlovarský* region”¹⁰⁸ (this year at 85% of the national level), with a slight gap in the “*Zlínský*, *Olomoucký* and *Pardubický* regions”.

Chart 16 Average nominal and real wage in the national economy and selected branches (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.

Source: CZSO

¹⁰⁸ However, the earnings of employees residing in this small region may actually be higher due to commuting to other regions of the Czech Republic and also due to work in Germany.

7. Monetary Conditions

Key monetary policy-relevant interest rates increased.

After more than a year of stable key monetary policy-relevant rates, monetary policy was tightened in June 2026. Persistent inflationary pressures in services prices together with the cost shock led to an increase of all key rates by 0.25 p. p. The two-week repo rate thus reached 3.75%¹⁰⁹, the discount rate 2.75% and the Lombard rate 4.75%. The koruna exchange rate against the euro had a slightly strengthening tendency during Q2 (from 24.50 at the beginning of April to below 24.20 in mid-June). In total, the exchange rate reached 24.30 CZK against euro on average for the whole quarter, rising by 0.03 CZK, quarter-on-quarter, and by 0.62 CZK, year-on-year. The koruna exchange rate against the dollar strengthened back close to the level of 20.50 CZK/USD in April, which it had before the escalation of the conflict in the Middle East. However, the exchange rate fluctuated during the quarter and then weakened again in mid-June to just below 21.50 CZK/USD. On average for the entire quarter, the dollar exchange rate reached 20.90 CZK/USD and weakened by 0.11 CZK, quarter-on-quarter, but was still stronger by 1.09 CZK, year-on-year.

The change in monetary policy settings had an impact on interbank interest rates.

The change of the monetary conditions affected interbank market rates. The impact of the changes increased with maturity, so the annual PRIBOR rate increased the most¹¹⁰ (by 0.32 p. p. to 3.93% at the end of June), while the increase of interest rates with a one-month or three-month maturity was moderate (by 0.13 p. p. to 3.68% for the three-month PRIBOR rate). Government bond yields have shown an upward trend over the past two years. There was a partial downward correction in June. This had the greatest impact on medium-maturity bonds, which averaged 4.16% (−0.10 p. p.) at the end of the quarter. For long-term (4.70% at the end of June) and short-term bonds (3.92%), the June decline led only to a rematch to the value of the previous quarter.

Growth of the volume of deposits slowed down.

Interest rates on client deposits also increased slightly in Q2. The exception was current accounts, for which the interest rate was practically zero. Overnight deposits received an average interest rate of 1.52% (+0.06 p. p.) at the end of the quarter. For deposits with an agreed maturity, the increase of interest rates was more pronounced (+0.16 p. p. to 3.11%). The situation was very similar for non-financial businesses. Their current accounts received an average interest rate of 1.23% (+0.10 p. p.) at the end of the quarter and deposits with an agreed maturity of 3.12% (+0.16 p. p.). The volume of client deposits in Czech banks was higher by 367.7 billion CZK (4.8%), year-on-year, at the end of June. The pace moderated for the second quarter in a row, mainly under the influence of term deposits (+42.2 bn CZK, 1.5%). Non-term deposits were higher by 325.5 bn CZK (6.7%). As usual, household deposits¹¹¹ increased the most, year-on-year (+214.6 bn CZK). Compared to the previous year and a half, the increase of deposits by non-financial businesses (+116.5 bn) and financial institutions (+66.3 bn, the highest since the end of 2023) accelerated significantly. Deposits of general government institutions were lower, year-on-year (−24.4 bn CZK).

Interest in consumer credit was growing.

The average interest rate on loans for household consumption fell to the lowest value in the last five years (7.11%) in Q1, however there was a noticeable increase back to 8% in Q2 (+0.80 p. p. to 7.91%). The volume of credit granted for consumption was 15.2% higher, year-on-year (+52.9 bn CZK) at the end of June. Despite the increase of the price of credit financing, the pace accelerated again and has remained above 10% for a year. Interest rates on mortgages were also higher (+0.22 p. p. to 4.73%). In particular, the interest rate on loans in the most used fixation category over 1 year and

¹⁰⁹ The ARAD database of the Czech National Bank (CNB) is the data source in this chapter. Values of exchange rates are also sourced from the CNB.

¹¹⁰ Unless stated otherwise, the difference between the value as of 31 March 2026 and 31 December 2025 is understood as the change of interest rates.

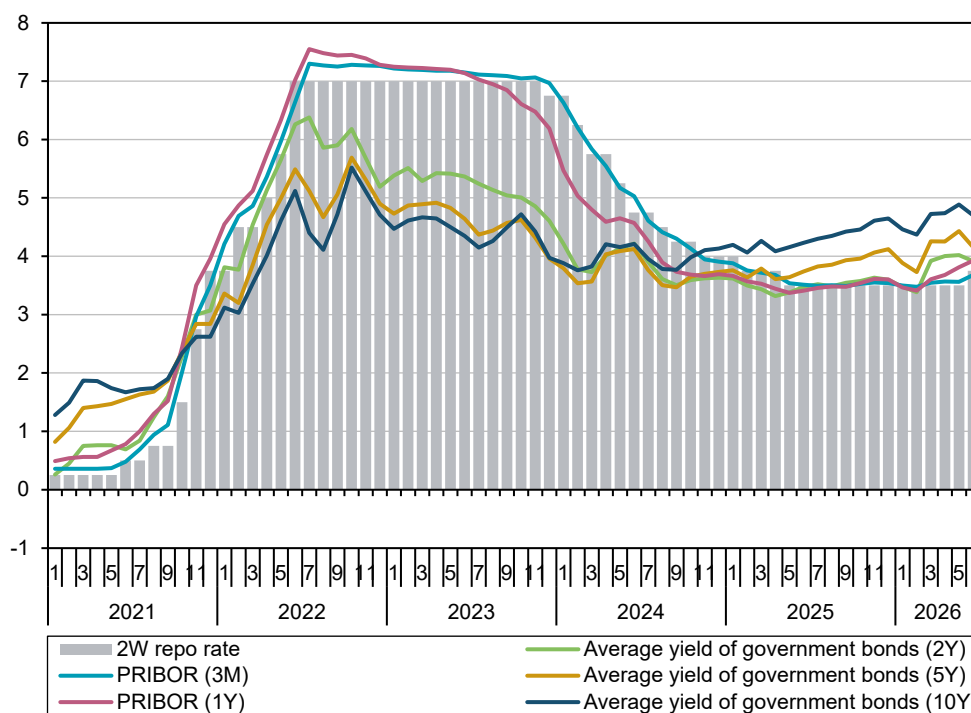
¹¹¹ Population including self-employed persons.

