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ECONOMIC REPORT

CZECH TRADE AND TOURISM ASSOCIATION

JULY 2026

This report works with data published as of 17 July 2026

KEY MESSAGES

- **Inflation.** Consumer prices fell by 0.3% month-on-month in June, mainly due to lower prices in the transport and food and non-alcoholic beverages categories. Year-on-year, consumer prices rose by 1.5% (2.1% in May). Overall, goods prices fell by 0.4% year-on-year, whilst service prices rose by 4.5%.
- **Food prices.** Within the food and non-alcoholic beverages category, prices in June were lower month-on-month, particularly for eggs (down 19.7%), semi-skimmed long-life milk (down 11.4%), butter (down 9.4%) and fruit (down 3.7%). Year-on-year, prices in this category fell by 3.4%.
- **Retail sales.** Retail sales (excluding motor vehicles) rose by 1.3% in real terms month-on-month in May. Sales for motor fuels rose by 1.9%, for non-food goods by 1.3% and for food by 0.9%. Year-on-year, sales rose by 4.7% in real terms; for non-food goods by 7.4% and for food by 2.9%, whilst for motor fuels it fell by 0.8%.
- **Labour market.** According to the Czech Statistical Office (CZSO), the unemployment rate stood at 3.2% in May, 0.2 percentage points higher year-on-year. It reached 3.7% for women and 2.6% for men. At the end of May, the Labour Office had 358,852 jobseekers on its books, and the proportion of unemployed people fell by 0.1 percentage points to 4.8%. It was highest in the Ústí nad Labem and Moravia-Silesia regions. Across the country, there were on average 3.8 jobseekers per vacancy.
- **Exchange rate.** From the second half of June to mid-July, the koruna's exchange rate against the euro fluctuated within a narrow range of 24.157–24.284 CZK/EUR without any clear trend. In June, in response to persistent inflationary pressures, the CNB Bank Board raised the base rate from 3.5% to 3.75%.
- **Economic confidence.** The composite economic sentiment indicator rose by 1.3 points month-on-month in June to 101.0. Business confidence rose by 0.8 points to 99.8 and consumer confidence by 3.1 points to 106.5. Among businesses, sentiment improved only in manufacturing, whilst it deteriorated in construction, retail and selected services.

