

3. Branches Performance

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

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

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

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

The development of the supply side of the economy confirms that the domestic economy prospered last year. Total gross value added (GVA)¹ followed up on the recovery of the year before last and increased by 0.9%, quarter-on-quarter, in Q1 2025 (the highest in the last three years). The performance of the economy continued this growth trajectory with a similar intensity for the rest of the year. If the economy was driven mainly by trade (along with branches related to tourism) and construction in the first half of last year, this role was taken over by manufacturing in the end, which benefited from a domestic revival of investment in machinery and equipment as well as higher external demand. The total performance of the economy was thus 5.4% above the peak of the last boom (Q4 2019), largely due to services (especially ICT, advanced services for business and public services)².

The aggregate GVA increased by 2.8% for the whole year and grew the most in the last three years. It is encouraging, that there was growth in all eleven major economic activities for the first time since 2004. Information and communication were the most successful (+7.8%). However, as in 2024, the group of economic activities trade, transport, accommodation and food service, which benefited from the steadily growing purchasing power of domestic households and the continued development of inbound tourism, contributed the most to the growth of the economy (+0.7 p.p.). All other services divisions also performed well, but in total supported the growth of the economy less significantly (+0.6 p.p.). The performance of construction accelerated dramatically, GVA grew by 6.8% (it reached a higher pace in the current millennium only in 2002) and contributed 0.4 p. p. to the growth of the total economy. Industry had a similar impact last year, with its output strengthening by 1.5%, however it did not compensate for the downturn in 2024. Both manufacturing and energy sectors prospered. GVA in the primary sector strengthened (by 3.5% last year) for the fourth year in a row. As the volume of logging did not change fundamentally last year, as in the previous year, the development of the performance of the primary sector mainly reflected the results of agriculture. The preliminary results of the gross agricultural production account³ show that the increase of GVA last year was due to higher plant production. It reflected the impact of a very good harvest of most basic crops, especially cereals, fodder crops and potatoes⁴. A more significant recovery occurred after a very bad year 2024 in the small fruit growing segment. Production stagnated in the animal production last year. Despite persistently considerable price movements related to the main commodities (especially beef and pork meat) as well as increased sanitary risks, the situation of domestic producers remained stable. Meat production (in physical units) grew for the second year in a row⁵. The growth of milk production was of a longer-term

¹ Data related to GVA are expressed in constant prices and adjusted for seasonal and calendar effects.

² In information and communication, GVA exceeded the pre-crisis level by 47%, by 20% in financial and insurance activities, by 17% in business services (professional, scientific, technical and administrative activities) and by 9% in public administration, education, human health and social care activities. Situation was favourable in agriculture and forestry (+15%), while performance in construction lagged behind Q4 2019 by 8% and in industry by 3% (in its manufacturing part, however, it returned to the pre-crisis level, after a two-year pause (+1%)).

³ All agricultural data stated below are based on production or value added expressed at constant prices.

⁴ The cereal harvest increased by 13%, year-on-year, last year and reached 8.5 million tons (the most in the last nine years). The yield of legumes (+15%), potatoes (+12%), green corn (+12%), hops (+6%), grapes (+37%) was also higher and also increased for oilseeds (+9%), however unlike all the crops mentioned above, it lagged behind the long-term average (compared to the period 2015 to 2024, it was lower by a tenth). Among the more important crop groups, only the yield of sugar beet decreased, year-on-year (by 14%, but it almost did not lag behind the long-term average) and some fodder crops: clover and alfalfa (around 10%).

⁵ More detailed business surveys show that physical meat production grew last year (+4.5%). If in 2024 pork contributed the most to the growth of meat production (in domestic slaughterhouses), this role was fulfilled by poultry meat, whose production (185 thousand tonnes) was the highest since 2010 last year. On the contrary, beef production decreased for the second year in a row (by 2%). Gross domestic output, expressed in physical terms by supplies from Czech farms to domestic and foreign slaughterhouses, increased, year-on-year, thanks to growth for poultry meat (+11.4%) and pork (+3.2%) for the whole last year; on the contrary, beef supplies decreased slightly (-0.8%). Exports of live animals for slaughter grew for all three types – poultry (+10.3%) the most, cattle the least (+3.5%), where, however, it is a long-term significant part of domestic production by weight (85 thousand cattle were exported for slaughter abroad last year, i.e. more than a quarter of the animals fattened in the Czech Republic). The development was different according to the main categories in the meat trade last year. The turnover of trade with beef (in physical terms) decreased – exports were lower by 7.8%, imports, also due to weak demand from domestic consumers, by as much as 22.3%. On the contrary, both imports (+4.8%, to 296 thousand tonnes) and exports (+2.6%, to 31 thousand tonnes) grew for the pork meat. Regarding the poultry meat, exporters were more successful (+6.5%, to 23 thousand tonnes), since imports strengthened only slightly, year-on-year (+0.9%, to 136 thousand tonnes).



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

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

After years 2023 and 2024, when industry in the Czech Republic found itself in total mild recession due to weak external and domestic demand as well as strong cost pressures due to the energy crisis, the situation gradually improved last year. The industrial production⁶ increased by 2.1%, quarter-on-quarter, already in Q1, which was mainly caused by energy, engineering and some major industries focused on the production of intermediate products (electrical engineering, metallurgy and foundry, production of building materials, rubber and plastic industries). The strengthening of some export sectors was partly related to the efforts of trading partners to stock up ahead of the effectiveness of the US government's trade policy measures. Although this short-term stimulus faded in the following quarter, industrial output continued to grow slightly – mainly due to the production of other (especially rail) transport equipment and also due to the continuing recovery of metallurgy. Domestic industry benefited from growing external demand at the very end of the year and its output increased by 2.2%, quarter-on-quarter (the highest since the end of 2020). Favourable developments occurred in almost all investment-oriented sectors as well as in the area of intermediate products. As a result, total industrial output very slightly (by 1.1%) exceeded the level from the peak of the last boom (Q2 2019)⁷ production in Q4 last year and at the same time matched the absolute peak from the post-pandemic recovery period (Q3 2022).

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

Total industrial production increased by 2.2% for the whole 2025, which represented the best result in the last four years. Last year's growth was supported the most by the metalworking industry (growth by 7.0%, contribution to growth by +0.69 p.p.), driven by strengthening domestic and external demand, which resulted in production growth of 13.7% in this branch in Q4 (the highest in the last four and a half years). Higher production of metal structures has found application in manufacturing of motor vehicles and motorcycles and construction. In addition, rapid growth of the arms production segment was increasingly evident here. Industry was also assisted by the energy sector (+0.35 p.p.) last year, whose production increased by 4.0% after three weaker years (the highest in the last eight years). The production and consumption of electricity⁸, gas⁹ and

⁶ 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.

