

Macroeconomic Forecast of the Czech Republic

August 2026

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The Macroeconomic Forecast is prepared by the Economic Policy Department of the Czech Ministry of Finance. It contains a forecast for years 2026 and 2027, and, for certain indicators, an outlook for the following two years (i.e., until 2029). It is published on a quarterly basis (in January, April, August and November) and is also available on the Ministry of Finance website at:

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Any comments or suggestions that would help us improve the quality of this publication and better meet the needs of its users are welcome. Please send them to the following email address:

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List of Abbreviations

BoP.....	balance of payments
const. pr.....	constant prices
CNB.....	Czech National Bank
CPI.....	consumer price index
CR.....	Czech Republic
CSSA.....	Czech Social Security Administration
curr. pr.....	current prices
CZSO.....	Czech Statistical Office
EC.....	European Commission
ECB.....	European Central Bank
EU27.....	European Union consisting of 27 countries
Fed.....	Federal Reserve System
GDP.....	gross domestic product
GFCF.....	gross fixed capital formation
GVA.....	gross value added
HPI.....	house price index
IMF.....	International Monetary Fund
LFS.....	Labour Force Survey
MMBtu.....	one million British thermal units
MoF.....	Ministry of Finance
MoLSA.....	Ministry of Labour and Social Affairs
NPISHs.....	non-profit institutions serving households
OECD.....	Organisation for Economic Co-operation and Development
p. a.	per annum
PMI.....	Purchasing Managers' Index
p.p.....	percentage points
RRF.....	Recovery and Resilience Facility
TFP.....	total factor productivity
VAT.....	value-added tax

Symbols Used in Tables

-	A dash in place of a number indicates that the phenomenon did not occur.
.	A dot in place of a number indicates that we do not forecast that variable, or the figure is unavailable or unreliable.
x, (space)	A cross or space in place of a number indicates that no entry is possible for logical reasons.

Cut-off Date for Data Sources

The Macroeconomic Forecast is based on data available as of 11 August 2026.

Notes

All data in the Macroeconomic Forecast are unadjusted for seasonal and calendar effects, unless stated otherwise. Published aggregate data may not match the sum of individual items to the last decimal place due to rounding.

Data from the previous forecast (April 2026) are indicated in italics. Data relating to the years 2028 and 2029 represent an extrapolation scenario that indicates only the direction of possible developments and are therefore not commented on in the following text.

Summary of the Forecast

The global economy is currently facing partial constraints on the supply of production inputs, which limit economic activity in a number of countries. Despite increased geopolitical tensions due to the conflict in the Middle East and the disruption of trade routes through the Strait of Hormuz, no significant second-round inflationary pressures have yet emerged. The recovery in investment activity is threatened by uncertainties associated with the war in the Middle East, and by the tightening of monetary conditions in some economies in response to a worsened inflation outlook.

The baseline forecast scenario assumes that the intensity of the military conflict between the United States, Israel and Iran will gradually subside during the second half of this year. Tensions and isolated incidents will, however, persist, and a comprehensive political settlement is not assumed to be reached in 2026. Shipping through the Strait of Hormuz should remain significantly restricted and unstable in the third quarter, with a gradual recovery expected to begin in the fourth quarter. Due to high insurance costs, limited availability of insurance coverage, damaged infrastructure and persisting security risks, shipping volumes should remain below the pre-conflict level for the remainder of this year. Oil and liquefied natural gas production and exports should recover gradually and could approach their pre-conflict levels during the first half of 2027. However, some restrictions associated with damaged infrastructure and disrupted trade routes will persist. Wholesale energy prices should therefore gradually decline, but will remain highly volatile.

The Czech economy continued to grow in the first half of 2026. **Real gross domestic product**, adjusted for seasonal and calendar effects, increased by 2.2% year-on-year in the first quarter and by 2.0% in the second quarter (preliminary estimate of the Czech Statistical Office). Quarter-on-quarter growth accelerated from 0.2% in the first quarter to 0.4% in the second quarter, when it was supported mainly by final consumption expenditure and foreign trade, while gross capital formation acted in the opposite direction. Gross value added grew primarily in industry, while most service sectors also performed well.

In 2026, economic growth could reach 1.9%. Dynamics will be driven exclusively by domestic demand, which will be hindered by increased uncertainty and the rise in energy prices due to the conflict in the Middle East. In addition to the continued growth of household consumption, a recovery in corporate investment will occur. Stronger domestic demand will be reflected in import growth, while export will benefit from growing industrial orders, but will be limited by increased trade barriers and shortfalls in the supply of production inputs. The reduction in inventories should also dampen economic growth. **In 2027, GDP could grow by 2.4%** thanks to the continued growth of domestic demand. Despite the acceleration of economic growth of main trading partners, the foreign trade balance should continue to contribute negatively, mainly due to higher imports associated with the expected rebuilding of inventories.

The **average inflation rate** should reach 2.2% in 2026. The transfer of the financing of the fee for supported energy sources to the state budget, a stronger koruna, a decline in food prices and the restrictive monetary policy stance will have an anti-inflationary effect. Higher oil prices as a result of the conflict in the Middle East, as well as continued rapid growth in wages and housing costs, will act in the opposite direction. In 2027, average inflation should increase to 2.7%, mainly due to an increase in consumer prices of electricity and gas following the previous growth in their wholesale prices, and persisting strong growth in wages and imputed rent,

while the strengthening koruna, monetary policy and the expected decline in oil prices will dampen inflation.

In the **labour market**, imbalances related to labour shortages continue to persist, supporting wage and salary growth. Real earnings should increase both this and next year. Labour demand is driven primarily by services and construction while a recovery in industry has yet to materialise. The unemployment rate is expected to increase to 3.0% this year and decline to 2.8% next year.

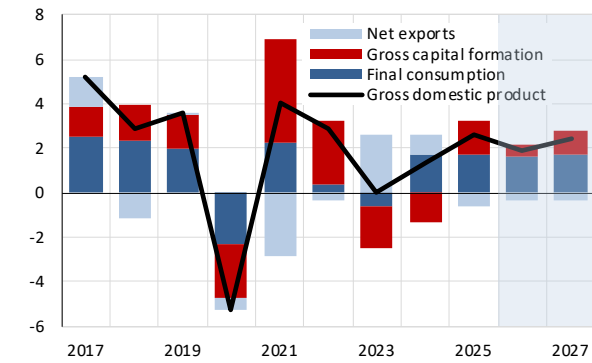
The **current account of the balance of payments** should reach a deficit of 0.4% of GDP this year. The year-on-year deterioration is caused, among other, by a reduction in the goods balance surplus due to stronger investment activity, higher prices of imported energy commodities and persisting restrictions on the export side. The same negative balance in relative terms is also expected for 2027. Higher imports associated with the rebuilding of inventories will act against the positive effect of an improvement in the development of our trading partners' economies and an easing of price pressures for energy commodities.

The **general government outturn** should end in 2026 with a year-on-year higher deficit of 2.7% of GDP, to which, in addition to higher capital expenditure, a lower growth rate on the revenue side will contribute in particular. This is attributable to a revenue shortfall caused by the expiry of the windfall tax, the waiver of the fee for supported energy sources for households and firms and, last but not least, a temporary reduction in the excise duty on diesel. With year-on-year lower nominal GDP dynamics, general government debt should increase by 1.6 percentage points to 45.8% of GDP.

We consider the **risks to the economic growth forecast**, in aggregate, to be tilted to the downside. The most significant of them remains the development of the conflict in the Middle East and the related pressures on energy prices, amplified by the currently relatively low gas storage levels. Other significant risks are the security situation in Europe and global trade policy.

The economy will be driven solely by domestic demand

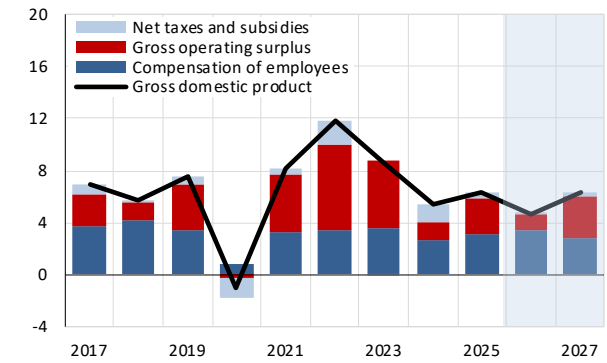
growth rate of real GDP in %, contributions in percentage points



Source: CZSO. Calculations and forecast of the MoF.

Corporate profits will rise only slightly this year

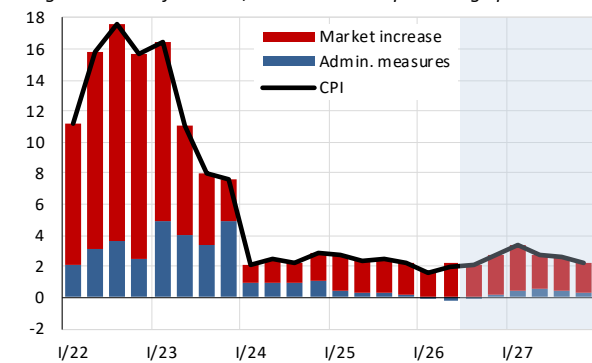
growth rate of nominal GDP in %, contributions in percentage points



Source: CZSO. Calculations and forecast of the MoF.

Inflation is expected to increase temporarily

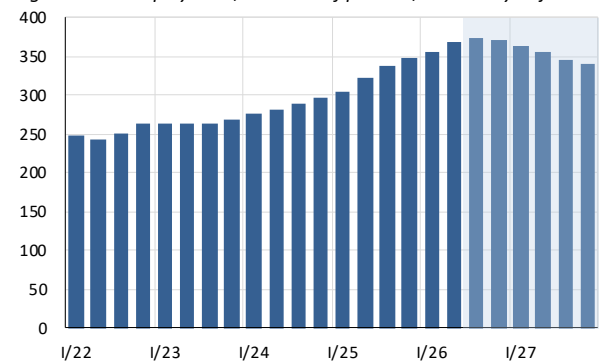
YoY growth rate of CPI in %, contributions in percentage points



Source: CZSO. Calculations and forecast of the MoF.

Unemployment should start decreasing

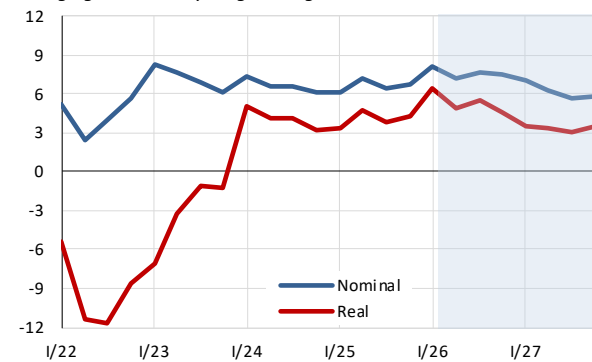
registered unemployment, in thous. of persons, seasonally adjusted



Source: MoLSA. Calculations and forecast of the MoF.

Real wages should maintain its strong growth

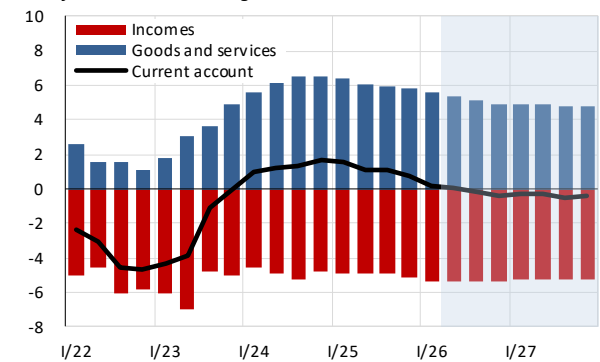
average gross monthly wage, YoY growth rate, in %



Source: CZSO. Calculations and forecast of the MoF.

Current account balance should be in deficit

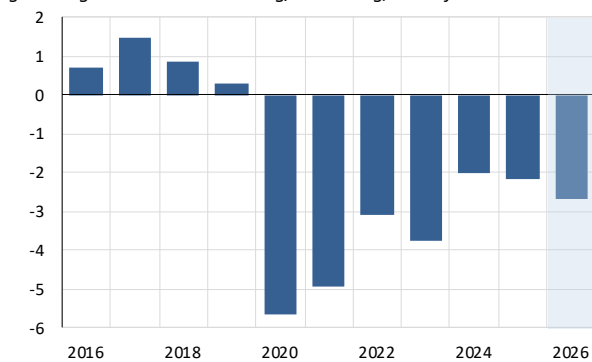
in % of GDP, annual moving sums



Source: CNB, CZSO. Calculations and forecast of the MoF.

Public finance deficit will stay below 3% GDP

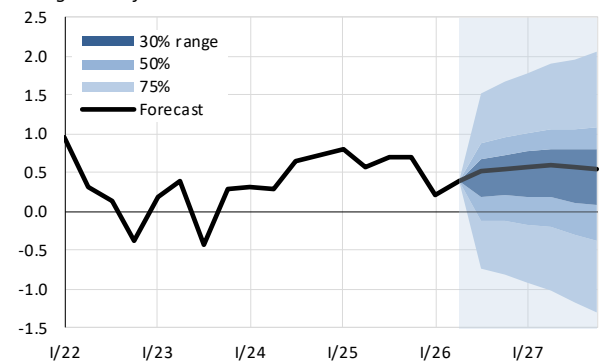
general government net lending/borrowing, in % of GDP



Source: CZSO. Calculations and forecast of the MoF.

Risks to the GDP forecast are skewed to the downside

QoQ growth of real GDP in %



Source: CZSO. Calculations and forecast of the MoF.

Table: Main Macroeconomic Indicators

		2021	2022	2023	2024	2025	2026	2027	2026	2027
							Current forecast		Previous forecast	
Nominal GDP	<i>bill. CZK</i>	6 308	7 050	7 660	8 069	8 573	8 969	9 531	8 988	9 537
	<i>nominal growth in %</i>	8.2	11.8	8.6	5.3	6.2	4.6	6.3	5.0	6.1
Gross domestic product	<i>real growth in %</i>	4.0	2.8	0.0	1.3	2.6	1.9	2.4	2.1	2.4
Consumption of households	<i>real growth in %</i>	4.2	0.5	-2.6	2.4	2.7	2.7	2.6	3.0	2.6
Consumption of government	<i>real growth in %</i>	1.5	0.4	3.2	3.1	2.2	1.7	2.3	1.7	2.3
Gross fixed capital formation	<i>real growth in %</i>	6.7	6.3	4.2	-2.3	3.1	4.7	2.7	3.6	2.5
Contribution of net exports	<i>pp</i>	-2.8	-0.3	2.6	0.9	-0.6	-0.3	-0.4	-0.7	0.1
Contrib. of change in inventories	<i>pp</i>	2.8	1.2	-3.0	-0.7	0.7	-0.7	0.3	0.2	0.0
GDP deflator	<i>growth in %</i>	4.0	8.7	8.6	4.0	3.5	2.7	3.7	2.9	3.7
Average inflation rate	<i>%</i>	3.8	15.1	10.7	2.4	2.5	2.2	2.7	2.5	2.8
Employment (national accounts)	<i>growth in %</i>	1.0	1.0	1.6	0.6	1.3	0.8	0.1	0.2	-0.2
Unemployment rate (LFS)	<i>average in %</i>	2.8	2.2	2.6	2.6	2.8	3.0	2.8	2.9	2.7
Wage bill (domestic concept)	<i>growth in %</i>	7.2	9.1	8.8	6.1	7.3	7.8	6.2	6.8	6.0
Current account balance	<i>% of GDP</i>	-2.1	-4.7	-0.1	1.7	0.7	-0.4	-0.4	-0.6	-0.4
General government balance	<i>% of GDP</i>	-5.0	-3.1	-3.7	-2.0	-2.1	-2.7	.	-2.6	-2.8
General government debt	<i>% of GDP</i>	40.7	42.5	42.2	43.2	44.2	45.8	.	45.6	47.0
Assumptions:										
Exchange rate CZK/EUR		25.6	24.6	24.0	25.1	24.7	24.3	24.1	24.3	24.1
Long-term interest rates	<i>% p.a.</i>	1.9	4.3	4.4	4.0	4.3	4.7	4.7	4.6	4.7
Crude oil Brent	<i>USD/barrel</i>	71	101	82	81	69	86	73	91	79
GDP in the euro area	<i>real growth in %</i>	6.4	3.7	0.6	1.0	1.3	0.9	1.4	1.0	1.5

Source: CNB, CZSO, Eurostat, U. S. Energy Information Administration. Calculations and forecast of the MoF.

Risks to the Forecast

The macroeconomic forecast is subject to a number of risks which, in aggregate, we consider to be tilted to the downside with respect to economic growth.

The principal risk remains the **development of the conflict between Iran, Israel and the United States**. Instead of the assumed de-escalation, the current unstable situation may persist, or the conflict may escalate further. The instability is reflected primarily in energy markets through restrictions on oil and liquefied natural gas supplies and higher price volatility. Higher energy prices affect energy-intensive sectors in particular, while increased uncertainty affects investment activity and household consumption.

An additional risk is the current relatively **low gas storage levels** – at the forecast cutoff date, domestic facilities were filled to 62.9% of capacity (16.9 pp below the average level on the same date over the previous five years) and European facilities to 59.4% of capacity (16.8 pp below the average). The situation is complicated by increased competition from Asian economies, which were strongly affected by the interruption of supplies through the Strait of Hormuz. Moreover, current purchase prices are higher than prices expected during the forthcoming heating season, which reduces the economic attractiveness of purchasing gas for storage.

The risk of a **deterioration of the security situation in Europe** in connection with the ongoing Russian aggression against Ukraine also persists. This is also associated with uncertainty regarding the **development of migration of Ukrainian citizens**, which may affect labour supply and household consumption in particular.

The **trade policy settings of leading global economies** remain a risk to the global economy, especially in the area of tariffs and other barriers to international trade. These factors may dampen the dynamics of world trade and further weaken foreign demand.

Another risk is a **global asset price correction**, which could lead to tighter financial conditions and a deterioration in business and consumer sentiment. A related uncertainty concerns the returns on substantial investment in **artificial intelligence**; if they fail to materialise, this could lead to a more significant repricing of technology assets. The impacts of wider AI adoption on the labour market also remain uncertain.

In the area of fiscal policy, uncertainty persists in connection with budgetary policy settings. German fiscal expansion is a significant factor in particular, as it may support Czech exports and industrial production through higher investment and overall domestic demand. The impact of this impulse will, however, depend on the timing and structure of expenditure as well as on the degree of involvement of Czech firms in the relevant supply chains.

The future form of **EU climate and energy policy** also represents an uncertainty. In response to challenges to the competitiveness of European industry, greater emphasis is being placed on simplifying regulatory requirements and reducing the administrative burden while preserving the objectives of the green transition. Any further easing or postponement of certain regulatory requirements could reduce firms' costs, particularly in energy-intensive sectors.

Another risk is the **increasing frequency and intensity of certain extreme climate events**, particularly heatwaves, droughts, fires, torrential rainfall and floods. These may adversely affect agricultural and industrial production, the energy sector, transport and other infrastructure, disrupt supply chains and reduce labour productivity. The result may be production outages, higher price pressures, additional expenditure on restoring damaged property and increased uncertainty regarding economic developments.

1 Forecast Assumptions

1.1 External Environment

The **United States** economy grew by 2.1% year-on-year and 0.4% quarter-on-quarter in the second quarter of 2026. Household consumption, fixed capital investment and exports contributed most to quarter-on-quarter growth. Growth dynamics were dampened by higher imports, driven primarily by imports of capital goods, lower inventory formation and a decline in government expenditure. Leading indicators signal a continued expansion in manufacturing and services, but elevated price pressures persisted in both sectors. Job creation slowed, but unemployment remained low and continued growth in labour income continued to support household consumption. Since the beginning of the year, the Fed has kept the target range for its key rate at 3.50–3.75% – at its July meeting, three members voted to raise it, reflecting persisting concerns about inflation. We expect GDP to grow by 2.1% (*unchanged*) in 2026. In the second half of the year, economic activity will be dampened mainly by the impact of the previous increase in energy prices on household purchasing power, together with high financing costs, while investment activity will continue to be supported by expenditure on equipment, software and research. In 2027, the growth rate should remain at 2.1% (*unchanged*), when relatively high interest rates dampening investment activity may act against the positive effect of the waning impacts of the energy shock. Risks are associated particularly with the military conflict in the Middle East, more persistent inflation and a potential tightening of monetary policy, and uncertainty regarding trade policy. Upside risks include a faster decline in energy prices or stronger productivity growth resulting from the implementation of AI.

China's GDP grew by 4.5% year-on-year and 0.9% quarter-on-quarter in the second quarter of 2026. Growth was supported by all main GDP components, most notably by consumption expenditure. Leading indicators continue to signal an expansion of activity in industry and services. Economic growth should be supported by accommodative fiscal policy, particularly through public investment. Private domestic demand, however, continues to be constrained by low household confidence and a high propensity to save, related, among other, to the limited scope of social security. Structural problems also persist in the form of adverse demographic developments, problems in the real estate market and excess production capacity, which create pressure on prices and corporate profitability. Economic growth could thus slow to 4.4% (*unchanged*) in 2026 and further to 4.1% (*previously 4.0%*) in 2027.

The **euro area** economy grew by 1.0% year-on-year and 0.4% quarter-on-quarter in the second quarter of 2026. Quarterly growth dynamics were positively influenced primarily by strong economic growth of 3.9% in Ireland and 0.7% in Spain. By contrast, Germany, France and Italy all recorded relatively weak growth of 0.2%. Industrial production increased in the second quarter, and business sentiment improved according to leading indicators thanks to an easing of supply-chain disruptions and growth in production volumes. Consumer and business confidence in services also gradually recovered after a marked decline in connection with the war in the Middle East. In June, in response to the expected pro-inflationary impacts of the energy shock, the European Central Bank increased its key interest rate by 0.25 pp and left it unchanged in July. Its next steps will depend on developments in the inflation outlook, including the extent and persistence of the indirect impacts of the energy shock. Fiscal policy should support growth primarily through higher defence and infrastructure expenditure; however, consolidation measures and the end of the drawdown of funds from the Recovery and Resilience Facility will gradually act in the opposite direction. We expect euro area GDP to grow by 0.9% (*previously 1.0%*) in 2026. Household consumption will be supported by a resilient labour market and, despite increased inflation, moderate real wage growth. Investment and government consumption will also have a pro-growth effect. The foreign trade balance should dampen growth dynamics, as exports will be limited by US tariffs and persisting uncertainty surrounding their future settings. Increased domestic demand will then raise import volumes. In 2027, economic growth should accelerate to 1.4% (*previously 1.5%*) thanks to easing tensions in global supply chains and a recovery in foreign trade.

