

# ECONOMIC REPORT

CZECH TRADE AND TOURISM ASSOCIATION

**JUNE 2025**

This report works with data published as of 18 June 2025

## KEY MESSAGES

- **Inflation.** Consumer prices rose by 0.5% month-on-month in May, a reversal of the decline in April. Year-on-year inflation accelerated to 2.4%, thus getting closer to the CNB's inflation target. Price increases were mainly driven by developments in the food and non-alcoholic beverages, alcohol and tobacco sections. Prices of food and accommodation services also increased slightly, while fuel prices continued to fall.
- **Food prices.** On a month-on-month basis, prices of potatoes (+11.3%), sugar (+11.1%), chocolate (+7.1%), fruit (+2.2%) and meat (+1.4%) rose significantly. On a year-on-year basis, prices of eggs (+44.3%), chocolate (+23.4%) and fruit (+15.0%) rose the most. Prices of sugar (-24.4%) and flour (-7.3%) declined.
- **Retail sales.** April brought an acceleration in retail sales growth, which rose by 5.8% year-on-year and 1.2% month-on-month. Sales of fuel, food in non-specialised stores and online purchases were the drivers. Cosmetics and mail-order stores improved the most, while sales of clothing, footwear and leisure goods also performed well.
- **Labour market.** The share of unemployed remained at 2.7% in April. The seasonal recovery of the market brought a decline in the number of job seekers, but the share of those who have been unemployed for more than a year is rising. Retraining and digital courses are playing an increasingly important role, with over 20,000 people enrolled since the beginning of the year.
- **Exchange rate.** In May, the koruna exchange rate against the euro was in the range of 24.757-24.942 CZK/EUR. A slight depreciation was caused by geopolitical uncertainty related to the conflict in the Middle East; however, the exchange rate remained relatively stable at around 24.90.
- **Czech labour market developments in Q1 2025.** Wages grew by 3.9% in real terms in Q1, most in real estate, least in mining. The market continues to shift towards IT and care, while, for example, mining lost two-thirds of its workers. Up to 150,000 people are lacking, mainly in technical fields.

