

NEWS RELEASE

April 24, 2025

Overall confidence in the economy decreased Additional information to NR Business cycle survey – April 2025

The composite confidence indicator (economic sentiment indicator), in the basic index form – decreased by 2.8 points to 96.7 m-o-m, with the same development of its components. The business confidence indicator decreased by 3.1 points to 96.5, the consumer confidence indicator fell down by 1.1 points to 97.7. Compared to April last year, the composite indicator and the consumer indicator are at a lower level. The business indicator is at a higher level.

In the **industry** sector, business confidence in the economy decreased m-o-m. The confidence indicator fell by 4.5 points to 90.3. The share of entrepreneurs negatively assessing their *current demand* almost unchanged m-o-m. *Finished goods inventories* unchanged. The share of entrepreneurs expecting *an increase in the pace of growth in production activity* over the next three months almost increased after five months, m-o-m. In comparison with the previous month the share of entrepreneurs expecting *an increase in the prices of their products* unchanged. Compared to the previous quarter, the number of respondents who consider insufficient demand as their main barrier to production has decreased (around 44% of entrepreneurs said this, compared to 53% in January). Around 21% of entrepreneurs said they had material shortage or production machines. In y-o-y comparison, industry confidence is lower.

The *utilization of production capacities* of companies in the manufacturing industry (83.2%) is 0.9% higher than in the previous quarter. Entrepreneurs estimate a about the same time to secure work through contracts as in the previous quarter (9.2 months).

Confidence in the economy slightly increased among entrepreneurs in the **construction** sector, m-o-m. The confidence indicator rose by 0.6 points to 116.4. The share of entrepreneurs negatively assessing their *current demand* for construction work slightly decreased m-o-m. The share of firms expecting an *increase in the current number of employees* over the next three months decreased slightly m-o-m. M-o-m, the number of respondents expecting *further construction price increases* over the next three months has decreased significantly. Staff shortages remain the main barrier to production growth, reported by around 38% of respondents (34% in January). The proportion of respondents indicating insufficient demand as a barrier to production growth has decreased (around 17% of respondents, down from 19% in January). Compared to April 2024, confidence in the construction industry is higher.

Business confidence in the **trade** sector decreased m-o-m. The confidence indicator decreased by 2.0 points to 100.2. The assessment of the *current overall economic situation among* entrepreneurs in the trade sector decreased compared to March. The share of respondents *expecting their economic situation to improve* over the next three months has unchanged. The inventory of *goods in stocks* unchanged. The share of entrepreneurs expecting prices to rise over the next three months decreased m-o-m. Business confidence is higher y-o-y.

NEWS RELEASE

Business confidence in **selected service** sectors (including the financial sector) decreased compared with the previous month. The confidence indicator decreased by 2.0 points to 100.3. Entrepreneurs assessed demand better to the previous month. The share of entrepreneurs *positively evaluating* their current demand for services slightly decreased, on the other hand, the share of respondents *expecting demand to increase* over the next three months significantly decreased. M-o-m, the share of businesses expecting prices to rise in the next three months unchanged. The half of respondents in the services sector (up from 43% in January) said that they do not currently experience any barriers limiting production. Approximately 20% 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. Compared to January, the number of respondents (17% vs. 22%) who are limited by lack of demand has decreased. Y-o-y, confidence is higher in selected service sectors.

Among **consumers**, confidence in the economy decreased in April. The confidence indicator decreased by 1.1 points to 97.7, m-o-m. The share of consumers expecting *the overall economic situation* in the Czech Republic to worsen over the next twelve months increased, the highest value from December 2023. The share of consumers expecting *their financial situation* to deteriorate over the next twelve months increased compared with March. The number of households assessing *their current financial situation* as worse than in the previous twelve months remained the same as in March. The number of respondents who do not plan to *make large purchases* in the next twelve months decreased. Households' concerns about unemployment rising in the next twelve months decreased m-o-m. Concerns about further price rises significantly increased. On a year-on-year basis, consumer confidence is lower.

Notes:

Contact person:

Jiri Obst, Head of Business Cycle Surveys Unit, tel.
+420604815440, e-mail: jiri.obst@csu.gov.cz

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

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

Business and Consumers Surveys are co-financed by grant agreements of the European Commission DG ECFIN.

https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys_en