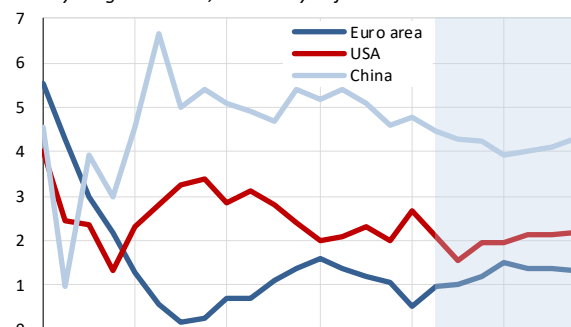
The **German** economy grew by 0.9% year-on-year in the second quarter of 2026 according to a preliminary estimate, the fastest pace since 2022. GDP was 0.2% higher quarter-on-quarter, with growth supported by higher exports, while consumption expenditure growth was weak and gross capital formation declined. Employment continued to fall and the unemployment rate increased year-on-year, remaining close to its highest levels since the pandemic. Industrial production grew in the second quarter and business expectations also improved. Since the outbreak of the conflict, year-on-year consumer price growth has remained elevated due to more expensive energy. Persisting economic uncertainty was reflected in households' high propensity to save, which translated into the continued stagnation of retail sales. For 2026, we expect GDP growth of 0.9% (*previously 0.7%*). Economic activity should be supported primarily

by the fiscal impulse associated with higher expenditure on infrastructure and defence and by continued real wage growth. Economic activity will, however, be dampened by the impacts of the conflict in the Middle East and US tariffs. For 2027, we expect an acceleration of economic growth to 1.4% (*previously 1.6%*), primarily thanks to continued fiscal expansion, further real wage

growth and a gradual recovery in industrial activity stimulated by rising foreign demand. The tightening of monetary policy by the ECB should act in the opposite direction. Risks to the economic recovery stem from the potentially low effectiveness of fiscal measures aimed at investment and competitiveness or from the persistence of structural problems in German industry.

Graph 1.1.1: Real GDP of the Main World Economies

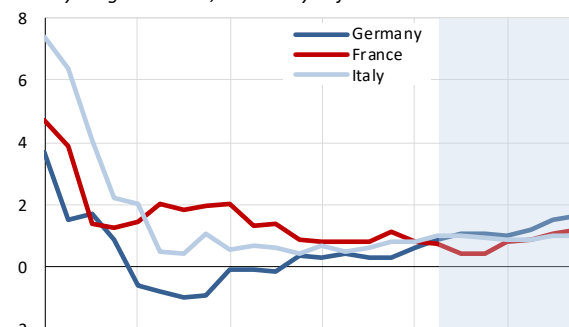
year-on-year growth in %, seasonally adjusted



Source: Eurostat, OECD. Calculations and forecast of the MoF.

Graph 1.1.2: Real GDP of the Main EA Economies

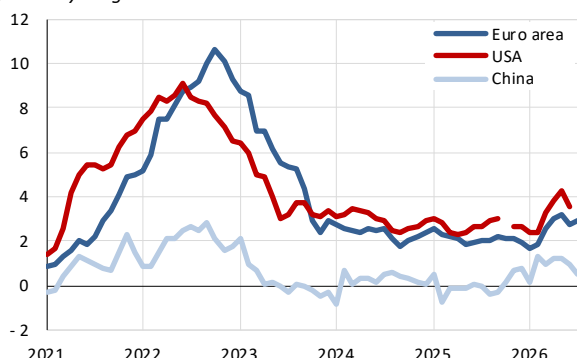
year-on-year growth in %, seasonally adjusted



Source: Eurostat. Calculations and forecast of the MoF.

Graph 1.1.3: Consumer Prices

year-on-year growth in %

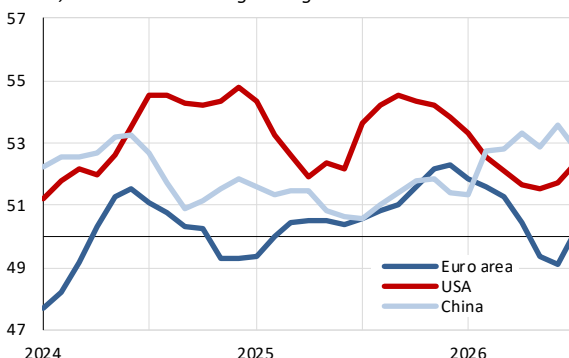


Note: Data for October 2025 for the USA unavailable due to a shut-down. Preliminary estimate for the euro area for July 2026.

Source: Eurostat, BLS, National Bureau of Statistics of China.

Graph 1.1.4: Composite Purchasing Managers' Index

balance, three-month moving average



Source: S&P Global.

Table 1.1.1: Gross Domestic Product – annual

seasonally and calendar adjusted

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
										Forecast	Forecast
USA	growth in %	3.0	2.6	-2.1	6.2	2.5	2.9	2.8	2.1	2.1	2.1
China	growth in %	6.9	6.2	2.0	8.9	3.1	5.4	5.0	5.1	4.4	4.1
United Kingdom	growth in %	1.6	1.3	-10.0	8.5	5.1	0.3	1.0	1.3	1.2	1.4
European Union	growth in %	2.0	1.9	-5.7	6.3	3.6	0.6	1.2	1.5	1.2	1.6
Euro area	growth in %	1.8	1.6	-6.1	6.4	3.7	0.6	1.0	1.3	0.9	1.4
Germany	growth in %	1.3	1.1	-4.4	3.9	2.0	-0.8	0.0	0.3	0.9	1.4
France	growth in %	1.6	2.1	-7.6	6.8	2.8	1.8	1.4	0.9	0.6	1.0
Italy	growth in %	0.7	0.4	-9.0	8.8	5.0	1.0	0.6	0.7	0.9	0.9
Austria	growth in %	2.4	1.7	-6.4	5.0	5.4	-0.7	-0.8	1.0	0.8	1.2
Hungary	growth in %	5.6	5.1	-4.5	7.2	4.2	-0.7	0.7	0.4	2.0	2.8
Poland	growth in %	6.1	4.5	-2.1	6.9	5.6	0.2	3.1	3.6	3.2	2.8
Slovakia	growth in %	4.1	2.3	-2.6	5.7	0.5	2.1	1.9	0.8	0.8	1.8

Source: CZSO, Destatis, Eurostat, IMF, OECD, Office for National Statistics. Calculations of the MoF.

Table 1.1.2: Gross Domestic Product – quarterly*growth rate of real GDP in %, data adjusted for seasonal and calendar effects*

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
							<i>Estimate</i>	<i>Forecast</i>	<i>Forecast</i>
USA	QoQ	-0.2	0.9	1.1	0.1	0.5	0.4	0.6	0.5
	YoY	2.0	2.1	2.3	2.0	2.7	2.1	1.6	2.0
United Kingdom	QoQ	0.6	0.2	0.1	0.1	0.6	0.3	0.4	0.4
	YoY	1.8	1.3	1.2	0.9	0.9	1.1	1.3	1.6
European Union	QoQ	0.5	0.1	0.4	0.2	0.1	0.5	0.4	0.5
	YoY	1.7	1.5	1.5	1.3	0.8	1.2	1.2	1.4
Euro area	QoQ	0.6	0.0	0.3	0.2	0.0	0.4	0.4	0.4
	YoY	1.6	1.4	1.2	1.1	0.5	1.0	1.0	1.2
Germany	QoQ	0.1	0.0	0.0	0.3	0.4	0.2	0.2	0.3
	YoY	0.3	0.4	0.3	0.3	0.6	0.9	1.1	1.1
France	QoQ	0.2	0.2	0.4	0.3	-0.1	0.2	0.2	0.3
	YoY	0.8	0.8	0.8	1.1	0.8	0.7	0.5	0.4
Italy	QoQ	0.3	0.0	0.2	0.3	0.3	0.2	0.2	0.3
	YoY	0.7	0.5	0.7	0.8	0.8	1.0	1.0	0.9
Austria	QoQ	0.4	0.1	0.4	0.2	0.2	0.0	0.3	0.4
	YoY	0.6	0.9	1.3	1.1	0.9	0.8	0.7	0.8
Hungary	QoQ	-0.2	0.6	0.2	0.2	0.8	0.4	0.6	0.8
	YoY	-0.3	0.4	0.9	0.8	1.7	1.6	2.1	2.7
Poland	QoQ	0.8	0.8	1.1	1.0	0.6	0.7	0.8	0.8
	YoY	3.7	2.9	4.1	3.7	3.5	3.4	3.0	2.8
Slovakia	QoQ	0.1	0.2	0.3	0.2	0.2	0.1	0.3	0.5
	YoY	0.8	0.7	0.9	0.8	0.9	0.8	0.8	1.0

Source: CZSO, Destatis, Eurostat, OECD, Office for National Statistics. Calculations and forecast of the MoF.

1.2 Commodity Prices

The price of a barrel of **Brent crude oil** averaged USD 103 (vs. *forecast of USD 106*) in the second quarter of 2026 and increased by 50.8% year-on-year.

The military conflict in the Middle East and persisting restrictions on operations in the Strait of Hormuz are significantly affecting the prices of oil, gas and other raw materials. Oil price developments continue to be associated with a high degree of uncertainty, with key factors including the further course of the conflict and US foreign policy. The influence of OPEC+ policy on the price is now rather sidelined in the short and medium term. In the long term, the ability of OPEC+ to influence the market may be limited particularly by growing production in countries outside the group and the difficulty some member countries have in complying with the agreed production limits.

The anticipated development of the Brent crude oil price over the forecast horizon reflects the price trajectory on the futures market. Its downward profile is consistent with the assumption of a gradual easing of military activity and the restoration of operations in the Strait of Hormuz. This year, the average price per barrel could rise year-on-year by 24.8% (*previously 31.3%*) to USD 86 (*previously USD 91*). The pace of the decline could be moderated by persisting logistical constraints, elevated

security risks and disrupted production infrastructure. In 2027, the average dollar price of Brent crude oil per barrel could decline by 15.9% (*previously 13.0%*) to USD 73 (*previously USD 79*).

Prices of **electricity and natural gas** are also exposed to considerable uncertainty in connection with developments in the Persian Gulf region, particularly through restrictions on liquefied natural gas exports and its transport through the Strait of Hormuz. Limited LNG availability and increased competition from Asian buyers for alternative supplies create upward pressure on prices and complicate the replenishment of European storage facilities ahead of the forthcoming heating season. The incentive to replenish storage facilities is further reduced by the current high gas prices combined with the expectation of their subsequent decline.

Risks associated with weather fluctuations have increased, particularly in connection with the ongoing and expected further strengthening of El Niño. It may affect agricultural production, energy demand, conditions for energy production and commodity transport in different parts of the world. Risks of regulatory interventions in the form of restrictions on exports of certain commodities or the imposition of tariffs also persist.

Graph 1.2.1: Dollar Price of Brent Crude Oil

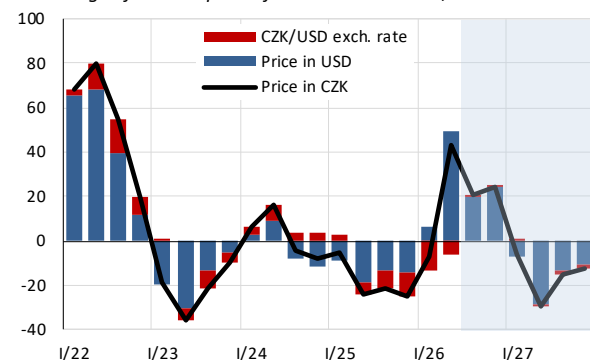
USD/barrel



Source: U. S. EIA. Calculations and forecast of the MoF.

Graph 1.2.2: Koruna Price of Brent Crude Oil

YoY change of the CZK price of Brent crude oil in %, contributions in pp



Source: CNB, U. S. EIA. Calculations and forecast of the MoF.

Table 1.2.1: Prices of Selected Commodities – annual

spot prices

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
											Forecast
Crude oil Brent	USD/barrel	71	64	42	71	101	82	81	69	86	73
	growth in %	31,7	-9,8	-35,0	69,3	42,7	-18,4	-2,3	-14,2	24,8	-15,9
Crude oil Brent index (in CZK)	2025=100	102	97	63	101	155	120	123	100	119	99
	growth in %	22,9	-4,9	-34,6	59,1	53,5	-22,3	2,1	-18,7	18,8	-16,9
Natural gas (Europe)	USD/MMBtu	7,7	4,8	3,2	16,1	40,3	13,1	11,0	12,0	.	.
	growth in %	34,4	-37,5	-32,5	397,1	150,3	-67,5	-16,4	9,1	.	.
Natural gas (Europe) index (in CZK)	2025=100	63	42	28	133	360	110	97	100	.	.
	growth in %	25,8	-34,3	-32,4	373,7	169,7	-69,3	-12,6	3,6	.	.

Source: CNB, U. S. Energy Information Administration, World Bank. Calculations and forecast of the MoF.

Table 1.2.2: Prices of Selected Commodities – quarterly

spot prices

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Crude oil Brent	USD/barrel	76	68	69	64	81	103	83	79
	growth in %	-8,5	-19,6	-13,7	-14,7	6,4	50,8	20,1	24,3
Crude oil Brent index (in CZK)	2025=100	119	98	95	87	110	141	115	109
	growth in %	-5,5	-23,8	-21,1	-24,8	-7,2	43,3	20,8	24,5
Natural gas (Europe)	USD/MMBtu	14,4	11,9	11,3	10,3	13,6	15,6	.	.
	growth in %	64,6	18,4	-1,8	-24,4	-5,4	31,2	.	.
Natural gas (Europe) index (in CZK)	2025=100	130	99	90	81	107,4	123,4	.	.
	growth in %	70,0	12,3	-10,2	-33,2	-17,5	24,8	.	.

Source: CNB, U. S. Energy Information Administration, World Bank. Calculations and forecast of the MoF.

1.3 Fiscal Policy

For 2026, we expect the **general government deficit** to rise to 2.7% of GDP (*previously 2.6% of GDP*) and, in structural terms, to 2.5% of GDP (*previously 2.4% of GDP*). According to the forecast, **total general government revenue** should grow by 3.8%, of which tax revenue including social security contributions only slightly more slowly.

Rising real earnings should continue to encourage household consumption and positively influence **value added tax** revenue, which should increase by 6.3%. **Excise duty** revenue will be positively affected by measures previously introduced as part of the consolidation package. Conversely, a revenue shortfall is associated with the transfer of the financing of the fee for supported energy sources from households and firms fully to the state budget and with the temporary reduction in the excise duty on diesel.

Growth in the volume of wages and salaries determines **personal income tax** and **social security contributions**, which also reflect the anticipated increase in the payment for state-insured persons. Both revenue items should be strengthened as a result of the introduction of unified monthly reporting by employers, which, together with the amendment to the Employment Act introducing the concept of undeclared work, will allow for more effective monitoring and collection of taxes and social security contributions.

Corporate income tax revenue should decline, primarily due to the expiry of the windfall tax. Other discretionary measures should also act negatively in aggregate.

The development of revenue **transfers** largely reflects the progress of implementation of projects co-financed from the EU budget for the 2021–2027 programming period. The drawdown of funds from the Recovery and Resilience Facility will be terminated this year.

The growth rate of **total general government expenditure** should slow year-on-year to 5.1%. We also expect a continued slowdown in final consumption expenditure, which will be driven by **compensation of employees** in the general government sector (growth of 8.6%). In addition to the growth of teachers' salaries from January 2026, salary scales in other segments of the public sector were increased from April of this year. The dynamics are

also strengthened by the additional effect of increased soldiers' pay from July 2025.

Social transfers in kind should grow by only 2.2%. Their year-on-year slowdown is attributable to a methodological change whereby the existing housing-related social benefits (social transfers in kind) become part of the state social assistance benefit (social benefits in cash). However, expenditure of health insurance companies will increase due to higher insurance contributions and state payments for state-insured persons. The predicted growth of **intermediate consumption** of 2.3% is significantly lower than in 2025, both as a result of the high comparative base and due to savings in the operating costs of public institutions and the provisional budget at the beginning of this year.

Regarding **social benefits in cash**, we calculate an increase in expenditure on pension benefits based on the statutory indexation formula from January. Expenditure will also be increased by adjustments in unemployment benefits and retraining support, as well as by an increase in the care allowance. By contrast, we expect a lower volume of funds year-on-year for payment of the humanitarian allowance to persons with temporary protection. Last but not least, the methodological change described above associated with the transition to the state social assistance benefit is reflected here. The growth of total social benefits in cash, including the payment for state-insured persons, should reach 5.3%.

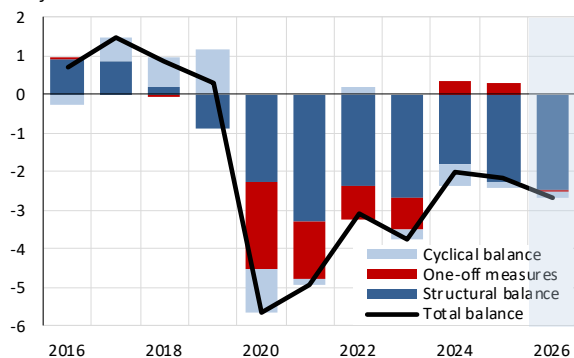
Subsidies should grow by 5.4% and remain at 2.0% of GDP in relative terms. According to the forecast, **current transfers** will be only slightly higher as a share of GDP, driven mainly by contributions to the EU budget.

Investment in fixed assets will grow by only 3.6% given the high comparative base of 2025. A further factor behind weaker year-on-year dynamics will be the expected decline in investment co-financed from EU funds, including the effect of the expiring National Recovery Plan.

General government debt should rise in relative terms by 1.6 percentage points to 45.8% of GDP (*previously 45.6% of GDP*) in 2026. Along with growing debt, **interest expenditure** will increase by an estimated 11.7% and reach 1.4% of GDP.

Graph 1.3.1: General Government Balance

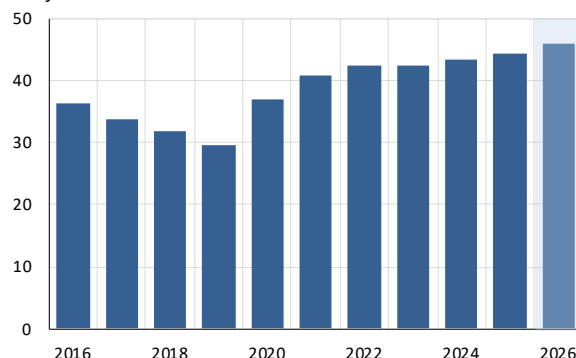
in % of GDP



Source: CZSO. Calculations and forecast of the MoF.

Graph 1.3.2: General Government Debt

in % of GDP



Source: CZSO. Calculations and forecast of the MoF.

Table 1.3.1: Net Lending/Borrowing and Debt

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
											Forecast
General government balance	% GDP	1.5	0.9	0.3	-5.6	-5.0	-3.1	-3.7	-2.0	-2.1	-2.7
	bill. CZK	76	48	17	-329	-312	-216	-286	-163	-184	-241
Cyclical balance	% GDP	0.6	0.8	1.2	-1.1	-0.2	0.2	-0.2	-0.5	-0.2	-0.2
Cyclically adjusted balance	% GDP	0.8	0.1	-0.9	-4.5	-4.8	-3.2	-3.5	-1.5	-2.0	-2.5
One-off measures ¹⁾	% GDP	0.0	-0.1	0.0	-2.2	-1.5	-0.9	-0.9	0.3	0.3	-0.1
Structural balance	% GDP	0.8	0.2	-0.9	-2.3	-3.3	-2.4	-2.7	-1.8	-2.2	-2.5
Fiscal effort ²⁾	pp	0.0	-0.7	-1.1	-1.4	-1.0	0.9	-0.3	0.8	-0.4	-0.2
Interest expenditure	% GDP	0.7	0.7	0.7	0.7	0.7	1.1	1.3	1.3	1.3	1.4
Primary balance	% GDP	2.2	1.6	1.0	-4.9	-4.2	-2.0	-2.4	-0.7	-0.8	-1.3
Cyclically adjusted primary balance	% GDP	1.6	0.8	-0.2	-3.8	-4.1	-2.1	-2.2	-0.2	-0.7	-1.1
General government debt	% GDP	33.8	31.7	29.6	36.9	40.7	42.5	42.2	43.2	44.2	45.8
	bill. CZK	1 750	1 735	1 740	2 150	2 567	2 998	3 234	3 489	3 786	4 105
Change in debt-to-GDP ratio	pp	-2.5	-2.1	-2.1	7.3	3.8	1.8	-0.3	1.0	0.9	1.6

¹⁾ One-off and temporary measures are such measures that have only a temporary impact on public budgets. Besides their temporary impact on overall balance, these measures are usually of non-recurring nature and very often result from the events that are beyond the direct power of the government.

²⁾ Change in structural balance.

Source: CZSO. Calculations and forecast of the MoF.

1.4 Monetary Policy, Financial Sector and Exchange Rates

At its June meeting, the Czech National Bank increased the **two-week repo rate** from 3.50% to 3.75% after more than a year of stability. The communicated reasons were persisting domestic inflationary pressures, particularly elevated core inflation, and the risk of second-round effects of the energy shock passing through to consumer prices. The Bank Board assessed the risks and uncertainties as pro-inflationary and a relatively tight monetary policy as desirable, while explicitly not pre-committing to a particular rate path. At its August meeting, the Bank Board left the rate unchanged at 3.75%.

The **three-month interbank PRIBOR rate**, which primarily determines interest rates on loans to non-financial corporations, increased by 0.1 pp quarter-on-quarter to an average of 3.6% (*in line with the forecast*) in the second quarter of 2026, following the expected increase in the CNB's key interest rates. The three-month PRIBOR rate could average 3.7% (*previously 3.6%*) this year and rise to 3.8% (*previously 3.7%*) in 2027.

The **yield to maturity of ten-year government bonds** increased by 0.3 pp quarter-on-quarter to an average of 4.8% (*in line with the forecast*) in the second quarter of 2026. The cost of government financing in the Czech Republic and abroad has risen considerably so far this year and remains elevated, primarily due to the persisting conflict in the Middle East. The higher yield reflects greater uncertainties and risks associated particularly with accelerating inflation and rising monetary policy rates. The ten-year yield should remain elevated until a more lasting de-escalation of the conflict and the fading of the related temporary inflationary pressures. From a longer-term perspective, its further development will depend on how public finances deal with structural pressures on the growth of public expenditure and, at the same time, rising debt-servicing costs. We expect an average yield of 4.7% in both 2026 and 2027 (*previously 4.6% and unchanged, respectively*).

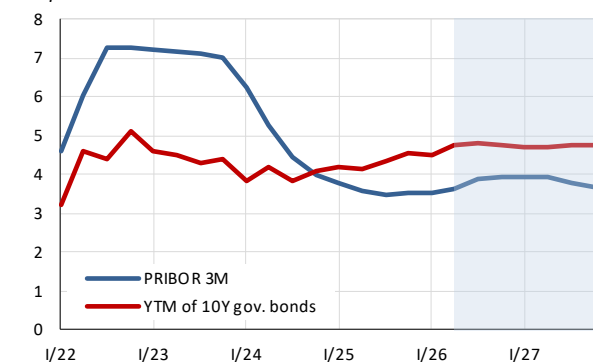
The stock of **household loans** on banks' balance sheets increased by 9.8% year-on-year in the second quarter of 2026. Growth continues to be influenced primarily by the volume of loans provided for housing. This reflects rising real estate prices (offering prices of real estate increased by 10.7% year-on-year in the second quarter of 2026) and higher household credit demand. The average interest rate on new mortgage loans to households stagnated year-on-year at 4.7%.

