6 March 2014

GDP in 2013 dropped due to fall of investments

## GDP resources and uses – the fourth quarter of 2013

**The gross domestic product adjusted for price, seasonal, and calendar effects decreased in 2013 compared to 2012 by 0.9%.**

**The gross domestic product (GDP) for 2013** adjusted for price effects, working days adjusted and seasonally adjusted**[[1]](#footnote-1)\*/** was **lower by 0.9%**, year-on-year, according to the refined estimate.

**GDP development in % (adjusted for price, seasonal, and calendar effects)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | Q4 | Year 2013 |
| compared to the corresponding quarter of 2012 | -2.2 | -1.6 | -1.0 | +1.3 | -0.9 |
| compared to the previous quarter | -1.2 | +0.3 | +0.3 | +1.9 | x |

Year-on-year and especially quarter-on-quarter development of the gross domestic product was (the same as in 2012) substantially influenced by uneven collection of the excise tax on tobacco products. Stocking-up by tobacco products in the end of the year and related to that duty to pay the relevant excise tax increased in the given quarter the GDP at the expense of the following one or two quarters. To assess the development of an overall performance of the economy, it is thus more suitable to use the **gross value added (GVA)** indicator, which does not include tax income.

**GVA development in % (adjusted for price, seasonal, and calendar effects)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | Q4 | Year 2013 |
| compared to the corresponding quarter of 2012 | -1.9 | -1.4 | -0.7 | +0.6 | -0.8 |
| compared to the previous quarter | -0.2 | 0.0 | +0.2 | +0.6 | x |

Decreasing of the economy performance during the entire year 2012 as measured by the development of generated gross value added continued also in the first quarter of 2013. After stabilisation during the second quarter, the economy has been growing quarter-on-quarter in the second half-year and in the fourth quarter it was growing even year-on-year. Nevertheless, the y-o-y GVA growth in the Q4 has to be assessed having in mind the low comparison basis in 2012.

Demand components influenced the **GDP development in 2013** in a differentiated way. The
y-o-y drop of the GDP by 0.9% in total was mainly as a result of a decrease of investments in fixed assets, even despite their partial recovery in the fourth quarter. Final consumption expenditure of households as well as the active balance of external trade were stagnating in the total for the entire year. Final consumption expenditure of general government influenced the GDP development in a slightly positive way.

**Structure of the demand**

**Final consumption expenditure** increased in total by 0.4%, y-o-y, with different development of the main components. Expenditure of institutions of the general government were higher by 1.9%, y-o-y, while households spent by 0.2% less compared to 2012, even despite the revived growth by 0.7% in the fourth quarter of 2013. As measured by constant prices, households spent less in 2013 especially on food, alcoholic beverages, furniture, maintenance and repairs of dwellings, food service activities, recreation, and pharmaceuticals. On the contrary, they spent more than in 2012 chiefly on clothing, electricity and heat, household textiles, audio and video technology. Household expenditure increased at current prices by 1.0% when the price level grew by 1.2%.

**Gross capital formation** was lower by 4.0%, y-o-y, in 2013; formed fixed assets were lower by 3.3% compared to 2012, especially due to fall of investments of construction character. Also investments to machinery equipment and transport equipment were lower than a year before. Stock of inventories (non-adjusted for seasonal effects) has remained almost unchanged for the entire year 2013; their marked growth in the Q3 basically compensated drops during the other quarters.

In **external trade**, both exports and imports of goods increased almost the same in 2013 (+0.9% and +0.8%, respectively); export prices increased by 1.3%, while import prices dropped by 0.3%.

**Development of the supply**

**Gross value added** decreased in the total for the entire year by 0.8%. Financial and insurance activities positively contributed to the GVA formation. Contribution of the manufacturing industry, which is a key branch, was neutral in the average for the entire year: the growth in the Q4 was just enough to compensate the negative development of the Q1 and partially also Q2. Agriculture, construction, trade, and some market services have not reached the level of the previous year.

**Taxes on products** dropped in total by 1.5%, y-o-y, the development being much differentiated during the year. In the Q1 to Q3 there were marked decreases of more than 3%, which were partially compensated by the 5.5% growth in the Q4 that was influenced by an enormous collection of the excise tax on tobacco products.

In 2013, the economy of the Czech Republic generated the GDP in the amount of CZK 3 881 bn at **current prices**, i.e. by 0.9% more than in 2012. The GDP deflator expressing the change of the overall price level for the entire year increased by 1.8%, y-o-y, of which in the Q4 it was by 2.2%.

Total **employment** in terms of national accounts, which includes employees and the self-employed, increased compared to 2012 in average by 0.9% to 5 124 thousand persons. However, they worked by 0.8% less hours in total.

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Related CZSO web page: www.czso.cz/csu/csu.nsf/engkalendar/aktual-hdp

*Next News Release will be published on: 1 April 2014 (Quarterly National Accounts for the fourth quarter of 2013)*

1. \*/ *Unless otherwise stated, all data presented in the News Release are adjusted for price, seasonal, and calendar effects.* [↑](#footnote-ref-1)