up to and including 5 years increased significantly in Q2 (+0.22 p. p. to 4.73%), while in the range over 5 years up to and including 10 years the change was milder (+0.08 p. p. to 4.30%). The volume of housing loans provided was 9.6% higher, year-on-year, at the end of June, of which mortgages were 8.8% higher (+182.4 bn CZK). The sharp growth of bridging loans from the building society savings (26.4%, +17.8 bn) did not cease either. The volume of new mortgage contracts¹¹² reached 270.5 bn CZK for Q2 (+93.3 bn, year-on-year). Despite the significant increase, net new loans again accounted for less than half of new contracts (118.1 bn CZK, +35.2 bn). Other new arrangements (124.3 bn, +43.4 bn) formed the largest part of the new contracts. Together with the increase of refinanced loans (+14.7 bn to 28.0 bn CZK), this was evidence of an intensification of the process of refixing loans concluded during the period of low rates in 2020–2021.

Companies mainly took loans in koruna.

Interest rates on loans to non-financial businesses rose again in Q2 after the previous six months of decline. The average interest rate on loans up to 7.5 mil CZK reached 6.25% (+0.20 p. p.) at the end of June, 5.71% (+0.28 p. p.) between 7.5 mil CZK and 30 mil CZK, and 5.36% (+0.20 p. p.) for the largest loans over 30 mil. The total volume of credit and claims of non-financial businesses was 9.6% higher, year-on-year, at the end of Q2 and the pace accelerated. Credit denominated both in CZK (15.4%) and foreign currencies (3.8%) grew stronger, but the share of loans denominated in foreign currencies on the total volume of credit and claims continued to decline and reached 47.5% at the end of the quarter. The year-on-year increase of the volume of loans granted strengthened in the production and distribution of electricity, gas, heat, air, water and waste (16.2%), accommodation and food service activities (15.5%), real estate activities (11.2%) and public administration and defence, mandatory social security, education and human health and social work activities (10.5%). In addition to the declining mining and quarrying, the volume of loans decreased only in construction (−7.8%).

Chart 15 Market interest rates (in %)



Source: ARAD, CNB

¹¹² 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.

8. Public Finance

8.1 General Government Sector Operations

The general government deficit widened very slightly, year-on-year, in Q1.

According to current data, the general government sector in the Czech Republic had a deficit of 72.3¹¹³ bn CZK in Q1 2026¹¹⁴. The deficit widened again, year-on-year (by 1.6 bn CZK¹¹⁵), nevertheless an order of magnitude more moderately than at the beginning of last year. While growth of total revenues accelerated slightly (to 5.2%), the pace of expenditure slowed a bit (to 4.9%). The steadily growing social contributions received by employees and employers (+6.5%) continued to add the most to the strengthening of incomes. Direct taxes also had a significant impact, although growth of most of them has been weaker so far this year compared to previous quarters. As regards indirect taxes, VAT in particular had a positive effect, the collection of which gradually increased (to +8.9%, the highest within the first quarter in the last four years). Most other income items also grew at least slightly, with the exception of capital transfers that were more marginal in terms of weight, as well as some taxes on production (mainly due to the abolition of the fee for renewable energy sources to households and firms).

The higher total expenditure mainly reflected the strengthening social benefits and investments.

The year-on-year increase of total expenditure in the general government sector in Q1 (+42 bn CZK) was driven by social benefits (including social transfers in kind), which contributed more than a third to it and increased by 4.3% (almost twice as much as last year's total). Continued rapid investment growth, which attained 13.8%, was also instrumental in the year-on-year increase and, was also significantly supported by higher activity by local government institutions as in the whole of last year. In total, significant compensation to employees¹¹⁶ increased by 4.7% (more rapidly in central government). This presented a comparable pace to the beginning of last year (but so far weaker than the average for the whole of 2025). Other current transfers increased by 9.4% this year. Their rapid growth, which is taking place for the second year in a row, was mainly due to higher mandatory contributions by the Czech Republic to the EU budget. However, growth of some important items slowed. Intermediate consumption expenditure increased by only 1.9% (the least in the last twenty quarters), partly due to a decline of prices of some energy and also to growing general pressure on savings of operating expenses. Growth of subsidies also moderated (to +3.1%), owing to a lower year-on-year volume of subsidies paid out for production¹¹⁷. The growth of total government expenditure was counteracted only by marginal items of taxes paid and capital transfers.

Growth of the volume of subsidies and intermediate consumption expenditure slowed down dramatically.

The general government deficit in the EU narrowed slightly, quarter-on-quarter, at the beginning of this year.

The general government performance in the EU member states¹¹⁸ improved very slightly at the beginning of this year. The performance of the economy in the Union gradually weakened during 2025 due to the unstable geopolitical situation and tensions in trade relations with some key partners, and at the same time, the general government deficit worsened (up to 3.4% of GDP) due to faster growth of public spending. In Q1, this deficit narrowed to 3.1% of GDP. A deficit of over 3% of GDP was reported by 12 member states

¹¹³ Unless stated otherwise, data regarding the budget balance of sector VI in the CR are expressed in nominal terms and without seasonal adjustment.