The stock of **loans to non-financial corporations** on banks' balance sheets increased by 7.8% year-on-year in the second quarter of 2026. The average interest rate on koruna loans was 5.2%, 0.1 pp lower year-on-year. The growth in demand from non-financial corporations was likely supported by the easing of banks' credit standards, the level of interest rates and the need to finance fixed investment in particular.

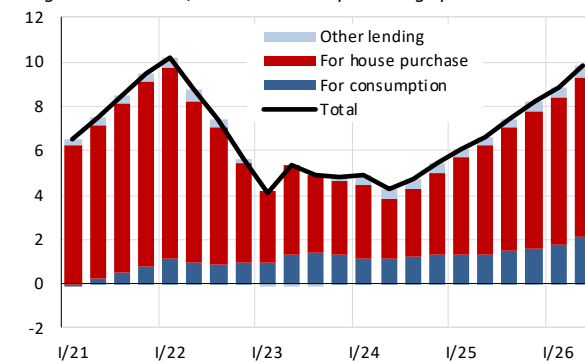
The **Czech koruna's exchange rate against the euro** averaged 24.3 CZK/EUR in the second quarter of 2026 (*vs. forecast of 24.5 CZK/EUR*), the same as in the previous quarter. The koruna thus remains resilient despite persistently elevated geopolitical tensions, particularly in connection with the conflict in the Middle East. Compared with the euro area, the more industrial and energy-intensive Czech economy, together with the koruna's greater sensitivity to global risks, would suggest asymmetric pressures to the detriment of the Czech currency. The koruna's resilience may be attributable to relatively favourable market sentiment, prospects of stronger economic growth and a persistently positive interest rate differential in the CR. We expect these factors to continue to operate, and the exchange rate could therefore remain approximately stable, with a slight tendency for the koruna to appreciate due to the assumed de-escalation of the conflict. The main risk to the forecast is a significant increase in market risk aversion.

In 2026, the koruna could appreciate by an average of 1.8% to 24.3 CZK/EUR (*unchanged*). During this year itself, the koruna's exchange rate should remain broadly stable; the full-year dynamics thus primarily reflect the koruna's appreciation during the previous year. In 2027, the koruna could further appreciate by an average of 0.5% to 24.1 CZK/EUR (*unchanged*).

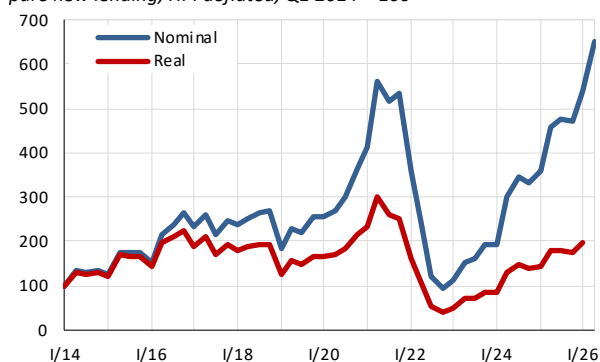
The expected development of the **Czech koruna's exchange rate against the U.S. dollar** is implied by the USD/EUR exchange rate forecast, which is based on futures contracts, and the CZK/EUR exchange rate forecast. For this year, we expect the USD/EUR exchange rate to be 1.16 (*unchanged*) and 1.17 (*unchanged*) next year. Due to the risk premium, however, the actual USD/EUR exchange rate may deviate significantly from the levels implied by futures contracts.

Graph 1.4.1: Interest Rates*in % p.a.*

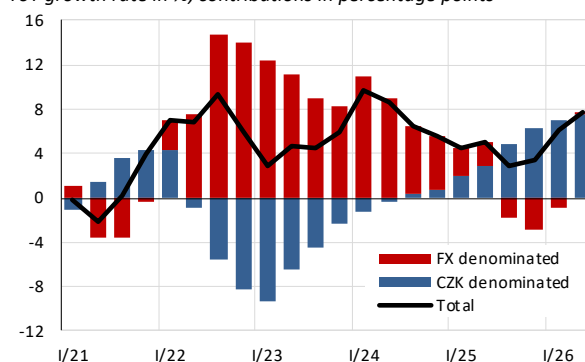
Source: CNB. Calculations and forecast of the MoF.

Graph 1.4.2: Loans to Households*YoY growth rate in %, contributions in percentage points*

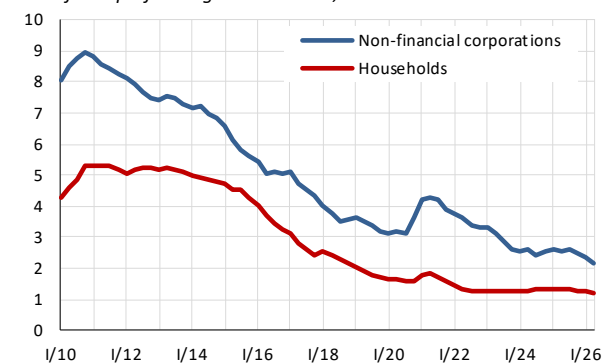
Source: CNB. Calculations of the MoF.

Graph 1.4.3: New Mortgage Loans to Households*pure new lending, HPI deflated, Q1 2014 = 100*

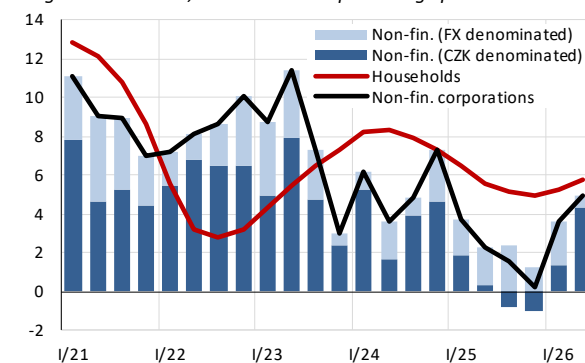
Source: CNB, CZSO. Calculations of the MoF.

Graph 1.4.4: Loans to Non-financial Corporations*YoY growth rate in %, contributions in percentage points*

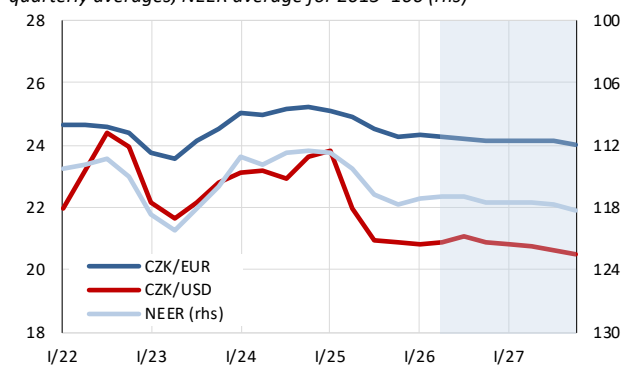
Source: CNB. Calculations of the MoF.

Graph 1.4.5: Non-performing Loans*ratio of non-performing to total loans, in %*

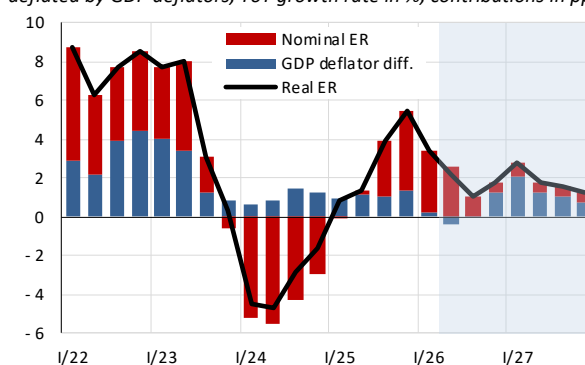
Source: CNB. Calculations of the MoF.

Graph 1.4.6: Deposits*YoY growth rate in %, contributions in percentage points*

Source: CNB. Calculations of the MoF.

Graph 1.4.7: Nominal Exchange Rates*quarterly averages, NEER average for 2015=100 (rhs)*

Source: CNB. Calculations and forecast of the MoF.

Graph 1.4.8: Real Exchange Rate to the Euro Area*deflated by GDP deflators, YoY growth rate in %, contributions in pp*

Source: CNB, CZSO, Eurostat. Calculations and forecast of the MoF.

Table 1.4.1: Interest Rates – annual*average of period, unless stated otherwise*

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
										Forecast	Forecast
Repo 2W rate CNB <i>(end of period)</i>	<i>in % p.a.</i>	1.75	2.00	0.25	3.75	7.00	6.75	4.00	3.50	.	.
Deposit facility ECB <i>(end of period)</i>	<i>in % p.a.</i>	-0.40	-0.50	-0.50	-0.50	2.00	4.00	3.00	2.00	.	.
Federal funds rate <i>(end of period)</i>	<i>in % p.a.</i>	2.50	1.75	0.25	0.25	4.50	5.50	4.50	3.75	.	.
PRIBOR 3M	<i>in % p.a.</i>	1.27	2.12	0.86	1.13	6.29	7.12	4.98	3.60	3.7	3.8
YTM of 10Y government bonds	<i>in % p.a.</i>	1.98	1.55	1.13	1.90	4.33	4.44	3.98	4.31	4.7	4.7
Client interest rates											
Loans to households	<i>in % p.a.</i>	3.76	3.66	3.53	3.31	3.42	3.85	4.26	4.49	.	.
Loans to non-financial corporations	<i>in % p.a.</i>	3.05	3.75	2.96	2.86	6.42	7.39	6.31	5.26	.	.
Deposits of households	<i>in % p.a.</i>	0.33	0.39	0.35	0.26	1.13	2.10	1.94	1.60	.	.
Deposits of non-financial corporations	<i>in % p.a.</i>	0.11	0.37	0.20	0.11	1.96	3.29	2.47	1.61	.	.

*Source: CNB, ECB, Fed. Calculations and forecast of the MoF.***Table 1.4.2: Interest Rates – quarterly***average of period, unless stated otherwise*

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
								Forecast	Forecast
Repo 2W rate CNB <i>(end of period)</i>	<i>in % p.a.</i>	3.75	3.50	3.50	3.50	3.50	3.75	.	.
Deposit facility ECB <i>(end of period)</i>	<i>in % p.a.</i>	2.50	2.00	2.00	2.00	2.00	2.25	.	.
Federal funds rate <i>(end of period)</i>	<i>in % p.a.</i>	4.50	4.50	4.25	3.75	3.75	3.75	.	.
PRIBOR 3M	<i>in % p.a.</i>	3.79	3.57	3.50	3.54	3.51	3.61	3.9	4.0
YTM of 10Y government bonds	<i>in % p.a.</i>	4.17	4.16	4.36	4.57	4.52	4.77	4.8	4.7
Client interest rates									
Loans to households	<i>in % p.a.</i>	4.43	4.47	4.51	4.56	4.60	4.66	.	.
Loans to non-financial corporations	<i>in % p.a.</i>	5.42	5.28	5.17	5.17	5.16	5.20	.	.
Deposits of households	<i>in % p.a.</i>	1.66	1.59	1.54	1.60	1.63	1.68	.	.
Deposits of non-financial corporations	<i>in % p.a.</i>	1.72	1.65	1.56	1.52	1.56	1.68	.	.

Source: CNB, ECB, Fed. Calculations and forecast of the MoF.

Table 1.4.3: Loans and Deposits – annual

			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Households												
Loans	growth in %		7.2	7.8	7.6	6.6	6.3	8.0	8.0	4.8	4.8	7.1
For consumption	growth in %		6.0	4.3	5.4	6.4	4.4	2.6	7.0	9.0	8.4	9.6
For house purchase	growth in %		8.1	9.0	8.5	7.4	7.3	9.5	8.5	4.5	4.1	6.8
Other lending	growth in %		3.0	4.2	4.3	1.1	0.9	4.2	4.5	0.3	5.3	4.9
CZK denominated	growth in %		7.2	7.7	7.6	6.6	6.3	8.0	7.9	4.7	4.8	7.1
FX denominated	growth in %		8.5	36.3	1.7	9.0	6.1	16.9	43.4	26.7	11.4	-6.5
Deposits	growth in %		7.0	8.7	7.0	7.2	9.4	11.1	3.7	5.9	7.9	5.5
CZK denominated	growth in %		6.9	9.7	7.1	6.9	9.2	10.9	3.2	5.2	8.3	5.6
FX denominated	growth in %		7.3	-13.9	3.5	15.2	14.5	16.6	16.6	20.4	0.6	3.9
Non-performing loans (banking statistics)	share, in %		3.6	2.7	2.4	1.9	1.6	1.7	1.3	1.3	1.3	1.3
Loans to deposits ratio	in %		63	63	63	63	61	59	62	61	59	60
Non-financial corporations												
Loans	growth in %		6.6	5.0	4.2	4.3	3.2	0.5	7.2	4.5	7.5	4.0
CZK denominated	growth in %		2.8	-1.4	3.0	1.9	-1.8	3.2	-4.0	-9.4	-0.2	8.3
FX denominated	growth in %		20.5	24.4	6.9	10.0	14.0	-4.6	29.6	25.1	15.9	-0.1
Deposits	growth in %		4.6	7.8	3.0	4.2	9.5	9.0	8.5	7.5	5.5	1.9
CZK denominated	growth in %		4.5	13.9	2.1	1.9	9.4	7.1	8.3	6.6	5.1	0.1
FX denominated	growth in %		4.8	-11.1	6.6	13.0	9.9	15.3	9.2	10.7	6.5	7.3
Non-performing loans (banking statistics)	share, in %		5.2	4.7	3.7	3.4	3.3	4.2	3.5	3.0	2.5	2.6
Loans to deposits ratio	in %		108	105	106	106	100	92	91	89	91	92

Note: All indicators, except for the share of non-performing loans, are from the monetary statistics.

Source: CNB. Calculations of the MoF.

Table 1.4.4: Loans and Deposits – quarterly

			2024		2025				2026	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Households										
Loans	growth in %		4.7	5.4	6.1	6.6	7.4	8.2	8.9	9.8
For consumption	growth in %		8.4	9.1	9.2	8.9	9.8	10.5	11.7	14.0
For house purchase	growth in %		3.9	4.8	5.6	6.3	7.3	8.0	8.6	9.3
Other lending	growth in %		5.5	5.3	4.9	4.7	4.5	5.6	6.3	7.1
CZK denominated	growth in %		4.7	5.4	6.1	6.7	7.5	8.3	9.0	9.8
FX denominated	growth in %		9.6	7.6	0.8	-5.6	-10.6	-10.4	-8.5	8.5
Deposits	growth in %		7.9	7.3	6.5	5.5	5.2	5.0	5.3	5.7
CZK denominated	growth in %		8.3	7.8	6.8	5.7	5.1	4.8	5.2	5.7
FX denominated	growth in %		-1.2	-2.1	0.2	1.9	5.9	7.8	6.9	6.6
Non-performing loans (banking statistics)	share, in %		1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2
Loans to deposits ratio	in %		59	60	59	60	61	62	61	62
Non-financial corporations										
Loans	growth in %		6.4	5.6	4.4	5.0	2.9	3.5	6.1	7.8
CZK denominated	growth in %		0.6	1.4	4.0	6.1	10.0	13.2	14.7	15.5
FX denominated	growth in %		12.4	9.8	4.9	4.0	-3.6	-5.4	-1.8	0.5
Deposits	growth in %		4.8	7.3	3.7	2.3	1.6	0.3	3.6	4.9
CZK denominated	growth in %		5.2	6.2	2.5	0.4	-1.0	-1.3	1.9	5.9
FX denominated	growth in %		3.6	10.6	7.4	7.7	9.6	4.8	8.4	2.3
Non-performing loans (banking statistics)	share, in %		2.4	2.5	2.6	2.6	2.6	2.5	2.4	2.2
Loans to deposits ratio	in %		91	90	91	92	93	93	93	95

Note: All indicators, except for the share of non-performing loans, are from the monetary statistics.

Source: CNB. Calculations of the MoF.

Table 1.4.5: Exchange Rates – annual

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								Forecast	Forecast	Outlook	Outlook
Nominal exchange rates											
CZK/EUR	average	26.44	25.65	24.57	24.01	25.12	24.69	24.3	24.1	23.9	23.5
	appreciation in %	-2.9	3.1	4.4	2.3	-4.4	1.7	1.8	0.5	1.2	1.3
CZK/USD	average	23.20	21.68	23.36	22.21	23.21	21.91	20.9	20.7	20.2	19.6
	appreciation in %	-1.1	7.0	-7.2	5.2	-4.3	5.9	4.7	1.2	2.6	2.7
NEER	average of 2015=100	106.7	110.4	114.8	118.3	113.2	115.5	117	118	119	121
	appreciation in %	-1.9	3.4	4.0	3.0	-4.3	2.0	1.4	0.5	1.3	1.4
Real exchange rate to EA ¹⁾	average of 2015=100	110.7	116.3	125.5	131.4	126.9	130.6	133	136	138	140
	appreciation in %	-0.4	5.1	7.8	4.7	-3.4	2.9	2.1	1.8	1.8	1.7
REER ²⁾	average of 2015=100	112.4	116.8	126.9	139.8	133.6	136.2	.	.	.	.
	appreciation in %	0.8	3.9	8.7	10.2	-4.4	2.0	.	.	.	.

¹⁾ Deflated by GDP deflators.

²⁾ Eurostat calculations, deflated by CPI, versus 42 countries.

Source: CNB, Eurostat. Calculations and forecast of the MoF.

Table 1.4.6: Exchange Rates – quarterly

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
							Estimate	Forecast	Forecast
Nominal exchange rates									
CZK/EUR	average	25.08	24.92	24.50	24.27	24.33	24.30	24.2	24.2
	appreciation in %	0.0	0.1	2.8	4.0	3.1	2.6	1.1	0.9
CZK/USD	average	23.84	21.99	20.97	20.87	20.79	20.90	21.1	20.9
	appreciation in %	-3.2	5.4	9.4	13.3	14.7	5.2	-0.6	-0.1
NEER	average of 2015=100	112.8	114.3	116.8	117.7	117.2	116.8	117	117
	appreciation in %	-0.4	0.4	3.6	4.6	3.9	2.2	0.2	-0.2
Real exchange rate to EA ¹⁾	average of 2015=100	128.2	129.6	131.8	132.7	132.5	132	133	135
	appreciation in %	0.9	1.3	4.0	5.4	3.4	2.2	1.1	1.7
REER ²⁾	average of 2015=100	133.3	135.1	138.1	138.2	137.7	136.4	.	.
	appreciation in %	-0.7	0.5	3.6	4.6	3.2	0.9	.	.

¹⁾ Deflated by GDP deflators.

²⁾ Eurostat calculations, deflated by CPI, versus 42 countries.

Source: CNB, Eurostat. Calculations and forecast of the MoF.

1.5 Demographic Trends

At the end of the first quarter of 2026, the population of the Czech Republic decreased by 19.8 thousand from the beginning of the year to 10.896 million. The decline was driven both by the number of deaths exceeding live births (by 12.6 thousand) and by a negative foreign migration balance (−7.3 thousand).

In the first quarter of 2026, both the birth rate and the mortality rate declined year-on-year. A total of 17.5 thousand children were **born** alive, 1.2 thousand (6.5%) fewer than in the same period of 2025, and 30.1 thousand persons **died**, 2.8% fewer year-on-year.

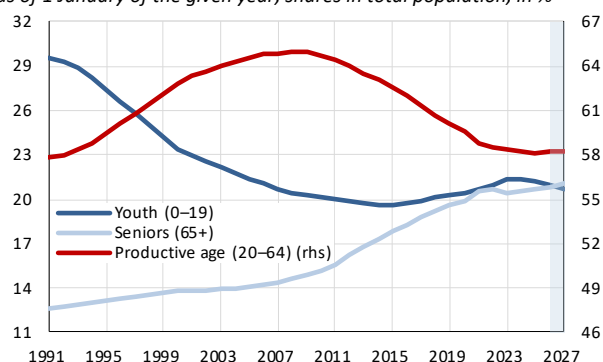
As in previous years, the **foreign migration balance** was affected by the high number of persons whose temporary protection expired at the end of March. The number of immigrants increased year-on-year by 5.9 thousand (25.5%) to 29.2 thousand persons, twice the average number for the first quarters of 2017–2021. The number of emigrants increased year-on-year by 1.7 thousand (5.0%) to 36.5 thousand persons.

The year-on-year growth of the total population by 0.1% as at 1 January 2026 was driven primarily by the age group over 65, whose number increased by 0.7%. The working-age population grew by 0.2%, with the number of persons aged 45–64 increasing by 1.1% year-on-year, while the number of persons aged 20–44 decreased by 0.6% year-on-year. The population under 20 then declined markedly, by 1.1%.

At the end of June 2026, the Czech Social Security Administration (CSSA) recorded 2.334 million **old-age pensioners**, corresponding to 21.4% of the Czech population. The number of old-age pensioners decreased year-on-year by 12.3 thousand (0.5%). The decline continued to be driven by a lower number of persons receiving full old-age pensions, down by 18.1 thousand (1.1%). By contrast, the number of persons receiving early retirement pensions increased year-on-year by 5.8 thousand (0.8%). The pace of growth thus accelerated slightly, which may be related to the year-on-year higher number of new applications for early retirement pensions.

Graph 1.5.1: Age Groups

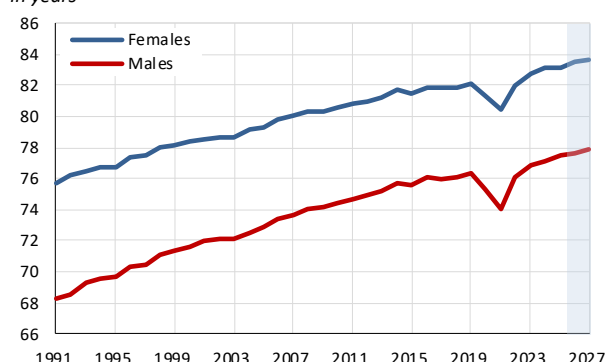
as of 1 January of the given year, shares in total population, in %



Source: CZSO. Calculations of the MoF.

Graph 1.5.2: Life Expectancy at Birth

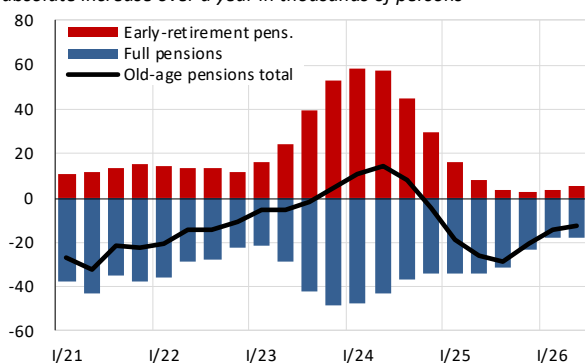
in years



Source: CZSO.

