Czech Statistical Office

European Commission

News release

# The confidence in the economy remains slightly above its long-term average

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## Additional information to NR Business cycle survey – July 2026

**The composite confidence indicator (economic sentiment indicator), expressed as a basic index, essentially stagnated in July, rising only 0.1 points m-o-m to 101.1, The development of both of its components was different. While the business confidence indicator rose slightly by 0.4 points to 100.2, the consumer confidence indicator decreased by 0.9 points to 105.6. Compared to July 2025, the composite confidence indicator, business indicator and consumer indicator are at a higher level.**

In **industrial** sector, business confidence in the economy slightly increased m-o-m. The confidence indicator rose by 0.3 points to 97.8. The share of businesses negatively assessing their current *overall demand* decreased compared to the previous month. The proportion of respondents expecting an acceleration in the pace of growth *in production activity* over the next three months dropped, m-o-m. The level of *finished goods inventories* remained almost unchanged. Compared to June, the share of businesses expecting an increase in the *prices of their products* also remained unchanged. The proportion of respondents *identifying insufficient demand* as the main barrier to production decreased q-o-q (reported by approximately 42 % of businesses, approximately 46 % of businesses in April). A significantly higher percentage of businesses compared to the first quarter (approximately 22 % compared to approximately 13 %) stated that other factors (high energy costs, input and fuel prices, geopolitical situation, necessary high investments) were limiting their further growth. Around 12 % of businesses stated that *a shortage of labour is limiting* their further growth (approximately 14 % of businesses in April). The number of respondents currently not facing any barriers to their business activity decreased significantly (around 14 % of respondents, compared to 22 % in January). Compared with July last year, confidence in industry is higher.

The current business cycle survey shows that the utilization of production capacities of companies in the **manufacturing** (84.8 %) is the highest in the last five years and 4.2 % higher than in the previous quarter.

In **construction** sector, business confidence in the economy increased m-o-m. The confidence indicator rose by 1.8 points to 113.2. The share of respondents negatively assessing their *current demand* for construction work decreased compared to June. The proportion of construction firms expecting an increase in the current *number of employees* over the next three months slighlty decreased. The share of businesses expecting an increase in *construction prices* over the next three months decreased, m-o-m, and continues to be well above average. The main barrier to production growth remains a *shortage of labour*, reported by approximately 33 % of respondents (4.0 percentage points more than in the previous quarter). The share of respondents identifying *insufficient demand* as the main barrier to production in the construction sector remained unchanged q-o-q (around 23 % of respondents). A still high proportion of respondents (approx. 15 % compared to 16 % in the first quarter) also cite other barriers related mainly to the current geopolitical situation, which result in sharply rising input prices, including fuel. Compared with the same period last year, confidence in construction is lower.

In **trade** sector, business confidence in the economy increased, m-o-m. The confidence indicator rose by 1.4 points to 93.3. The share of businesses reporting a deterioration in *their overall economic situation* over the past three months increased. The proportion of respondents expecting an improvement in *their economic situation* over the next three months increased, too. The *level of inventories* increased. The share of businesses expecting an increase in *selling prices* over the next three months remained unchanged. Compared with July last year, confidence in trade is lower.

In **selected service** sectors (including the financial sector), business confidence in the economy increased slightly m-o-m. The confidence indicator rose by 0.2 points to 102.4 (the April level). The share of businesses in selected services positively assessing their *current economic situation* increased. Compared to June, the proportion of respondents positively evaluating their *current demand* for services remained unchanged. The share of firms expecting an increase in *demand* over the next three months decreased. M-o-m, the share of businesses expecting an increase in *prices of offered services* over the next three months decreased. Nearly half of the respondents (47 %) reported that they are currently not facing any barriers limiting their production. Approximately 24 % of respondents (22 %, q-o-q) stated that they are constrained by other factors (mainly the geopolitical situation, high input costs including fuel, legislation, competition, a complex legal environment, regulation, bureaucracy, labour costs, and VAT rates). Compared with July 2025, confidence in selected service sectors is higher.

**Consumer** confidence in the economy decreased, m-o-m. The confidence indicator decreased by 0.9 points m-o-m to 105.6. Compared to June, the share of consumers expecting a deterioration in the *overall economic situation* in Czechia over the next twelve months increased. The proportion of respondents assessing their *current financial situation* as worse than in the previous twelve months decreased. The share of households expecting *an improvement in their financial situation* over the next twelve months decreased m-o-m. Approximately 22 % of the households surveyed say they barely make ends meet. Over 6 % of the households have to rely on their own savings and 4 % say they have to borrow money to run their household. On the other hand, approximately 65 % of the households surveyed say they save some money each month. The number of respondents not planning to *make major purchases* over the next twelve months remained unchanged. Concerns about *rising prices* as well as concerns about further increases in *unemployment* remained almost unchanged compared to the previous month. Compared with the same period last year, consumer confidence is higher.

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*Notes:*

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*Detailed time series of balances and basic indices of confidence indicators:* [https://csu.gov.cz/produkty/kpr_ts](https://csu.gov.cz/produkty/kpr_ts)

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