⁷ Nearly two thirds of the main industrial sectors still fell behind their peak from years 2015 to 2019 in Q4 this year. These were primarily coal mining (by 61%), manufacturing of metal, metallurgy and foundry (–27%), mining of building materials (–27%), footwear and leather industry (–26%), textile industry (–24%), printing (–22%). Among the larger branches, there were also energy (–19%), manufacturing of building materials (–10%), chemical industry and machinery (–9%) and electronics industry (–6%). On the contrary, branches manufacturing investment products and those manufacturing non-durables (0%) were situated above the pre-crisis output level. Among individual activities, these were mainly the manufacturing of other transport equipment (+35%), manufacturing of motor vehicles and motorcycles (+18%), other manufacturing and pharmaceutical industry (both +16%), paper industry (+13%), electrical engineering (+12%), food industry (+9%), metalworking industry (+8%) and repairs of machinery and equipment (+6%).

⁸ According to preliminary data from the Energy Regulatory Office, *total net electricity production* (i.e. excluding intermediate consumption, including production losses) increased by 3.2%, year-on-year, in the Czech Republic last year and amounted to 71.2 TWh (the second lowest volume since 2002). The output growth was largely driven by nuclear power plants, which, thanks to the extension of fuel cycles and other modernisation measures, achieved record production last year (already covering half of the total net electricity consumption in the Czech Republic). Production of photovoltaic stations grew rapidly for the third year in a row (by 19% last year); however, it still contributed marginally to the total electricity production (6%). On the contrary, production of hydroelectric power plants decreased due to the lack of precipitation (–40%) and wind power plants also supplied less (–7%). *Total domestic net electricity consumption* was 59.0 TWh last year. Its year-on-year decrease lasting three years stopped (+1.8%). This was largely due to higher household consumption (+6.5%), demand from small businesses also increased (+1.9%), while consumption by wholesale consumers decreased slightly, especially in the largest enterprises (–2.9%). Compared to year 2019, when total net consumption approached the long-term maximum, total electricity consumption fell by 5.2% last year, mainly due to the influence of wholesale customers (–8.2%), while only demand from households consuming 9.2% more grew. The Czech Republic remained a net exporter of electricity last year as well. The cross-border balance, i.e. the difference between exports and imports, increased from 0.8 TWh to 7.4 TWh, year-on-year.

⁹ Gas consumption reached 7.21 bn m³ last year, up 6.5%, year-on-year (after recalculating consumption to the long-term thermal standard, however, the growth was only 0.5%, thus this consumption grew slightly for the second year in a row but fell in total by almost a quarter in 2022 and 2023). Actual consumption increased for all categories of customers last year – especially households (+9.9%) and retail business customers (+9.3%). Against year 2016, which was temperature comparable to last year, however, the current total consumption is lower by 13%

heat¹⁰ increased. This is mainly related to the fact that the beginning of 2025 was not as above average in terms of temperature as the previous one, and it was also relatively colder last year in May, September or October. In addition, the motivation for further savings in consumption, especially in households, was also declining due to the stabilisation and subsequent reduction of energy prices, which was more noticeable especially in the case of natural gas. Higher consumption reflected the more favourable financial situation of households and a gradual recovery of economic performance, accompanied by a stabilisation of demand in some energy-intensive industries last year.

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

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

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

Of all industrial sectors, production increased the most in the manufacturing of other transport equipment (+8.4%) last year. This was helped by a strong end of the year, when, in addition to the longer-term positive external demand, positive stimuli from the domestic market also manifested. The development of other investment-oriented activities was not so intensive last year. Production was rather stagnant in manufacturing of transport equipment last year (+0.5%), thus continuing the weaker result from 2024 (-1.5%). While the slight decline in 2024 mainly resulted from deteriorated situation of direct domestic subcontractors of car parts (operating within the motor vehicle industry), slightly worse results of final motor vehicle manufacturers also had an effect last year¹¹. In the long-term growing branch repair and installation of machinery and equipment,

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

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

¹⁰ Total heat production increased by 3.1% last year (to 137 PJ) and its deeper slump from the previous three years thus halted (by 17.9% in total). More energy was produced from natural gas (+8%) and biomass (+11%) last year, which are the second and third most frequently used fuels in heat production, respectively. A third of the heat was produced from brown coal last year, the use of which slightly decreased, year-on-year (-0.6%). Thermal energy consumption (in central supply systems) increased, year-on-year (+3.4%, to 68.2 PJ) last year. Growth was mainly driven by the trade, services, education and health sectors (+8.1%) and households (+5.5%). On the contrary, consumption in industry stagnated.

¹¹ According to data from the Automotive Industry Association, 1.45 mil personal vehicles were manufactured in the Czech Republic in 2025, which was by 0.5% less compared to the record result from the year before last. The weaker launch of production at the beginning had a negative effect (resulting from worse sales abroad, some manufacturers introduced short-term production restrictions), on the contrary, the situation gradually improved in the spring and both June and September production (both 136 thousand vehicles) was already noticeably higher, year-on-year and December already brought a double-digit growth. After decline in year 2024, the segment of manufacturing of electric vehicles (including hybrid vehicles) has revived significantly last year, doubling production and accounting for nearly a sixth of the total motor vehicle production. In addition to personal vehicles, most manufacturers of other types of motor vehicles also recorded a decrease of total production last year.



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

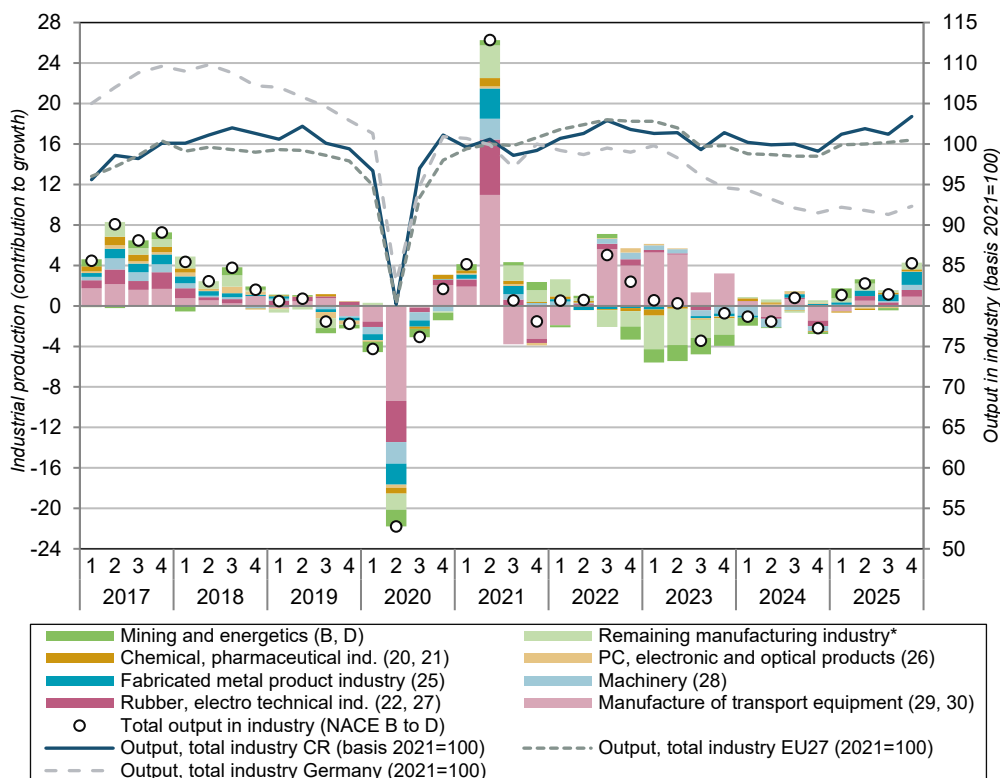
The rising purchasing power of households further supported the development of the food industry. However, production growth slowed slightly compared to 2024.