Graph 1.5.3: Old-Age Pensioners

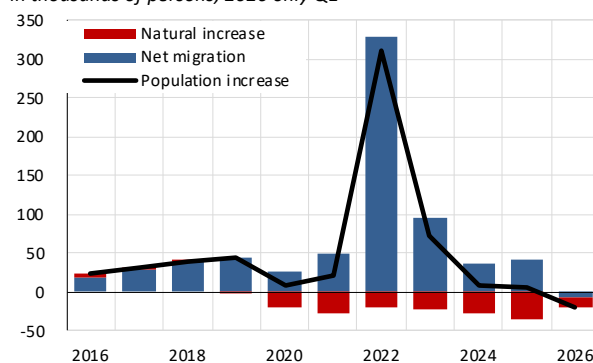
absolute increase over a year in thousands of persons



Source: Czech Social Security Administration. Calculations of the MoF.

Graph 1.5.4: Population Change

in thousands of persons, 2026 only Q1



Source: CZSO.

Table 1.5.1: Demographics

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								Forecast	Forecast	Outlook	Outlook
Population (as of 1 January)	<i>thous. persons</i>	10 694	10 495	10 517	10 828	10 901	10 910	10 916	10 859	10 798	10 801
	<i>growth in %</i>	0.4	-1.9	0.2	3.0	0.7	0.1	0.1	-0.5	-0.6	0.0
0–19 years	<i>thous. persons</i>	2 188	2 171	2 197	2 307	2 321	2 309	2 285	2 244	2 197	2 162
	<i>growth in %</i>	1.3	-0.8	1.2	5.0	0.6	-0.5	-1.1	-1.8	-2.1	-1.6
20–64 years	<i>thous. persons</i>	6 374	6 172	6 151	6 312	6 342	6 344	6 358	6 326	6 296	6 303
	<i>growth in %</i>	-0.4	-3.2	-0.3	2.6	0.5	0.0	0.2	-0.5	-0.5	0.1
65 and more years	<i>thous. persons</i>	2 132	2 152	2 169	2 208	2 237	2 256	2 273	2 289	2 305	2 337
	<i>growth in %</i>	2.2	0.9	0.8	1.8	1.3	0.8	0.7	0.7	0.7	1.4
Old-age pensioners (as of 1 January) ¹⁾	<i>thous. persons</i>	2 415	2 400	2 378	2 367	2 371	2 367	2 346	2 331	2 328	2 335
	<i>growth in %</i>	0.2	-0.6	-0.9	-0.4	0.2	-0.2	-0.9	-0.6	-0.1	0.3
Old-age dependency ratios (as of 1 January)											
Demographic ²⁾	%	33.4	34.9	35.3	35.0	35.3	35.6	35.7	36.2	36.6	37.1
Under current legislation ³⁾	%	40.5	41.2	40.6	39.3	38.8	38.5	38.2	38.2	38.3	38.2
Effective ⁴⁾	%	45.0	45.9	44.7	44.2	43.6	43.3	42.3	41.9	41.9	42.0
Fertility rate	<i>children</i>	1.707	1.827	1.618	1.453	1.368	1.282	1.50	1.50	1.50	1.50
Population increase	<i>thous. persons</i>	8	22	311	73	9	6	-57	-61	3	1
Natural increase	<i>thous. persons</i>	-19	-28	-19	-22	-28	-36	-26	-29	-32	-34
Live births	<i>thous. persons</i>	110	112	101	91	84	78	88	86	85	85
Deaths	<i>thous. persons</i>	129	140	120	113	112	113	114	115	117	118
Net migration	<i>thous. persons</i>	27	50	330	95	37	42	-31	-32	35	35
Immigration	<i>thous. persons</i>	56	69	350	141	122	111	.	.	.	.
Emigration	<i>thous. persons</i>	29	19	20	47	85	69	.	.	.	.
Census difference	<i>thous. persons</i>	x	-207	x	x	x	x	x	x	x	x

Note: Between 2020 and 2021, there is a break in the population time series resulting from the 2021 Census.

¹⁾ In 2010 disability pensions of pensioners over 64 were transferred into old-age pensions.

²⁾ Demographic dependency: ratio of people in senior ages (65 and more) to people in productive age (20–64).

³⁾ Dependency under current legislation: ratio of people above the official retirement age to the people over 19 below the official retirement age.

⁴⁾ Effective dependency: ratio of old-age pensioners to working people (LFS methodology).

Source: Czech Social Security Administration, CZSO. Calculations and forecast of the MoF.

2 Economic Cycle

2.1 Position within the Economic Cycle

Real GDP growth in recent years significantly lagged behind the growth rate of potential output. The main reasons were the COVID-19 pandemic, supply-chain disruptions, a sharpened geopolitical situation triggered primarily by Russian aggression and Middle East conflicts, as well as the associated energy crisis. These factors led to high inflation, a weakening of household consumption and restrictive monetary policy. With the gradual recovery of economic growth, the negative output gap is slowly closing, a process expected to be completed at the beginning of 2027.

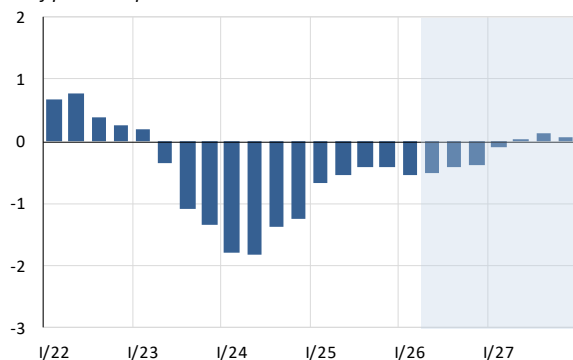
Growth of **potential output** was 1.7% (*previously 1.6%*) last year. Potential output growth rates should remain at the same level over the forecast horizon, with the positive contribution of total factor productivity being most significant.

The trend component of **total factor productivity** contributed to potential growth rather negatively until recently, unlike in the pre-pandemic period. From around mid-2025, however, it has again had a positive effect. We expect this positive contribution to strengthen gradually in the coming years. It could amount to 0.5 pp (*previously 0.7 pp*) in 2026 and 0.9 pp (*previously 1.2 pp*) next year.

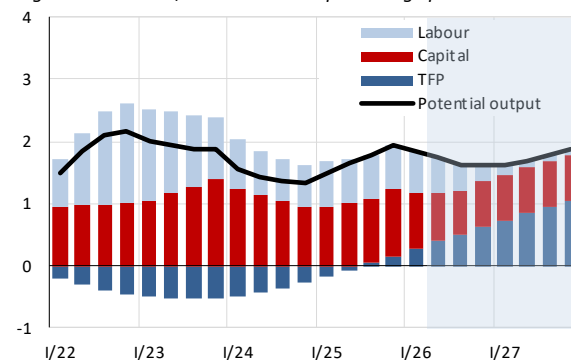
In recent years, the **capital stock** was a significant source of potential growth thanks to a marked recovery in in-

vestment activity. We estimate that the moderate slowdown in the contribution of capital last year could, given the predicted development of investment (see Chapter 3.1) and depreciation, continue this year as well. The contribution of capital would thus decline slightly year-on-year to 0.6 pp (*unchanged*) and rise to 0.7 pp (*previously 0.6 pp*) in 2027.

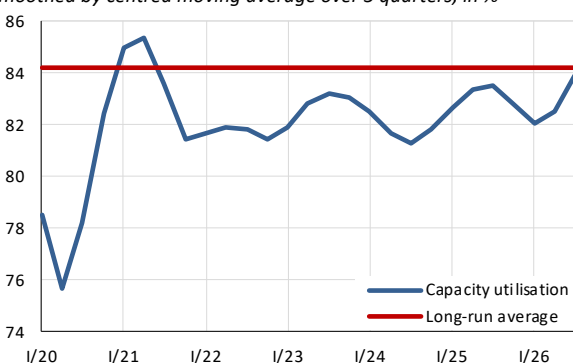
The **population aged 15 and over** became a significant factor contributing to potential growth during the period of the arrival of refugees from Ukraine. Its contribution has been decreasing in recent years and will be practically negligible over the forecast horizon. Given employment growth (see Chapter 3.3), the **employment rate** in the age group 15 and over should continue to contribute positively to potential growth. The increase in the statutory retirement age and measures supporting the retention of older persons in employment also contribute positively in the long term. The previous long-term trend of a declining **average number of hours worked** per worker reversed during the pandemic period. This is due, inter alia, to faster growth in the number of hours worked compared to employment in sectors with labour shortages (construction, transport, accommodation and food services). Overall, the **labour factor** could support potential growth by 0.6 pp (*previously 0.5 pp*) in 2026, while the contribution should decrease to 0.1 pp (*unchanged*) in 2027.

Graph 2.1.1: Output Gap*in % of potential product*

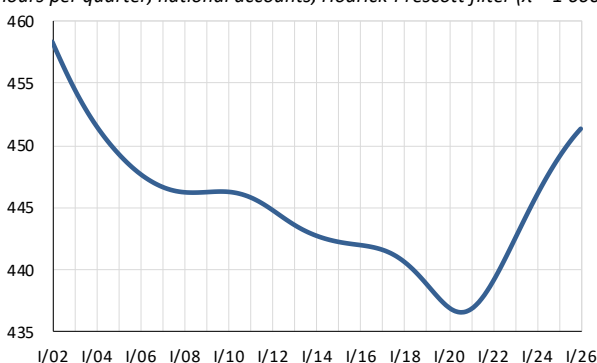
Source: CZSO. Calculations and forecast of the MoF.

Graph 2.1.2: Potential Output*YoY growth rate in %, contributions in percentage points*

Source: CZSO. Calculations and forecast of the MoF.

Graph 2.1.3: Capacity Utilisation in Industry*smoothed by centred moving average over 5 quarters, in %*

Source: CZSO. Calculations of the MoF.

Graph 2.1.4: Average Number of Hours Worked*hours per quarter, national accounts, Hodrick-Prescott filter ($\lambda = 1\,600$)*

Source: CZSO. Calculations of the MoF.

Table 2.1.1: Output Gap and Potential Product

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								Forecast	Forecast	Outlook	Outlook
Output gap	%	-3.1	-0.5	0.5	-0.7	-1.6	-0.5	-0.5	0.0	0.6	0.6
Potential product	growth in %	1.4	1.0	1.9	1.9	1.4	1.7	1.7	1.7	2.1	2.4
Contributions											
Trend total factor productivity	pp	0.6	0.1	-0.3	-0.5	-0.4	0.0	0.5	0.9	1.2	1.4
Fixed assets	pp	1.5	0.6	1.3	1.1	1.2	0.9	0.6	0.7	0.9	0.8
Population 15+	pp	0.1	-0.1	1.1	0.8	0.3	0.2	0.0	-0.2	0.1	0.2
Employment rate	pp	-0.8	0.5	-0.7	0.2	-0.1	0.4	0.4	0.1	-0.1	0.0
Average hours worked	pp	0.0	0.0	0.5	0.4	0.4	0.3	0.2	0.1	0.1	0.0

Source: CZSO. Calculations and forecast of the MoF.

2.2 Business Cycle Indicators

Confidence indicators development in the second quarter of 2026 suggests continued growth of GVA in the trade and services sectors; positive sentiment also persists in construction. By contrast, confidence in industry remains subdued. Although industrial orders grew, production was limited by a shortage of materials caused by the war in the Middle East. According to the MoF composite indicator, exports of goods should grow year-on-year thanks to higher demand from Europe; however, growth is held back by a shortage of production inputs.

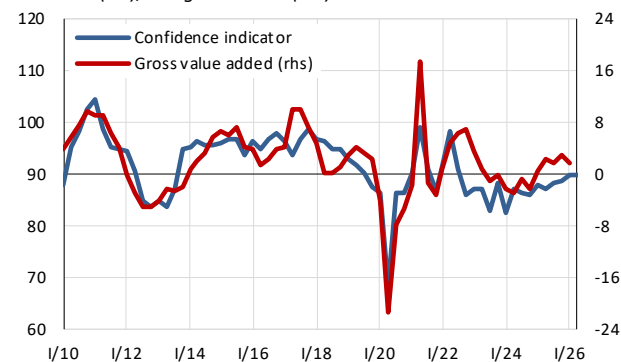
The CZSO consumer confidence indicator deteriorated slightly for the second consecutive quarter; nevertheless, it still indicates that year-on-year growth of house-

hold final consumption expenditure will continue at a brisk pace. This is also signalled by the improving MoF consumer confidence indicator. Optimism stems from a favourable assessment of both the current economic, as well as financial situation.

The composite confidence indicator suggests year-on-year and quarter-on-quarter growth of total GVA in the second quarter of 2026. According to the leading indicator, the economy should be close to its potential during the third quarter. This is slightly more optimistic than our estimate of the economy's position in the business cycle, which implies a slightly negative output gap throughout this year (see Chapter 2.1).

Graph 2.2.1: Confidence and GVA in Industry

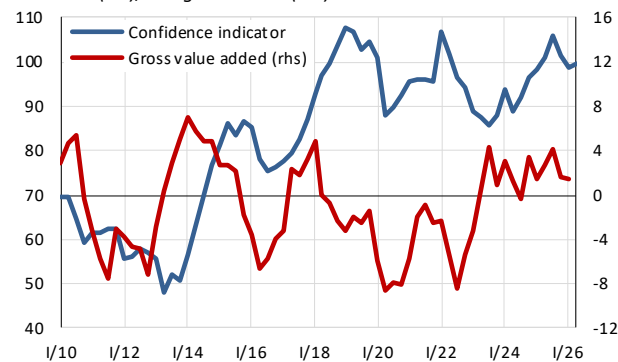
2005=100 (lhs), YoY growth in % (rhs)



Source: CZSO.

Graph 2.2.2: Confidence and GVA in Construction

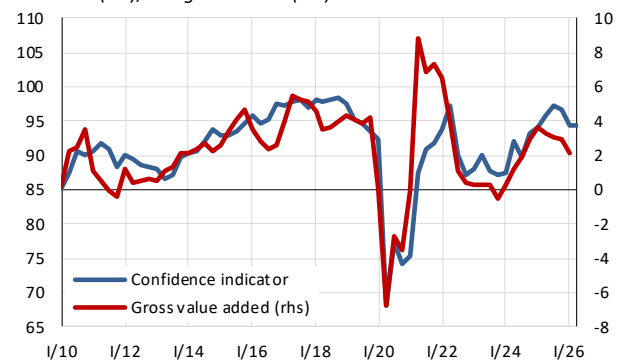
2005=100 (lhs), YoY growth in % (rhs)



Source: CZSO.

Graph 2.2.3: Confidence and GVA in Trade and Services

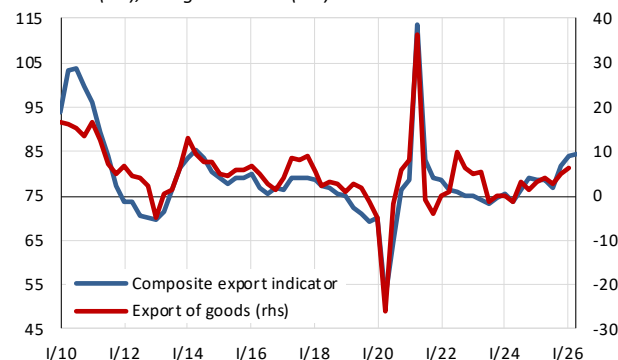
2005=100 (lhs), YoY growth in % (rhs)



Source: CZSO. Calculations of the MoF.

Graph 2.2.4: Composite Export Indicator

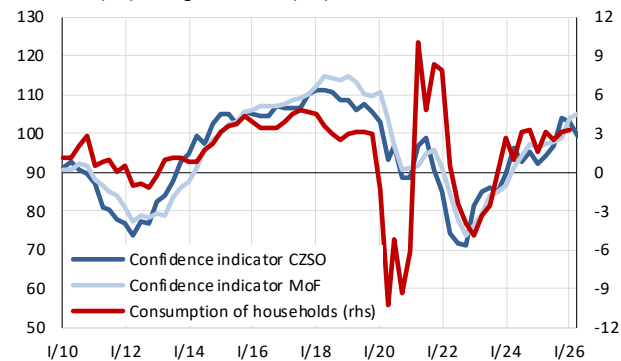
2010=100 (lhs), YoY growth in % (rhs)



Source: CESifo, CZSO. Calculations of the MoF.

Graph 2.2.5: Consumer Confidence and Consumption

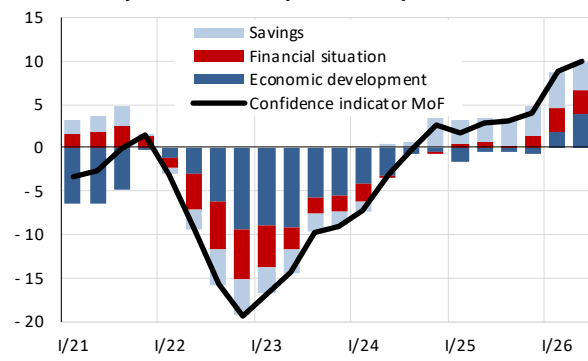
2005=100 (lhs), YoY growth in % (rhs)



Source: CZSO, European Commission. Calculations of the MoF.

Graph 2.2.6: Decomposition of Consumer Sentiment

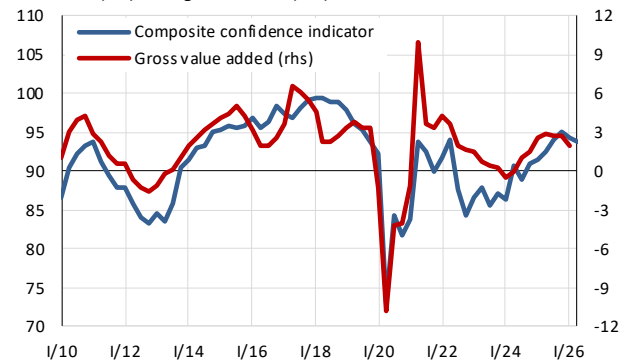
consumer confidence indicator of the MoF, adj. balance, contributions



Source: European Commission. Calculations of the MoF.

Graph 2.2.7: Composite Confidence Indicator and GVA

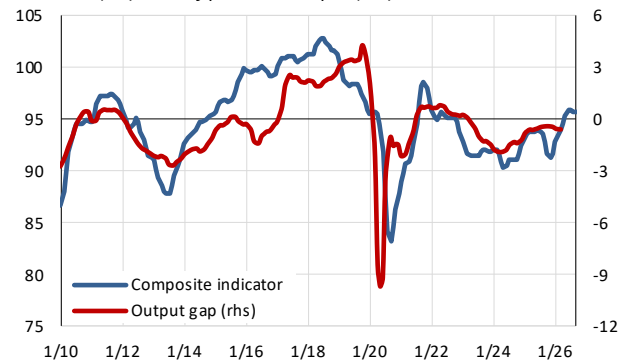
2005=100 (lhs), YoY growth in % (rhs)



Source: CZSO.

Graph 2.2.8: Composite Leading Indicator

2005=100 (lhs), in % of potential output (rhs)



Source: CZSO. Calculations of the MoF.

3 Forecast of Macroeconomic Developments in the CR

3.1 Economic Output

The Czech economy grew by 2.2% (*vs. estimate of 2.5%*) year-on-year in the **first quarter of 2026**, exclusively due to domestic demand. Compared with the previous quarter, seasonally adjusted **real GDP** increased by 0.2% (*vs. estimate of 0.5%*). Most sectors supported economic activity. Gross value added increased the most year-on-year in the information and communication activities sector (growth of 6.4%) and in the trade, transport, accommodation and food service activities group (3.5%). Developments were also relatively positive in manufacturing (2.4%). By contrast, the real estate activities sector and non-market services did not perform well.

Household consumption was 3.4% (*vs. estimate of 3.6%*) higher year-on-year, thanks to growth of 3.4% in real disposable income. The saving rate, by contrast, recorded a year-on-year increase of 0.3 pp to 20.7% and thus remains at a very high level in both historical and European comparison. Within the 3.6% growth of expenditure on goods, the dominant factor was the dynamics of consumption of non-durable goods. Expenditure on services increased by only 1.8%, and its contribution thus slowed markedly compared with the previous quarter. Real consumption expenditure of residents abroad increased by 12.3% year-on-year.

General government consumption increased by 1.4% (*vs. estimate of 1.5%*) year-on-year. Dynamics were driven mainly by local government institutions, specifically budgetary and semibudgetary organisations and public hospitals. For central government institutions, consumption was affected by the provisional budget, but public research institutions and the Road and Motorway Directorate in particular recorded a marked increase.

Gross fixed capital formation increased by 6.6% (*vs. estimate of 5.7%*) year-on-year, mainly thanks to strong growth in investment in transport equipment. Investment activity in construction, particularly non-residential construction, also developed favourably. ICT and other machinery and equipment also performed well. From a sectoral perspective, investment expenditure of the general government sector increased the most (by 10.3% in real terms). Corporate investment demand also increased, while household investment in real estate was higher year-on-year as well.

The **change in inventories** and valuables subtracted 0.1 pp from year-on-year growth (*vs. a positive contribution of 0.1 pp*). Warehouse inventories declined slightly year-on-year, which could be related to the shortage of production inputs due to the disruption of trade routes in the Middle East and thus to the need for firms

to use their existing inventories. At the same time, stronger investment activity and the related higher consumption of stocked raw materials likely manifested themselves here.

The **foreign trade** balance contributed negatively to economic growth, in the amount of –1.2 pp (*vs. estimate of –1.0 pp*). While exports of goods and services increased by 5.5% (*vs. estimate of 3.3%*) year-on-year, imports rose by 8.0% (*vs. estimate of 5.2%*). Export dynamics were supported mainly by foreign demand for investment goods from EU countries. Imports increased primarily due to growing household consumption and a higher volume of import-intensive investments.

According to a preliminary estimate, seasonally adjusted GDP increased by 0.4% (*vs. forecast of 0.3%*) quarter-on-quarter in the second quarter of 2026, primarily thanks to household consumption and foreign trade. Economic activity should continue to grow in the second half of this year.

This year, real GDP could increase by 1.9% (previously 2.1%). Dynamics will continue to be driven exclusively by domestic demand, which will, however, be hindered by the increase in energy prices and elevated uncertainty due to the conflict in Iran. In addition to the continued growth of household consumption, a recovery in corporate investment activity will also occur, which will, however, simultaneously increase the volume of imports. The export side will be supported by a higher volume of foreign orders, while growth dynamics will conversely be limited by increased trade barriers and shortfalls in the supply of certain production inputs. The contribution of foreign trade to GDP growth should therefore be negative in aggregate. Given the disruption of trade routes in the Middle East, firms will most likely be forced to use their inventories, and their expected contribution to GDP growth this year will therefore be negative. **In 2027, economic growth could reach 2.4% (unchanged)** following the continued growth of domestic demand. The foreign trade balance should continue to have a negative effect, primarily due to the rebuilding of inventories.

Household final consumption expenditure should be supported by perceptible growth in real income over the forecast horizon. Increased volatility in energy commodity prices and uncertainty regarding economic developments will, however, likely lead to increased caution in household expenditure, as confirmed by practically stagnant consumer confidence and developments in retail sales. As a result, we expect only a negligible decline in the saving rate this year and a more marked reduction

only in 2027; nevertheless, it will likely remain significantly above its long-term average. Real household consumption could thus grow by 2.7% (*previously 3.0%*) this year and by 2.6% (*unchanged*) next year.