¹¹⁴ Data regarding the budget of government institutions for Q2 2025 will be published by the CZSO on 1st October 2026, Eurostat subsequently on behalf of the Union member states on 21st October. More detailed assessment of the domestic development for Q1 2026 is offered in the publication Analysis of the sector accounts: *Analýza sektorových účtů*.

¹¹⁵ This deterioration was solely due to the subsector of local government institutions, whose operating surplus decreased by almost two-thirds, year-on-year, to 12 bn CZK, mainly due to a reduction of subsidies to regional education (total revenues of this subsector fell at the same time, for the first time in 14 years in Q1). On the contrary, the deficit of central government institutions, which has traditionally contributed dominantly to the deterioration of the balance of sector VI in recent years, narrowed by a sixth, year-on-year, to 83 bn CZK (the best result in the last four years). The very slight deficit of health insurance companies did not change significantly, year-on-year.

¹¹⁶ In recent years, they have accounted for more than a fifth of all government expenditure. Slightly more than half of the compensation paid is consistently accounted for by employees of local government institutions (52 to 53%).

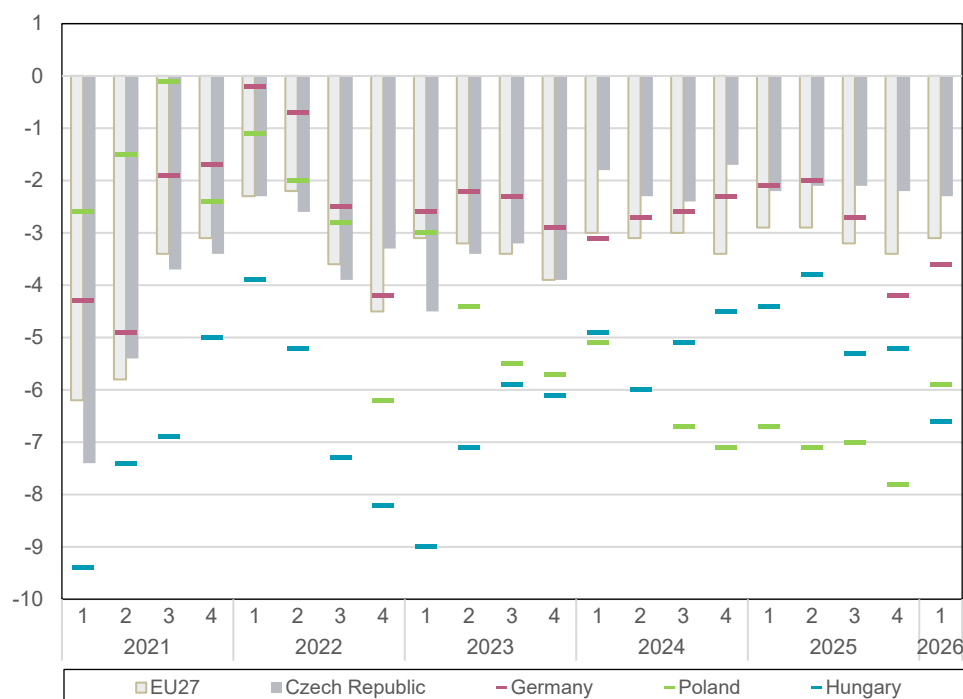
¹¹⁷ These include, for example, subsidies provided to cover operating and current losses of business entities, financial support intended for the reduction of mining or the closure of redundant production capacity, as well as contributions and support to enterprises employing persons with a changed ability to work. On the other hand, this does not include subsidies for products, the volume of which continued to grow rapidly in Q1 (+10%).

¹¹⁸ All the below given figures for income, expenses and balance are expressed after seasonal and calendar adjustment.

The deepest deficit currently burdened the new euro area member state – Bulgaria. On the contrary, the economic surplus occurred in only five EU countries. The Czech Republic maintained the lowest deficit within the Central European region.

(and 9 out of 21 euro area countries). Bulgaria, where it also widened the most, year-on-year (by 4.5 p. p.) was the most burdened (7.6% of GDP). Hungary (–6.6% of GDP), Poland (–5.9%), France (–5.1%), Belgium (–4.8% of GDP) and e.g. Germany (–3.6%), which was the only major economy to record a year-on-year deterioration of the deficit (by 1.5 p. p., also faced significant fiscal imbalances. The deficit currently stood at 2.3% of GDP in the Czech Republic (by a wide margin the least of all Central European countries) and was at almost the same level throughout last year. The economic surplus was reflected only in five mostly smaller countries. While in Cyprus, Denmark and Ireland it was a longer-term phenomenon (persisting at least since the pandemic subsided), in Greece and Portugal it was more of a current consolidation response to the long-term very high indebtedness of the government sector. Compared to the beginning of last year, the balance of the economy improved this year in ten EU countries – e.g. slightly in Poland (from –6.7% of GDP to –5.9%) and Spain (from –2.9% to –1.9% of GDP). However, only Romania (from –9.0% of GDP to –3.6%) featured a significant shift, which was still one of the ten countries facing systematic pressure from the Union to consolidate public finances¹¹⁹.

Chart 16 Budget balance of the general government institution sector in the CR, and selected EU states (seasonally adjusted, in % of GDP)



Source: Eurostat

The general government debt ratio in the EU has increased, year-on-year, the most in the last five years.

