

## 1. Summary

- Gross domestic product (GDP) grew by 0.5%, quarter-on-quarter, in Q2 2025<sup>1</sup>. The growth was supported by a recovery of domestic consumption and developments in inventories. Investments grew only slightly, quarter-on-quarter. The international trade balance negatively affected the GDP growth. Year-on-year GDP growth strengthened to 2.6% in Q2. Domestic consumption grew and the change in inventories had a positive effect. However, the year-on-year growth of the economy was still hampered by investment activity and the international trade balance. Gross domestic product grew by 0.2%, quarter-on-quarter, in the EU and by 1.6%, year-on-year, in Q2. Mainly the developments in the German economy contributed to the slowdown of quarter-on-quarter GDP growth in the EU.
- In Q2 2025, the Gross value added increased by 0.5%, quarter on quarter. The group trade, transport, accommodation and food service activities was the most influential in the direction of GVA growth, supported by the recovery of domestic consumption. Solid development also continued in construction and professional, scientific, technical and administrative activities grew significantly. The GVA increased slightly again, quarter-on-quarter, in manufacturing, following the previous decline. Year-on-year GVA growth strengthened to 2.8% in Q2. The most growth-oriented activities were the group trade, transport, accommodation and food service activities and information and communication. The most significant year-on-year GVA increase was recorded in construction. Gross value added increased by 2.2%, year-on-year, in total industry in Q2, of which by 2.0% in manufacturing, mainly due to the weak comparative basis of the previous year.
- Quarter-on-quarter growth of exports of goods and services slowed down significantly to 0.3% in Q2<sup>2</sup>. Imports increased by 1.5%. The year-on-year increase of exports reached 4.2% and imports 6.0%. The balance of international trade in goods and services at current prices reached a surplus of 118.8 bn CZK in Q2, which thus decreased by 11.0 bn CZK, year-on-year. The surplus of trade in services and goods has fallen. The balance of trade deteriorated for most items, most notably crude oil and natural gas, fabricated metal products and electrical equipment. On the contrary, the surplus of sale of motor vehicles and motorcycles increased considerably.
- The total price level (according to the GDP deflator) increased by 3.3%, year-on-year, in Q2 and by 1.3%, quarter-on-quarter. Consumer prices were 2.4% higher, year-on-year, in Q1 and up 0.5%, quarter-on-quarter. Food and non-alcoholic beverages maintained the strongest influence on the total consumer price growth, while the contribution of housing and energy prices strengthened slightly. Prices of alcoholic beverages and tobacco made a significant contribution, and strong growth of prices of services continued to be evident, particularly in the division recreation and culture and food service and accommodation. Only prices of transport, clothing and footwear dropped, year-on-year. Growth of catalogue as well as realized prices of dwellings continued to strengthen.
- Total employment<sup>3</sup> was 1.0% higher, year-on-year, in Q2 and increased by 0.5%, quarter-on-quarter. The total unemployment rate has remained below 3% since the beginning of the year. The average gross monthly wage rose by 7.8%, year-on-year, in Q2 and amounted to 49,402 CZK. In real terms, the average wage increased by 5.3%. The quarter-on-quarter nominal increase of seasonally adjusted average wages was 2.2%.
- The key monetary policy-relevant interest rates were cut once in Q2. Along with them, the interest rates on deposits, especially term deposits, also decreased, which was also associated with their shrinking volume. The share of net new loans in new mortgage contracts strengthened.

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

<sup>2</sup> According to the methodology of quarterly national accounts (export and import in FOB/FOB prices).

<sup>3</sup> Employment data are in the national accounts conception and adjusted for seasonal effects.



- The state budget ended in deficit of 152 bn CZK in H1. Year-on-year, the deficit lowered by approximately one sixth. The partial year-on-year deficit improvement was caused by a relatively solid growth rate of total income, which is gradually reflecting the impact of the recovery of economic performance. Expenditure growth continued to be dampened by the fading need for extraordinary expenditure on both households and firms affected by the effects of high inflation. The revenue and expenditure sides of the budget are also affected by the impacts of the consolidation recovery package approved in 2023. A clear impact is having a change of the budget allocation of taxes, which from January 2025 again increases the share on revenue of some taxes of importance in favour of the state budget.