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

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

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

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



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

Energy-intensive branches of the mining industry continued to

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

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

The largest downturn affected the small leather industry branches. The performance in manufacturing of pharmaceutical products also decreased after a long period. Growth did not continue last year in most small industries focused on the manufacturing of non-durable products. The leather industry¹² was hit by the largest downturn (-9.2%, comparable to the downturn in 2020), solely due to a drop of external demand. This also affected the performance of the clothing manufacturing, which fell by 5.9% last year (the most after year 2009). On the contrary, the traditionally dominant domestic demand was behind the slight decrease of beverage manufacturing¹³ (by 2.0%). This also affected a similar output reduction in printing industry. The weakening of dominant external demand coupled with the simultaneous rapid growth of the domestic market (related to higher demand from the public sector in security area) resulted in a slight decline of the pharmaceutical industry performance (-0.8%), the first in the last thirteen years. On the contrary, production in manufacturing of furniture decreased for the third year in a row, albeit only slightly last year (-0.1%). Weaker domestic demand was the root cause in both 2024 and last year. In total, the above-mentioned diverse mix of consumer sectors counteracted the growth of the total industry by 0.13 p. p. last year.

In some sectors, the generally favourable development of domestic demand contrasted with weaker export performance last year. The development of the nominal value¹⁴ of new industrial orders was uneven in terms of individual parts of the year and sub-sectors last year. Year-on-year growth of order volumes had already slowed during the second half of the year before last and came to a complete halt in Q1 2025 (-0.1%) due to weaker demand for key export sectors. However, subsequently there was a slight recovery that continued throughout the summer, and a more significant growth impulse came at the very end of the year. The volume of orders increased by a tenth in Q4 (the most in the last three years). However, only external demand contributed to it (mainly in manufacturing of other transport equipment¹⁵ and in electrical engineering and the metalworking industry). External demand also grew more moderately in manufacturing of motor vehicles and motorcycles (+5.6%, by 3.7% annually). The value of all orders in total industry increased by 3.9% for the whole last year, of which by 54.1% in manufacturing of other transport equipment¹⁶, by 9.4% in the metalworking industry and also for instance in engineering (+4.0%). On the contrary, they fell the most in the electronics industry (-4.6%). Taking into account producer prices, orders also fell more slightly in real terms in the textile, clothing, paper and pharmaceutical industries. On the contrary, they grew through this lens very slightly in the metallurgical and chemical industries.

The growth of the value of new orders accelerated sharply at the end of 2025, thanks to external demand in the areas of both public transport and safety. However, demand did not increase in a number of mostly smaller economic activities. Business confidence in industry did not change much during 2025 and remained in a slightly negative zone. Nevertheless, there were signs of a partial recovery already last autumn and at the beginning of this year. The confidence balance was -2 p. p. in February 2026 (it also remained slightly below the long-term average). The negative

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

¹² It has included a very marginal segment in recent years of footwear manufacturing.

¹³ The impact of last year relatively colder and rainier summer probably had an impact here. Since the beverage production fell by 6.5%, year-on-year, in Q3, the most since the beginning of 2021 (when demand was fundamentally affected by anti-pandemic restrictions).

¹⁴ Survey of orders is performed in twelve manufacturing activities producing mostly custom-made products, with longer production cycle and larger order stocks. Year-on-year growth rates of orders are adjusted for calendar effects, quarter-on-quarter rates also for seasonality effects.

¹⁵ The strong growth impulse was mainly related to the modernization of public transport and the army.

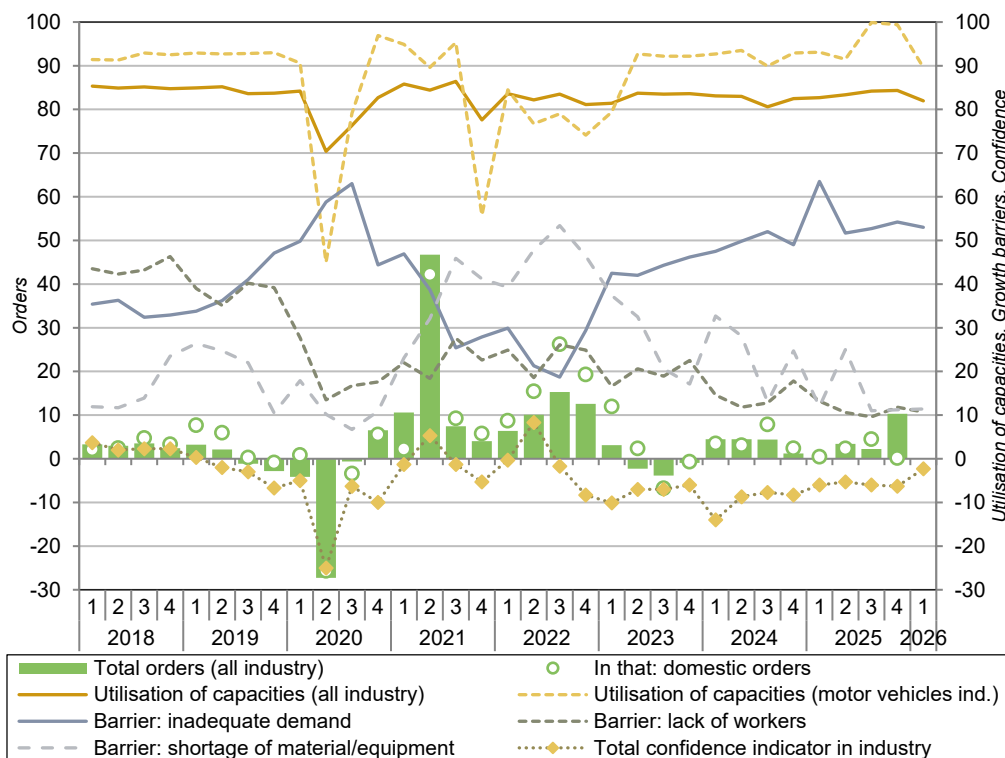
¹⁶ The last time they registered a comparably high annual growth in this sector was in years 2007 and 2009.