The gross consolidated debt of the general government sector in the EU stood at 82.9% (88.9% of GDP in the euro area) at the end of Q1. The level of debt in both groups was the highest in the last three and a half years. It grew, year-on-year, for the fifth quarter in a row – now by 1.5 p. p. (the highest in the last five years). Indebtedness in the EU also increased significantly, quarter-on-quarter (+1.1 p. p.), with nominal GDP¹²⁰ strengthening acting against its growth. Indebtedness increased, year-on-year, in two-thirds of the member states – the highest was in Finland (+5.5 p. p. to 89.7% of GDP), Bulgaria (+4.8 p. p., to 28.5% of GDP), Poland (+4.6 p. p., to 61.6% of GDP), and of the major economies, mainly France (+4.0 p. p., to 117.6% of GDP) and Germany (+2.4 p. p., to 64.4% of GDP). However, it fell in some highly indebted countries – mainly in Greece (–9.4 p. p., to 143.5% of GDP, down

¹¹⁹ This is the trigger of the so-called Excessive deficit procedure for breaching of fiscal rules. This standard procedure was resumed after a temporary interruption between 2020 and 2023 (due to the COVID-19 pandemic). Romania, Hungary, Slovakia, Poland, Austria, Italy, France, Belgium and, this year, Finland and Bulgaria are currently facing this process.

¹²⁰ The nominal amount of debt in the EU alone stood at €15.705 trillion at the end of Q1 this year, up 2.1%, quarter-on-quarter.

In the Czech Republic, indebtedness increased slightly for the second year in a row, but it still reached a minimum within Central Europe.

by a third in the last five years), Portugal (−3.8 p. p., to 91.0% of GDP) and Spain (−1.7 p. p., to 101.6% of GDP), but also in Denmark (−2.5 p. p., to 26.8% of GDP). Indebtedness in the Czech Republic increased slightly by 0.8 p. p. and reached the ninth lowest level in the Union (44.1% of GDP¹²¹). Despite recent significant consolidation efforts, Greece¹²² continued to dominate in a negative sense, ahead of Italy (138.9% of GDP), France and Spain. At the opposite pole is Estonia (25.2% of GDP¹²³) for a long time, currently followed by Denmark (26.8% of GDP).

8.2 State Budget Revenues

Markedly significant SB deficit continued for the seventh year in a row. This year, the deficit widened, year-on-year, among other things, due to a decrease of the positive balance in relation to the EU budget and a change in the budget allocation of taxes.

The state budget (SB)¹²⁴ ended with a deficit of 183.6 bn CZK in H1 2026, more than a fifth deeper, year-on-year (after adjusting the balance for funds from the EU budget¹²⁵, this deterioration became even more pronounced¹²⁶). Significant deficits thus weighed on the SB already the seventh year in a row, and this year's deficit was also the highest in the last three years. The year-on-year increase of the deficit occurred with a more significant strengthening of the growth rate of total expenditure and at the same time with a slight moderation on the revenue side of the budget. The persistently moderate growth of the domestic economy continued to be gradually reflected in higher tax revenues of the SB, nevertheless their growth was dampened by a change of the budgetary allocation of taxes, which reduced the share of the revenue of some weight-important taxes on the SB in favour of regional budgets¹²⁷ from January 2026. In addition, the effects of the consolidation recovery package (already approved in 2023) continued to be felt on the revenue and expenditure sides of the budget. On the contrary, the impact of the specific provisional budget regime¹²⁸, which at the beginning of the year affected mainly the drawdown of investments and the possibility of pre-financing some current transfers during Q2 2026, has practically disappeared.

The growth of total SB revenues was mostly driven by higher collection of social security contributions.

Total revenues of the SB increased by 4.0%, year-on-year, (+40.7 bn CZK) in H1 this year. Although this is the weakest pace in the last five years, this year's pace has exceeded full-year budget expectations¹²⁹. Year-on-year revenue growth was driven mainly by higher collection of social security contributions, including active employment policy (+25.6 bn CZK), despite the fact that its growth slowed down and this year's pace (+6.4%) was slightly below budget expectations. The still relatively high pace reflected the good condition of the labour market, characterised by higher employment in the economy and rapidly growing average earnings. In addition, as in the previous year, there was a gradual, albeit temporary, increase in the minimum assessment base for premiums for the self-employed.

The growth of total tax SB revenues has stopped.

Tax revenues of the SB alone, under the influence of the change in the budgetary allocation of taxes and the de facto end of the collection of extraordinary corporate taxes

¹²¹ Nominal debt of general government institutions in the Czech Republic increased by 292.6 bn CZK, year-on-year, to 3,827.9 bn CZK, representing the only factor contributing (+3.3 p. p.) to the year-on-year growth of the debt ratio. On the contrary, rising nominal GDP reduced indebtedness (−2.5 p. p.).

¹²² It has held this unflattering primacy since Q2 2008, when it surpassed Italy in the position of the most indebted EU country (in the current definition).

¹²³ Its debt was still the highest in the available series since 2000. Finland, Poland, Romania and Luxembourg were in the same situation.

¹²⁴ 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.

¹²⁵ These are funds for programmes from the EU budget and Financial Mechanisms pre-financed by the SB and subsequently reimbursed from these sources.

¹²⁶ The deficit adjusted in this way reached 203.6 bn CZK in H1 2026, a year earlier it was "only" 150.8 bn CZK.

¹²⁷ Since January 2026, the state's share on VAT revenues and corporate and personal income has decreased by 2.55 p. p. in favor of municipalities and regions, which had a negative impact on SB in the amount of 16.7 bn CZK at the end of June. In the previous two years, on the other hand, the SB benefited from the change of the budget allocation of taxes (e.g. for the whole of 2025, according to the Ministry of Finance's estimate, 13.3 bn CZK).

¹²⁸ The provisional budget was terminated on 20 March this year, with the entry into force of the Act on the State Budget of the Czech Republic for 2026. The domestic state budget also operated under the provisional budget regime in the past at the beginning of 1999, 2000 and 2022.