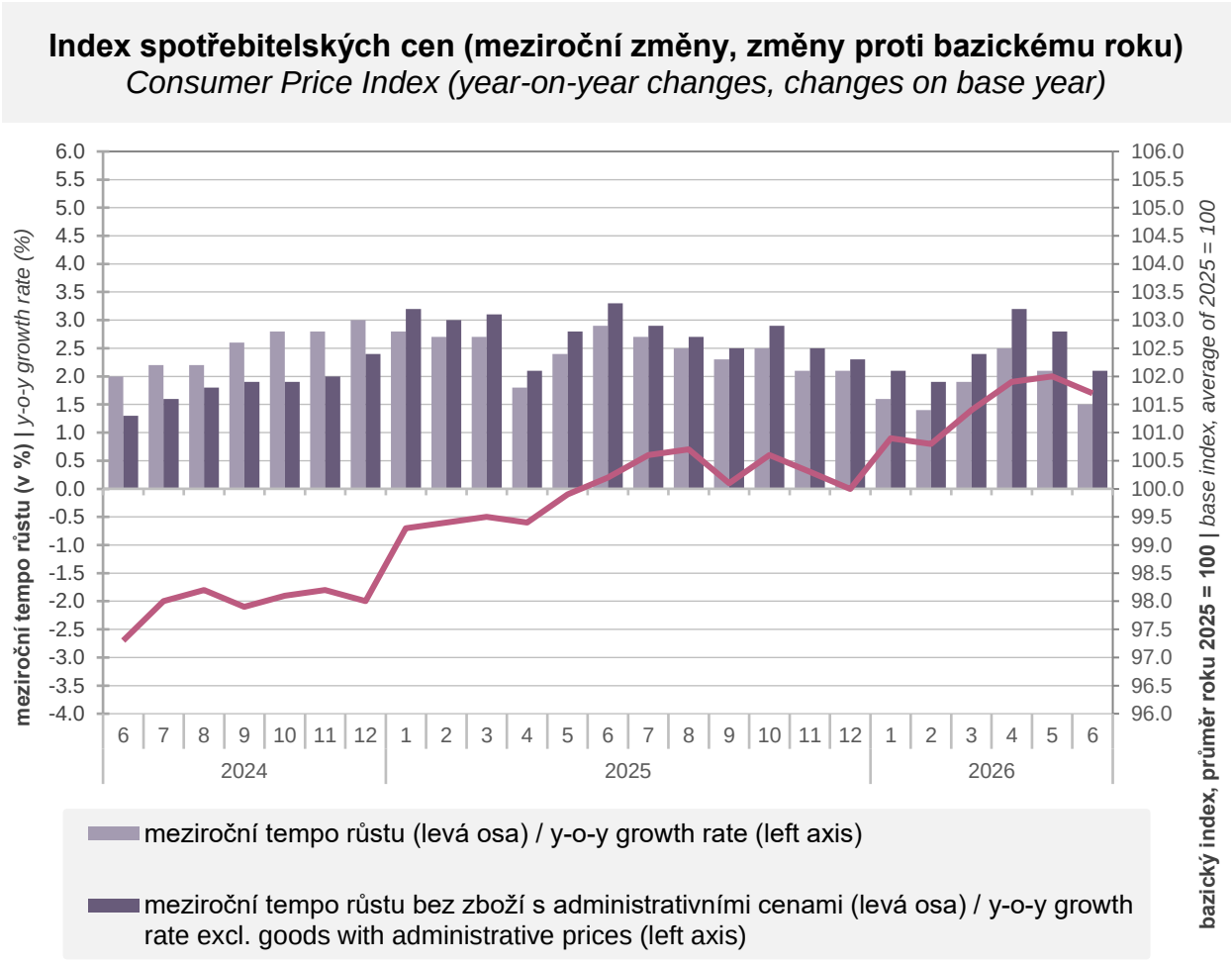
Indicator		Current value	Previous report
Inflation 06/2026	y-o-y	**+ 1,5 %**	**+ 2,1 %**
	m-o-m	**– 0,3 %**	**+ 0,1 %**
Food prices 06/2026	y-o-y	**– 3,4 %**	**– 1,9 %**
	m-o-m	**– 1,3 %**	**+ 0,6 %**
Retail sales 05/2026	y-o-y	**+ 4,7 %**	**+ 1,6 %**
	m-o-m	**+ 1,3 %**	**– 0,9 %**
Unemployment rate 05/2026		**3,2 %**	**3,2 %**
CZK/EUR (17.07.2026)		**24,205**	**24,146**

INFLATION AND FOOD PRICES

Consumer prices fell by 0.3% month-on-month in June, driven primarily by lower prices in the transportation and food and non-alcoholic beverages categories. Year-on-year, consumer prices rose by 1.5% in June (0.6 percentage points less than in May).[1]

Specifically, month-on-month prices fell by 8.1% for fuels and lubricants, by 19.7% for eggs, by 11.4% for semi-skimmed long-life milk, by 9.4% for butter, by 3.7% for fruit, by 2.8% for poultry, and by 2% for vegetables. The average price of butter, at 142 CZK/kg, was even the lowest since August 2021. Prices for organized vacations and tours (+2.6%) and, among food items, prices for potatoes (+6.7%) had the opposite effect. Overall, prices for goods fell by 0.8%, while prices for services rose by 0.4%.

FIGURE 1: CONSUMER PRICE INDEX



Data source: CZSO

[1] Consumer price indices - inflation - June 2026 | Rychlé informace

The year-on-year slowdown in consumer price growth in June was primarily due to lower price growth in the transportation category and a deeper decline in prices for food and non-alcoholic beverages. Prices for fuels and lubricants were up 14.9% year-on-year, compared with a 26.3% increase in May. In June, Natural 95 gasoline was sold for an average price that was the lowest since March of this year (averaging just under 40 CZK/liter), while diesel was at its lowest price since February (averaging roughly 37 CZK/liter). This helped bring inflation back to the level seen at the beginning of 2026.

In the food and non-alcoholic beverages category, prices for meat fell by 6.2%, butter by 35.5%, semi-skimmed long-life milk by 29.4%, and oils and fats by 21.1%. Egg prices shifted from a 10% increase in May to a 9.5% decline in June. Despite a slowdown, transportation prices (+5.7%) had the greatest impact on the overall price level, followed by prices for alcoholic beverages and tobacco. In the housing category, rent rose by 5.9%, water rates by 3.9%, sewage charges by 3.8%, and prices for heat and hot water by 1.7%. Conversely, electricity prices fell by 11.5% and natural gas prices by 5.2%. Prices for food services rose by 4.2% and for lodging services by 6.1%.

