2 March 2021

Gross domestic product decreased by 5.6% in 2020

## GDP resources and uses – the fourth quarter of 2020

According to the refined estimate, the gross domestic product increased in the Q4 2020 compared to the previous quarter by 0.6% and decreased by 4.7% in the year-on-year comparison. The GDP decrease for the whole year 2020 was 5.6%.

The Czech economy improved in the last quarter of 2020, compared to the previous quarter, however, when compared year-on-year, the deep fall continued. The **gross domestic product** (GDP)adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **in the Q4** **was by 0.6% higher compared to the previous quarter. Compared to the corresponding quarter of 2019, the GDP decreased by 4.7%.**

**GDP development (%)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2020** |
| Compared to the previous quarter  | −3.1 | −8.7 | +7.1 | **+0.6** | **−5.6** |
| Compared to the corresponding quarter of 2019 | −1.8 | −10.8 | −4.9 | **−4.7** |

**GVA development (%)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2020** |
| Compared to the previous quarter  | −2.4 | −9.6 | +7.5 | **+0.5** | **−5.5** |
| Compared to the corresponding quarter of 2019 | −1.3 | −11.1 | −4.9 | **−4.7** |

The **gross value added** (GVA) **increased** in the Q4 2020 **by 0.5%,** **quarter-on-quarter** **(q-o-q), and decreased by 4.7%, year-on-year (y-o-y)**. In the q-o-q comparison, mainly the following economic activities were successful: manufacturing (+2.3%), information and communication (+2.2%), and financial and insurance activities (+3.5%). The following decreased: construction (−1.2%), a group of economic activities of trade, transportation, accommodation and food service activities (−6.6%), and other service activities (−13.9%). The following economic activities were contributing the most to the y-o-y decrease of the GVA (−4.7%): a group of economic activities of trade, transportation, accommodation and food service activities (−2.7 percentage points (p. p.), year-on-year decrease by 14.7%), professional, scientific, technical and administrative activities (−1.0 p. p., −12.8%), and industry (−0.4 p. p., −1.4%). Positive contributions were made mainly by the following economic activities: public administration, education, human health and social work activities (0.3 p. p., +1.8%).

**On the demand side**, decreasing consumption expenditure of households and expenditure on the fixed capital formation were key factors of the GDP decrease in the Q4 2020. The y-o-y decrease of GDP (−4.7%) was influenced the most by final consumption expenditure of households (−3.8 p. p.[[2]](#footnote-2)) and investment expenditure (−3.4 p. p.). On the contrary, external demand (+3.4 p. p.) and the general government expenditure (+1.0 p. p.) had a positive influence.

**Consumption expenditure of households** decreased by 4.2%, q-o-q (by 8.3% in the y-o-y comparison). Especially expenditure on purchases of durable and semi-durable goods and services were decreasing.

**Fixed capital formation** dropped by 0.3%, q-o-q, and by record-breaking 12.3%, y-o-y. Mainly investments in transport equipment and machinery equipment recorded a deep slump. However, a y-o-y decrease continued also as for investments in dwellings and other buildings and structures.

The **balance of goods and services** at current prices reached the value of CZK 145.5 bn; thus it was by CZK 69.3 bn higher than in the corresponding period of the previous year. Exports increased in real terms by 6.6%, q-o-q, and by 4.7%, y-o-y. Exports of goods increased by 6.9%, q-o-q, and 8.9%, y-o-y. The development was influenced the most by an increase in exports of chemicals, electronic and optical products, electrical equipment, and motor vehicles. Imports increased by 6.1%, q-o-q (+0.2%, y-o-y), namely thanks to an increase in imports of chemicals and electrical equipment.

As for the price development in the Q4 2020, the total GDP deflator increased by 0.6%, q-o-q, and by 4.2%, y-o-y.

The volume of labour costs[[3]](#footnote-3) increased by 2.3%, y-o-y, in the Q4 2020.

**Total employment**[[4]](#footnote-4) decreased by 0.5% compared to the previous quarter and in the y-o-y comparison it decreased by 1.9%. A decrease of employment occurred mainly in industry and in a group of economic activities of trade, transportation, accommodation and food service activities. Conversely, employment grew mainly in construction and in the economic activity of information and communication.

GDP resources and uses in 2020

The **GDP for 2020** was **by 5.6% lower** than in 2019. The following were the main factors of a year-round decrease: consumption expenditure of households and capital formation expenditure. Negative contributions were as follows: household consumption (−1.9 p. p.), capital formation (−3.1 p. p.), and external demand (−1.2 p. p.). Contribution of the general government expenditure was positive (+0.6 p. p.).

The **GVA in 2020** **decreased** **by 5.5%** compared to the previous year. The economic decrease occurred in most economic activities of the Czech economy. The GVA decrease was the most contributed to by development in a group of economic activities of trade, transportation, and accommodation (−2.2 p. p.) and in industry (−2.1 p. p.). Successful were information and communication and a group of economic activities of public administration, education, and human health and social work activities.

**Final consumption expenditure of households** decreased by 5.2%. **Gross fixed capital formation** for the whole year 2020 was by 8.5% lower than in 2019. Mainly investments in transport equipment and machinery equipment were decreasing. **General government expenditure** increased by 2.9%, especially thanks to fast increasing collective consumption expenditure. The **international trade balance** increased at current prices by CZK 42.3 bn, y‑o‑y, to CZK 390.5 bn.

**Total employment** decreased by 1.5%, y-o-y, to 5 351 thousand persons. In total, there were by 6.0% less hours worked than in 2019.

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Time series: <https://www.czso.cz/csu/czso/hdp_ts>

The News Release web page: <https://www.czso.cz/csu/czso/quarterly-national-accounts-gdp-resources-and-uses-and-gdp-preliminary-estimate>

*Next Release will be published on: 30 April 2021 (GDP preliminary estimate for the first quarter of 2021)*

1. *Unless otherwise stated, all data presented in this news release are adjusted for price, seasonal, and calendar effects.*  [↑](#footnote-ref-1)
2. *Contributions to the GDP growth (imports for final use excluded), unless otherwise stated.* [↑](#footnote-ref-2)
3. *At current prices, not seasonally adjusted.* [↑](#footnote-ref-3)
4. *In terms of national accounts.*  [↑](#footnote-ref-4)