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October 24, 2025

Confidence in the economy continued to grow in October

Additional information to NR Business cycle survey – October 2025

The composite confidence indicator (economic sentiment indicator), expressed as a basic index, rose slightly by 2.1 points m-o-m to 104.0, with both of its components showing the same development. The business confidence indicator rose by 1.8 points to 103.4 and the consumer confidence indicator rose by 3.9 points to 107.4. Compared to October last year, the composite indicator, business indicator and consumer indicator at higher levels y-o-y.

In **industry**, business confidence in the economy increased m-o-m. The confidence indicator rose by 4.3 points to 99.8. The share of entrepreneurs who assess their *current overall demand negatively* decreased slightly. Businesses' expectations of the pace of *growth in production activity* over the next three months increased significantly m-o-m (especially in the manufacturing industry). The level of *finished product stocks* remained almost unchanged compared to September. The share of entrepreneurs expecting *an increase in the prices* of their products also remained unchanged m-o-m. The share of respondents who consider insufficient demand to be their main barrier to production remained the same as in July (reported by approximately 45% of entrepreneurs). There was a slight decrease in the number of respondents who are not currently facing any barriers limiting their business (reported by approximately 19% of respondents, compared to 11% in July). Y-o-y, business confidence in industry is higher.

The utilization of production capacity in the **manufacturing industry** (84.2%) is 0.2% higher than in the previous quarter. For the third quarter in a row, entrepreneurs estimate that orders will secure work for 9.3 months.

In the **construction** industry, business confidence in the economy declined compared to September. The confidence indicator fell by 3.6 points to 121.8. The share of entrepreneurs assessing their *current demand for construction work negatively* remained at the September level. However, the share of construction companies *expecting to increase their current number of employees* in the next three months decreased m-o-m. The share of respondents expecting construction *work prices to rise* in the next three months remained unchanged. The main barrier to production growth remains a shortage of employees, cited by approximately 37% of respondents (only 1.2% 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 quarter-on-quarter (reported by approximately 25% of respondents, compared to 29% in July). Compared to October 2024, confidence in the construction industry is higher.

Confidence in the economy among entrepreneurs in the **trade** declined compared to September. The confidence indicator fell by 4.0 points to 95.6. The share of entrepreneurs who reported an

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improvement in their overall economic situation in the last three months decreased m-o-m. The share of respondents *expecting an improvement* in their economic situation over the next three months remained unchanged compared to September. *Stock levels* increased. The share of entrepreneurs *expecting prices to rise* over the next three months decreased. Compared to October last year, confidence in trade is higher.

Business confidence in **selected service sectors** (including the financial sector) rose slightly m-o-m. The confidence indicator rose by 0.6 points to 106.2. The share of entrepreneurs in selected services who assessed *their current economic situation positively* increased compared to September. In m-o-m terms, the share of entrepreneurs who assessed *their current demand for services* positively declined again. However, compared to September, the share of respondents *expecting an increase in demand* in the next three months increased slightly. The share of entrepreneurs *expecting prices to rise* in the next three months increased. Almost 45% of respondents said that they currently do not feel any barriers limiting production. 23% of respondents said that they are limited by other factors (such as legislation, competition, high input prices, geopolitical situation, a complex legal environment, regulation, wage costs, VAT rates, etc.). The share of respondents reporting that they are constrained by insufficient demand decreased slightly quarter-on-quarter (reported by 14% of respondents, compared to more than 16% in the previous quarter). Y-o-y, confidence in selected service sectors is higher.

Consumer confidence in the economy increased m-o-m. The confidence indicator rose by 3.9 points to its highest level since February 2020 (107.4). The share of consumers *expecting the overall economic situation* in Czechia to deteriorate over the next twelve months fell significantly m-o-m. Compared to September, *the share of households expecting their financial situation* to improve over the next twelve months also increased. On the other hand, there was a slight increase in the *share of respondents who assess their current financial situation* as worse than it was in the previous twelve months. The number of respondents *who do not plan to make any major purchases* in the next twelve months increased slightly. Concerns about rising unemployment and price increases decreased m-o-m. Consumer confidence is higher y-o-y.

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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