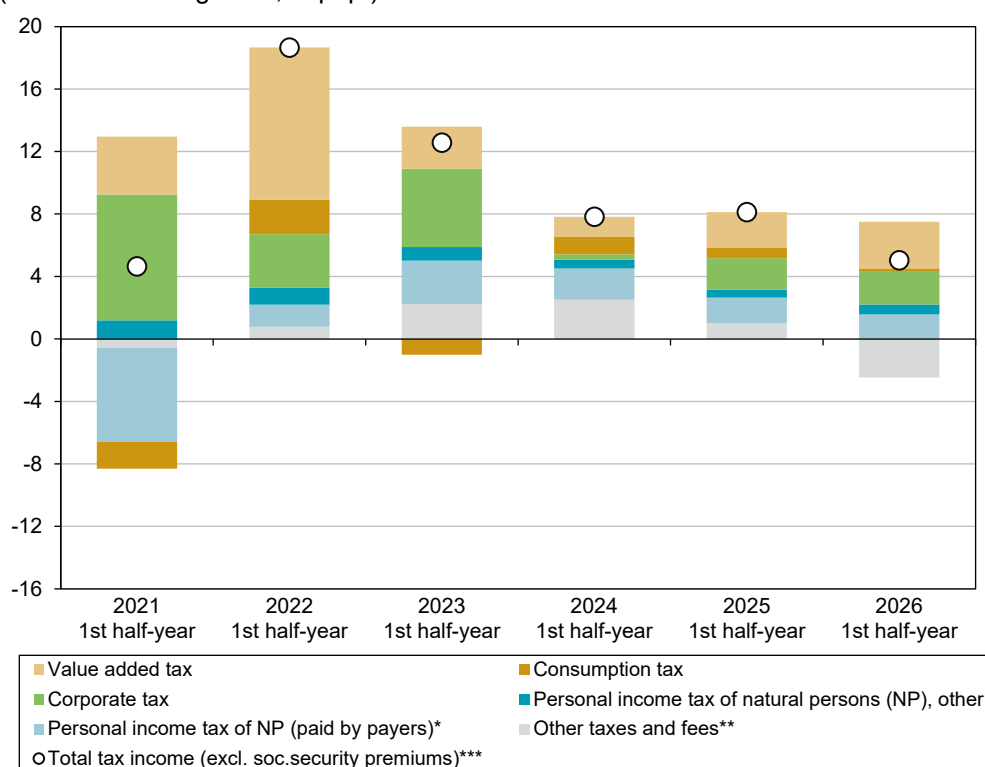
¹²⁹ The Act on the State Budget for 2026 (based on the Ministry of Finance's macroeconomic forecast of January 2026) envisaged an increase of total revenues by 1.8% and expenditure by 2.4% for this year compared to last year. The budget deficit should amount to 310 bn CZK, which is a deficit 19.3 bn higher than the deficit actually achieved in 2025.

The impact of the change in the budget allocation of taxes and the fading of revenues from extraordinary taxes imposed during the energy crisis have become apparent.

So far, excise duty collection has remained below budget expectations

(imposed during the energy crisis), only stagnated, year-on-year, in H1¹³⁰. The growth of tax revenues was driven by VAT, the collection of which increased by 3.5% (at the level of all public budgets, however, by 7.7%, of which it was even 8.8% in Q2, and in both cases it grew at a slightly higher rate than last year). This is related to relatively favourable consumer confidence in the economy, resulting in stable growth of private consumption. In terms of excise taxes (including energy taxes), the SB received only 1.8% more, year-on-year, and thus the collection has so far (as for the only major tax item) lagged behind budget expectations. Growth of tax collection on tobacco products remained weak¹³¹ and even slightly declined in the case of tax on alcohol or beer, which corresponded to longer-term trends in domestic consumption of these commodities. Tax collection on mineral oils increased by 3.5%, as growth of transport performance (in relation to developing international trade in the Czech Republic) had a positive effect. However, a temporary reduction in the tax on diesel began to have a negative effect with a slight delay¹³².

Chart 17 Decomposition of year-on-year change of nationwide tax collection for H1
(contributions to growth, in p. p.)



* It includes income from dependent activity (this tax applies to employees).

** Other taxes and fees include especially real estate tax, gambling tax, motorway toll, tolls and, in years 2023 to 2025, also a levy on excess income and windfall profits.

*** It is a tax collection at the level of all public budgets of the Czech Republic. Its amount thus eliminates the impact of changes in the budgetary allocation of taxes.

Source: MF CR

The rapid growth of personal income tax, also due to their favourable position on the labour market, continued. Collections were also boosted by

Regarding direct taxes, personal income tax (PIT) collection grew the most, by 8.1%. The higher collection of personal income tax paid by taxpayers (or from dependent activities) had the biggest impact here, on which the SB received 6.9% more, year-on-year, in H1. The growth rate of this item at the level of all public budgets remains approximately comparable to last year, which corresponded to stable nominal growth of the average wage and to a continuing slight strengthening of the number of employees in the economy. The

¹³⁰ However, nationwide tax collection (taking into account revenues at the level of all public budgets) increased by 5.0% (even by 8.1% after deducting the above-mentioned extraordinary corporate taxes) and thus grew at a slightly higher pace than in the total for last year.

¹³¹ At the beginning of this year, the intensity of the pre-stocking of tobacco products by retailers was not nearly as strong as in the previous two years. Longer-term changes in the structure of consumption (a shift to alternative, so far relatively less taxed tobacco products) and probably also the persistently higher popularity of cross-border purchases (especially in Poland) likely had an impact.

¹³² Of these, the total collection of tax on mineral oils increased by only 1.5%, year-on-year, in Q2 (it was even decreasing in June alone).

the persistently high level of household savings.

The growth of corporate tax collection accelerated slightly. The effect of the tax rate increase was fully felt.