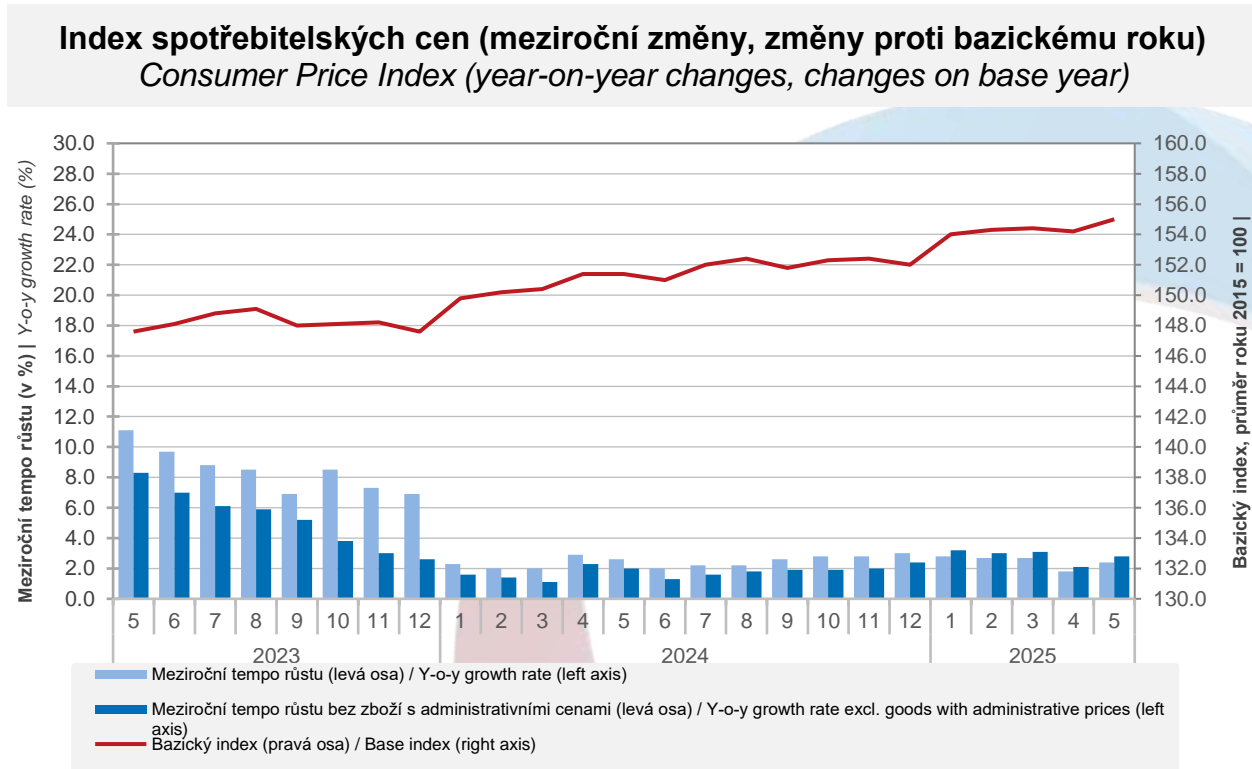
Indicator		Current value	Previous report
Inflation 5/2025	y-o-y	<b>+ 2,4 %</b>	+ 1,8 %
	m-o-m	<b>+ 0,5 %</b>	- 0,1 %
Food prices 5/2025	y-o-y	<b>+ 5,4 %</b>	+ 4,1 %
	m-o-m	<b>+ 1,3 %</b>	- 0,3 %
Retail sales 4/2025	y-o-y	<b>+ 5,8 %</b>	+ 3,4 %
	m-o-m	<b>+ 1,2 %</b>	+ 0,6 %
Unemployment rate 4/2025		<b>2,7 %</b>	2,7 %
CZK/EUR (18.6.2025)		<b>24,805</b>	24,936

## INFLATION AND FOOD PRICES

Consumer prices rose by 0.5% month-on-month in May, a marked acceleration from the 0.1% decline in April, mainly driven by price increases in the food and non-alcoholic beverages and alcoholic beverages and tobacco sections. The annual rate of consumer price inflation then rose by 2.4%, 0.6 pp higher than last month.<sup>1</sup>

Among foodstuffs, the month-on-month increases were mainly for potatoes (up 11.3%), sugar (up 11.1%), chocolate and chocolate products (up 7.1%), fruit (up 2.2%), soft drinks (up 2%), cheese and curd (up 1.5%), meat (up 1.4%) and bakery products and cereals (up 0.8%). In the alcoholic beverages and tobacco section, wine prices increased by 5.1%, spirits by 4.2% and beer by 1.0%. The seasonal increase in prices of spa stays, which rose by 12.5% month-on-month, contributed significantly to the price increase in the health sector. In the food and accommodation division, moderate growth continued, with prices of food services and accommodation rising by 0.3% and 1.8% respectively. In contrast, the slowdown in the month-on-month growth rate of consumer prices was mainly influenced by a fall in prices in transport, namely lower prices of fuels and oils, which fell by 1.9%.

FIGURE 1: CONSUMER PRICE INDEX



Source: CZSO

<sup>1</sup> [Consumer price indices - inflation - May 2025 | Rychlé informace](#)

In annual terms, consumer prices rose by 2.4% in May, but for the tenth month in a row this growth was dampened by fuel prices. Prices rose mainly for meat (up 3.6%, up from 1.4% in April), cheese and curd (up 6.8%, up from 5.4% in April), eggs (up 44.3%, up from 37.1% in April), fruit (up 15.0%, up from 12.8% in April) and chocolate and chocolate products (up 23.4%, up from 17.8% in April). By contrast, flour prices continued to fall year-on-year (down 7.3%, down 14.2% in April), as did sugar prices (down 24.4%, down 32.4% in April).

