

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