

4.6. Aggregate Demand and Supply

- **Changes in structure in favour of domestic sector**

Aggregate demand and supply experienced also substantial structural changes in 2009, which were larger on the supply side than on the demand side, particularly as a result of creation of inventory. The change in structure took place in favour of the domestic sector, which constitutes a striking difference compared to the long-term development when the external sector was continuously gaining dominance and its influence was significantly strengthened. The value of aggregate demand and supply, amounting to 5,982.4 billion CZK for 2009, was 332.0 billion CZK lower than a year ago, with the realized domestic demand decreasing by 9.6 billion CZK only and the effective domestic supply actually increasing by 29.9 billion CZK. The share of domestic demand in aggregate demand increased by 2.8 percentage points (to 57.8%), while the share of domestic supply in aggregate supply increased by 3.7 percentage points (to 61.3%). Effective domestic supply exceeded realized domestic demand by 6.0% in 2009, which was 1.2 percentage points more than last year. The increased coverage of domestic demand by domestic supply shows the improving relation between domestic economy and foreign countries in terms of the level of financing of capital expenditure by external sources in current prices.

Table No. 4.6.1 Aggregate demand and supply

In current prices, structure in %

	2005		2006		2007		2008		2009	
	billion CZK	%	billion CZK	%	billion CZK	%	billion CZK	%	billion CZK	%
Aggregate demand	5 019.5	100.0	5 507.5	100.0	6 125.7	100.0	6 314.4	100.0	5 982.4	100.0
of which:										
Domestic demand	2 864.9	57.1	3 045.1	55.3	3 295.4	53.8	3 470.4	55.0	3 460.8	57.8
External demand	2 154.6	42.9	2 462.4	44.7	2 830.3	46.2	2 844.0	45.0	2 521.6	42.2
Aggregate supply	5 019.5	100.0	5 507.5	100.0	6 125.7	100.0	6 314.4	100.0	5 982.4	100.0
of which:										
Domestic supply	2 959.6	59.0	3 155.4	57.3	3 471.2	56.7	3 638.4	57.6	3 668.3	61.3
External supply	2 059.9	41.0	2 352.1	42.7	2 654.5	43.3	2 676.0	42.4	2 314.1	38.7

Source: CZSO, national accounts, own calculations

- **Substantially higher negative influence of external sector than of domestic sector**

In real terms, aggregate demand and supply decreased by 5.3% in 2009 on a year-to-year basis. The volume of domestic demand declined by 1.3% and had a much less negative effect (-0.7 percentage points) on the aggregate than external demand (-4.6 percentage points). The volume of domestic supply declined by 1.7% with a 1.0 percentage point negative influence on the aggregate, whereas this influence can be broken down to the negative effect of GDP (-2.6 percentage points) and the positive effect from creation of inventory (1.6 percentage points). External supply contributed with 4.3 percentage point negative effect on the aggregate. The difference between the positive influence in 2008 and the negative influence in 2009 reached -1.6 percentage points for domestic demand, while being significantly higher for domestic supply (-2.7 percentage points).

Table No. 4.6.2 Development of aggregate demand and supply

In % and percentage points (p.p.) from constant prices

	2005		2006		2007		2008		2009	
	Y/y in %	Effect p.p.	Y/y in %	Effect p.p.	Y/y in %	Effect p.p.	Y/y in %	Effect p.p.	Y/y in %	Effect p.p.
Aggregate demand	106.2	6.2	109.3	9.3	109.8	9.8	103.7	3.7	94.7	-5.3
of which: Domestic demand	102.4	1.4	104.5	2.5	105.5	3.1	101.7	0.9	98.7	-0.7
External demand	111.6	4.8	115.8	6.8	115.0	6.7	106.0	2.8	89.8	-4.6
Aggregate supply	106.2	6.2	109.3	9.3	109.8	9.8	103.7	3.7	94.7	-5.3
of which: Domestic supply	107.1	4.2	105.9	3.5	106.4	3.7	102.9	1.7	98.3	-1.0
External supply	105.0	2.0	114.3	5.8	114.3	6.1	104.7	2.0	89.8	-4.3

Note: Y/y is the year-on-year change

Source: CZSO, national accounts, own calculations