The cost of owner-occupied housing (so-called imputed rent) rose by 5.2% year-on-year (5.3% in May), mainly due to rising prices of new real estate. Prices of goods fell by 0.4% overall, while prices of services rose by 4.5%. Core inflation slowed to 2.8% in June, after remaining at 2.9% for the previous three months. This reflected a slight slowdown in the growth of service prices within core inflation. The CNB expects inflation to remain close to the 2% target in the second half of the year.[2]

Measured by the Harmonized Index of Consumer Prices (HICP), food prices in the Czech Republic fell by 3.8% year-on-year in June. In the European Union, by contrast, they rose by 0.9%. Among the neighbouring countries, prices fell in Hungary (by 3%), Slovakia (by 1.1%), and Poland (by 0.2%). Conversely, they rose in Germany (by 0.6%) and Austria (by 1.4%).[3]

RETAIL SALES

Retail sales, excluding motor vehicle sales, rose by 1.3% in real terms month-on-month in May; sales of fuel rose by 1.9%, non-food goods by 1.3%, and food by 0.9%. Year-on-year, sales rose by 4.7%; non-food goods by 7.4% and food by 2.9%, while sales of motor fuels fell by 0.8%. Sales from the sale and repair of motor vehicles rose by 4.6% year-on-year and by 1% month-on-month.[4]

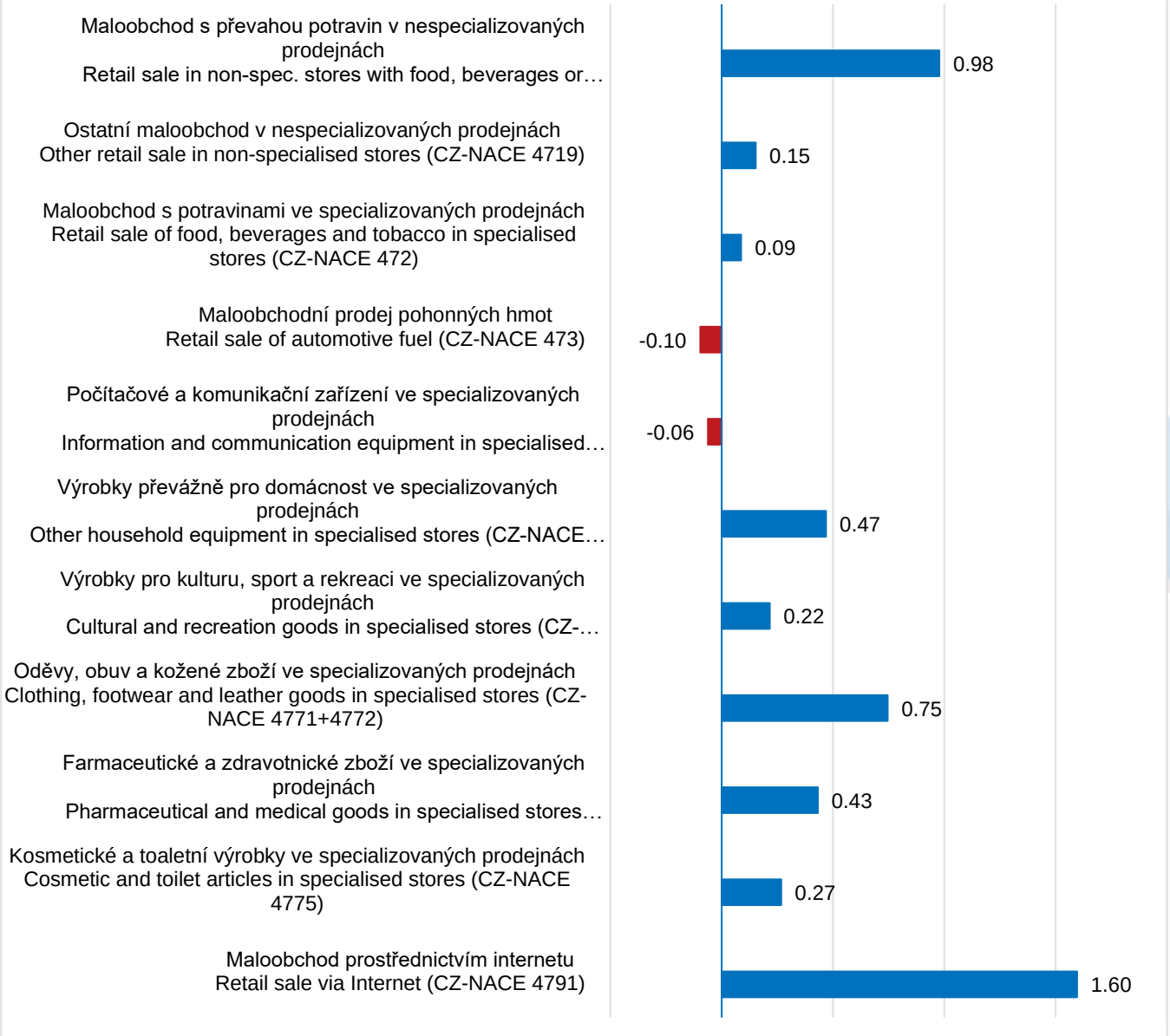
The most significant increase in sales was recorded in specialty stores selling clothing and footwear (+15.7%). Sales at non-specialized stores selling mainly non-food goods rose by 7.8%, at non-specialized stores selling mainly food by 3%, and at specialized food stores by 2.6%. Sales at online