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

view of current demand, especially external demand, was softening. Fifth of businesses already anticipated a demand growth with a view to this spring period (a decrease of only 3%), which was reflected in the prevailing positive expectations of production. The number of companies planning layoffs was decreasing, and the reduction of number of registered employees also slowed down during 2025¹⁷. The current economic situation of businesses improved at the turn of the year and their outlook was also slightly positive¹⁸. The insufficient demand remains a key growth barrier in industry for the third year in a row¹⁹. 53% of businesses reported it in January this year, nevertheless its role decreased, year-on-year (by 10 p. p.). On the contrary, a tenth of businesses are constantly troubled by a lack of labour force, alternatively materials or equipment. On a positive note, the share of businesses that did not report any significant barriers has almost doubled, year-on-year (to 26%, the most in the last five years). Utilisation of production capacities in industry reached 82% in January this year, was almost unchanged, year-on-year, and was lower by 2.5 p. p. compared to the 2015-2019 boom period. Their use was traditionally high (90%) in manufacturing of motor vehicles and motorcycles, nevertheless it lagged slightly behind the period of the last boom even here²⁰.

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



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

¹⁷ This number (in industrial businesses with 50 or more employees) decreased by 1.8% for the whole last year, of which the year-on-year decline moderated to 1.2% in December.
¹⁸ Based on the survey from February 2026, 14% of businesses expected an improvement of own economic situation in the six-month horizon, while only 3% expected a deterioration.
¹⁹ Businesses could have indicated more barriers simultaneously.
²⁰ Among the individual manufacturing branches, the leather, petrochemical, pharmaceutical, plastics and rubber industries, repairs of machinery and equipment, as well as manufacturing of other transport equipment also reported higher capacity utilization (above 88%). On the contrary, weaker use (between 60 and 70%) was recorded in the electronics, beverage and engineering industries.

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

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

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

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

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

Industry in the EU had already emerged from a mild recession at the end of 2024 and its recovery in Q1 2025 was linked to sectors focused on investment products. There was a slight quarter-on-quarter growth of production (0.2 to 0.3%) in the second part of the year, driven mainly by investment sectors and partly by higher demand for consumer goods. The recovery of industry was more pronounced in the Czech Republic at the end of last year and resulted mainly from higher production of industries focused on investments and intermediate products. The output of the total industry in the EU increased by 1.5% for the whole year 2025 (by 2.2% in the Czech Republic). Higher output of consumer goods (+4.8%) had the largest impact, especially of non-durable consumer goods. On the contrary, the performance of industries focused on intermediate products decreased (-0.3%) for the fourth year in a row, e.g. the chemical industry, rubber and plastics industry, or the production of building materials. Among the Member States, Ireland (+17.7%), Sweden (+4.7%) and Latvia (+4.0%) achieved the highest industrial growth for the fourth year in a row, among the major economies then Poland (+2.5%), Spain (+1.2%) and France (+0.7%). On the contrary, the largest decrease was recorded in Bulgaria (-7.3%, amid a decline in energy and metallurgy), production also went down in Hungary for the third year in a row (by 3.6% last year, amid a deeper downturn in the petro-chemical industry, motor vehicle and other investment sectors, and the production of most intermediate products), and there was also a decline in Slovakia (-3.0%, with a noticeable slump in energy output). Among the major producers, industrial output fell last year in Italy (-0.3%) and Germany (-0.9%²¹), where the recession in this sector was not as pronounced as in 2023 and 2024, but lasted for the fourth year in a row. Decline mainly in traditional export areas (motor vehicle, engineering) was evident here last year, and in addition to energy, production fell in all other important branches.

Construction prospered last year. Clear signs of a positive turnaround were already evident in H2 2024. Construction production²² increased by 6.5%, quarter-on-quarter, after the beginning of last year, with a significant recovery in all segments of the industry. This continued in lower intensity in the rest of the year. However, the quarter-on-quarter growth of production stopped (-1.4%) in Q4 2025 and there was a slight “cooling” in building and civil engineering construction. It cannot be ruled out that the construction market has temporarily become saturated to some extent after a stronger recovery in previous quarters and that its further development has been increasingly limited by persistent barriers (e.g. labour force shortages).

The construction output increased by 10.9% for the whole last year (the most in the available series since 2001) and at the same time exceeded the level of the peak of the pre-pandemic boom (2019) for the first time. Building construction accounted for almost two-thirds of last year's growth, where both building construction (+10.2%) and specialised construction activities (+10.7%), which are usually the domain of smaller enterprises and small entrepreneurs, achieved a significant recovery. A partial recovery of private investment has become apparent (owing to strengthening economic growth and confidence) and price effects²³ also play an important role here. The ongoing growth of public investment in transport infrastructure was reflected in more than 11.5% growth of civil engineering production. Subdued residential construction did not assist the

²¹ However, the output of German industry increased slightly in Q4 2025 alone (+0.9%, there was also a slight recovery in manufacturing of motor vehicles and motorcycles, but the reduction of the total number of employees in industry continued to deepen slightly). This was connected to the overall recovery of industry in the EU (+2.1%), while there was a higher acceleration in the Czech Republic (+4.2%) due to rapid growth of demand for intermediate products and investments, including the modernisation of the army.

²² Data on construction production are at constant prices, year-on-year rates are adjusted for calendar effects, quarter-on-quarter also for seasonal effects.

²³ Cost pressures partially eased already in 2024 (due to more favourable developments of prices of some energies and also the majority of building materials), but at the same time real estate price growth strengthened significantly (owing to increased demand on the part of households, which occurred even with relatively high and unchanged mortgage rates), which partially limited the more pronounced and broad-based growth of demand for residential real estate.



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

development of building construction much (other areas, such as manufacturing plants and warehouses, as well as public buildings, are likely developing more). The number of dwellings started last year (35.8 thousand) corresponded to the long-term average and slightly decreased, year-on-year (-2.2%) in almost all segments (except for extensions and upward extensions to residential buildings). Although 10.8% more dwellings were completed, year-on-year, their number (33.6 thousand) was the second lowest in the last eight years last year. The reduction of completion in key segments (new family houses²⁴ and residential buildings) continued, while the number of dwellings created by modification of existing family houses as well as residential buildings and non-residential buildings increased almost two and a half times, year-on-year. This may be connected to the relatively simpler administrative complexity of the execution of these constructions. A third of all commenced and completed dwellings were in Prague and the “*Středočeský region*” last year.

