

1. Summary

- The Gross domestic product (GDP) went up by 3.3%¹ in 2021. The domestic demand contributed the most, especially the capital expenditure and household consumption. In contrast, the foreign demand decelerated the GDP growth, which was associated with the disruption of global supply chains and consequent slowdown of domestic export oriented industrial production. The domestic economy was lagging behind the year 2019 in real terms despite the growth. In Q4 2021 itself, the GDP grew by 3.6% year-on-year. It was again solely thanks to the domestic demand. The GDP grew by 0.9% compared to Q3 2021. Both consumption and capital expenditure however featured negative development and only the development of the foreign demand contributed to the growth. The Czech Republic ranked among the countries with below average year-on-year GDP growth within the EU states in Q4. The GDP grew by 4.8% in the EU year-on-year. Quarter-on-quarter, the GDP increased by 0.4% in the EU.
- The Gross value-added (GVA) increased by 3.0% in year 2021. It was for the main part due to services, especially public administration, education, health and social work and gradually recovering trade, transportation, accommodation and food service, further finance and insurance activities. Manufacturing also shared markedly on the GVA growth. Large part of branches of services as well as industry however still lagged in real terms behind the level from year 2019. The GVA increased by 2.9% year-on-year in Q4 2021 itself. While the GVA of services grew towards the end of the year – the most the division trade, transportation, accommodation and food service and also in other activities–, manufacturing curbed the total GVA growth for the reason of prevailing difficulties with the supplies of components. GVA grew by 0.7% quarter-on-quarter in Q4.
- Export of goods and services went up by 5.0%² in real terms in 2021 and import by 11.4%. Resulting balance reached surplus of 185.2 CZK bn, which represented worsening by 204.1 bn. The export slumped by 5.7% year-on-year in Q4 itself, while import was higher by 4.0%. Resulting balance attained surplus of 22.5 CZK bn, which was by 122.6 bn year-on-year worse result. Trade with oil and natural gas, basic metals and motor vehicles contributed the most to worsening of the balance of trade with goods in Q4. On the contrary, the trade with electricity had a favourable effect.
- Price level (according to the GDP deflator) increased in total by 4.1% in year 2021. In Q4 itself, the price grew by 3.3% year-on-year and it fell by 0.6% quarter-on-quarter. The year-on-year growth of the consumer prices accelerated throughout the whole year. They increased by 3.8% in total last year, the most since year 2008. Mainly the prices of transportation and housing and energies affected the sharp hike. The consumer prices grew by 6.1% year-on-year in Q4 and apart from prices of transportation and housing and energies the growing prices of food also contributed. The domestic and European industrial producers also strongly experienced the increase of prices of both oil and electricity last year. Industrial producer prices rose by 7.1% in the CR last year, the most since year 1995. They increased by 12.8% year-on-year in Q4.
- In Q4, several increases of the monetary policy-relevant rates occurred, which was significantly reflected on the size of the interest rates of credit for both households as well as businesses. The interest rates on term deposits were also raised. Interest rates on government bonds were also higher.
- The labour market was gradually returning to the state before the pandemics in the CR last year. The total employment, which reached 5.37 mil persons³ in Q4, was growing for a major part of the year. Especially the number of employees was expanding, in contrast the decrease in the number of entrepreneurs deepened. The general unemployment rate reached its maximum of 3.4% in March 2021, but it subsequently fell down to December 2.2%. This development alleviated the concerns of households regarding the unemployment growth. The average gross monthly wage increased in total by 6.1% to 37 839 CZK in 2021. In real terms it grew by 2.2%. The average wage reached 40 135 CZK in Q4 and it was by 4.0% higher year-on-year. However, with a view to the strong price growth the average real wage fell by 2.0% year-on-year in this period.

¹ Data regarding the GDP, gross value added and their components are expressed in constant prices and adjusted for seasonal and calendar effects.

² According to the methodology of quarterly national accounts (export and import in FOB/FOB prices).

³ Data regarding employment are given in the conception of national accounts and adjusted for seasonal effects.



- State budget ended in deficit of 419.7 CZK bn in 2021, which is by 52.2 bn worse result compared to the year 2020. Growth of current expenditures, especially the payments for state insured persons and also the non-investment transfers to business entities were mainly behind the deeper deficit. Especially in the second half of the year, the partially loosened pressure on the expenditure side as well as the gradual recovery of the economy assisted the higher tax collection. Reduction of tax burden on labour, capital and property and also the change of the budget allocation of taxes (to the benefit of regional budgets) were negatively reflected in the budget revenues.