[2] Food and fuel prices push inflation down to 1.5% in June - Czech National Bank
[3] Eurostat Data Browser – HICP
[4] Retail trade - May 2026 | Rychlé informace

and mail-order retailers increased by 11.6%. In contrast, sales at stores selling computer and communication equipment fell by 5.4%. Sales of motor vehicles, including replacement parts, rose by 4.9%, and sales of motor vehicle repairs rose by 3.4%.

FIGURE 2: RETAIL SALES (MAY 2026)

Tržby v maloobchodě - příspěvky vybraných odvětví CZ-NACE k meziroční změně v procentních bodech (kalendářně očištěné údaje)
Chart 4 Sales in retail trade - contribution of the selected CZ-NACE divisions to year-on-year change (percentage points, adjusted for calendar effects)



Data source: CZSO

LABOUR MARKET

The employment rate (the proportion of employed persons among those aged 15–64) reached 75.4% in May (down 0.3 percentage points from May of last year). The employment rate for men was 80.1%, and for women, 70.8%. The share of the economically active population in the working-age population reached 77.9%. The unemployment rate measured by the CZSO stood at 3.2% in May, up 0.2 percentage points year-on-year. Unemployment among women remains higher, at 3.7% (compared to 2.6% for men).[5]

As of the end of May, the Czech Labour Office had 358,852 job seekers on its rolls, which was 42,792 more than in May 2025. The share of unemployed persons fell by 0.1 percentage points month-on-month to 4.8%. The number of newly registered job seekers was 4,880 lower than in April but 3,050 higher year-on-year.[6]

Regional disparities remained significant. The highest unemployment rates were in the Ústí nad Labem Region (7.2%) and the Moravian-Silesian Region (6.8%). Among districts, the highest rates were recorded in Karviná (10.4%), Most (10.1%), Bruntál (8.4%), and Chomutov (8.1%). In contrast, the districts of Prague-East, Prague-West, and Rychnov nad Kněžnou remained below the 3% threshold. On a month-on-month basis, the unemployment rate increased only in the Karviná district (+0.1 percentage points), while the most significant declines occurred in Český Krumlov (by 0.5 percentage points) and in the Jeseník, Znojmo, and Prachatice districts (all by 0.3 percentage points).

At the end of May, there were 94,380 job openings, 103 fewer than in April. Nationwide, there were an average of 3.8 job seekers per job opening. The most significant surplus of job seekers relative to job openings was in the districts of Karviná (20.1 job seekers per opening), Sokolov (15.9), Děčín (14.6), Ústí nad Labem (12.9), and Bruntál (10.8).