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

The value of newly concluded construction contracts²⁵ increased by 9.8%, year-on-year, in the Czech Republic last year. Both major segments of the industry contributed to the growth, with civil engineering contracts playing a decisive role as in 2024. However, the total volume of orders decreased slightly (by 2.6%) in Q4 2025 alone, partly due to the high comparison base in civil engineering the year before last. Thanks to the high inflow of orders from previous quarters and the longer-term horizon of their implementation, the total stock of work of domestic construction companies remains high. The value of all contracts that have not yet been implemented amounted to 401 bn CZK at the end of last year (of which 68% were from the domestic public contracting authorities and 2% of all contracts abroad) and was higher by more than a fifth, year-on-year (similarly for both public and private domestic contracts). According to another leading indicator, the outlook of construction industry is worse. The approximate value of granted building permit decreased by 13.3%²⁶, year-on-year, last year and deepened the decrease from the previous year. The value of permits was falling, except for Q3, throughout last year. The annual decrease was mainly caused by the new civil engineering constructions (both transport and other) and non-residential buildings. In comparison, only modernisation or reconstruction of transport structures grew significantly last year (+40%). “*Moravskoslezský region*” and “*Středočeský region*” participated the most in the total decrease, while in contrast the value of all permits increased only in the “*Ústecký region*”.

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

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

Pessimism in construction has been easing since autumn 2024, and the balance of business confidence returned to the positive band last year after more than three years. Although there was a slight correction at the turn of 2025 and 2026, when the confidence balance reached -2.0 points in February, it was still slightly more favourable in year-on-year terms, while at the same time significantly exceeding the long-term average. Slightly positive expectations of the nearest development of construction activity (with a view to this spring months) were reflected in the recruitment plans²⁷. 35% of companies have currently assessed their financial situation favourably (only 3% unfavourably), and every fourth company expects an improvement in the six-month outlook (only one in twenty expects deterioration). However, the current demand is still perceived unfavourably by a fifth of companies. The performance of the total industry is limited by chronic growth barriers²⁸. In fact, shortage (especially of qualified) employees have been the most

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

²⁴ Last year's number of completed dwellings in family houses (13.9 thousand) was the lowest in the last nineteen years.

²⁵ Orders are given at current prices and cover only businesses with 50 and more employees.

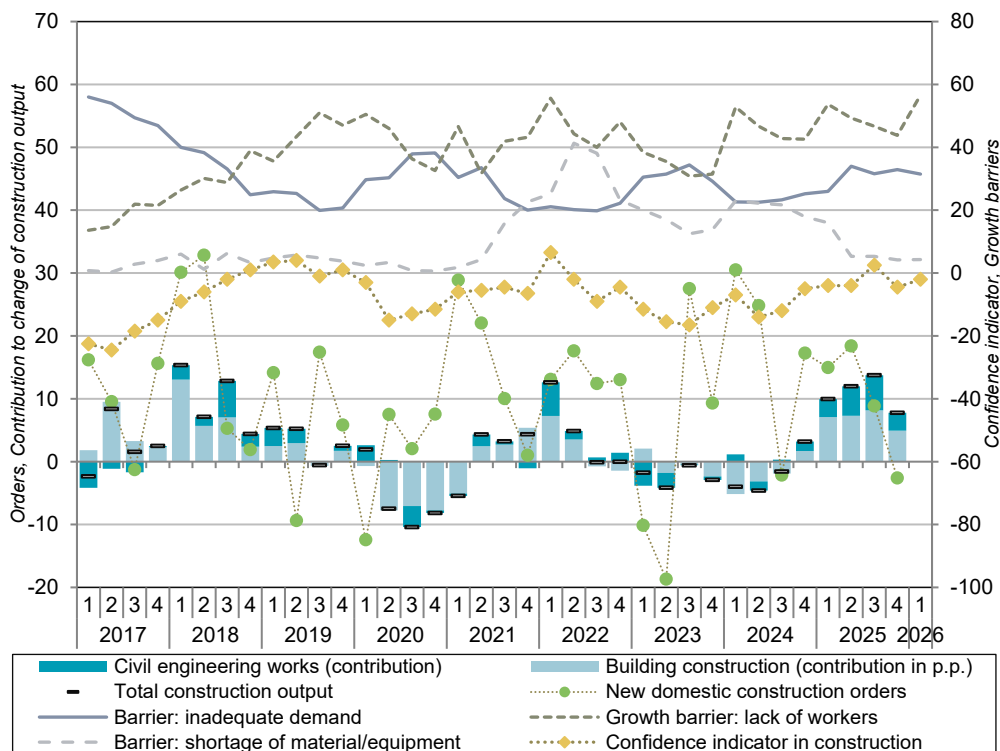
²⁶ This decline was not significantly influenced by the fact that the number of large, permitted constructions (with a budget of over 1 bn CZK) increased slightly, year-on-year (from 44 in 2024 to 51 last year).

²⁷ The registered number of employees (in construction businesses with more than 50 workers) increased by 2.7%, year-on-year, last December and by 1.1% for the whole year. This represents a significant shift, since the number of employees decreased by 1.6% in 2024.

²⁸ Only a fifth of construction businesses did not report any of the possible growth barriers in February this year. This share, which is half lower than in the EU or the euro area, has remained essentially unchanged in the Czech Republic over the past eight years.

significant barrier for more than seven years in a row. About 50% of companies cited it as one of the barriers (similarly to the beginning of last year). Insufficient demand plagued almost a third of businesses²⁹ and this share increased slightly, year-on-year. On the contrary, it is positive that the difficulty with the material or equipment shortages, which was acute between years 2021 and 2024, has largely disappeared during last year. This contributed to the stabilisation of prices of construction materials and the moderation of the expected growth of prices of total construction production³⁰.

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



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

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

Services sustained the slight recovery from 2024 last year. The stabilisation of the level of consumer prices helped to restart growth of real wages of employees, which was mirrored in a more favourable financial situation of households and subsequently stimulated their consumption. Services were also positively affected by slightly growing corporate demand. The quarter-on-quarter growth of services sales³¹ accelerated at the beginning of last year (to 1.5%) mainly due to professional, scientific and technical activities. However, the total growth stalled in Q2 and Q3, as weaker demand in transportation and storage materialised in response to the volatile industrial situation. At the very end of the year, demand in industry and related service branches grew due to a significant strengthening of firms' investment activity in the economy. This led to an increase in transportation and storage, nevertheless sales grew in all major service

²⁹ As with the shortage of workers, the lack of demand affected enterprises in the building construction segment the most (and the least in civil engineering). Worker shortages represent a key growth barrier in all three major construction segments.
³⁰ In February 2026, a quarter of construction businesses expected (in a three-month perspective) raise of the prices of their own production, which did not deviate significantly from the long-term average.
³¹ Without trade, financial and insurance activities, science, research and public services. All data for services are in constant prices, year-on-year data are adjusted for calendar effects, quarter-on-quarter data are adjusted for seasonal effects (including the effect of the number of working days).



branches (except for real estate activities). Total sales in services were thus slightly above the level from the peak of the pre-pandemic boom³².

