29 August 2014

GDP increased in the Q2 2014 by 2.7%, y-o-y

## GDP formation and use – the second quarter of 2014

The gross domestic product in the second quarter increased by 2.7%, year-on-year (y-o-y).

According to the refined estimate, the **gross domestic product (GDP)** adjusted for price effects and seasonally adjusted/[[1]](#footnote-1)\* increased **by 2.7%, y-o-y, in the Q2 2014; in the quarter-on-quarter (q-o-q) comparison it remained unchanged.**

The overall performance of the economy of the CR remained unchanged in the Q2 2014, q-o-q. Final consumption expenditure remained unchanged as well. Expenditure on capital formation increased by 2.3%; imports increased by 0.3%, q-o-q. Slow deceleration was reported by exports, which dropped by 0.4%.

**Development in the Q2 2014**

**Demand components**

The **final consumption expenditure** increased by 2.0%, y-o-y. Compared to the previous quarter, the expenditure remained unchanged. In households, final consumption expenditure increased by 1.9%, y-o-y. Consumers were more interested in durable goods, mainly furnishings and transport equipment. Expenditure on food, accommodation and food service activities, and routine maintenance of the house increased, too.

The **capital formation** increased by 10.8%, y-o-y. Fixed capital formation was by 6.9% higher, y-o-y, while in the q-o-q comparison it dropped by 1.4%. The y-o-y growth was contributed to mainly by investments to transport equipment, other buildings and structures, and other machinery and equipment. Investments to dwellings (flats, family houses) dropped.

**External trade** in the Q2 2014 compared to the Q1 2014 stopped being the main factor of the GDP formation. Imports increased by 11.3%, y-o-y, while exports only by 8.9%. The positive balance at current prices in the Q2 2014 increased by CZK 8.3 bn, y-o-y, to CZK 77.2 bn.

**Structure of the supply**

The **gross value added (GVA)** increased by 3.3%, y-o-y; in manufacturing it was by 8.7%, in construction by 2.4%, in trade by 2.3%, and in real estate activities by 4.3%. A negative result was reported by financial and insurance activities, in which the GVA dropped by eight percent. In the q-o-q comparison, the GVA increased by 0.5%.

**Employment**

In the Czech Republic, in terms of national accounts, 5 145 thousand persons were employed on average in the Q2 2014, which was by 0.1% more, y-o-y. The number of hours worked increased by 1.2%, q-o-q.

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Used data sources updated as at: 25 August 2014

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

Next Release will be published on: 1 October 2014 (Quarterly National Accounts for the second quarter of 2014)

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