In May, the actual inflation rate of 2.4% differed from the CNB's spring forecast by only 0.1 pp.<sup>2</sup> The main reason for the rise in the inflation rate is the development of prices in more volatile items such as food, alcohol and tobacco. Alcohol prices in particular were probably affected by the Easter sales in April, while they returned to previous levels in May. The deviation of May data from the forecast thus remained very small across all monitored components.

In HICP terms, food prices in the Czech Republic rose by 5.4% year-on-year in May (4.1% in April). Across the EU, food prices increased by 3.1% on average (2.9% in April). By comparison, in Germany, annual food price growth slowed slightly to 2.8% (2.9% in April). In Austria, food prices rose by 2.3% year-on-year, in Slovakia by 2.7%, in Poland by 5% and in Hungary by 3.2%.<sup>3</sup>

## RETAIL SALES

Compared with the previous month, the year-on-year growth in retail sales had accelerated significantly, rising by 5.8% in real terms in April (up from 3.4% in March). Month-on-month, sales had increased by 1.2% in real terms, 0.6 pp more than in March. Sales of motor vehicles and repairs were up 4.8% year-on-year and 0.4% month-on-month. Fuel sales were the main contributor to this growth, followed by internet sales and sales of food in non-specialised stores.<sup>4</sup>

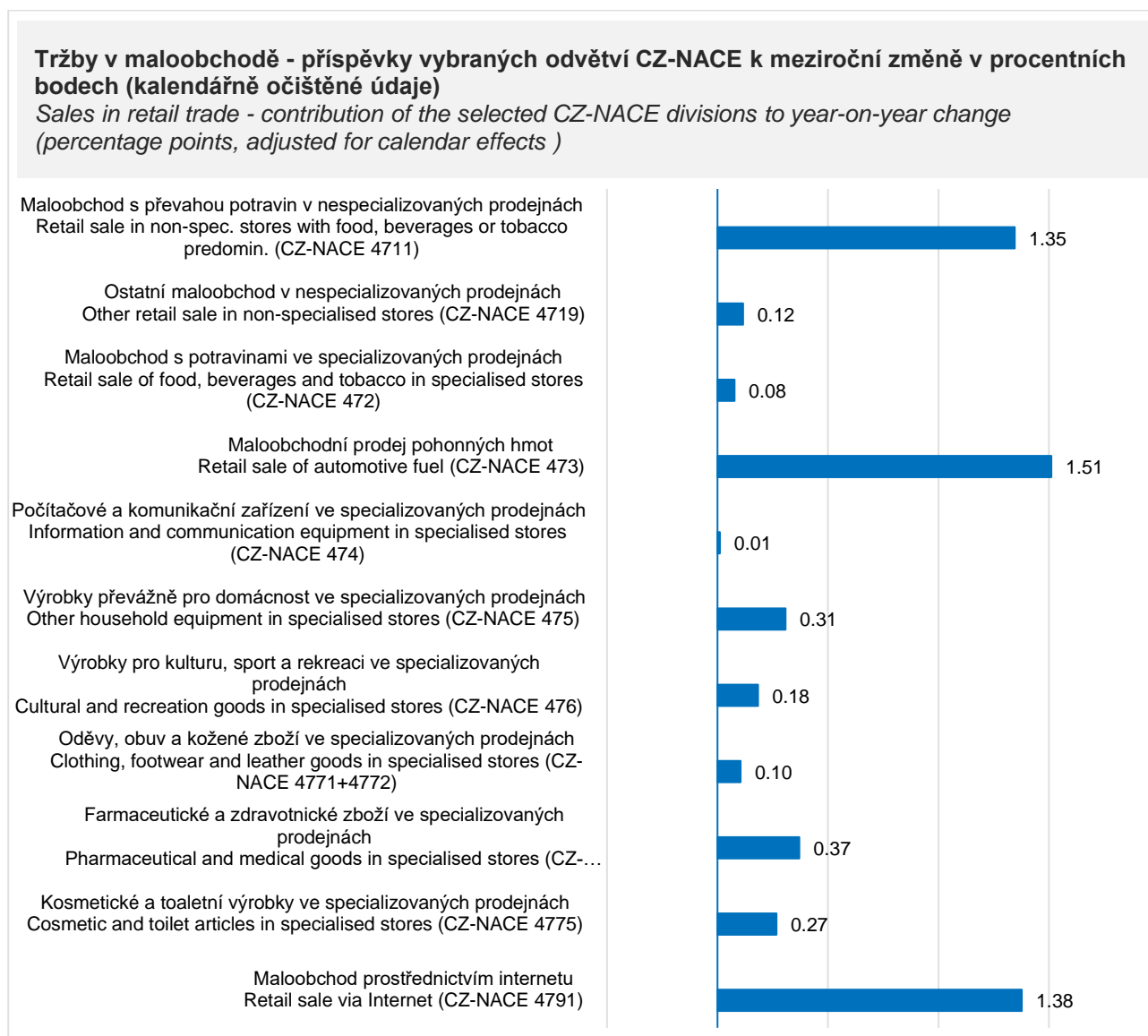
Sales in specialised stores selling cosmetics and toiletries rose by 11% year-on-year, in stores selling culture, sports and recreation products by 6.7% and in pharmaceutical and health care goods by 5.3%. Household goods stores also recorded growth, with sales up 2.7%, as did clothing and footwear stores, with a 2.1% increase, and computer and communication equipment stores, with a 1.2% rise. Non-specialised stores with a predominance of food increased sales by 3.9%, while specialised food stores reported growth of 2.2%. In non-specialised stores with a predominance of non-food items, sales increased by 6.5% and internet and mail order sales increased by as much as 10.9%.

