31 August 2021

Czech economy increased by 1.0%, q-o-q

## GDP resources and uses – the second quarter of 2021

According to the refined estimate, the gross domestic product increased by 1.0%,   
quarter-on-quarter, in the Q2 2021 and by 8.2%, year-on-year. The positive   
quarter-on-quarter GDP development was supported mainly by an increase of final consumption of households and by gross fixed capital formation.

The refined estimate confirmed the increase of the Czech economy both in the quarter-on-quarter (q-o-q) and in the year-on-year (y-o-y) comparisons. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **increased by 1.0%, q-o-q, and in the y-o-y comparison by 8.2%.**

The **gross value added** (GVA) **increased by 0.7%, q-o-q.** The GVA mainly increased in the group of economic activities of trade, transportation, accommodation and food service activities (+3.5%) and in manufacturing (+1.1%). Also construction (+0.5%) and most of economic activities of services were successful. Besides the growth of value added, the quarter-on-quarter GDP development was also influenced by higher collection of taxes on products, especially the collection of value-added tax.

In the **year-on-year** comparison, **the GVA increased by 8.4%**. The GVA formation increase was influenced the most by the development in industry (contribution 5.2 p. p., growth by 19.9%), in the group of economic activities of trade, transportation, accommodation and food service activities (1.6 p. p., +9.4%), and in the group of economic activities of public administration, education, and human health and social work activities (0.7 p. p., +4.2%).

**On the demand side**, the q-o-q increase of GDP was mainly influenced by higher expenditure on final consumption of households and by gross fixed capital formation. Conversely, external demand had a negative influence. The y-o-y growth of GDP by 8.2% was contributed to by the following: total expenditure on final consumption (1.8 p. p.[[2]](#footnote-2)), gross capital formation (1.6 p. p.), and external demand (4.8 p. p.).

**Final consumption expenditure** increased by 4.2%, q-o-q, and by 6.0%, y-o-y. Of that, final consumption expenditure of **households** increased by 6.5%, compared to the previous quarter, and in the comparison to the corresponding quarter of the previous year it increased by 7.4%. Especially consumption of durable and semi-durable goods increased as well as expenditure on services. **Final consumption expenditure of general government** decreased by 0.2%, q-o-q, and increased by 3.0%, y-o-y. In the year-on-year comparison, collective consumption expenditure continues to highly increase, whereas expenditure on individual consumption has already decreased.

**Gross fixed capital formation** increased by 4.2%, q-o-q. In the y-o-y comparison it increased by 1.5%. More investments were made mainly in dwellings, purchase of transport equipment, and other machinery and equipment.

**Change in inventories**3 was CZK +58.9 bn in the Q2 2021. Mainly inventories of work in progress and finished goods of industrial enterprises were increasing, by which they again significantly contributed to the growth of the total gross capital formation.

The **international trade balance** at current prices increased by CZK 15.0 bn, y-o-y, in the Q2 2021 to CZK 56.3 bn. Exports of goods and services increased by 0.6%, q-o-q; in the y-o-y comparison, it increased by 30.6%. The year-on-year increase of exports was influenced mainly by trade in electrical equipment, rubber and plastic products, and export of motor vehicles. Imports of goods and services increased by 4.9%, q-o-q, and by 31.3%, y-o-y. The following contributed significantly to the y-o-y development of imports: increase in imports of basic metals, electrical equipment, and sub‑deliveries for the automotive industry.

As for the price development in the Q2 2021, the total GDP deflator reached 4.3%, y-o-y.

The volume of labour costs[[3]](#footnote-3) increased by 14.2%, y-o-y, in the Q2 2021.

In the Czech Republic, in the Q2 2021, 5 345 thousand persons were employed[[4]](#footnote-4) in average. The **total employment** **increased by 0.7%,** **q-o-q; in the y-o-y comparison it increased by 0.3%.** The number of hours worked was by 2.1% higher, q-o-q, and in the y-o-y comparison it increased by 6.6%.

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Used data sources updated as at: 25 August 2021

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: 29 October 2021*

*(GDP preliminary estimate for the third 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)* [↑](#footnote-ref-2)
3. *at current prices, not seasonally adjusted* [↑](#footnote-ref-3)
4. *in terms of national accounts* [↑](#footnote-ref-4)