General government consumption should be affected this year, in addition to the provisional budget in the first quarter, by the changed structure of the expenditure side of the state budget (including a methodological adjustment in the area of social benefits) and a moderation of employment growth dynamics in the general government sector; the end of the National Recovery Plan will also be reflected. Real general government consumption expenditure could thus grow by 1.7% (*unchanged*). For next year, we expect growth to accelerate to 2.3% (*unchanged*), mainly due to higher expenditure on infrastructure, healthcare and defence.

Gross fixed capital formation could grow by 4.7% (*previously 3.6%*) in 2026 thanks to economic growth in the euro area and deferred investments from the period of high interest rates. Private investment should be supported by housing construction and expenditure on transport equipment. Public expenditure on infrastructure should also have a pro-growth effect. Growth dynamics will, by contrast, be dampened by increased uncertainty in connection with the conflict in the Middle East. For 2027, we expect growth to slow to 2.7% (*previously 2.5%*) in connection with the end of the drawdown of funds from the Recovery and Resilience Facility and a decline in other income from the EU. More restrictive financial conditions should also moderately dampen corporate investment.

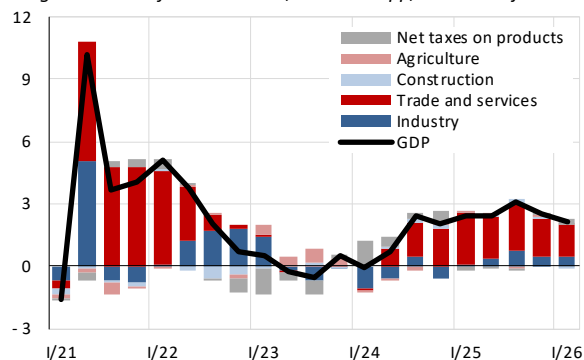
The contribution of the **change in inventories** should subtract 0.7 pp from GDP growth (*vs. a positive contri-*

bution of 0.2 pp) in 2026. In connection with the war in the Middle East, firms will likely face longer delivery times and the need for greater use of stocked materials and raw materials. Growth in orders from trading partners in EU countries and higher corporate investment activity will also contribute to greater inventory draw-down. For next year, we expect the development of inventories to normalise in connection with the partial stabilisation of trade routes in the Middle East; the contribution to GDP growth should therefore amount to 0.3 pp (*vs. a neutral contribution*).

The **foreign trade balance** should contribute negatively to GDP growth this year, in the amount of -0.3 pp (*previously -0.7 pp*). **Exports** of goods and services could grow by 4.3% (*previously 3.0%*) in 2026. Growth dynamics will be positively affected by increased foreign demand for investment goods, but will be indirectly limited by the US administration's tariff measures and shortfalls in the supply of production inputs caused by the war in the Middle East. The expected dynamics of exports and domestic demand, particularly import-intensive investment, should then be reflected in the growth rate of **imports**, which could increase by 5.2% (*previously 4.5%*) this year. For next year, we expect the negative contribution of net exports to deepen to -0.4 pp (*vs. a positive contribution of 0.1 pp*). The projected 4.1% (*previously 4.7%*) growth of exports in 2027 reflects favourable developments in main trading partners, but will conversely be limited by stagnating export performance. Import growth of 5.0% (*unchanged*) then reflects continued growth in domestic and foreign demand and the normalisation of inventories.

Graph 3.1.1: Resources of Gross Domestic Product

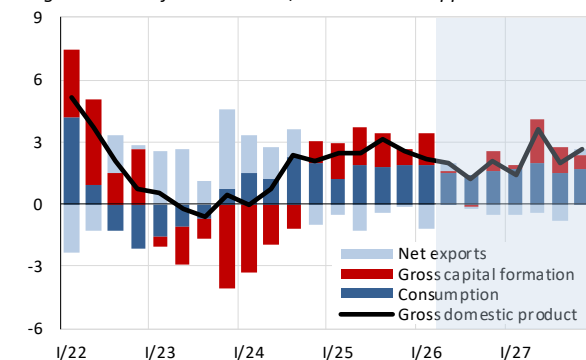
QoQ growth rate of real GDP in %, contrib. in pp, season. adjusted



Source: CZSO. Calculations of the MoF.

Graph 3.1.2: GDP by Type of Expenditure

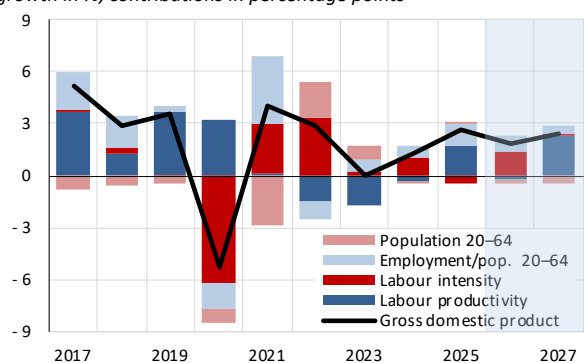
YoY growth rate of real GDP in %, contributions in pp



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.1.3: Real Gross Domestic Product

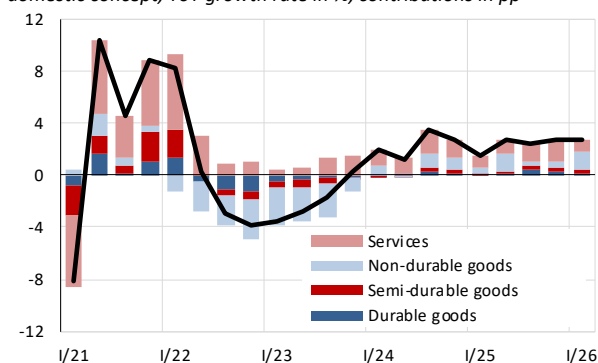
growth in %, contributions in percentage points



Note: Labour intensity gauges the number of hours worked per worker.
Source: CZSO. Calculations and forecast of the MoF.

Graph 3.1.4: Real Consumption of Households

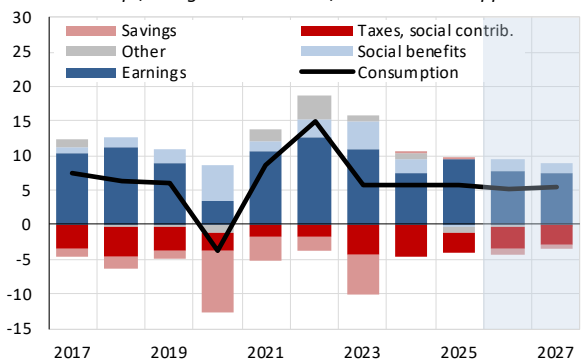
domestic concept, YoY growth rate in %, contributions in pp



Source: CZSO. Calculations of the MoF.

Graph 3.1.5: Nominal Consumption of Households

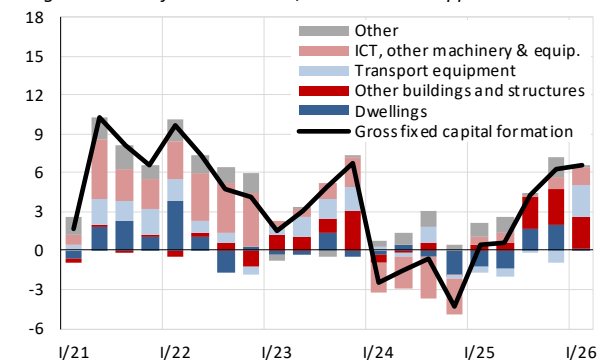
national concept, YoY growth rate in %, contributions in pp



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.1.6: Investment by Type of Expenditure

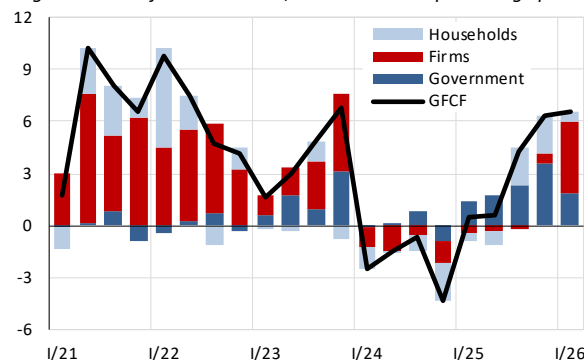
YoY growth rate of real GFCF in %, contributions in pp



Source: CZSO. Calculations of the MoF.

Graph 3.1.7: Investment by Sector

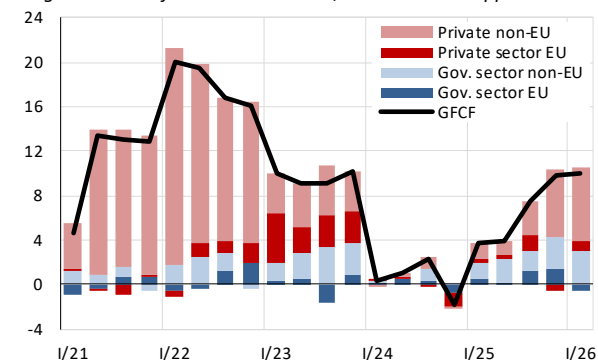
YoY growth rate of real GFCF in %, contributions in percentage points



Source: CZSO. Calculations of the MoF.

Graph 3.1.8: Sources of Investment Financing

YoY growth rate of nominal GFCF in %, contributions in pp



Source: CZSO. Calculations of the MoF.

Table 3.1.1: Real GDP by Type of Expenditure – annual*chained volumes, reference year 2020*

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								<i>Forecast</i>	<i>Forecast</i>	<i>Outlook</i>	<i>Outlook</i>
Gross domestic product	<i>bill. CZK 2020</i>	5 828	6 063	6 236	6 239	6 321	6 487	6 607	6 768	6 936	7 103
	<i>growth in %</i>	-5.3	4.0	2.8	0.0	1.3	2.6	1.9	2.4	2.5	2.4
	<i>growth in % ¹⁾</i>	-5.3	4.0	2.9	0.2	1.1	2.7	1.9	2.3	2.7	2.4
Private consumption expenditure ²⁾	<i>bill. CZK 2020</i>	2 745	2 859	2 874	2 800	2 867	2 944	3 023	3 102	3 177	3 247
	<i>growth in %</i>	-6.4	4.2	0.5	-2.6	2.4	2.7	2.7	2.6	2.4	2.2
Government consumption exp.	<i>bill. CZK 2020</i>	1 250	1 268	1 273	1 313	1 354	1 384	1 407	1 440	1 470	1 499
	<i>growth in %</i>	4.1	1.5	0.4	3.2	3.1	2.2	1.7	2.3	2.1	2.0
Gross capital formation	<i>bill. CZK 2020</i>	1 441	1 708	1 881	1 767	1 685	1 782	1 821	1 893	1 957	2 035
	<i>growth in %</i>	-9.3	18.5	10.2	-6.1	-4.7	5.7	2.2	4.0	3.4	4.0
Gross fixed capital formation	<i>bill. CZK 2020</i>	1 488	1 589	1 689	1 760	1 719	1 773	1 857	1 907	1 969	2 045
	<i>growth in %</i>	-4.8	6.7	6.3	4.2	-2.3	3.1	4.7	2.7	3.2	3.8
Change in stocks and valuables	<i>bill. CZK 2020</i>	-47	119	192	7	-34	9	-36	-14	-12	-9
Exports of goods and services	<i>bill. CZK 2020</i>	3 949	4 271	4 491	4 597	4 697	4 848	5 054	5 264	5 469	5 660
	<i>growth in %</i>	-8.5	8.2	5.1	2.3	2.2	3.2	4.3	4.1	3.9	3.5
Imports of goods and services	<i>bill. CZK 2020</i>	3 556	4 043	4 284	4 232	4 273	4 464	4 697	4 934	5 143	5 347
	<i>growth in %</i>	-8.4	13.7	5.9	-1.2	1.0	4.5	5.2	5.0	4.2	4.0
Gross domestic expenditure	<i>bill. CZK 2020</i>	5 435	5 835	6 028	5 875	5 902	6 105	6 247	6 431	6 600	6 776
	<i>growth in %</i>	-5.0	7.3	3.3	-2.5	0.5	3.4	2.3	2.9	2.6	2.7
Real gross domestic income	<i>bill. CZK 2020</i>	5 828	6 060	6 077	6 203	6 328	6 521	6 616	6 808	6 988	7 116
	<i>growth in %</i>	-4.2	4.0	0.3	2.1	2.0	3.0	1.5	2.9	2.6	1.8
Contributions to GDP growth ⁴⁾											
Gross domestic expenditure	<i>pp</i>	-4.7	6.9	3.2	-2.5	0.4	3.2	2.2	2.8	2.5	2.5
Consumption	<i>pp</i>	-2.3	2.3	0.3	-0.6	1.8	1.7	1.6	1.7	1.6	1.4
Household expenditure	<i>pp</i>	-3.1	2.0	0.3	-1.3	1.1	1.3	1.3	1.2	1.1	1.0
Government expenditure	<i>pp</i>	0.8	0.3	0.1	0.6	0.6	0.4	0.3	0.5	0.4	0.4
Gross capital formation	<i>pp</i>	-2.4	4.6	2.9	-1.9	-1.3	1.5	0.6	1.1	0.9	1.1
Gross fixed capital formation	<i>pp</i>	-1.2	1.7	1.7	1.2	-0.6	0.8	1.3	0.8	0.9	1.1
Change in stocks	<i>pp</i>	-1.2	2.8	1.2	-3.0	-0.7	0.7	-0.7	0.3	0.0	0.0
Foreign balance	<i>pp</i>	-0.6	-2.8	-0.3	2.6	0.9	-0.6	-0.3	-0.4	0.0	-0.1
External balance of goods	<i>pp</i>	-0.4	-3.0	0.5	2.5	0.6	-0.5	-0.2	-0.5	-0.1	-0.2
External balance of services	<i>pp</i>	-0.2	0.1	-0.9	0.0	0.3	0.0	-0.2	0.1	0.1	0.0
Gross value added	<i>bill. CZK 2020</i>	5 315	5 524	5 685	5 717	5 755	5 912	.	.	.	.
	<i>growth in %</i>	-5.1	3.9	2.9	0.6	0.7	2.7	.	.	.	.
Net taxes and subsidies on products	<i>bill. CZK 2020</i>	513	539	551	523	567	576	.	.	.	.

¹⁾ From working day adjusted data.²⁾ Including consumption of non-profit institutions serving households (NPISH).

Source: CZSO. Calculations and forecast of the MoF.

Table 3.1.2: Real GDP by Type of Expenditure – quarterly
chained volumes, reference year 2020

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
							<i>Estimate</i>	<i>Forecast</i>	<i>Forecast</i>
Gross domestic product	<i>bill. CZK 2020</i>	1 511	1 633	1 666	1 678	1 544	1 666	1 686	1 712
	<i>growth in %</i>	2.5	2.4	3.1	2.5	2.2	2.0	1.2	2.0
	<i>growth in % ¹⁾</i>	2.5	2.8	2.8	2.8	2.2	2.0	1.8	1.7
	<i>QoQ in % ¹⁾</i>	0.8	0.6	0.7	0.7	0.2	0.4	0.5	0.6
Private consumption expenditure ²⁾	<i>bill. CZK 2020</i>	693	739	746	766	717	758	763	785
	<i>growth in %</i>	1.8	3.1	2.6	3.1	3.4	2.5	2.4	2.5
Government consumption exp.	<i>bill. CZK 2020</i>	324	338	339	383	328	344	345	389
	<i>growth in %</i>	2.1	2.2	2.6	1.9	1.4	1.9	1.8	1.7
Gross capital formation	<i>bill. CZK 2020</i>	364	460	510	448	387	462	508	464
	<i>growth in %</i>	7.4	7.0	6.0	3.0	6.4	0.4	-0.4	3.6
Gross fixed capital formation	<i>bill. CZK 2020</i>	368	432	463	509	393	457	478	529
	<i>growth in %</i>	0.5	0.6	4.3	6.3	6.6	5.8	3.2	3.9
Change in stocks and valuables	<i>bill. CZK 2020</i>	-5	28	46	-61	-6	5	29	-65
Exports of goods and services	<i>bill. CZK 2020</i>	1 200	1 220	1 184	1 244	1 266	1 288	1 209	1 291
	<i>growth in %</i>	3.7	2.8	3.3	3.1	5.5	5.6	2.1	3.8
Imports of goods and services	<i>bill. CZK 2020</i>	1 067	1 123	1 113	1 161	1 153	1 185	1 141	1 218
	<i>growth in %</i>	5.0	5.2	4.1	3.6	8.0	5.5	2.6	5.0
Gross domestic expenditure	<i>bill. CZK 2020</i>	1 381	1 537	1 593	1 594	1 432	1 563	1 615	1 637
	<i>growth in %</i>	3.2	4.0	3.6	2.8	3.7	1.7	1.4	2.7
Real gross domestic income	<i>bill. CZK 2020</i>	1 512	1 644	1 679	1 686	1 554	1 658	1 687	1 717
	<i>growth in %</i>	2.8	2.7	3.6	3.1	2.8	0.8	0.5	1.9
Gross value added	<i>bill. CZK 2020</i>	1 389	1 488	1 518	1 517	1 416	.	.	.
	<i>growth in %</i>	2.6	2.6	3.1	2.5	2.0	.	.	.
	<i>growth in % ¹⁾</i>	2.7	2.9	2.8	2.8	2.0	.	.	.
	<i>QoQ in % ¹⁾</i>	1.0	0.6	0.7	0.5	0.1	.	.	.
Net taxes and subsidies on products	<i>bill. CZK 2020</i>	122	145	148	162	125	.	.	.

¹⁾ From seasonally and working day adjusted data.

²⁾ Including consumption of non-profit institutions serving households (NPISH).

Source: CZSO. Calculations and forecast of the MoF.

Table 3.1.3: Nominal GDP by Type of Expenditure – annual

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								Forecast	Forecast	Outlook	Outlook
Gross domestic product	bill. CZK	5 828	6 308	7 050	7 660	8 069	8 573	8 969	9 531	10 034	10 531
	growth in %	-1.0	8.2	11.8	8.6	5.3	6.2	4.6	6.3	5.3	5.0
Private consumption expenditure ¹⁾	bill. CZK	2 745	2 980	3 424	3 621	3 829	4 050	4 268	4 508	4 728	4 944
	growth in %	-3.6	8.6	14.9	5.8	5.8	5.8	5.4	5.6	4.9	4.6
Government consumption exp.	bill. CZK	1 250	1 319	1 381	1 501	1 607	1 713	1 816	1 941	2 050	2 156
	growth in %	9.5	5.5	4.8	8.6	7.1	6.6	6.0	6.9	5.6	5.2
Gross capital formation	bill. CZK	1 441	1 774	2 188	2 161	2 118	2 313	2 445	2 627	2 784	2 958
	growth in %	-6.5	23.1	23.3	-1.2	-2.0	9.2	5.7	7.4	6.0	6.2
Gross fixed capital formation	bill. CZK	1 488	1 655	1 952	2 140	2 148	2 287	2 480	2 634	2 788	2 958
	growth in %	-1.9	11.2	17.9	9.6	0.4	6.5	8.5	6.2	5.8	6.1
Change in stocks and valuables	bill. CZK	-47	119	236	21	-30	26	-35	-7	-4	0
External balance	bill. CZK	393	235	57	376	515	498	439	454	471	472
Exports of goods and services	bill. CZK	3 949	4 450	5 105	5 239	5 580	5 729	6 058	6 442	6 791	7 119
	growth in %	-7.0	12.7	14.7	2.6	6.5	2.7	5.7	6.3	5.4	4.8
Imports of goods and services	bill. CZK	3 556	4 215	5 048	4 863	5 065	5 231	5 618	5 987	6 320	6 647
	growth in %	-8.5	18.5	19.7	-3.7	4.1	3.3	7.4	6.6	5.6	5.2
Gross national income	bill. CZK	5 528	6 123	6 779	7 401	7 848	8 354	8 670	9 223	9 716	10 205
	growth in %	0.0	10.8	10.7	9.2	6.0	6.4	3.8	6.4	5.3	5.0
Primary income balance	bill. CZK	-301	-185	-270	-258	-221	-219	-298	-308	-318	-325

¹⁾ Including consumption of non-profit institutions serving households (NPISH).

Source: CZSO. Calculations and forecast of the MoF.

Table 3.1.4: Nominal GDP by Type of Expenditure – quarterly

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
							Estimate	Forecast	Forecast
Gross domestic product	bill. CZK	1 964	2 154	2 202	2 254	2 065	2 240	2 284	2 380
	growth in %	5.6	6.1	6.7	6.5	5.1	4.0	3.8	5.6
Private consumption expenditure ¹⁾	bill. CZK	952	1 021	1 026	1 052	1 006	1 073	1 077	1 113
	growth in %	5.2	6.4	5.8	5.6	5.6	5.1	5.0	5.8
Government consumption exp.	bill. CZK	379	411	417	505	397	437	443	538
	growth in %	4.5	6.9	6.7	7.8	4.8	6.3	6.2	6.6
Gross capital formation	bill. CZK	471	592	659	591	515	615	681	634
	growth in %	9.4	10.9	8.9	7.8	9.5	3.8	3.3	7.3
Gross fixed capital formation	bill. CZK	473	554	598	662	520	607	640	713
	growth in %	3.7	3.9	7.5	9.9	10.0	9.6	7.1	7.6
Change in stocks and valuables	bill. CZK	-3	39	61	-71	-5	8	40	-78
External balance	bill. CZK	162	130	100	106	146	115	84	94
Exports of goods and services	bill. CZK	1 445	1 451	1 389	1 443	1 483	1 553	1 468	1 554
	growth in %	6.6	3.0	1.5	-0.2	2.6	7.1	5.7	7.7
Imports of goods and services	bill. CZK	1 283	1 321	1 289	1 337	1 337	1 438	1 384	1 460
	growth in %	7.5	5.1	1.6	-0.5	4.2	8.8	7.3	9.2

¹⁾ Including consumption of non-profit institutions serving households (NPISH).

Source: CZSO. Calculations and forecast of the MoF.