<sup>2</sup> [Inflation reaches 2.4% in May - Czech National Bank](#)

<sup>3</sup> [HICP - monthly data \(annual rate of change\)](#)

<sup>4</sup> [Retail trade - April 2025 | Rychlé informace](#)

**FIGURE 2: RETAIL SALES (APRIL 2025)**



Source: CZSO

## LABOUR MARKET

The share of unemployed persons was 2.7% in April. Year-on-year, this share fell by 0.1 pp. The unemployment rate for men (2.3%) remained lower than that for women (3.2%).<sup>5</sup>

The labour market in April was marked by a seasonal recovery, which contributed to a decrease in the number of jobseekers by 3 600. Although a third of jobseekers are able to find a job within three months of being registered, the proportion of jobseekers looking for more than 12 months is

<sup>5</sup> [Rates of employment, unemployment and economic activity - April 2025 | Rychlé informace](#)

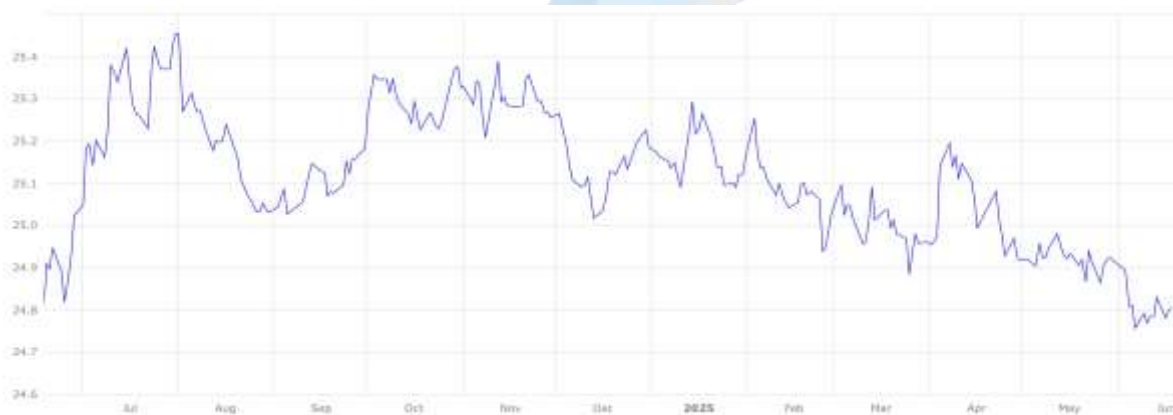
increasing. This reopens the debate on the need for systematic training and retraining. The Labour Office of the Czech Republic has intensified its activities in this area and at the end of April it supported more than 18,000 people through active employment policy instruments. More than 20,000 clients have participated in retraining since the beginning of the year, while interest in digital courses has also increased significantly.<sup>6</sup>