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

Sales in services increased by 1.9%, year-on-year, for the whole 2025. Compared to the pace the year before, this presented a very slight slowdown (related to fluctuating demand in transportation and storage). More than a third of last year's growth was accounted for by professional, scientific and technical activities. With the exception of advertising activities (whose performance stagnated)³³, sales increased in all sub-sectors. The development of the entire branch was driven by architectural and engineering activities, where growth accelerated (to 3.3%) due to the rapidly developing construction sector. Activities of head offices and management consultancy activities also performed well (+6.2%, a four-year high) as well as legal and accounting activities, with sales exceeding the level of the pre-crisis year 2019 by almost a fifth. More dynamic demand growth continued for the second year in a row in the diversified segment of other professional, scientific and technical activities (+4.9%)³⁴, and sales matched the level of 2019 here for the first time last year.

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

Information and communication activities (ICT), whose sales increased by 2.7% last year (the highest in the last three years) also significantly supported the development of services. The ICT sector benefited mainly from a significant increase of telecommunications performance (to +5.8%, the highest after year 2007), however sales also increased rapidly in information activities³⁵, in which the previously dynamic growth of demand had effectively stopped in the previous three years. In the long-term strongly developing IT³⁶ activities, sales grew more moderately last year (+2.3%, about half less than in 2024). On the contrary, publishing activities revived very slightly after the downturn in 2023 and 2024 (mostly in the SW area). Sales stabilized after a slump in the previous two years³⁷ (+3.4%³⁸) in the small ICT segment – the motion picture and music publishing activities – and were 29% lower than in 2019. Sales fell by 13.5%³⁹ in the television programme production and radio broadcasting last year, in which, as one of the few sub-sectors of services, demand did not drop significantly during the “pandemic year” of 2020, which was the highest after year 2009.

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

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

³² Compared to Q2 2019, total sales (seasonally adjusted) were 4.8% higher in Q4 2025. Of the main service sectors, information and communication (+16.4%) and professional, scientific and technical activities (+8.0%) and transportation and storage (+4.5%) exceeded this level. On the contrary, sales were still the most lagging behind in accommodation, food service and restaurants (-13.3%) and in administrative and support service activities (-5.9%).

³³ Unadjusted advertising revenues decreased by 0.3%, year-on-year, last year (and thus declined in real terms for the second year in a row). In contrast, revenues from market research and public opinion polling increased slightly (by 2.4%, the most in the last four years).

³⁴ This sub-branch with significant share of small businesses mainly includes brokering activities, design, translation and photographic activities or activities of construction supervision.

³⁵ They consist mainly of activities linked to the web portals, news press offices and agencies or data processing and hosting.

³⁶ They mainly include programming, consultancy in IT area or computer facilities management activities.

³⁷ This drop of demand may have been related to the repercussions of a longer strike in Hollywood here (from H2 2023). The development of sales of the domestic motion picture and music publishing activities is generally quite volatile, which is related to irregular invoicing.

³⁸ The motion picture distribution segment performed similarly. According to data from the Union of Motion Picture Distributors, the gross nominal sales of domestic cinema operators increased by 0.5%, year-on-year, last year (with a decrease of total attendance by 3.3%, which slightly deepened for the second year in a row). Last year's result was affected by weaker sales in the autumn months. Compared to 2019, cinema attendance was almost a third lower last year (with almost the same number of performances played) and sales by an eighth.

³⁹ Last year's development was influenced by rapidly rising prices for the creation of programming and broadcasting activities as sales at current prices grew slightly (+0.1%).

performance in both passenger and freight transport⁴⁰ here. Sales growth slowed in storage, nevertheless in real terms they were almost a sixth above the 2019 level. Postal and courier activities were from a longer-term perspective in a similar situation. However, their sales grew only slightly last year (+2.0%) despite the continued rapid development of sales via internet. In the marginal segment of air transport, the rapid recovery of demand from previous years did not continue and the sales of domestic carriers decreased slightly, year-on-year, (by 3.0%)⁴¹ last year. However, sales increased by 12.2% in Q4 alone and, seasonally adjusted, matched the peak level of the previous decade for the first time (Q2 2019). On the contrary, sales of water transport still lagged behind 2019 by about a tenth despite last year's recovery (+7.2%).

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

Sales increased by 1.3% in accommodation, food service and restaurants last year (and their growth was subdued for the third time in a row). This happened despite the relatively rapidly growing purchasing power of domestic households and the continuing development of inbound tourism. This may also be related to the rapid hike of the prices of these services⁴². Physical indicators in the area of inbound tourism indicate slightly better results than real sales. Domestic providers of mass accommodation facilities (MAF) registered 23.55 million guests last year (in that 12.64 million were from the Czech Republic) with an average number of 2.51 nights per guest. The number of overnight stays increased by 3.3%, year-on-year, and, in contrast to the number of guests (which grew similarly last year), its growth rate increased slightly compared to 2024 (2.5%). Demand from non-residents grew faster last year (+5.0%), while overnight stays by domestic guests increased by only 2.0%. The summer season was again marked by worse weather – while the year before last it was exclusively the September floods; it was more long-term changeable weather with a higher frequency of precipitation and relatively slightly below average temperatures in July and September last year. This was reflected in lower demand from domestic guests, especially in campsites⁴³. For the second year in a row, the year-round number of visitors to MAF was above the level of the pre-covid year 2019, both in terms of the number of accommodated guests (+7.1%) and overnight stays (+3.7%)⁴⁴.

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

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

⁴⁰ According to current data from the Ministry of Transport, transport performance (in passenger-kilometres) increased, year-on-year, in rail transport by 4.6%, in road transport by 12.6% and in public transport by 6.8% in Q1 Q3 2025. However, the number of passengers increased only in public transport (+1.4%), while it stagnated on the railway. The growth of transport performance on roads continued in freight transport (+4.9%) and on the contrary it continued to decline on rail (by 3.3%), due to the shortening of transport distances (the volume of transported cargo increased in contrast by 6.9% last year).

⁴¹ On the contrary, the number of passengers handled at airports in the Czech Republic continued to grow (according to current data for Q1 to Q3 2025, by 6.5%, year-on-year).

⁴² Prices of accommodation services increased by 8.5%, year-on-year, in Q1 2025, and prices of food services by 4.9%, year-on-year. Compared to 2015, they were 95% higher in total for both segments in March last year, while prices of the total consumer basket increased by “only” 54% over the same period.

