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January 26, 2026

Overall confidence in the economy remains just above its long-term average

Additional information to NR Business cycle survey – January 2026

The composite confidence indicator (economic sentiment indicator), expressed as a basic index, remained unchanged m-o-m in January, staying at December's value of 100.2. While the business confidence indicator rose slightly by 0.6 points to 98.6, the consumer confidence indicator fell by 2.8 points to 108.2. Compared to January last year, the composite indicator, business indicator, and consumer indicator are at a higher level.

Business confidence in industry sector rose slightly m-o-m. The confidence indicator rose by 0.5 points to 92.0. Compared to December, the share of entrepreneurs who assess their *current overall demand negatively* increased slightly. Expectations for the growth rate of *production activity* in the next three months declined for the third time in a row. *Finished product inventories* declined m-o-m. Entrepreneurs' *expectations regarding the prices* of their products remain roughly at the December level. The share of respondents who *consider insufficient demand* to be their main barrier to production remained roughly the same as in July and October last year (reported by approximately 45% of entrepreneurs). The number of respondents who are *not currently facing any barriers* to their business has increased slightly (reported by approximately 22% of respondents, compared to 19% in October). Y-o-y, confidence in industry is lower.

The utilization of production capacity in **manufacturing industry** (81.3%) is 2.9% lower than in the previous quarter and the lowest since the second quarter of 2024.

In **construction** industry, business confidence in the economy declined m-o-m. The confidence indicator fell by 4.7 points to 112.0. The share of respondents assessing their *current demand* for construction work negatively increased slightly. In January, there was a slight predominance of construction companies *expecting a decline in their current number of employees* over the next three months. The share of entrepreneurs expecting an *increase in construction work prices* over the next three months rose slightly again. The main barrier to production growth remains a *shortage of employees*, as reported by approximately 35% of respondents (2.2% less than in the previous quarter). The share of respondents *citing insufficient demand* as the main barrier to production growth in the construction sector fell slightly q-o-q (reported by approximately 24% of respondents, compared with 25% in October). Y-o-y, confidence in the construction industry is higher.

Business confidence in **trade** sector increased slightly m-o-m. The confidence indicator rose by 0.3 points to 96.8. The share of entrepreneurs who reported an *improvement in their overall economic situation* in the last three months increased. The share of respondents expecting an improvement in their economic situation over the next three months decreased m-o-m. *The level*

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of inventories increased slightly. The share of entrepreneurs *expecting price increases* over the next three months remained unchanged compared to December. Y-o-y, confidence in trade is slightly higher.

Among entrepreneurs in **selected service** sectors (including the financial sector), confidence in the economy increased m-o-m. The confidence indicator rose by 1.3 points to 104.2. The share of entrepreneurs in selected services who *assessed their current economic situation* positively increased slightly. Compared to December, the share of entrepreneurs who assessed their *current demand* for services positively also increased. The share of respondents expecting an *increase in demand* in the next three months remained unchanged m-o-m. The share of entrepreneurs expecting *an increase in the prices of services offered* in the next three months remained almost unchanged. Almost 44% of respondents said that they currently do not feel any barriers *limiting production*. 22% of respondents said that they are limited by other factors (in particular legislation, competition, high input prices, the geopolitical situation, a complex legal environment, regulation, bureaucracy, wage costs, and VAT rates). The share of respondents who say they are limited by *insufficient demand* increased slightly q-o-q (16% of respondents compared to 14% in the previous quarter). Compared to January last year, confidence in selected service sectors is higher.

Consumer confidence in the economy declined m-o-m. The confidence indicator fell by 2.8 points to 108.2. The share of consumers *expecting the overall economic situation* in Czechia to deteriorate over the next twelve months increased compared to December. The share of households expecting their financial situation to improve over the next twelve months increased slightly m-o-m. The share of respondents who assess their current financial situation as worse than in the previous twelve months also increased slightly. Approximately 26% of households report that they are *barely making ends meet*. Approximately 5% of households have to dip into their savings and approximately 4% have to borrow money. More than half of the households surveyed report that they save some money each month (approximately 53% of respondents). Approximately 11% of consumers report that they save a lot. The number of respondents who do *not plan to make any major purchases* in the next twelve months has increased. Consumers' concerns about price increases have decreased compared to last month, while concerns about further increases in unemployment have remained unchanged. Y-o-y, consumer confidence is significantly 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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