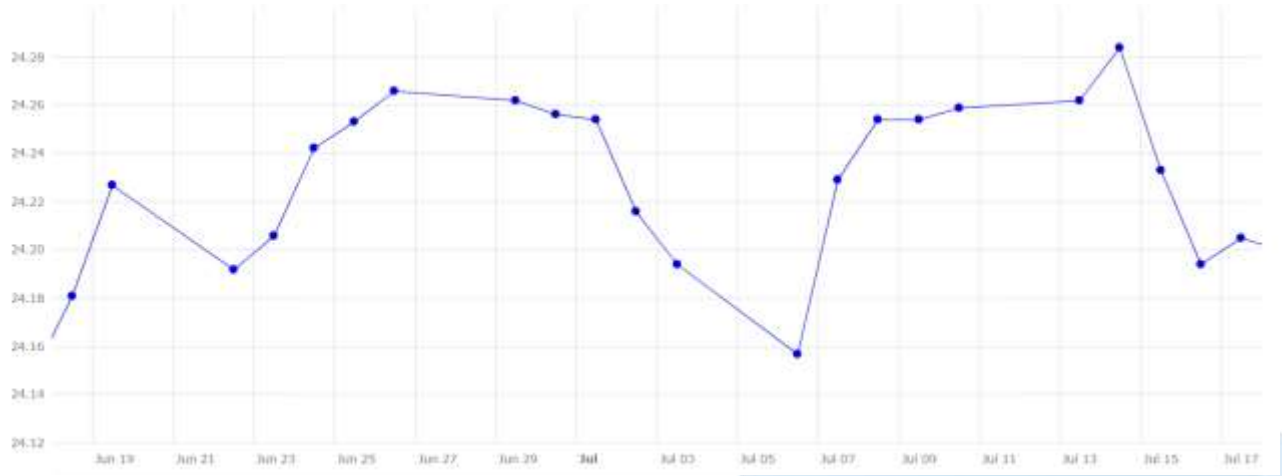
EXCHANGE RATE

Over the past month, the exchange rate of the Czech koruna against the euro fluctuated within a range of 24.157–24.284. The trend remained stable for most of the period under review, with no significant fluctuations. The koruna briefly strengthened several times, reaching the lower end of the aforementioned range.[7]

[5] Rates of employment, unemployment and economic activity - May 2026 | Rychlé informace
[6] Nezaměstnanost v Česku v květnu klesla na 4,8 %. Podnikání zahájila výrazná část mužů odchozích z evidence | ÚP
[7] Czech koruna (CZK)

From the second half of June through mid-July, the koruna's exchange rate against the euro moved without a clear trend. On June 18, it stood at 24.181 CZK/EUR; in the first half of July, the koruna briefly strengthened to 24.157 CZK/EUR and closed at 24.205 CZK/EUR on July 17. Over the entire period under review, the koruna thus weakened slightly, though fluctuations remained limited. At its June meeting, the CNB Bank Board raised interest rates by 25 basis points; the benchmark 2W repo rate has stood at 3.75% since June 19. A wider interest rate differential may boost the attractiveness of koruna-denominated assets, while uncertainty in the external environment is preventing a more significant appreciation.[8]

FIGURE 3: DEVELOPMENT OF THE CZK/EUR EXCHANGE RATE



Data source: ECB

ECONOMIC CONFIDENCE IN JUNE 2026

The composite confidence indicator (economic sentiment indicator) rose by 1.3 points month-on-month in June to 101.0. Both of its components improved; the business confidence indicator rose by 0.8 points to 99.8, and the consumer confidence indicator rose by 3.1 points to 106.5. Compared with June of last year, the composite and consumer confidence indicators were higher, while the business confidence indicator was lower.[9]

Among businesses, confidence increased only in manufacturing, in contrast to construction, trade, and selected services. The manufacturing index rose by 3 points to 97.5, mainly due to significantly improved expectations regarding the pace of production activity over the next three months.

[8] Bank Board decisions - Czech National Bank
[9] Business cycle surveys - June 2026 | Rychlé informace

However, the assessment of current demand deteriorated slightly, and the share of firms expecting price increases remained unchanged from May.

In construction, confidence fell by 6.5 points to 111.4, the lowest level since January 2025. Companies assessed current demand more negatively and were less likely to expect employment growth. In the trade sector, the indicator fell by 0.9 points to 91.9. For the first time since July 2020, the proportion of business owners who reported a deterioration in their economic situation over the past three months outweighed those who reported an improvement; at the same time, however, expectations of improvement in the next quarter rose slightly.[10]

In selected services, the confidence indicator fell by 0.2 points to 102.2. Business owners assessed current demand more favourably, but their expectations for the next three months worsened. At the same time, the share of firms expecting to raise prices for their services increased quite significantly. In both trade and services, confidence remained below the June 2025 level.

Consumer confidence rose after two months of decline. Households were less concerned about a deterioration in the overall economic situation and were more likely to expect an improvement in their own financial situation over the next twelve months. The share of respondents who do not plan to make major purchases also declined slightly. Concerns about rising prices and unemployment remained virtually unchanged. For the retail sector, the improvement in consumer sentiment is a positive sign; at the same time, however, weaker business confidence in the retail sector indicates that the recovery in demand remains uneven.

[10] ckpr062426_komentar.pdf