Non-tax and capital revenues and transfers received by the SB increased, year-on-year, thanks to the strengthening of revenues from the EU budget and financial mechanisms.

collection of personal income tax paid by taxpayers (mainly from self-employment) slowed down in H1 2026 after last year's rapid growth related to legislative changes¹³³, but still remained high (+24.8%). Similarly to last year, the growing number of small entrepreneurs has a positive effect on collections. After last year's rather rare decline, the collection of personal income tax collected by withholding increased again (+6.2%). Stable interest rates on deposits probably had the impact on the relatively high rate of household savings. Corporate income tax collection (excluding extraordinary taxes) increased this year (+4.2%). The pace at the level of all public budgets suggests that the growth of corporate tax collection has accelerated slightly compared to 2025 thanks to the ongoing economic recovery and rising tax rates. Collection of extraordinary corporate taxes¹³⁴ in this half-year amounted to only 0.7 bn CZK, down by 21.0 bn CZK, year-on-year.

Non-tax and capital revenues and transfers received by SB increased by a sixth in H1 (or +14.9 bn CZK). This was almost exclusively related to revenues from the EU budget and financial mechanisms, which were more than a third higher. The stronger inflow of these refunds could have been related to the high investment activity of the state last year and the strengthening launch of revenues from the 2021–2027 programming period and funds from the National Recovery Plan¹³⁵. This year, the approved SB expects a slight year-round growth of revenues from the EU budget and financial mechanisms (+6.6%), but at the same time a decline of total non-tax and capital revenues (−7.3%).

8.3 State Budget Expenditures

Growth of total expenditure accelerated. In addition to the end of the provisional budget, this was also due to a relatively higher drawdown of social benefits of significant volume.

The deficit of the pension insurance system was significantly reduced for the third year in a row.

Total state budget expenditure increased more significantly this spring after the relaxation of the provisional budget regime and was thus 6.2% higher, year-on-year, (+71.2 bn CZK) for the whole half-year, and this pace (the highest in the last three years) has so far more than doubled the annual budget anticipations. Current expenditure accounted for two-thirds of the growth, but investment also played an important role. The increase of current expenditure (+4.3%) was almost by one half driven by higher absorption of social benefits¹³⁶. Both expenditure on pensions (up by 14.0 bn CZK, year-on-year) and on other benefits (+6.2 bn) participated. In both cases, their growth rate has been slightly above budget expectations so far this year. Pension expenditure increased by 3.9% after last year's de facto stagnation. With a relatively insignificant change of the number of pension recipients (−0.3%)¹³⁷, the regular indexation in January 2026, which increased the average old-age pension by 3.1%¹³⁸, had a major impact on the drawdown. Despite the stable, relatively brisk pace of pension premium collection, the deficit of the pension insurance system (3.2 bn CZK) was recorded again, but it narrowed for the third year in a row (in the same period last year it amounted to 9.2 bn CZK and it was even 40.3 bn in H1 2023). At the same time, the current deficit was the lowest in the last seven years.

¹³³ These mainly comprised of the reduction of the income threshold for the second, higher tax rate, the abolition or reduction of some tax reliefs.

¹³⁴ These are taxes on excess income and windfall profits. Their positive impact on the revenues of the SB culminated in 2023. This year, it is already completely negligible (no further advances of these taxes are expected, only in the second half of this year the tax for 2025 will be equalized).

¹³⁵ This was reflected in particular in the April payment (in the amount of 17.0 bn CZK) received from the Recovery and Resilience Facility, which was created to support economies after the COVID-19 pandemic.

¹³⁶ This traditionally weight-important item accounted for 39.0% of all SB expenditure in H1 2026. This represented a comparable share to the previous two years and at the same time it did not differ significantly from the long-term average.

¹³⁷ Of the categories of higher weight, only the number of disabled pensioners increased (+0.9%, especially in lower degrees of disability). The growth of permanently reduced old-age pensions remained relatively low (+0.8%, but these persons accounted for a full third of the total number of old-age pensioners). This was due to the approved stricter rules for early retirement (as of October 2024, the required insurance period increased from 35 to 40 years). In addition, further tightening had already taken place earlier: the maximum period of early retirement was reduced from 5 years to 3 years, the indexation of the percentage of early retirement until the full retirement age is reached was abolished, and the reduction of the amount of pension for early retirement increased significantly. However, from 2026 onwards, they were followed by a milder (half) reduction for those who have reached 45 years or more of insurance. This has probably led to a recent increase in new applications for early retirement.

¹³⁸ In June 2026, the average monthly old-age pension (excluding concurrence with other pensions) was higher by 3.5%, year-on-year, and amounted to 21.8 thousand CZK (23.1 thousand CZK for males, 20.6 thousand CZK for females).

The increase of expenditure on non-pension social benefits was mainly due to support for the unemployed and higher drawdown of sickness insurance benefits. Benefits for care for the long-term ill also increased.

Year-on-year growth of expenditure on other (non-pension) social benefits reached 5.9% in H1 this year (unlike pensions, however, year-on-year growth of these benefits slowed down compared to the pace of 2025). This year's growth was largely due to insurance benefits – mostly unemployment benefits. These benefits increased by 42% (+3.1 bn CZK) mainly due to legislative changes¹³⁹ aimed at increasing the motivation of people to change unsatisfactory jobs. The continuing slight increase in the unemployment¹⁴⁰ rate was also reflected. In addition, slight growth of expenditure on sickness insurance benefits continued for the third year in a row (+6.7%, +1.6 bn CZK). The growth was mainly driven by sickness benefits (depending on the growth of the applicant's previous wages¹⁴¹) and maternity benefits, for which the decline halted after a long time. Income from insurance premiums paid by employed persons continued to increase, year-on-year, (+6.1%), partly still due to the statutory adjustment in connection with the consolidation package. As a result, the balance of sickness insurance¹⁴² in H1 was in a slight surplus for the third time in a row (+5.2 bn CZK). Within non-insurance social benefits, rising contributions to care for the long-term ill had the largest impact (+6.6%, +1.5 bn CZK). The volume of paid parental allowances and foster care benefits also increased (in total +0.4 bn CZK). On the contrary, the payment of humanitarian benefits to Ukrainian refugees decreased (by 22% or 1.0 bn CZK), which was related to a year-on-year reduction of the number of recipients. Year-on-year comparison of other benefits of material deprivation assistance or state social support is currently difficult due to a significant change in the system of benefits provision¹⁴³.

