

NEWS RELEASE

July 24, 2025

Business confidence indicator fell down its long-term average, consumer confidence indicator increased

Additional information to NR Business cycle survey – July 2025

The composite confidence indicator (economic sentiment indicator), in the basic index form – decreased slightly by 0.4 points to 99.7 m-o-m, with the different development of its components. The business confidence indicator fell by 1.2 point to 98.8, while the consumer confidence indicator increased by 3.4 point to 104.1. Compared to July last year, the composite indicator, business indicator and consumer indicator at higher levels y-o-y.

In the **industry** sector, business confidence in the economy decreased by 1.0 point to 93.5 m-o-m. The balances of two from three indicators entering the sub-indicator of business confidence in industry - *current demand* and the level of *inventories* - remained more or less at the previous month's level. The *expected development of production activity* in the next three months decreased. The share of entrepreneurs expecting prices of their products is stable. Compared to the previous quarter, the number of respondents who consider insufficient demand as their main barrier to production has slightly increased (around 45% of entrepreneurs said this, compared to 44% in April). Around 21% of entrepreneurs said they had material shortage or production machines (11% in April). Compared with July 2024, business confidence in the industry is higher.

The *utilization of production capacities* of companies in the manufacturing industry (84.0%) is 0.8% higher than in the previous quarter. Entrepreneurs estimate a about the same time to secure work through contracts as in the previous quarter (9.3 months).

Business confidence in the **construction** sector is unchanged m-o-m. The confidence indicator is 121.2 The share of entrepreneurs negatively assessing *their current demand* for construction work has unchanged. The proportion of construction firms *expecting their current workforce* to grow over the next three months is stable m-o-m. The share of respondents expecting construction prices to rise over the next three months was unchanged month-on-month. Staff shortages remain the main barrier to production growth, reported by around 38% of respondents (the same value as in the previous quarter). The proportion of respondents indicating insufficient demand as a barrier to production growth has increased (around 29% of respondents, 17% in April). Y-o-y, confidence in the construction industry is higher.

In the **trade** sector, business confidence in the economy increased m-o-m. The confidence indicator rose by 2.6 points to 97.3. The share of businesses that have seen an improvement in their *overall economic situation* in the last three months has slightly increased compared to the previous month. The share of respondents expecting *their economic situation to improve* over the next three months also rose slightly. *The stock of goods* in warehouses has decreased. The share of entrepreneurs expecting prices to rise over the next three months has unchanged m-o-m. Y-o-y, business confidence is lower.

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Business confidence in selected service sectors (including the financial sector) declined m-o-m. The confidence indicator fell by 2.1 points to 102.0. Businesses in selected service sectors assessed their *current economic situation* better than in June declined. The proportion of respondents who were positive about their *current demand for services* slightly increased m-o-m. The share of respondents expecting an *increase in demand* over the next three months also increased. The share of business people expecting prices to rise in the next three months rose m-o-m. 48% of respondents in the services sector said that they do not currently experience any barriers limiting production. Approximately 22% of respondents indicated that other factors (e.g. legislation, competition, high input prices, geopolitical situation, complex legal environment, regulation, wage costs, etc.) are limiting them. The number of respondents (16%) who are limited by lack of demand has unchanged. Compared with July last year, confidence is higher in selected service sectors.

Consumer confidence in the economy increased m-o-m. The confidence indicator increased by 3.4 points and it is on the highest level since November 2021 (104.1). The proportion of consumers expecting the *overall economic situation* in the Czech Republic to deteriorate over the next twelve months decreased m-o-m. The balance of responses to the question on how *households expect their financial situation* to develop over the next 12 months is stable. Approximately 26% of the households surveyed say they can barely make ends meet. Less than a tenth has to rely on *their own savings* and 3% say they have to borrow money to run their household. On the other hand, approximately 60% of the households surveyed say they save some money each month. The number of respondents who *do not plan to make large purchases* in the next twelve months has decreased slightly. Households' concerns about both unemployment and price increases over the next twelve months increased slightly m-o-m. On a y-o-y basis, consumer confidence is higher.

Notes:

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Detailed time series of balances and basic indices of confidence indicators:

https://csu.gov.cz/produkty/kpr_ts

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