⁴³ Overall, however, the number of guests in all MAFs in the Czech Republic increased slightly, year-on-year, in Q3 (+1.5%), since the changeable weather did not disturb urban tourism so much, as indirectly evidenced by the solid growth of the number of arrivals to top-category hotels in the Czech Republic (5*: +4.9%, 4*: +3.3%). The total demand growth in tourism in the Czech Republic was again driven mainly by foreign guests throughout the year. Israelis contributed the most to the growth last year (with a 35% increase of overnight stays), while Poles (+13.4%), Ukrainians (+8.4%) and the British (+7.5%) also had a significant impact. Demand from Germans stagnated, with these citizens still accounting for almost a quarter of the number of overnight stays (their demand grew by 3.1%, year-on-year, in 2024 and, together with guests from Israel and Great Britain, contributed the most to the growth of all overnight stays by foreign guests). Among the regions, the total demand for accommodation grew the most in the “*Pardubický* region” (+5.8%) and the least in the “*Jihočeský* region” (+0.8%). No region recorded a decrease of the number of overnight stays last year. Growth was 3.9% in Prague and was largely driven by foreign demand. It increased last year in all regions, except for the “*Vysočina* region” (–0.3%). In the case of domestic clientele, a similar slight decline of interest was recorded in the “*Královéhradecký* region” and “*Jihočeský* region”, while the overnight stays of Czechs increased slightly in other regions (the most in the “*Plzeňský* region”: +4.6%).

⁴⁴ This happened almost exclusively thanks to domestic clientele. The number of foreign guests was comparable to 2019 last year, however their number of overnight stays was still slightly lagging behind (by 1.6%).

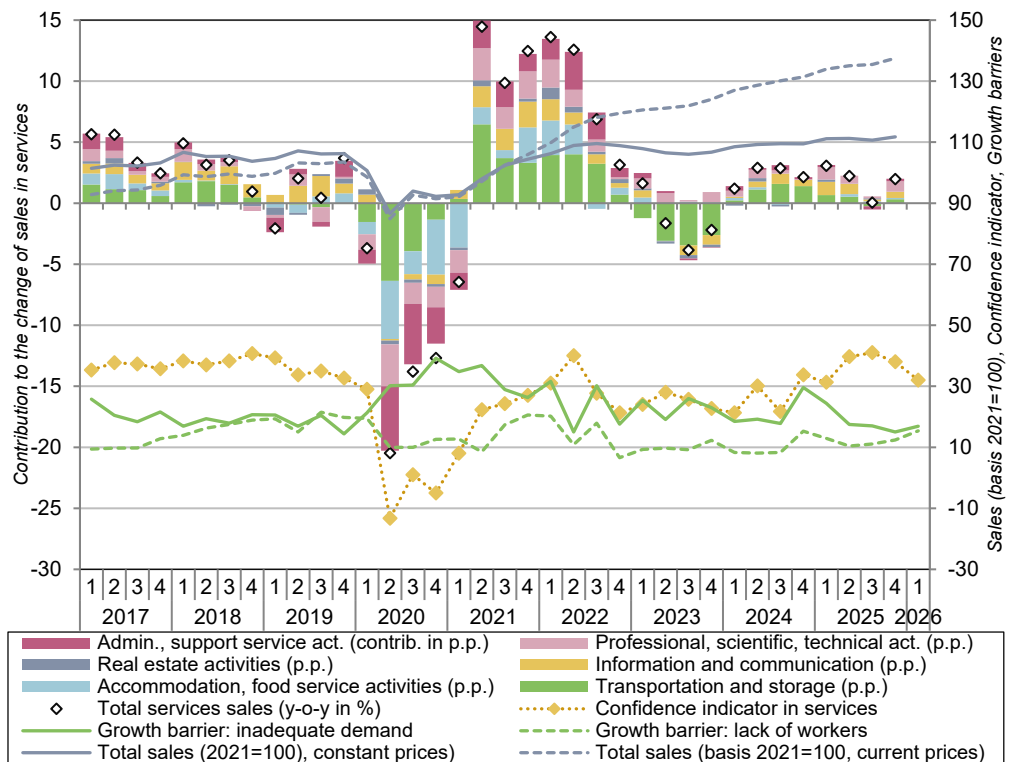


digitalisation.

Rental and operating leasing activities maintained stable demand.

administrative, office support and other business support activities (+6.8%⁴⁵). Higher demand from both households and businesses was reflected in sales growth of rental and operating leasing activities (+4.8%⁴⁶), which thus followed up on the recovery the year before last. On the contrary, a deeper sales decrease of activities of employment placement agencies continued for the fourth year, by 8.7%⁴⁷ last year. The pressure to reduce costs associated with the development of digitalization was reflected in a reduced sales of security and investigation activities. This has been going on for the third year, and it deepened to 7.6% last year (comparably the last time in 2009). For the first time since the retreat of the COVID-19 pandemic, the growth of demand for travel agency services stopped last year (however, sales exceeded the 2019 level by 5% here).

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



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

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

Retail growth continued in 2025, benefiting from growing household confidence in the economy⁴⁸, supported by favourable labour market developments. Nevertheless,

⁴⁵ These include, for example, the organization of conferences and exhibitions, activities of collection agencies and credit bureaus, but also e.g. call-centre activities.
⁴⁶ Year-on-year, sales (without adjustment) increased the most for rental and leasing of other machinery (e.g. construction or agricultural), equipment and trucks (+8.1%), the least for rental and leasing of passenger cars (and other light motor vehicles), where demand stagnated as in the previous two years.
⁴⁷ The decline of sales also occurred amid a high growth of the number of working foreigners in the Czech Republic. Refugees from Ukraine have played a significant role in it in the last four years. Due to the Temporary protection status granted to these persons, their employment in the CR is administratively simpler (compared to other groups of migrants from the so-called third countries) and thus they can find employment more easily “directly” (without an intermediary). In addition to the above, the reduced demand for the agency workers on the part of key manufacturing branches of the industry can also play a role in the decrease of sales.
⁴⁸ Last November, it thus broke out of the negative zone for the first time since the end of 2019 and was almost 12% higher than the long-term average (2003–2024). Although there was a slight correction in the following months, consumer confidence was still noticeably higher, year-on-year.

indicated a possible slowdown of growth.

quarter-on-quarter sales rates in retail⁴⁹ indicated a tendency towards a slight growth slowdown in H2. Although households' assessment of their own financial situation (and its outlook for 2026) gradually improved, people's willingness to make larger purchases (especially investments and durable goods) did not increase much, and at the same time there was a higher tendency to create financial savings. Retail performance was slightly above the peak of the pre-pandemic boom (+1.6%) in Q4 last year, however it has not yet fully compensated for the downturn in 2023 and 2024 (associated with a fall of real wages).