The rapid growth of expenditure in the area of public health insurance can be explained by the advancement of part of the payments, and in the case of the Czech Republic's contributions to the EU budget, among other things, by the growth of the EU budget.

Subsidies to social and public health insurance funds have also temporarily contributed significantly to the growth of current expenditure in the SB this year. They increased by a fifth (or 15.5 bn CZK) in H1 this year, largely due to the pre-financing of payments originally intended for the second half of the year. The approved SB expects a full-year growth of less than 3%, which corresponds to the statutory indexation of payments for state insured persons¹⁴⁴. Furthermore, the Czech Republic's own resources contributions to the EU budget also grew significantly and above budget expectations (+45.5%, +12.9 bn CZK), which was partly related to the increase of the EU budget. The growth rate of expenditure on non-investment purchases of the state (excluding expenditure on the State debt chapter) accelerated to 8.9%, even though part of the compensation payments for services made last year in H1 were not paid this year. On the contrary, the strengthening of purchases in the area of defense proved to be a key factor. Expenditure on salaries in organizational units of the state increased the most in the last three years (+8.9%). Both the increase of expenditure on salaries in the area of state security (since the beginning of this year) and the increase for other large groups of employees¹⁴⁵, implemented since Q2, were reflected. An important mandatory item

¹³⁹ From January 2026, the percentage rate decisive for calculating the benefit paid in the first months of unemployment has been raised. At the same time, the circle of persons entitled to support has also expanded (in relation to the reasons for the termination of the last employment relationship).

¹⁴⁰ The number of job applicants entitled to support was thus higher by 14 thousand, year-on-year, at the end of June this year (it reached 97 thousand persons, or 27% of all registered applicants, and this share did not change significantly, year-on-year).

¹⁴¹ On the contrary, the total sickness rate decreased. According to CSSA data, the number of absent days (due to temporary incapacity for work) decreased by 5.3%, year-on-year, in H1.

¹⁴² This expresses the difference between income from sickness insurance premiums and expenditure on benefits from this insurance according to the ČSSZ's balance sheet.

¹⁴³ The new state social assistance benefit (the so-called super-benefit, replacing housing allowance, child benefit, subsistence allowance and housing supplement) was in a temporary period in H1 2026 (in principle only new applicants received it, it was 50 thousand people in June this year) and the volume of its payment amounted to 1.5 bn CZK. The replaced benefits decreased by about the same amount. A total of 15.3 bn CZK was issued to the existing recipients of these benefits (a total of 558 thousand were paid in June, some of the beneficiaries received more benefits at the same time). At the same time, the volume of extraordinary immediate assistance benefits paid rose fivefold, year-on-year (to a record 0.5 bn CZK). This was mainly related to the temporary support of people in material deprivation, who were in an unfavourable financial situation even after the transition to the new super-benefit.

¹⁴⁴ This is a strengthening of the monthly payment of public health insurance for the so-called state insured (which was increased from 2,127 CZK to 2,188 CZK, i.e. by 2.9%, as of 1 January 2026 by the indexation mechanism).

¹⁴⁵ These were mainly civil servants and career civil servants, non-teaching workers, cultural employees or maintenance workers, as well as non-medical and social care workers.

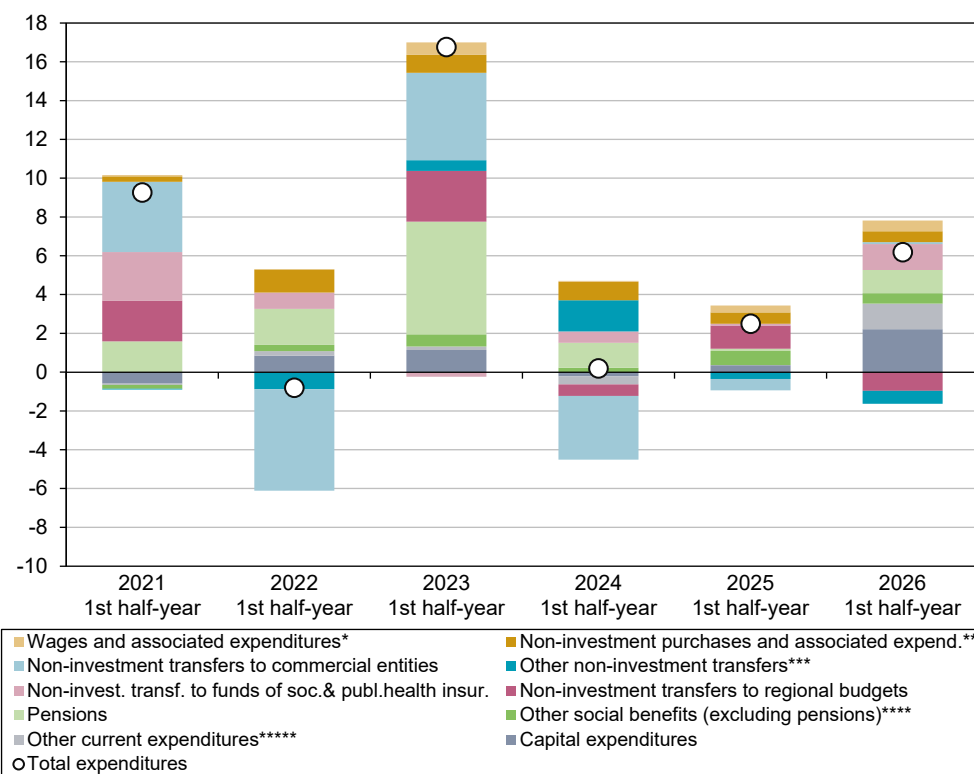
The growth of expenditure on servicing the state debt exceeded 50 bn CZK for the first time in the first half of the year. The total amount of government debt grew at a stable pace, solely due to internal indebtedness.

