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June 24, 2025

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

Additional information to NR Business cycle survey – June 2025

The composite confidence indicator (economic sentiment indicator), in the basic index form – decreased slightly by 0.9 points to 100.1 m-o-m, with the different development of its components. The business confidence indicator fell by 1.0 point to 100.0, while the consumer confidence indicator remained unchanged at 100.7. Compared to June last year, the composite indicator and business indicator are at higher levels while the consumer indicator is lower y-o-y.

In the **industry** sector, business confidence in the economy increased slightly m-o-m. The confidence indicator rose by 0.3 points to 94.5. The balances of all three indicators entering the sub-indicator of business confidence in industry - *current demand*, *expected development of production activity* in the next three months and the level of *inventories* - remained more or less at the previous month's level. The share of entrepreneurs expecting prices of their products to rise fell m-o-m after a strong increase in May. Compared with June 2024, business confidence in the industry is lower.

Business confidence in the **construction** sector increased m-o-m. The confidence indicator rose by 6.5 points to 121.2 the highest since April 2022. The share of entrepreneurs negatively assessing *their current demand* for construction work has decreased significantly compared to May. The proportion of construction firms *expecting their current workforce* to grow over the next three months increased slightly m-o-m. The share of respondents expecting construction prices to rise over the next three months was little changed month-on-month. Y-o-y, confidence in the construction industry is significantly higher.

In the **trade** sector, business confidence in the economy declined m-o-m. The confidence indicator fell by 3.7 points to 94.7. The share of businesses that have seen an improvement in their *overall economic situation* in the last three months has decreased significantly compared to the previous month. The share of respondents expecting *their economic situation to improve* over the next three months also fell slightly. *The stock of goods* in warehouses has increased. The share of entrepreneurs expecting prices to rise over the next three months increased slightly m-o-m. Y-o-y, business confidence is lower.

Business confidence in selected service sectors (including the financial sector) had declined m-o-m. The confidence indicator fell by 2.8 points to 104.1. Businesses in selected service sectors assessed their *current economic situation* better than in May. The proportion of respondents who were positive about their *current demand for services* decreased m-o-m. The share of respondents expecting an *increase in demand* over the next three months also decreased. The

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share of business people expecting prices to rise in the next three months fell m-o-m. Compared with June last year, confidence is higher in selected service sectors.

Consumer confidence in the economy was unchanged m-o-m. The confidence indicator remained at 100.7 as in May. The proportion of consumers expecting the *overall economic situation* in the Czech Republic to deteriorate over the next twelve months was almost unchanged m-o-m in June. The balance of responses to the question on how *households expect their financial situation* to develop over the next 12 months was 1 in June, i.e. the shares of households expecting their *financial situation* to improve on the one hand and worsen on the other were almost equal. The number of households rating their *current financial situation* worse than in the previous 12 months remained unchanged m-o-m. The number of respondents who *do not plan to make large purchases* in the next twelve months increased slightly. Households' concerns about both unemployment and price increases over the next twelve months decreased slightly m-o-m. On a y-o-y basis, consumer confidence is lower.

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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