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May 26, 2025

Business and consumer confidence in the economy increased

Additional information to NR Business cycle survey – May 2025

The composite confidence indicator (economic sentiment indicator), in the basic index form – increased by 4.3 points to 101.0 m-o-m, with the same development of its components. The business confidence indicator rose by 4.5 points to 101.1, the consumer confidence indicator increased by 3.0 points to 100.7. Compared to May 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 m-o-m. The confidence indicator rose by 3.9 points to 94.2. The share of entrepreneurs negatively assessing their *current demand* decreased slightly m-o-m. *Finished goods inventories* increased slightly compared to April. The share of entrepreneurs expecting *an increase in the pace of growth in production activity* over the next three months increased, m-o-m. The share of entrepreneurs expecting an increase in the *prices* of their products increased significantly. In a y-o-y comparison, business confidence in industry is higher.

Business confidence in the **construction** sector declined m-o-m. The confidence indicator fell by 1.7 points to 114.7. The share of entrepreneurs negatively assessing their *current demand* for construction work increased m-o-m. The share of construction firms expecting an increase in the *current number of employees* over the next three months was almost unchanged from April. The share of respondents expecting construction *prices* to rise over the next three months was unchanged m-o-m. Compared to May last year, confidence in the construction industry is higher.

Business confidence in the **trade** sector decreased m-o-m. The confidence indicator fell by 1.8 points to 98.4. The share of business owners who reported *an improvement in their overall economic situation* over the past three months increased slightly from the previous month. In contrast, the share of respondents *expecting their economic situation to improve* over the next three months decreased. The *inventory of goods in stocks* increased slightly. The share of entrepreneurs expecting prices to rise over the next three months increased m-o-m. Y-o-y, business confidence is higher.

Business confidence in **selected service** sectors (including the financial sector) increased significantly compared with the previous month. The confidence indicator rose by 6.6 points to 106.9, the highest level since May 2022. The assessment of the *current economic situation* among businesses was almost unchanged m-o-m. However, the share of respondents who were positive about their *current demand* for services increased significantly. The share of respondents *expecting an increase in demand* over the next three months also increased significantly. The

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share of business people expecting prices to rise in the next three months was almost unchanged compared with April. Compared with May 2024, confidence is higher in selected service sectors.

Among **consumers**, confidence in the economy increased in May. The confidence indicator increased by 3.0 points to 100.7, m-o-m. The share of consumers *expecting the overall economic situation* in the Czech Republic to worsen over the next twelve months decreased m-o-m. The share of *households expecting their financial situation to deteriorate* over the next twelve months decreased slightly compared with April. Similarly, the number of households *expecting their current financial situation* to be worse than in the previous twelve months fell slightly. The number of respondents who *do not plan to make large purchases* in the next twelve months is unchanged. Households' concerns about an increase in unemployment over the next twelve months were little changed m-o-m and remain above their long-term average. Consumers' concerns about further price increases declined from April. 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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