The budget-expected decrease of subsidies to regional budgets reflected a change in the financing of some workers in regional education.

of SB is also expenditure on servicing the state debt¹⁴⁶, which mainly includes interest. They amounted to a record 50.7 bn CZK in H1 and increased by 6.1%¹⁴⁷, year-on-year. The amount of the CR state debt reached 3,727 bn CZK at the end of June this year and increased by 6.4%, year-on-year (the pace was only slightly lower compared to the total for 2024 and 2025) and by 1.3% since the beginning of this year. Only internal debt increased, year-on-year (+234 bn CZK), external debt¹⁴⁸ shrank mainly due to regular loan repayments to the European Investment Bank and the European Commission, which occurred at the beginning of this year.

The growth of current expenditure in H1 was mainly counteracted by a significant decrease of transfers to regional budgets (−6.0%, −11.2 bn CZK). This year's change in the system of financing non-teaching staff (transfer from the state to the founders – most often municipalities or regions¹⁴⁹) was reflected here. A deeper decline of subsidies to municipalities or regions was temporarily counteracted by pre-financing in the area of social services (already carried out for the whole of this year). Of the other major expenditures in H1, only subsidies to non-profit organisations fell significantly (−13.4%, −8.7 bn CZK). This was one of the few areas that was still affected by the repercussions of the provisional budget at the beginning of the summer (this was reflected in lower support for research, development and innovation provided to public institutions).

Chart 18: Decomposition of the year-on-year change in state budget expenditures for H1 (contributions to growth, in p. p.)



* Cover expenditures on salaries in central government institutions. Do not include e.g. wage costs of regional education.

** Also include the non-investment expenditures of the chapter State debt (No. 396).

*** Include subsidies to contributory organizations, state funds and non-profit organizations.

**** They mainly concentrate state social support benefits, sickness insurance, assistance in material need, benefits for persons with disabilities and care allowance under the Act on Social Services.

***** These are mainly the contributions of the Czech state budget resources to the EU budget.

Source: MF CR

¹⁴⁶ Net expenditures correspond to the balance of the budget chapter State debt (No. 396).

¹⁴⁷ In a full-year perspective, according to the approved SB, their volume should reach 110 bn CZK this year, with a year-on-year growth of 12.1%.

¹⁴⁸ The external debt amounted to 173 bn CZK at the end of the first half of this year, accounting for 4.6% of the total state debt, which was the lowest since 2004.

¹⁴⁹ This change of subsidy support was also compensated for by a change in the budgetary allocation of the tax (from January 2026).

Purchases in the area of security and also subsidies for transport infrastructure contributed to the rapid growth of capital expenditure.

Capital expenditure of SB increased, year-on-year, in H1 (+32.0% or 25.8 bn CZK). Slightly more than 40% of this year's planned investments have already been implemented¹⁵⁰. The growth of investment was mainly of a general-purpose nature – it was most evident in investment purchases (+75%), mainly due to the strengthening of internal and external security of the state and also the acquisition of real estate. However, transfers to state funds (+12.8 bn CZK), primarily to transport infrastructure¹⁵¹, contributed the most to the strengthening of total investment. In addition, investments in local governments and entrepreneurs in terms of volume also increased rapidly (with a relatively high level of implementation). These were related to the development of the drawdown of European funds. On the contrary, their drawdown has been slower so far this year for contributory organizations, especially universities. Total investments accounted for 8.6% of all SB expenditure in H1 this year.

The Czech Republic's revenues from the EU budget strengthened thanks to higher drawdowns from the Structural Funds and also from the Recovery Instrument. The Czech Republic remained in the position of a net beneficiary in relation to the EU.

The Czech Republic's total revenues from the EU budget (excluding the EU Recovery Instrument or the National Recovery Plan¹⁵² – NPO) increased by almost a fifth, year-on-year, in H1 this year (to 65.7 bn CZK), almost exclusively thanks to the Structural Funds (+ 14.3 bn CZK). On the contrary, the Czech Republic received a fifth less from the Cohesion Fund than last year, and the decline in agricultural allocation (especially for direct payments) was also an order of magnitude smaller. The Czech Republic's total contributions to the EU budget have reached 45.8 bn CZK so far this year, and since their percentage growth was more than twice as high as revenues, the Czech Republic's net position vis-à-vis the EU budget (excluding NPO) deteriorated slightly, year-on-year (however, a positive balance of +19.9 bn CZK was still reported). If we also include the funds from the NPO that the Czech Republic has been receiving since 2021, the total positive balance with the EU this year would amount to 38.2 bn CZK (the highest in the last three years).

¹⁵⁰ This half-year budget implementation is slightly above average in the context of the last decade. The continuity of this year's investment drawdown has been significantly disrupted at the beginning of the year (the impact of the provisional budget). Nevertheless, this expenditure grew, year-on-year, even in Q1 (+8.7%).

¹⁵¹ They reached 42.1 bn CZK, with a year-on-year growth of 28.6%.

¹⁵² This instrument was created due to the need to address the economic and social impact of the COVID-19 pandemic. It focuses on the recovery of the labour market, social protection and healthcare systems, reviving the potential for sustainable growth and employment, the transition to a green and digital economy, research and innovation, support for agriculture and rural development. Expenditure takes the form of grants and loans to member states provided by the Recovery and Resilience Facility and six other EU spending programmes for the period 2021-2027.