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

Retail sales increased by 3.3% for the whole last year (and the pace slowed slightly compared to 2024). Higher demand for non-food goods (growth by 4.2%, contribution to the growth of the total retail trade +2.2 p.p.) still maintained a dominant influence, which was essentially influenced by sales in the area of sales via internet or mail order houses, which strengthened by almost a tenth and, as in 2024, represented the most dynamic segment of total retail. Sales of cosmetic and toilet products continued to increase the most in specialized stores⁵⁰ (+9.2%), while sales of pharmaceutical and medical goods also performed well (+5.4%)⁵¹. Demand for fuels was growing, which stemmed mainly from their favourable price developments⁵². Year-on-year growth of their sales reached 8.0%⁵³ (the highest pace since 2008) and contributed 1.0 p. p. to the growth of the total retail last year. A positive turnaround was recorded in the retail sale of cultural and recreation goods, where sales increased by 3.2% last year after three years of declines, mainly due to higher demand for sports equipment. On the contrary, despite favourable price developments, there was no change regarding the demand for clothing, footwear and leather goods, and sales grew only slightly here for the second year in a row (and were still lower by almost a quarter compared to 2019). In addition, sales in some assortment groups of stores continued to decrease last year – by 2.5%⁵⁴ in the rather marginal segment of stores with computer and communication equipment, by 0.3% with products mainly for households⁵⁵. Sales increased only very slightly in food retail (+0.4%, contribution to the growth of the total retail sector +0.2 p.p.), while they grew at an almost identical pace for large chains⁵⁶. In specialized (usually small) stores⁵⁷, they slightly fell. While demand growth moderated (to +0.5%) last year compared to the 2024 pace (+2.8%) in chains, the fall of demand for specialized grocery stores continued for the seventh year in a row (by 0.2% last year).

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

⁴⁹ All year-on-year rates of retail sales are given at constant prices and adjusted for calendar effects, quarter-on-quarter rates are seasonally adjusted (including the effect of the number of working days). Retail trade includes only CZ-NACE 47 economic activities.

⁵⁰ In addition, sales growth in the marginal segment of non-specialised stores with non-food goods predominating continued for the fifth year in a row last year (by 5.7% last year, by 14.6% the year before). It focuses on offering diverse, rather smaller goods at discount prices and has gradually expanded its sales network in the Czech Republic in recent years.

⁵¹ Favourable price developments also helped to drive demand for both of these assortment groups in the longer term (consumer prices fell slightly here in both 2024 and 2025).

⁵² The consumer price of diesel reached an average of 32.70 CZK/l last May, and Natural 95 petrol was sold at filling stations for approximately 33.90 CZK/l. In the case of diesel, this was the lowest value since June 2023 and in the case of Natural 95 petrol even since September 2021. Favourable price developments continued without significant fluctuations until the outbreak of the war in Iran (at the beginning of March 2026). In addition to domestic households and companies, foreign carriers that operate transit transport through the Czech Republic have also responded to this development.

⁵³ However, fuel sales at current prices increased by only 1.5% last year, i.e. four times less than in 2024.

⁵⁴ Sales have been falling at a similar pace here for the fourth year in a row. It can be assumed that an increasingly significant part of the demand for computer and communication equipment is usually realized in larger establishments belonging (according to their predominant activity) to sales via Internet.

⁵⁵ These include mainly hardware, building materials, paints, glass, DIY supplies, electrical appliances, electronics, furniture, lighting equipment, carpets or home textiles.

⁵⁶ More detailed data for non-specialised stores with food predominating (in enterprises with an annual turnover of more than 15 bn CZK) indicate that the long-term trend of decline of the consumption of alcohol, non-alcoholic beverages and tobacco products probably continued last year (e.g. consumer prices of tobacco products increased by 7.0% in the Czech Republic last year, but sales for these products in the above-mentioned store segment increased by only 4.4% at current prices). On the contrary, consumers probably demanded more non-food goods in the above-mentioned stores last year, as indicated by the growth of sales at current prices for building materials and hardware (+7.4%). In contrast, they demanded less clothing, footwear, leather goods and travel equipment (-6.8%). Last year, consumer prices in the Czech Republic did not rise for clothing and footwear, on the contrary, they rose for household products.

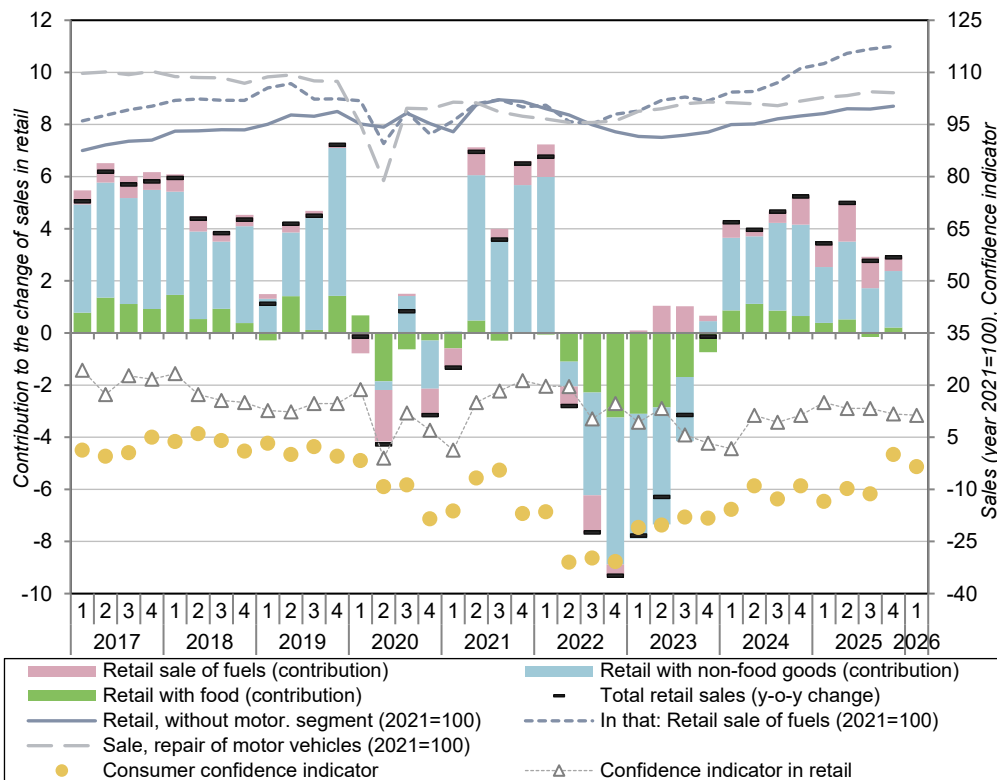
⁵⁷ These include, for example meat products, pastries, confectionery products, beverages or fruit and vegetables. However, tobacco shops, whose role grows especially to the detriment of stores with meat, have the greatest weight here in the latest years.



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

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

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



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