Table 3.1.5: GDP by Type of Income – annual

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								Forecast	Forecast	Outlook	Outlook
GDP	<i>bill. CZK</i>	5 828	6 308	7 050	7 660	8 069	8 573	8 969	9 531	10 034	10 531
	<i>growth in %</i>	-1.0	8.2	11.8	8.6	5.3	6.2	4.6	6.3	5.3	5.0
Balance of taxes and subsidies	<i>bill. CZK</i>	449	478	592	579	678	707	709	736	772	807
	<i>% of GDP</i>	7.7	7.6	8.4	7.6	8.4	8.2	7.9	7.7	7.7	7.7
	<i>growth in %</i>	-16.0	6.5	23.8	-2.1	17.0	4.2	0.4	3.7	5.0	4.5
Taxes on production and imports	<i>bill. CZK</i>	660	716	780	817	869	910	.	.	.	.
	<i>growth in %</i>	-5.3	8.5	9.0	4.7	6.4	4.7	.	.	.	.
Subsidies on production	<i>bill. CZK</i>	211	238	189	238	191	203	.	.	.	.
	<i>growth in %</i>	30.3	12.6	-20.5	25.8	-19.6	6.3	.	.	.	.
Compensation of employees	<i>bill. CZK</i>	2 624	2 813	3 031	3 287	3 492	3 737	4 029	4 281	4 505	4 718
<i>(domestic concept)</i>	<i>% of GDP</i>	45.0	44.6	43.0	42.9	43.3	43.6	44.9	44.9	44.9	44.8
	<i>growth in %</i>	1.7	7.2	7.7	8.4	6.2	7.0	7.8	6.2	5.2	4.7
Wages and salaries	<i>bill. CZK</i>	1 988	2 132	2 326	2 531	2 686	2 882	3 106	3 299	3 472	3 636
	<i>growth in %</i>	0.4	7.2	9.1	8.8	6.1	7.3	7.8	6.2	5.2	4.7
Social security contributions	<i>bill. CZK</i>	636	682	706	756	806	855	923	982	1 033	1 082
	<i>growth in %</i>	6.2	7.1	3.5	7.1	6.7	6.1	7.9	6.4	5.2	4.7
Gross operating surplus and mixed income	<i>bill. CZK</i>	2 756	3 016	3 427	3 794	3 900	4 130	4 230	4 515	4 757	5 006
	<i>% of GDP</i>	47.3	47.8	48.6	49.5	48.3	48.2	47.2	47.4	47.4	47.5
	<i>growth in %</i>	-0.7	9.5	13.6	10.7	2.8	5.9	2.4	6.7	5.4	5.2
Consumption of capital	<i>bill. CZK</i>	1 294	1 413	1 577	1 684	1 780	1 883	2 012	2 147	2 277	2 434
	<i>growth in %</i>	7.7	9.2	11.6	6.8	5.7	5.8	6.8	6.7	6.1	6.9
Net operating surplus	<i>bill. CZK</i>	1 462	1 604	1 850	2 109	2 120	2 246	2 218	2 368	2 480	2 572
	<i>growth in %</i>	-7.1	9.7	15.4	14.0	0.5	6.0	-1.3	6.8	4.7	3.7

Source: CZSO. Calculations and forecast of the MoF.

Table 3.1.6: GDP by Type of Income – quarterly

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
							Estimate	Forecast	Forecast
GDP	<i>bill. CZK</i>	1 964	2 154	2 202	2 254	2 065	2 240	2 284	2 380
	<i>growth in %</i>	5.6	6.1	6.7	6.5	5.1	4.0	3.8	5.6
Balance of taxes and subsidies	<i>bill. CZK</i>	141	181	190	194	152	175	189	193
	<i>growth in %</i>	2.5	5.0	3.7	5.2	7.6	-3.0	-1.0	-0.4
Compensation of employees	<i>bill. CZK</i>	889	934	916	998	961	1 002	989	1 078
<i>(domestic concept)</i>	<i>growth in %</i>	6.3	7.7	6.7	7.4	8.1	7.3	7.9	8.0
Wages and salaries	<i>bill. CZK</i>	683	719	707	773	742	772	762	831
	<i>growth in %</i>	6.4	7.8	7.1	7.7	8.7	7.4	7.7	7.4
Social security contributions	<i>bill. CZK</i>	206	215	209	225	219	230	227	247
	<i>growth in %</i>	5.8	7.2	5.2	6.2	6.4	6.7	8.6	9.8
Gross operating surplus and mixed income	<i>bill. CZK</i>	934	1 039	1 095	1 062	952	1 063	1 107	1 109
	<i>growth in %</i>	5.4	5.0	7.1	6.0	1.9	2.3	1.1	4.4

Source: CZSO. Calculations and forecast of the MoF.

3.2 Prices

Year-on-year growth of **consumer prices in the second quarter** of this year reached 2.0% (*vs. forecast of 2.4%*). Price dynamics remained significantly elevated in services (growth of 4.7%), whereas developments in goods prices (0.4%) remained subdued. The high growth of service prices reflected primarily growing household consumption demand, high wage growth and rapidly rising real estate prices. Goods price dynamics were reduced above all by cheaper electricity and gas, while more expensive automotive fuels in particular acted in the opposite direction. The strengthening koruna then contributed to the decline in import prices, while monetary policy continued to moderate inflationary pressures.

Automotive fuels (growth of 21.9%), due to the conflict in the Middle East affecting oil prices; owner-occupied housing costs (5.3%) and rents (6.2%), which reflect dynamically rising real estate prices; tobacco (5.7%), due to the higher excise duty; and catering (4.1%) and recreational services (5.6%), where rising wage costs have a significant influence, acted in particular in the direction of higher inflation.

Conversely, overall inflation dynamics were dampened mainly by electricity prices (–11.5%) and gas prices (–5.4%), particularly due to the transfer of the financing of the fee for supported energy sources to the state budget, but also due to the earlier decline in the commodity components of their total prices. Price developments were also favourable particularly for food (–2.3%) and clothing and footwear (–2.5%).

Year-on-year inflation measured by the **harmonised index of consumer prices (HICP)** was, at 1.7% in the second quarter, significantly lower than the weighted average of EU Member States of 3.2% – the third lowest after Sweden and Denmark. This was, however, an effect of lower prices of electricity, gas and food – harmonised inflation adjusted for developments in the prices of energy, food, alcohol and tobacco reached 2.8% in the CR, higher than the 2.6% in the EU. Moreover, the harmonised index does not include imputed rent, which, given its high dynamics, contributes significantly to core inflation in the national index. Even excluding owner-occupied housing costs, service price growth in the CR remained higher (4.5% *vs.* 3.6%), while developments in goods prices were more favourable (0.3% *vs.* 2.8%). Higher growth in rents and petrol prices, and also the strong Europe-wide increase in tobacco prices due to its higher weight in the domestic consumer basket, acted in the direction of higher overall inflation in the CR. Price dynamics in the CR were lower than in the EU particularly for food, clothing and footwear, electricity and gas.

Industrial **producer prices** increased by 1.3% year-on-year in the second quarter (compared with a decline of 2.3% in the previous quarter). Prices of refined petroleum products, basic chemicals and fertilisers increased

in particular. By contrast, prices of electricity and food products declined year-on-year. Agricultural producer prices decreased by 12.4% (compared with the previous decline of 8.1%), with similar developments in the prices of crop and animal production. Prices of cereals, milk and pigs declined in particular, while mainly cattle, poultry and eggs became more expensive. Prices of construction work were 3.6% higher year-on-year (compared with the previous 3.1%) and prices of construction materials were 5.9% higher (compared with the previous 2.1%). Prices of construction work and materials, which are part of the estimated owner-occupied housing costs, thus began to contribute increasingly to the growth of imputed rent. Particularly for materials, rising dynamics strengthened noticeably from March, to which the marked year-on-year increase of 37% in global prices of base metals and minerals probably also contributed.

Offering prices of real estate increased by 10.7% year-on-year in the second quarter (compared with 12.9% in the previous quarter), with annualised quarter-on-quarter growth of 5.7%. Quarter-on-quarter growth dynamics have remained at high levels since the beginning of 2024, although they have visibly slowed from the peak in the first quarter of 2025. Real estate prices thus continue to create upward pressure on consumer prices through owner-occupied housing costs and indirectly through rentals. Over the forecast horizon, we assume continued strong dynamics in real estate prices and, consequently, consumer housing costs. From a long-term perspective, their high price growth reflects structural factors, particularly the insufficient pace of construction of new residential buildings, although the number of dwellings started has increased in recent quarters. Demand for real estate should then be stimulated primarily by the expected strong growth in nominal wages.

In 2026, the average inflation rate should decline to 2.2% (previously 2.5%). In addition to the transfer of supported energy sources financing, a stronger koruna and last year's decline in global prices of agricultural commodities, which is reflected this year in a decline in food prices, should act in the direction of lower inflation. The monetary policy stance should also continue to have a restrictive effect. Conversely, pro-inflationary factors include particularly the increase in oil prices and the increase in wholesale gas and electricity prices as a result of the military conflict in the Middle East, continued high price dynamics in residential real estate, strong growth in wages and salaries and the increase in excise duties on tobacco and spirits.

The contribution of tax changes and growth in the prices of items with at least partially regulated prices should reach –0.1 pp (*previously 0.3 pp*) in aggregate. **Tax changes** (0.1 pp) include the increase in excise duties on spirits and tobacco products at the beginning of the year and the temporary adjustment of the excise duty on

diesel. The development of **regulated prices** (–0.1 pp) will then be relatively heterogeneous. The commodity components of consumer electricity and gas prices should begin to rise at the end of the year following the previous increase in their wholesale prices in response to the war in the Middle East. The total price of electricity should decline year-on-year (by 10.7%) due to a decrease in the regulated component thanks to the transfer of SES financing fully to the state, while the total price of gas should decline by 3.4%. Growth in other regulated prices will remain elevated given the continued high price dynamics in services.

In 2027, average inflation should increase to 2.7% (previously 2.8%). Developments in regulated prices will contribute most to the acceleration of inflation. Brisk growth in nominal earnings and continued growth in imputed rent following strengthening growth in the prices of construction work and materials, as well as further, albeit more moderate, appreciation of real estate, will continue to act in the direction of higher inflation. Conversely, the expected decline in oil prices following the assumed calming of the situation in the Middle East should join the continued anti-inflationary effect of the strengthening koruna.

The aggregate contribution of tax changes and the growth of regulated prices should increase to 0.4 pp (previously 0.8 pp). **Tax changes** (0.1 pp) include a further increase in the excise duty on tobacco products, the year-on-year effect of this year's temporary adjustment of the excise duty on diesel and a lower VAT rate on non-alcoholic beverages in catering services, which we expect to pass through partially to final consumer prices. The contribution of growth in **regulated prices** should reach almost 0.4 pp. Total electricity prices (growth of 3.6%) and gas prices (growth of 8.4%) should increase on average for the whole year, partly due to the expected rise in their commodity components at the turn of this and next year and partly as a result of the January increase in the prices of regulated components. The expected abolition of television and radio licence fees from January should have a significant anti-inflationary effect (–0.2 pp); a possible later effective date then represents a pro-inflationary risk.

The **GDP deflator** increased by 2.9% (vs. estimate of 2.5%) in the first quarter of this year. The gross domestic expenditure deflator increased by 2.7% (vs. estimate of 2.5%). Low consumer price growth at the beginning of the year was reflected in moderate growth of 2.2% (vs. estimate of 2.0%) in the household consumption deflator, with the relatively higher growth of the deflator compared with the consumer price index attributable primarily to the greater weight of dynamically growing imputed rent. By contrast, the deflators of the remaining components of domestic expenditure

recorded high growth – the general government consumption deflator by 3.4% (vs. estimate of 1.5%) and the fixed capital formation deflator by 3.2% (vs. estimate of 2.9%). The terms of trade improved by 0.9% (vs. estimate of 0.3%), with export prices declining by 2.7% and import prices by 3.6%.

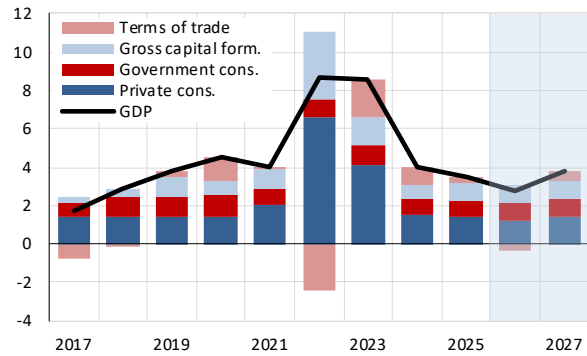
In general, the strengthening of the koruna markedly reduced year-on-year prices in foreign trade in the first quarter. The decline in export prices was relatively moderated by price developments for exported machinery and equipment, road vehicles and miscellaneous manufactured articles. Conversely, export prices of chemicals, mineral fuels and food in particular contributed to a more pronounced decline in export prices. The overall year-on-year decline in import prices was amplified mainly by cheaper imported mineral fuels. By contrast, import prices of road vehicles, ICT equipment and manufactured goods classified chiefly by material rather moderated the overall reduction in import prices.

For this year, we expect the GDP deflator to grow by 2.7% (previously 2.9%), with growth in the gross domestic expenditure deflator of 3.2% (previously 3.4%) and a deterioration in the terms of trade by 0.6% (previously 0.8%). The expected dynamics of consumer prices and the relatively greater impact of the increase in owner-occupied housing costs will be reflected in growth of 2.6% (previously 2.8%) in the household consumption deflator. The growth of the general government consumption deflator by 4.3% (previously 3.7%) reflects primarily the increase in the salaries of public sector employees. Higher energy and other input commodity prices and construction work prices will be reflected particularly in the continued strong dynamics of the fixed investment deflator of 3.6% (previously 3.4%). More expensive mineral fuels will act in the direction of higher import prices and a deterioration in the terms of trade. The anticipated strengthening of the domestic currency will then act similarly on both the export and import side in the direction of lower koruna prices.

In 2027, GDP deflator growth should accelerate to 3.7% (unchanged), with the gross domestic expenditure deflator growing by 3.4% (unchanged). The expected higher dynamics of consumer prices are reflected in growth of 2.9% (unchanged) in the household consumption deflator. Growth of 4.5% (previously 4.3%) in the general government consumption deflator takes into account the anticipated further increase in salaries in the public sector. The fixed capital formation deflator should then increase by 3.4% (unchanged). Price increases in foreign trade should be dampened by the continued strengthening of the koruna, and the terms of trade should improve by 0.6% (previously 0.5%) following the year-on-year decline in oil and gas prices.

Graph 3.2.1: Gross Domestic Product Deflator

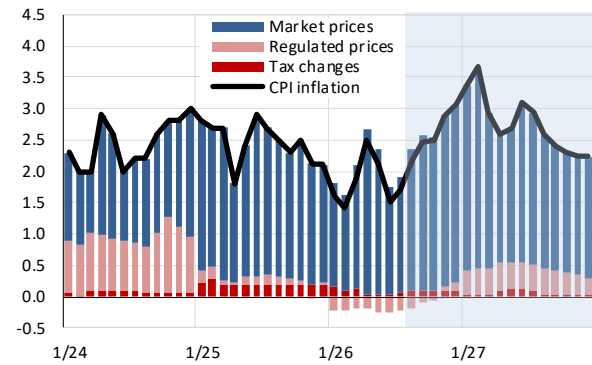
growth in %, contributions in percentage points



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.2.2: Consumer Prices

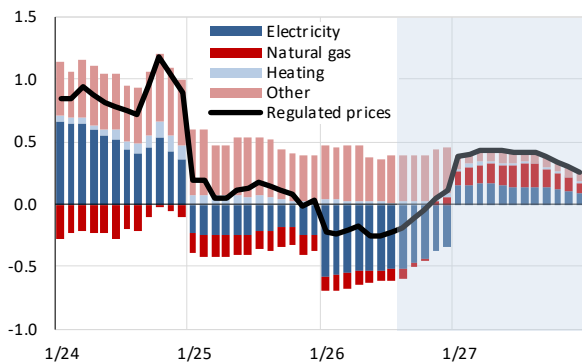
year-on-year growth in %, contributions in percentage points



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.2.3: Administered Prices

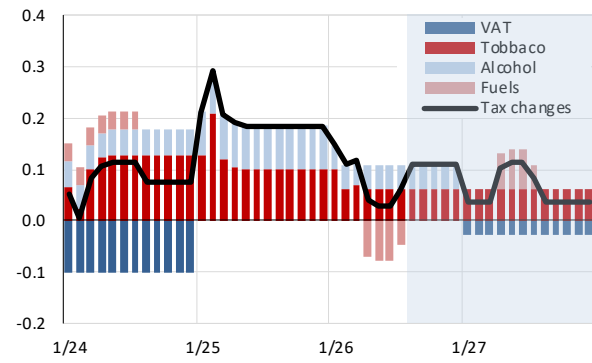
contributions to year-on-year CPI growth in percentage points



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.2.4: Tax Changes

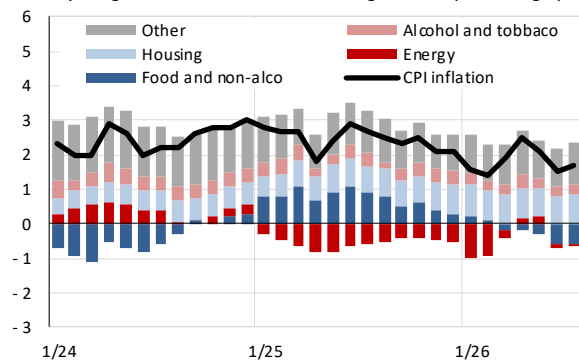
contributions to year-on-year CPI growth in percentage points



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.2.5: Main Categories of the Consumer Basket

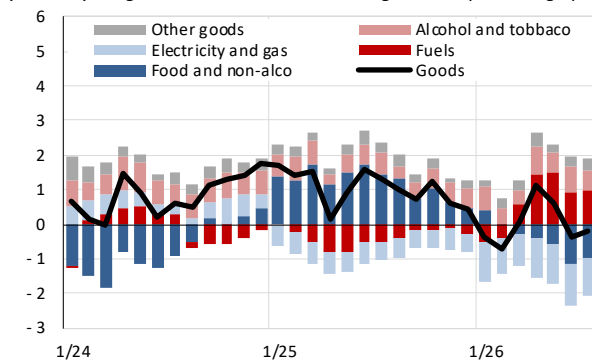
year-on-year growth in %, contributions to growth in percentage points



Source: CZSO. Calculations of the MoF.

Graph 3.2.6: Prices of Goods

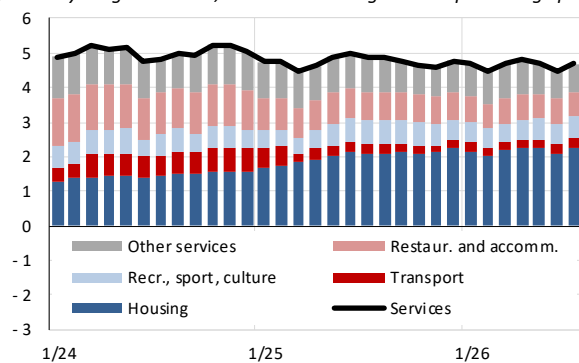
year-on-year growth in %, contributions to growth in percentage points



Source: CZSO. Calculations of the MoF.

Graph 3.2.7: Prices of Services

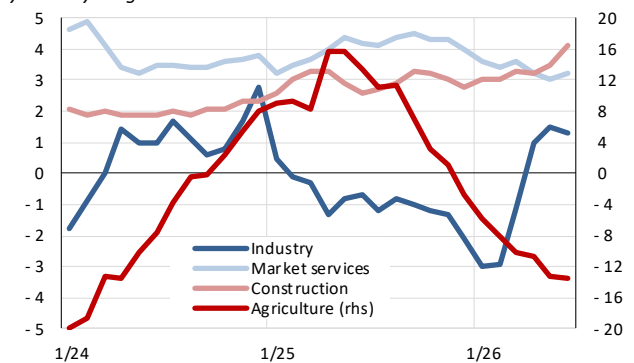
year-on-year growth in %, contributions to growth in percentage points



Source: CZSO. Calculations of the MoF.

Graph 3.2.8: Producer Prices

year-on-year growth in %



Source: CZSO. Calculations of the MoF.

Table 3.2.1: Prices – annual

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								Predikce	Predikce	Výhled	Výhled
Consumer Price Index	growth in %	3.2	3.8	15.1	10.7	2.4	2.5	2.2	2.7	2.3	2.3
Administrative measures	percentage points	0.5	0.0	2.8	4.3	1.0	0.3	-0.1	0.4	0.4	0.4
Market increase	percentage points	2.7	3.8	12.3	6.4	1.4	2.2	2.2	2.3	1.9	1.9
Harmonized index of consumer	growth in %	3.3	3.3	14.8	12.0	2.7	2.3	1.8	2.5	2.3	2.3
Deflators											
GDP	growth in %	4.5	4.0	8.7	8.6	4.0	3.5	2.7	3.7	2.7	2.5
Gross domestic expenditure	growth in %	3.5	4.1	11.5	6.9	3.2	3.4	3.2	3.4	2.7	2.4
Consumption of households	growth in %	3.0	4.2	14.3	8.6	3.3	3.0	2.6	2.9	2.4	2.3
Consumption of government	growth in %	5.2	4.0	4.4	5.3	3.8	4.3	4.3	4.5	3.4	3.1
Fixed capital formation	growth in %	3.0	4.2	10.9	5.2	2.7	3.2	3.6	3.4	2.5	2.2
Terms of trade	growth in %	1.7	-0.1	-3.5	2.8	1.0	0.6	-0.6	0.6	0.2	0.1
Exports of goods and service	growth in %	1.6	4.2	9.1	0.3	4.2	-0.5	1.4	2.1	1.5	1.3
Imports of goods and service	growth in %	-0.1	4.3	13.0	-2.5	3.2	-1.1	2.1	1.5	1.3	1.2

Source: CZSO, Eurostat. Calculations and forecast of the MoF.

Table 3.2.2: Prices – quarterly

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

3.3 Labour Market

Employment (national accounts) increased by 1.1% (vs. *estimate of 0.4%*) year-on-year in the first quarter of 2026. Its growth continued to be driven primarily by sectors in both market and non-market services, while manufacturing weighed on employment growth. According to a preliminary estimate, employment increased by 0.9% (vs. *forecast of 0.2%*) year-on-year in the second quarter of 2026. Transitions of persons from economic inactivity to employment contribute to employment growth. We assume that these positive flows, together with strong labour demand in certain sectors, will compensate for the decline in the working-age population next year. For the whole of this year, we expect employment to grow by an average of 0.8% (*previously 0.2%*) and by 0.1% (*previously a decline of 0.2%*) in 2027.

The number of registered unemployed increased both year-on-year and quarter-on-quarter in the first and second quarters of 2026. In July, 367 thousand unemployed persons were registered. The number of job vacancies declined in the first quarter, but its quarter-on-quarter growth resumed in the second quarter. In July, Labour Offices registered 101 thousand job vacancies. Since January of this year, as part of the so-called flexi-amendment, the percentage of unemployment benefit has been increased with the aim of reducing barriers to job mobility, and the maximum amount of benefit has also been increased. These adjustments may contribute to growth in the number of unemployed. Of the vacancies registered with the Labour Offices, approximately 72% were active at the forecast cutoff date. According to the CZSO's business cycle survey, labour shortages in construction clearly remain the main barrier to output growth and their intensity exceeds the long-term average. In services, companies do not consider labour shortages to be the main barrier, although their significance remains elevated compared to the long-term average.

Demand for foreign workers remains strong. The number of employed foreigners increased year-on-year by 92 thousand to 938 thousand in the first quarter of 2026. Workers from Ukraine and Slovakia have dominated for a long time. The number of employed Ukrainian citizens reached 362 thousand, 56 thousand more year-on-year, and the number of workers from Slovakia increased year-on-year by 14 thousand to 228 thousand.