## Selected Key Indicators of the Economic Development\*

Indicator	Unit	2024			2025		Whole year	
		2q	3q	4q	1q	2q	2023	2024
Economic Performance								
Gross Domestic Product in the CR <sup>1</sup>	y/y, in %	0,5	1,5	1,9	2,4	2,6	0,2	1,1
	q/q, in %	0,3	0,6	0,8	0,7	0,5	x	x
Gross Domestic Product in the EU <sup>1</sup>	y/y, in %	0,7	1,1	1,5	1,7	1,6	0,4	1,0
Final consumption expenditure <sup>1</sup>	y/y, in %	1,9	3,0	3,1	2,2	3,1	-0,9	2,6
Gross fixed capital formation <sup>1</sup>	y/y, in %	-3,1	-3,5	-5,1	-1,8	-0,2	4,5	-3,1
Exports of goods and services <sup>1,3</sup>	y/y, in %	-0,3	3,5	1,1	3,9	4,2	2,8	1,1
Imports of goods and services <sup>1,3</sup>	y/y, in %	-2,0	2,9	2,7	4,9	6,0	-0,9	0,2
Balance of foreign trade <sup>2,3</sup>	in CZK bn	129,8	118,2	124,4	136,0	118,8	380,6	503,3
Balance of economic sentiment indicator <sup>4</sup>	in p.p.	5,3	4,2	4,8	6,7	7,4	0,8	4,8
Performance in Main Branches								
Industrial production <sup>4</sup>	y/y, in %	-1,6	0,8	-2,2	0,7	1,3	-0,8	-1,0
Construction production <sup>4</sup>	y/y, in %	-4,6	-1,6	3,2	7,2	10,9	-2,4	-1,4
Sales in services <sup>4</sup>	y/y, in %	2,9	2,9	2,1	3,1	2,2	-1,6	2,3
Sales in retail trade <sup>4</sup>	y/y, in %	4,0	4,7	5,2	3,4	5,0	-4,2	4,6
Prices								
Consumer price index	y/y, in %	2,5	2,3	2,9	2,7	2,4	10,7	2,4
HICP in the CR	y/y, in %	2,7	2,6	3,1	2,8	2,3	12,0	2,7
HICP in the EU	y/y, in %	2,6	2,4	2,5	2,7	2,3	6,4	2,6
Agricultural producer prices	y/y, in %	-10,4	-1,4	5,0	8,8	14,7	-6,0	-5,9
Industrial producer prices	y/y, in %	1,1	1,2	1,8	0,0	-0,9	5,0	0,8
Service producer prices in the bus. sph.	y/y, in %	3,4	3,4	3,7	3,5	4,2	5,6	3,8
Terms of trade in trade with goods	in %	100,6	101,0	101,9	100,1	100,4	105,3	101,5
Labour Market								
Total employed in the CR <sup>3</sup>	y/y, in %	0,7	0,7	0,5	1,1	1,0	1,6	0,6
General unemployment rate in the CR <sup>5</sup>	in %	2,7	2,7	2,7	2,6	2,9	2,6	2,6
General unemployment rate in the EU <sup>5</sup>	in %	6,0	5,9	5,8	6,0	5,9	6,1	5,9
Average employee wage (nominal)	y/y, in %	7,1	7,2	6,9	6,6	7,8	7,2	7,2
Average employee wage (real)	y/y, in %	4,5	4,8	3,9	3,8	5,3	-3,2	4,7
Monetary Conditions								
Two week repo rate <sup>6</sup>	in %	4,75	4,25	4,00	3,75	3,50	6,75	4,00
Exchange rate CZK/EUR		25,0	25,2	25,2	25,1	24,9	24,0	25,1
Exchange rate CZK/USD		23,2	22,9	23,6	23,8	22,0	22,2	23,2
State Budget <sup>7</sup>								
State budget balance in the CR	in CZK bn	-73,6	-3,1	-89,6	-91,2	-61,2	-289	-271
State debt <sup>6</sup>	in CZK bn	3207	3334	3365	3410	3504	3111	3365

Data source: CZSO, CNB, MF, Eurostat

\* Unless stated otherwise, data relate to the CR.

<sup>4</sup> adjusted for seasonal effects<sup>1</sup> data adjusted for seasonal and calendar effects in constant prices<sup>5</sup> seasonally adjusted, age group 15 – 74 years<sup>2</sup> data adjusted for seasonal and calendar effects in current prices<sup>6</sup> balance at the end of period<sup>3</sup> in the national account conception, in natural persons<sup>7</sup> based on treasury fulfilment