Significant regional disparities in the unemployment rate persisted in April. The districts of Most (9.4%) and Karviná (8.9%) continued to have the highest unemployment rates, followed by Bruntál, Chomutov and Sokolov, where unemployment rates remained between 7 and 7.5%. The districts around the capital, i.e. Prague-East and Prague-West, continue to report the lowest unemployment rates below 3%. Rychnov nad Kněžnou, Pelhřimov, Zlín, Benešov and Jičín also reported this rate. In terms of short-term developments, the April increase in the number of unemployed was most pronounced in the districts of Karviná, Teplice, Česká Lípa and Sokolov. In the year-on-year comparison, the districts of Most, Sokolov, Česká Lípa and Vsetín recorded the most significant deterioration in the situation.

## EXCHANGE RATE

In the past month, the exchange rate of the Czech koruna against the euro was in the range of 24.757-24.942 CZK/EUR. The exchange rate was significantly affected by increased geopolitical uncertainty due to the escalation of the conflict in the Middle East. This event caused investors to move away from riskier assets, including Central European currencies, and in turn boosted demand for safe currencies, which pushed the koruna slightly down. Nevertheless, the exchange rate remains relatively stable, with no signs of a significant weakening or strengthening trend.<sup>7</sup>

**FIGURE 3: DEVELOPMENT OF THE CZK/EUR EXCHANGE RATE**



Source: ECB<sup>8</sup>

<sup>6</sup> [Nezaměstnanost v únoru mírně vzrostla na 4,4 %. Volných pracovních míst oproti lednu přibýlo | ÚP](#)

<sup>7</sup> [Kurzy.cz](#)

<sup>8</sup> [Czech koruna \(CZK\)](#)

## CZECH LABOUR MARKET DEVELOPMENTS IN Q1 2025

According to the latest data from the Czech Statistical Office, wage growth in the Czech Republic continued in the first quarter of 2025. Average gross monthly wages increased by 6.7% year-on-year and by 3.9% in real terms.<sup>9</sup> In real estate activities, wages rose by 12%, while in the wholesale and retail trade segment, for example, they rose by 3%. Thus, although Czech wages are rising, the pace of convergence with more advanced European economies is not uniform, as some Eastern European countries, such as Lithuania, Estonia and Romania, have moved faster in this direction.

At the same time, the Czech labour market has been changing over the long term. Since joining the European Union, there have been significant changes in the sectoral structure of employment. The number of workers in information and communication activities has increased by 84% over the last 20 years, and in health and social care by 43%. By contrast, agriculture has lost around one third of its workforce and mining and quarrying two thirds. These shifts reflect both technological developments and demographic change, as well as growing demand for skilled services and care.

However, despite the increase in the number of employees, the Czech labour market is still facing a structural labour shortage. Approximately 150 000 jobs remain unfilled in the long term, mainly in technical and craft occupations. Women on parental leave represent an important potential, but their participation in the labour market is hampered by the low share of part-time jobs. In 2024, only 14% of women were part-time workers, well below the European average - this unused capacity is slowing down the development of the labour market and the competitiveness of companies.<sup>10</sup>

<sup>9</sup> [Český pracovní trh se za posledních 20 let výrazně proměnil. ČSÚ](#)

<sup>10</sup> [Zaměstnanců přibývá, firmám přesto chybějí lidé. Jak nás brzdí rigidní trh práce? Businessinfo.cz](#)