The **unemployment rate** according to the Labour Force Survey methodology (CZSO) increased by 0.5 pp year-on-year to 3.1% (*in line with the estimate*) in the first quarter of 2026. According to monthly estimates, the unemployment rate in the 15–64 age group averaged 3.3% in the second quarter, compared with 3.2% in the first quarter. Going forward, the unemployment rate should gradually decline as the negative output gap gradually closes, although problems in some industrial

sectors may persist. This year it could average 3.0% (*previously 2.9%*) and 2.8% (*previously 2.7%*) next year.

The **share of unemployed persons** (MoLSA) registered with the Labour Office increased year-on-year in both the first and second quarters of 2026, but the growth rate slowed in the second quarter. We assume that the seasonally adjusted share of unemployed persons will peak in the third quarter of this year and subsequently begin to decline gradually. It should average 4.9% (*previously 4.7%*) in 2026, while for next year we expect it to fall to 4.7% (*previously 4.5%*).

The **participation rate** (20–64 years) increased by 0.6 pp year-on-year to 85.4% (vs. *estimate of 84.8%*) in the first quarter of this year, primarily as a result of strong growth in the working-age labour force. This year, its growth will be supported by the increasing statutory retirement age and the demographic effect. Next year, the demographic effect will act in the opposite direction, while the increasing statutory retirement age will remain a positive factor. For this year, we expect the participation rate to rise to 85.7% (*previously 85.2%*) and to 86.0% in 2027 (*previously 85.3%*).

Wages and salaries increased by 8.7% (vs. *estimate of 7.3%*) year-on-year in the first quarter of 2026. In the macroeconomically most significant sector, manufacturing, the volume of wages grew by 6.1% (while the number of employees declined by 1.2%). Relatively high dynamics were recorded particularly in professional, scientific, technical, administrative and support activities (14.2% growth), real estate activities (34.6%) and construction (14.4%). By contrast, dynamics were relatively low particularly in industry (5.9%) and non-market services (6.5%). In trade, transport, accommodation and food services, the wage bill grew by 8.5%.

A noticeable labour shortage continues to manifest itself across many sectors and professions, contributing positively to nominal earnings dynamics. The lingering effects of the significant growth in consumer prices and corporate profitability in 2022 and 2023 act in the same direction, translating into higher wage demands. Conversely, pressures for increased earnings are dampened by weaker labour demand in some sectors, particularly industry, where the decline in employment continues. Growth in public sector salaries and the increase in the minimum wage, which was raised by 7.7% to CZK 22,400 as of 1 January 2026, contribute to wage bill growth.

As the above factors gradually fade, we expect private sector wage growth to slow throughout the forecast horizon towards the corresponding labour productivity dynamics. Persistent labour market tightness will, however, prevent a more pronounced slowdown. By contrast, wages in non-market sectors should record higher dynamics (see Chapter 1.3), reflecting their lag behind wage growth in previous years. The wage bill will con-

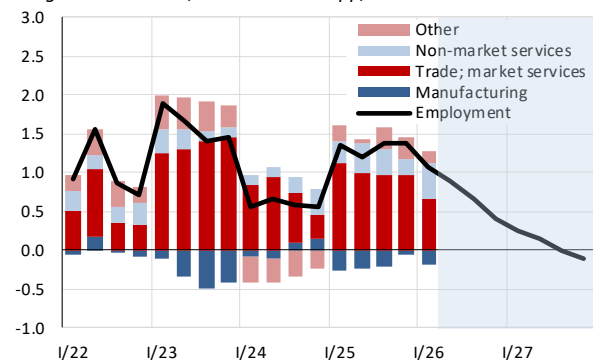
tinue to be positively affected by the rising ratio of the minimum wage to the average wage (reaching 47% of the average wage by 2029). In aggregate, we predict that the wage bill will increase by 7.8% (*previously 6.8%*) this year and expect growth to slow to 6.2% (*previously 6.0%*) in 2027.

The **average wage** (business statistics, full-time equivalent) increased by 8.1% (*vs. estimate of 6.8%*) in the first quarter of 2026. Higher dynamics were driven particularly by administrative and support service activities (18.8% growth), construction (12.6%) and professional, scientific and technical activities (11.8%). In wholesale

and retail trade and education, the growth rate was close to the average. By contrast, lower wage growth can be observed particularly in human health and social work activities (4.8%), public administration and defence (5.6%) and manufacturing (6.9%). For 2026, taking into account the above factors, we expect average wage growth of 7.6% (*previously 6.8%*) and 6.2% (*previously 6.1%*) in the following year. Based on the forecast average wage, the minimum wage should increase by 11.2% to CZK 24,900 as of 1 January 2027 according to the coefficient in the proposed government regulation.

Graph 3.3.1: Employment

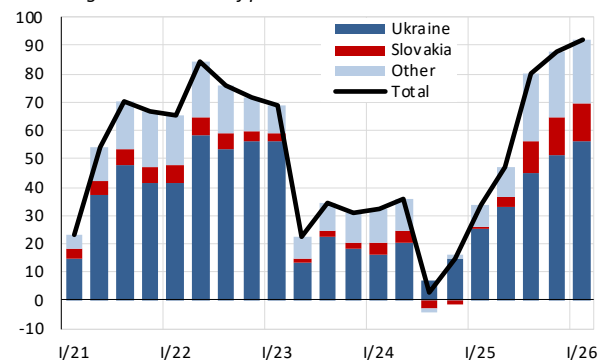
YoY growth rate in %, contributions in pp, national accounts



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.3.2: Number of Foreign Employees in the CR

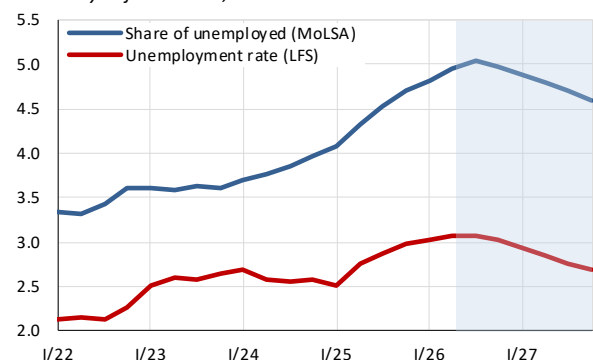
YoY change in thousands of persons



Source: MoLSA. Calculations and forecast of the MoF.

Graph 3.3.3: Indicators of Unemployment

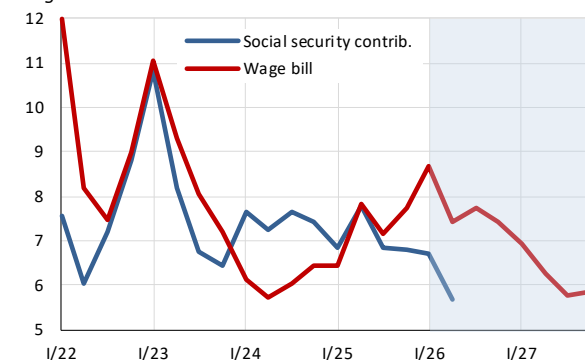
seasonally adjusted data, in %



Source: CZSO, MoLSA. Calculations and forecast of the MoF.

Graph 3.3.4: Social Security Contributions and Earnings

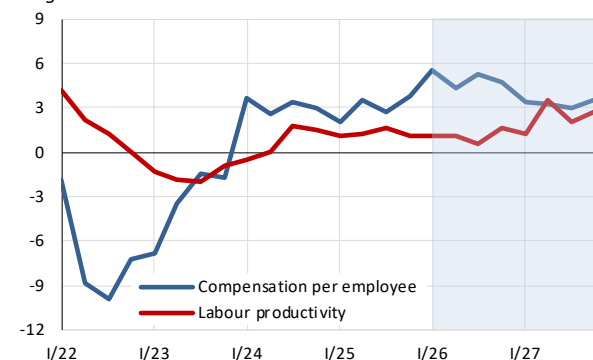
YoY growth rate in %



Source: CZSO, MoF. Calculations and forecast of the MoF.

Graph 3.3.5: Compens. per Employee and Productivity

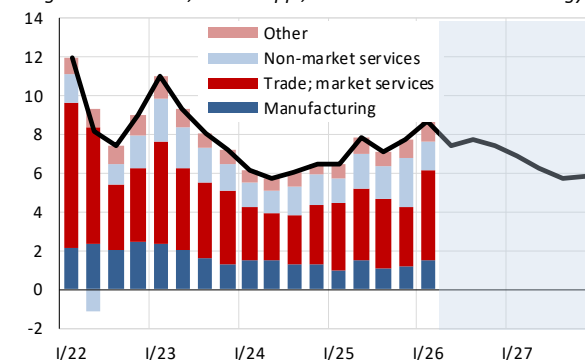
YoY growth rate in %



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.3.6: Nominal Wage Bill by Industry

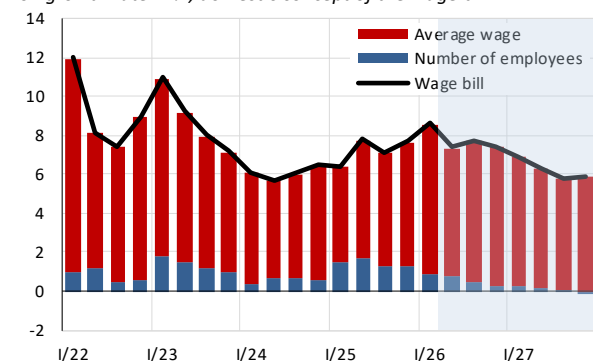
YoY growth rate in %, contr. in pp., national accounts methodology



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.3.7: Nominal Wage Bill

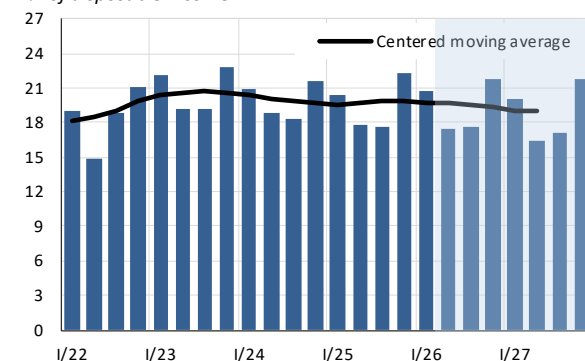
YoY growth rate in %, domestic concept of the wage bill



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.3.8: Gross Savings Rate of Households

in % of disposable income



Source: CZSO. Calculations and forecast of the MoF.

Table 3.3.1: Labour Market – annual

		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
								Forecast	Forecast	Outlook	Outlook
National accounts											
Employment	<i>av. in thous. persons</i>	5 227	5 279	5 333	5 418	5 451	5 523	5 565	5 569	5 564	5 571
	<i>growth in %</i>	-2.3	1.0	1.0	1.6	0.6	1.3	0.8	0.1	-0.1	0.1
Employees	<i>av. in thous. persons</i>	4 496	4 541	4 578	4 640	4 666	4 733	4 762	4 767	4 763	4 770
	<i>growth in %</i>	-2.2	1.0	0.8	1.4	0.6	1.4	0.6	0.1	-0.1	0.1
Self-employed persons	<i>av. in thous. persons</i>	731	738	755	779	785	790	803	802	801	801
	<i>growth in %</i>	-3.0	1.0	2.3	3.1	0.8	0.7	1.6	-0.2	-0.1	0.0
Wage bill	<i>growth in %</i>	0.4	7.2	9.1	8.8	6.1	7.3	7.8	6.2	5.2	4.7
Labour productivity	<i>growth in %</i>	-3.1	3.0	1.8	-1.5	0.7	1.3	1.1	2.4	2.6	2.3
Unit labour costs⁶⁾	<i>growth in %</i>	7.3	3.1	5.0	8.6	4.9	4.2	6.0	3.7	2.7	2.3
Compensation of employees	<i>% of GDP</i>	45.0	44.6	43.0	42.9	43.3	43.6	44.9	44.9	44.9	44.8
Labour Force Survey											
Unemployment rate	<i>average in %</i>	2.6	2.8	2.2	2.6	2.6	2.8	3.0	2.8	2.5	2.5
Employment rate 20–64	<i>average in %</i>	79.7	80.0	81.0	81.7	82.3	82.9	83.2	83.7	83.9	83.9
Participation rate 20–64	<i>average in %</i>	81.8	82.2	82.7	83.8	84.3	85.1	85.7	86.0	86.0	86.0
Registered unemployment											
Unemployment	<i>av. in thous. persons</i>	259	280	252	266	287	328	367	351	324	313
Share of unemployed¹⁾	<i>average in %</i>	3.5	3.8	3.4	3.6	3.8	4.4	4.9	4.7	4.4	4.3
Job vacancies	<i>av. in thousands</i>	332	346	326	283	264	137	.	.	.	.
Business statistics											
Average monthly wage											
Nominal	<i>CZK monthly</i>	36 176	38 277	39 932	42 801	45 643	48 670	52 377	55 627	58 599	61 290
	<i>growth in %</i>	4.6	5.8	4.3	7.2	6.6	6.6	7.6	6.2	5.3	4.6
Real	<i>CZK 2025</i>	50 244	51 172	46 379	44 912	46 765	48 670	51 275	52 999	54 551	55 786
	<i>growth in %</i>	1.4	1.8	-9.4	-3.2	4.1	4.1	5.4	3.4	2.9	2.3

Note: Following the 2021 Census, new demographic weights have been applied in the LFS since Q1 2022; a new weighting methodology (weighting to the population in private households) is also applied in the data from 2022 onwards. There is therefore a break in the time series between 2021 and 2022.

¹⁾ Share of available job seekers aged 15 to 64 years in the population of the same age.

Source: CZSO, MoLSA. Calculations and forecast of the MoF.O

Table 3.3.2: Labour Market – quarterly

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
							Estimate	Forecast	Forecast
National accounts									
Employment	<i>av. in thous. persons</i>	5 484	5 509	5 555	5 543	5 544	5 559	5 591	5 565
	<i>YoY growth in %</i>	1.3	1.2	1.4	1.4	1.1	0.9	0.7	0.4
	<i>QoQ growth in %</i>	0.4	0.4	0.3	0.3	0.1	0.2	0.1	0.0
Wages and salaries	<i>growth in %</i>	6.4	7.8	7.1	7.7	8.7	7.4	7.7	7.4
Labour Force Survey									
Unemployment rate	<i>average in %</i>	2.6	2.7	2.9	2.9	3.1	3.0	3.1	2.9
Employment rate 20–64	<i>average in %</i>	82.7	82.9	83.0	82.9	82.8	83.2	83.4	83.5
	<i>increase over a year</i>	0.9	0.7	0.6	0.1	0.1	0.3	0.4	0.6
Participation rate 20–64	<i>average in %</i>	84.8	85.1	85.3	85.3	85.4	85.7	85.9	85.9
	<i>increase over a year</i>	0.7	0.9	0.9	0.5	0.6	0.6	0.6	0.6
Registered unemployment									
Unemployment	<i>av. in thous. persons</i>	320	318	330	343	375	363	366	364
Share of unemployed ¹⁾	<i>average in %</i>	4.3	4.3	4.4	4.6	5.1	4.9	4.9	4.9
Job vacancies	<i>av. in thousands</i>	114	96	96	92	89	95	.	.
Business statistics									
Average monthly wage									
Nominal	<i>CZK monthly</i>	46 493	48 860	47 717	51 580	50 282	52 358	51 387	55 481
	<i>growth in %</i>	6.2	7.2	6.5	6.7	8.1	7.2	7.7	7.6
Real	<i>CZK 2025</i>	46 774	48 958	47 480	51 426	49 784	51 382	50 092	53 805
	<i>growth in %</i>	3.4	4.7	3.8	4.3	6.4	5.0	5.5	4.6

¹⁾ Share of available job seekers aged 15 to 64 years in the population of the same age.

Source: CZSO, MoLSA. Calculations and forecast of the MoF.

Table 3.3.3: Income and Expenditures of Households – annual

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
										Forecast	Forecast
Current income											
Compensation of employees	<i>bill.CZK</i>	2 399	2 571	2 636	2 827	3 022	3 299	3 510	3 746	4 033	4 286
	<i>growth in %</i>	9.2	7.2	2.5	7.2	6.9	9.2	6.4	6.7	7.6	6.3
Gross operating surplus and mixed income	<i>bill.CZK</i>	904	965	996	1 088	1 261	1 353	1 405	1 523	1 550	1 606
	<i>growth in %</i>	9.2	6.8	3.1	9.3	15.8	7.3	3.9	8.4	1.8	3.6
Property income received	<i>bill.CZK</i>	166	167	137	183	304	374	424	408	415	428
	<i>growth in %</i>	0.6	0.3	-17.8	33.3	66.1	23.4	13.1	-3.6	1.6	3.1
Social benefits not-in-kind	<i>bill.CZK</i>	690	743	891	934	1 008	1 145	1 215	1 199	1 261	1 325
	<i>growth in %</i>	5.4	7.7	20.0	4.8	7.9	13.6	6.1	-1.3	5.2	5.1
Other current transfers received	<i>bill.CZK</i>	281	339	363	487	675	752	858	938	996	1 042
	<i>growth in %</i>	15.1	20.4	7.3	34.0	38.7	11.4	14.1	9.4	6.1	4.6
Current expenditure											
Property income paid	<i>bill.CZK</i>	26	34	32	30	60	84	98	111	116	121
	<i>growth in %</i>	5.6	28.0	-4.5	-5.5	98.0	39.3	17.5	12.9	4.3	4.1
Curr. taxes on income and property	<i>bill.CZK</i>	277	302	315	247	258	298	331	353	383	405
	<i>growth in %</i>	12.3	9.1	4.2	-21.6	4.6	15.4	11.0	6.8	8.6	5.5
Social contributions	<i>bill.CZK</i>	908	971	1 029	1 143	1 186	1 291	1 418	1 496	1 599	1 702
	<i>growth in %</i>	9.2	6.9	6.0	11.0	3.8	8.8	9.9	5.5	6.8	6.5
Other current transfers paid	<i>bill.CZK</i>	283	341	371	499	673	769	878	962	1 029	1 084
	<i>growth in %</i>	17.8	20.7	8.6	34.5	35.0	14.3	14.2	9.5	7.0	5.3
Gross disposable income	<i>bill.CZK</i>	2 946	3 137	3 277	3 601	4 093	4 482	4 685	4 893	5 127	5 376
	<i>growth in %</i>	7.4	6.5	4.5	9.9	13.7	9.5	4.5	4.4	4.8	4.9
Final consumption	<i>bill.CZK</i>	2 640	2 799	2 692	2 921	3 358	3 548	3 755	3 967	4 170	4 401
	<i>growth in %</i>	6.3	6.0	-3.8	8.5	15.0	5.7	5.8	5.6	5.1	5.5
Change in share in pension funds	<i>bill.CZK</i>	36	38	40	41	27	1	7	42	47	50
Gross savings	<i>bill.CZK</i>	342	376	625	720	761	934	937	967	1 004	1 026
Capital transfers											
<i>(income (-) / expenditure (+))</i>	<i>bill.CZK</i>	-17	-20	-44	-43	-31	-47	-57	-42	-35	-32
Gross capital formation	<i>bill.CZK</i>	317	358	364	404	484	505	486	534	566	587
	<i>growth in %</i>	24.5	12.9	1.7	11.1	19.7	4.4	-3.8	10.1	5.9	3.7
Change in financial assets and liab.	<i>bill.CZK</i>	42	35	304	356	310	475	508	478	475	473
Real disposable income	<i>growth in %</i>	4.4	3.5	1.5	5.4	-0.8	0.8	1.3	1.4	2.4	2.0
Gross savings rate	<i>%</i>	11.5	11.8	18.8	19.8	18.5	20.8	20.0	19.6	19.4	18.9

Source: CZSO. Calculations of the MoF.

3.4 External Relations

Export markets grew by 3.3% (*vs. estimate of 3.4%*) year-on-year in the first quarter of 2026. This primarily reflected higher demand of trading partners for investment goods, although its dynamics were dampened by unfavourable developments in their import intensity, which may have been partially related to restrictions on imports from Middle Eastern countries. For 2026, we expect export markets to grow by 2.8% (*previously 2.7%*). Growth dynamics should be limited by the US administration's tariff measures and persisting negative sentiment in German industry. In 2027, given the improvement in economic performance abroad, they could grow by 3.3% (*unchanged*).

Export performance¹ increased by 2.9% (*vs. estimate of 0.7%*) year-on-year in the first quarter of 2026. The positive development likely reflects growth in exports of transport equipment and machinery. For this year, we expect performance to grow by 2.1% (*previously 0.6%*). Foreign sales of motor vehicles should develop positively. For next year, we expect performance growth to slow to 0.1% (*previously 0.9%*). Higher growth should be prevented by the strengthening of the koruna against the euro, limiting export competitiveness.

The **current account of the balance of payments** reached a surplus of 0.2% of GDP² (*vs. estimate of 0.5% of GDP*) in the first quarter of 2026. All items contributed to the year-on-year decrease of 1.3 pp, with the goods balance deteriorating the most.

The **balance of goods** reached a surplus of 4.4% of GDP (*vs. estimate of 4.5% of GDP*) in the first quarter of 2026. The year-on-year reduction in the positive balance by 0.6 pp reflects a higher volume of imported materials and goods intended for investment. Despite growth in motor vehicle sales, the export side was limited by a decline in exports of intermediate goods in connection with weak industrial activity in Germany. We expect the balance of goods to reach a surplus of 3.9% of GDP (*previously 3.4% of GDP*) this year. Domestic goods exports will be partially limited by trade and geopolitical barriers in international trade, whereas the growing volume of foreign orders from EU countries in the second quarter of 2026 developed positively. Goods imports will then increase due to recovering domestic private investment demand. A deterioration in the terms of trade due to the rise in energy prices in connection with the war in the Middle East will also have a negative effect on the overall balance. For 2027, despite an easing of for-

ign price pressures and an improvement in the terms of trade, we expect the surplus in relative terms to decline to 3.7% of GDP (*previously 3.5% of GDP*). The positive effect of recovering external demand will be partially offset by firms' growing import-intensive investment activity and increased imports into inventories.

The **balance of services** showed a positive balance of 1.2% of GDP (*vs. estimate of 1.1% of GDP*). The year-on-year deterioration of the balance by 0.2 pp reflects a decline in the tourism surplus, due to increased expenditure by Czech households on holidays abroad, and in research and development. A reduction in expenditure on insurance services and an improvement in the transport balance had a positive effect. This year, the services surplus could decline to 1.0% of GDP (*unchanged*), partially as a result of a deterioration in the transport services balance, as higher automotive fuel prices should dampen demand for road transport. In 2027, the positive balance should increase to 1.1% of GDP (*unchanged*), thanks to the expected improvement in the transport services balance, which should be supported by lower automotive fuel prices and the associated recovery in road transport activity. The recovery in economic activity in the euro area should also have a positive effect.

The **primary income** deficit deepened by 0.4 pp year-on-year to 4.7% of GDP (*vs. estimate of 4.6% of GDP*). On the expenditure side, there was an increase in direct investment income, suggesting the growing profitability of firms under foreign control. The volume of dividends paid abroad decreased and better business sentiment regarding future domestic economic developments was reflected in an increase in reinvestment. With regard to the forecast of economic performance and the gross operating surplus and the implications for the profits of firms under foreign control, we estimate that the primary income deficit will reach 4.6% (*previously 4.5% of GDP*) of GDP this year. In 2027, it could then decline in relative terms to 4.5% of GDP (*unchanged*).

The **secondary income** balance ended the first quarter with a year-on-year slightly higher deficit of 0.7% of GDP (*vs. estimate of 0.5% of GDP*). The deepening deficit likely reflects a decline in net EU transfers, including non-investment subsidies from structural funds. These should remain the main factor in the development of secondary income. We estimate that, with regard to lower non-investment income from the Recovery and Resilience Facility, the deficit should reach 0.7% of GDP (*previously 0.6% of GDP*) this year. It should then remain at this value (*previously 0.6% of GDP*) in 2027.

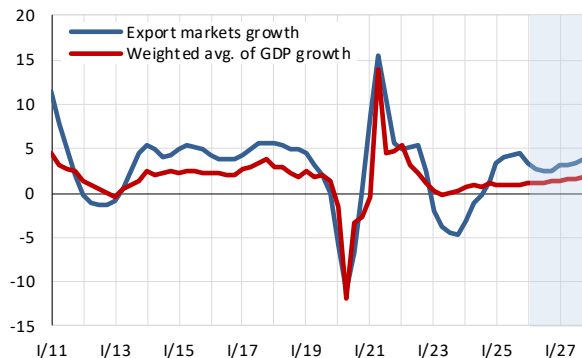
In the above context, we expect the **current account of the balance of payments** to be in deficit over the forecast horizon. This year, the negative balance should reach 0.4% of GDP (*previously 0.6% of GDP*); we assume the same deficit (*unchanged*) in relative terms for 2027.

¹ Export performance is the ratio of goods exports to export markets. The indicator may improve even when exports stagnate or decline if trading partners' imports fall more sharply.

² All ratios to GDP are rolling annual totals.

Graph 3.4.1: GDP and Goods Imports of Partner Countries

YoY growth rate in %, seasonally adjusted



Source: Eurostat. Calculations and forecast of the MoF.

Graph 3.4.2: Real Exports of Goods

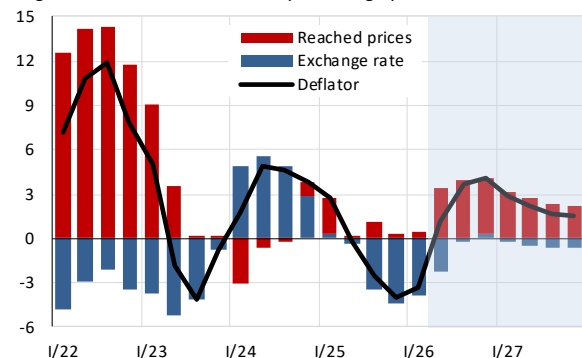
YoY growth in %, contributions in pp, seasonally adjusted



Source: CZSO, Eurostat. Calculations and forecast of the MoF.

Graph 3.4.3: Deflator of Exports of Goods

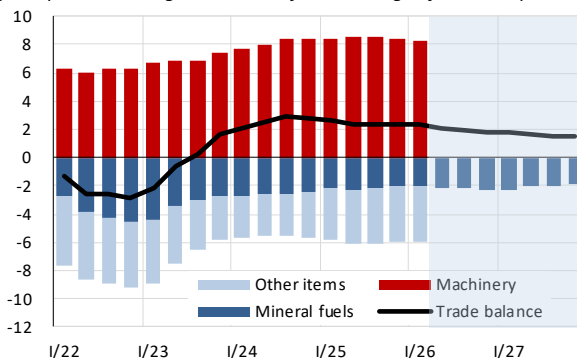
YoY growth in %, contributions in percentage points



Source: CNB, CZSO. Calculations and forecast of the MoF.

Graph 3.4.4: Balance of Trade

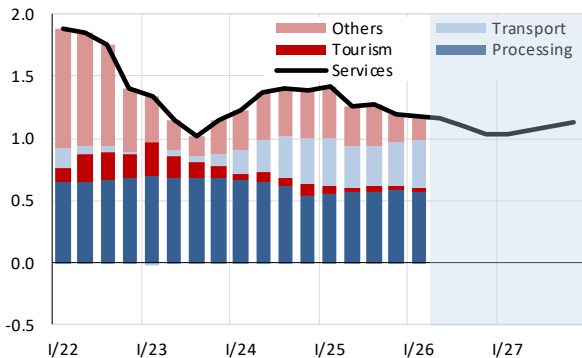
four-quarter moving totals, in % of GDP, change of ownership concept



Source: CZSO. Calculations and forecast of the MoF.

Graph 3.4.5: Balance of Services

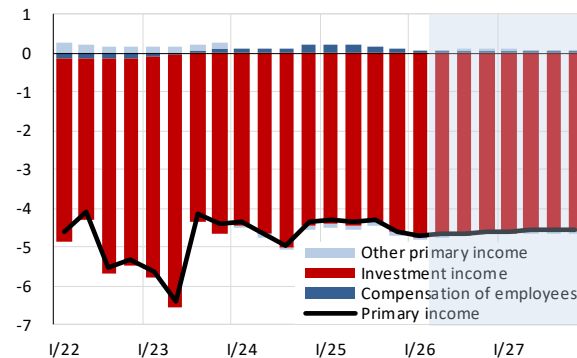
four-quarter moving totals, in % of GDP



Source: CNB, CZSO. Calculations and forecast of the MoF.

Graph 3.4.6: Balance of Primary Income

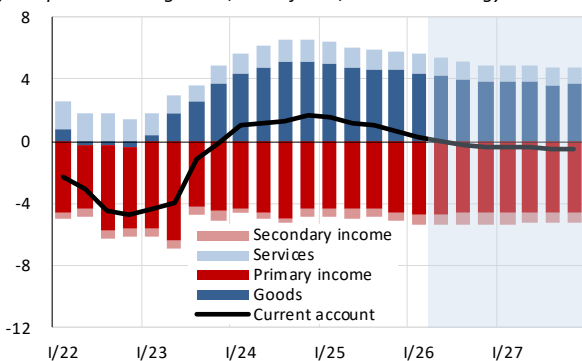
four-quarter moving totals, in % of GDP



Source: CNB, CZSO. Calculations and forecast of the MoF.

Graph 3.4.7: Current Account

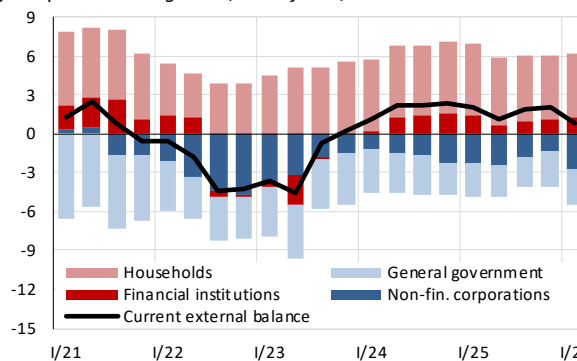
four-quarter moving totals, in % of GDP, BoP methodology



Source: CNB, CZSO. Calculations and forecast of the MoF.

Graph 3.4.8: Current External Balance

four-quarter moving totals, in % of GDP, national accounts



Source: CZSO. Calculations of the MoF.

Table 3.4.1: Decomposition of Exports of Goods (National Accounts Methodology) – annual*seasonally adjusted*

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
										Forecast	Forecast
GDP ¹⁾	<i>average of 2010=100</i>	118.0	120.2	114.4	120.7	124.2	124.3	125.3	126.5	128	130
	<i>growth in %</i>	2.4	1.9	-4.9	5.5	2.9	0.1	0.8	0.9	1.2	1.6
Import intensity ²⁾	<i>average of 2010=100</i>	114.6	115.2	114.1	118.9	120.6	116.0	114.1	117.6	119	122
	<i>growth in %</i>	2.7	0.5	-0.9	4.2	1.5	-3.9	-1.6	3.1	1.6	1.7
Export markets ³⁾	<i>average of 2010=100</i>	135.2	138.5	130.5	143.4	149.8	144.2	143.0	148.8	153	158
	<i>growth in %</i>	5.2	2.4	-5.8	9.9	4.4	-3.8	-0.8	4.0	2.8	3.3
Export performance	<i>average of 2010=100</i>	113.5	111.9	110.6	108.5	108.3	115.0	116.8	116.4	119	119
	<i>growth in %</i>	-1.8	-1.4	-1.2	-1.9	-0.3	6.2	1.6	-0.3	2.1	0.1
Real exports	<i>average of 2010=100</i>	153.5	154.9	144.3	155.7	162.2	165.7	167.0	173.2	182	188
	<i>growth in %</i>	3.3	0.9	-6.8	7.9	4.2	2.2	0.8	3.7	4.9	3.4
1 / NEER	<i>average of 2010=100</i>	100.2	100.5	102.4	99.1	95.7	92.4	96.6	94.7	93	93
	<i>growth in %</i>	-3.6	0.3	1.9	-3.3	-3.3	-3.5	4.5	-2.0	-1.5	-0.5
Prices on foreign markets	<i>average of 2010=100</i>	103.2	103.8	103.2	111.9	126.7	130.6	129.6	130.9	135	138
	<i>growth in %</i>	3.0	0.6	-0.6	8.4	13.2	3.1	-0.7	1.0	2.9	2.6
Exports deflator	<i>average of 2010=100</i>	103.4	104.4	105.7	110.8	121.3	120.6	125.2	123.9	126	128
	<i>growth in %</i>	-0.7	1.0	1.2	4.9	9.4	-0.5	3.8	-1.0	1.3	2.0
Nominal exports	<i>average of 2010=100</i>	158.7	161.8	152.5	172.5	196.8	199.9	209.0	214.6	228	241
	<i>growth in %</i>	2.6	1.9	-5.7	13.1	14.1	1.6	4.6	2.7	6.3	5.6

¹⁾ Weighted average of GDP of eight most important partners – Germany, Slovakia, Austria, the United Kingdom, Poland, France, Italy and Hungary.²⁾ Index of ratio of real imports of goods to real GDP.³⁾ Weighted average of imports of goods of main partners.

Source: CNB, CZSO, Eurostat. Calculations and forecast of the MoF.

Table 3.4.2: Decomposition of Exports of Goods (National Accounts Methodology) – quarterly*seasonally adjusted*

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
							Estimate	Forecast	Forecast
GDP ¹⁾	<i>average of 2010=100</i>	126.1	126.3	126.6	127.0	127.5	128	128	129
	<i>growth in %</i>	0.9	0.9	1.0	1.0	1.1	1.2	1.2	1.3
Import intensity ²⁾	<i>average of 2010=100</i>	116.1	117.5	118.2	118.6	118.7	119	120	120
	<i>growth in %</i>	2.4	3.2	3.3	3.4	2.2	1.6	1.3	1.3
Export markets ³⁾	<i>average of 2010=100</i>	146.4	148.4	149.6	150.7	151.3	153	153	154
	<i>growth in %</i>	3.4	4.1	4.3	4.4	3.3	2.8	2.6	2.5
Export performance	<i>average of 2010=100</i>	116.8	116.2	115.7	116.9	120.2	120	118	117
	<i>growth in %</i>	-0.1	0.0	-1.6	0.6	2.9	3.5	2.0	-0.1
Real exports	<i>average of 2010=100</i>	171.1	172.4	173.1	176.2	181.8	183	181	180
	<i>growth in %</i>	3.3	4.1	2.6	5.0	6.2	6.4	4.6	2.4
1 / NEER	<i>average of 2010=100</i>	96.9	95.5	93.5	92.8	93.2	93	93	93
	<i>growth in %</i>	0.4	-0.4	-3.5	-4.4	-3.8	-2.2	-0.2	0.2
Prices on foreign markets	<i>average of 2010=100</i>	131.2	130.8	130.7	130.8	131.7	135	136	136
	<i>growth in %</i>	2.4	0.2	1.1	0.4	0.4	3.4	3.9	3.8
Exports deflator	<i>average of 2010=100</i>	127.1	125.0	122.3	121.4	122.8	126	127	126
	<i>growth in %</i>	2.8	-0.2	-2.5	-4.0	-3.4	1.1	3.7	4.1
Nominal exports	<i>average of 2010=100</i>	217.4	215.4	211.7	213.8	223.2	232	230	228
	<i>growth in %</i>	6.1	3.8	0.1	0.8	2.7	7.6	8.5	6.6

¹⁾ Weighted average of GDP of eight most important partners – Germany, Slovakia, Austria, the United Kingdom, Poland, France, Italy and Hungary.²⁾ Index of ratio of real imports of goods to real GDP.³⁾ Weighted average of imports of goods of main partners.

Source: CNB, CZSO, Eurostat. Calculations and forecast of the MoF.

Table 3.4.3: Balance of Payments – annual
international investment position and gross external debt – end of period

		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
										Forecast	Forecast
Goods and services	<i>bill.CZK</i>	333	358	389	232	76	378	526	500	444	460
	<i>% GDP</i>	6.1	6.1	6.7	3.7	1.1	4.9	6.5	5.8	5.0	4.8
Goods	<i>bill.CZK</i>	201	240	280	110	-23	290	415	397	352	352
	<i>% GDP</i>	3.7	4.1	4.8	1.7	-0.3	3.8	5.1	4.6	3.9	3.7
Services	<i>bill.CZK</i>	132	119	109	122	99	88	111	103	92	108
	<i>% GDP</i>	2.4	2.0	1.9	1.9	1.4	1.1	1.4	1.2	1.0	1.1
Primary income	<i>bill.CZK</i>	-289	-319	-260	-337	-373	-336	-350	-392	-413	-433
	<i>% GDP</i>	-5.3	-5.4	-4.5	-5.3	-5.3	-4.4	-4.3	-4.6	-4.6	-4.5
Secondary income	<i>bill.CZK</i>	-22	-19	-26	-30	-33	-50	-39	-45	-64	-68
	<i>% GDP</i>	-0.4	-0.3	-0.5	-0.5	-0.5	-0.6	-0.5	-0.5	-0.7	-0.7
Current account	<i>bill.CZK</i>	21	20	103	-130	-330	-8	137	63	-33	-41
	<i>% GDP</i>	0.4	0.3	1.8	-2.1	-4.7	-0.1	1.7	0.7	-0.4	-0.4
Capital account	<i>bill.CZK</i>	27	27	67	107	45	88	131	127	129	89
	<i>% GDP</i>	0.5	0.5	1.1	1.7	0.6	1.1	1.6	1.5	1.4	0.9
Net lending/borrowing	<i>bill.CZK</i>	49	46	169	-23	-286	79	268	190	97	48
	<i>% GDP</i>	0.9	0.8	2.9	-0.4	-4.1	1.0	3.3	2.2	1.1	0.5
Financial account	<i>bill.CZK</i>	61	8	162	-18	-292	91	266	150	.	.
Direct investments	<i>bill.CZK</i>	-51	-137	-149	-29	-83	-76	-15	-49	.	.
Portfolio investments	<i>bill.CZK</i>	30	-105	-136	75	331	90	-197	30	.	.
Financial derivatives	<i>bill.CZK</i>	-15	1	11	-58	-45	1	-36	-7	.	.
Other investments	<i>bill.CZK</i>	47	139	388	-302	-188	40	474	-87	.	.
Reserve assets	<i>bill.CZK</i>	50	110	48	296	-307	36	40	263	.	.
International investment position	<i>bill.CZK</i>	-1 323	-1 150	-932	-939	-1 424	-1 104	-595	-837	.	.
	<i>% GDP</i>	-24.2	-19.5	-16.0	-14.9	-20.2	-14.4	-7.4	-9.8	.	.
Gross external debt	<i>bill.CZK</i>	4 413	4 384	4 321	4 594	4 662	4 811	5 260	5 683	.	.
	<i>% GDP</i>	80.6	74.4	74.1	72.8	66.1	62.8	65.2	66.3	.	.

Source: CNB, CZSO. Calculations and forecast of the MoF.

Table 3.4.4: Balance of Payments – quarterly*four-quarter moving totals, international investment position and gross external debt – end of period*

		2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
							<i>Estimate</i>	<i>Forecast</i>	<i>Forecast</i>
Goods and services	<i>bill.CZK</i>	527	501	502	500	487	472	456	444
	<i>% GDP</i>	6.4	6.0	6.0	5.8	5.6	5.4	5.2	5.0
Goods	<i>bill.CZK</i>	411	397	395	397	385	370	359	352
	<i>% GDP</i>	5.0	4.8	4.7	4.6	4.4	4.2	4.1	3.9
Services	<i>bill.CZK</i>	116	104	107	103	102	102	97	92
	<i>% GDP</i>	1.4	1.3	1.3	1.2	1.2	1.2	1.1	1.0
Primary income	<i>bill.CZK</i>	-350	-360	-361	-392	-406	-408	-410	-413
	<i>% GDP</i>	-4.3	-4.3	-4.3	-4.6	-4.7	-4.7	-4.6	-4.6
Secondary income	<i>bill.CZK</i>	-49	-47	-52	-45	-61	-62	-63	-64
	<i>% GDP</i>	-0.6	-0.6	-0.6	-0.5	-0.7	-0.7	-0.7	-0.7
Current account	<i>bill.CZK</i>	128	94	90	63	20	2	-17	-33
	<i>% GDP</i>	1.6	1.1	1.1	0.7	0.2	0.0	-0.2	-0.4
Capital account	<i>bill.CZK</i>	150	119	178	127	135	133	131	129
	<i>% GDP</i>	1.8	1.4	2.1	1.5	1.6	1.5	1.5	1.4
Net lending/borrowing	<i>bill.CZK</i>	278	214	268	190	155	136	114	97
	<i>% GDP</i>	3.4	2.6	3.2	2.2	1.8	1.5	1.3	1.1
Financial account	<i>bill.CZK</i>	265	187	222	150	105	.	.	.
Direct investments	<i>bill.CZK</i>	-39	-109	-105	-49	-128	.	.	.
Portfolio investments	<i>bill.CZK</i>	10	-110	-25	30	-36	.	.	.
Financial derivatives	<i>bill.CZK</i>	-30	-11	-14	-7	-14	.	.	.
Other investments	<i>bill.CZK</i>	312	365	174	-87	-57	.	.	.
Reserve assets	<i>bill.CZK</i>	12	51	193	263	340	.	.	.
International investment position	<i>stock in bill.CZK</i>	-698	-844	-828	-837	-764	.	.	.
	<i>% GDP</i>	-8.5	-10.2	-9.8	-9.8	-8.8	.	.	.
Gross external debt	<i>stock in bill.CZK</i>	5 289	5 361	5 556	5 683	5 837	.	.	.
	<i>% GDP</i>	64.7	64.6	65.9	66.3	67.3	.	.	.

Source: CNB, CZSO. Calculations and forecast of the MoF.

4 Survey of Other Institutions' Forecasts

Current forecasts of the monitored institutions expect, on average, that GDP growth will reach 2.0% in 2026 and 2.4% in 2027. According to them, the inflation rate should be 2.2% this year and rise to 2.7% next year. According to the average of the forecasts, average wage growth should reach 6.9% this year and slow to 5.9% next year. The current account of the balance of payments should be balanced in 2026 and show a slight surplus of 0.2% of GDP in 2027.

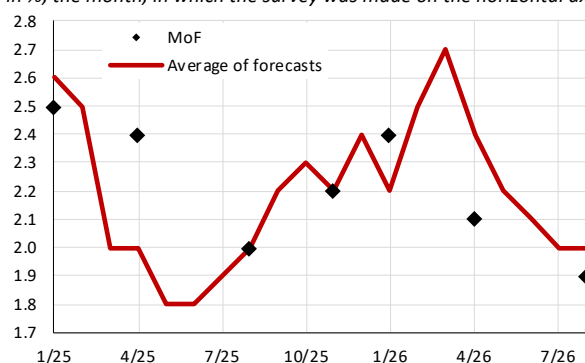
When evaluating the differences between the current macroeconomic forecast of the MoF CR and the average estimates of individual institutions, it is necessary to take into account the date the forecasts were prepared and

the information that was available to their authors. In particular, unlike many of the monitored institutions, the MoF forecast had the preliminary estimate of GDP growth in the second quarter of this year at its disposal.

For both 2026 and 2027, the MoF CR expects GDP growth broadly in line with the monitored institutions' forecasts. For inflation, the MoF CR forecast is in line with the average of the monitored institutions in both 2026 and 2027. The forecast average wage growth is above the average forecasts of other institutions for both 2026 and 2027. For the current account, unlike the monitored institutions, the MoF CR anticipates balance of payments deficits in both years.

Graph 4.1: Forecasts for Real GDP Growth in 2026

in %; the month, in which the survey was made on the horizontal axis

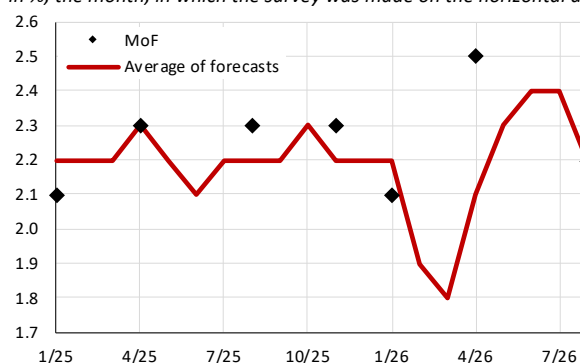


Note.: Averages of forecasts at the time not older than 3 months.

Source: Forecasts of individual institutions. Calculations of the MoF.

Graph 4.2: Forecasts for Average Inflation Rate in 2026

in %; the month, in which the survey was made on the horizontal axis



Note.: Averages of forecasts at the time not older than 3 months.

Source: Forecasts of individual institutions. Calculations of the MoF.

Table 4.1: Summary of the Surveyed Forecasts

		August 2026			August 2026
		min.	max.	average	MoF forecast
Gross domestic product (2026)	growth in %, const.pr.	1.6	2.2	2.0	1.9
Gross domestic product (2027)	growth in %, const.pr.	2.0	2.7	2.4	2.4
Average inflation rate (2026)	%	2.0	2.7	2.2	2.2
Average inflation rate (2027)	%	2.5	3.0	2.7	2.7
Average monthly wage (2026)	growth in %	6.1	7.3	6.9	7.6
Average monthly wage (2027)	growth in %	5.3	6.5	5.9	6.2
Current account / GDP (2026)	%	-0.7	0.8	0.0	-0.4
Current account / GDP (2027)	%	-0.4	0.8	0.2	-0.4

Note: The survey is based on publicly available forecasts less than 3 months old. Up to 11 institutions enter the comparison, of which 7 institutions are domestic (Czech Banking Association, CNB, Ministry of Labour and Social Affairs, domestic banks) and the remaining are foreign entities (European Commission, OECD, IMF, The Economist). Forecasts from ten institutions entered the August survey, namely all seven domestic and three foreign (The Economist, European Commission, OECD). In the case of GDP, no difference is being made between working-day adjusted and unadjusted forecasts.

Source: Forecasts of individual institutions. Calculations and forecast of the MoF.

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