31 March 2023

Income of households decreased by 5.4% in 2022

Quarterly sector accounts – the fourth quarter of 2022

The total of monetary and non-monetary income of households decreased in real terms by 5.4% in 2022. The real consumption per capita decreased by 0.8%, year-on-year (y-o-y). The saving rate decreased by 2.1 percentage points (p. p.) to 17.3% compared to 2021. Profit belonging to foreign owners of corporations (profit from foreign investment) reached 6.2% of GDP in 2022.

Non-financial corporations: the profit rate stagnated

The *profit rate* in the Q4 2022 was 46.9% and thus it reached the same value as in the previous quarter, however, by 2.4 p. p.1 more, year-on-year. The total labour costs of non-financial corporations increased by 8.8%1, y-o-y. The *investment rate* decreased by 0.4 p. p., q-o-q, and reached 28.9%. It increased by 1.0 p. p.1, year-on-year.

Households: both income and consumption decreased

*The total of real monetary and non-monetary income of households per capita* decreased in the Q4 2022 by 1.2%, q-o-q, and by 6.3%1 in the year-on-year comparison. *Real consumption of households per capita* decreased by 4.1%, quarter-on-quarter, and by 7.0%1, year-on-year.

The ***average monthly income from employment*** reached CZK 44 0741 in the Q4 2022. It decreased in real terms by 0.2%, q-o-q; in the y-o-y comparison, it decreased by 7.5%1.

Resulting from the lower quarter-on-quarter decrease in total income of households than their expenditure was a higher ***saving rate***, namely 21.7%. In the quarter-on-quarter comparison, the household saving rate was by 5.5 p. p. higher; in the y-o-y comparison, it increased by 1.5 p. p.1.

The ***investment rate*** in the household sector stagnated, quarter-on-quarter, and reached 9.4%. In the year-on-year comparison, the investment rate of households decreased by 0.3 p. p.1

In the 4th quarter, the way Ukrainian refugees are captured in the national accounts changed; newly, they are considered for statistical purposes to be residents in the Czech Republic. For more information see the methodological note: [commentary (czso.cz)](https://www.czso.cz/documents/11350/167650010/ahdp030323_komentar.pdf/13bdeaab-0bfa-4e45-9a19-4f2c62888c8d?version=1.0)

**Year 2022**

Non-financial corporations: investment rate increased by 1.7 p. p.

The ***profit rate*** in 2022 reached 46.1%, which was by 0.2 p. p.1 less, y-o-y. The profit rate in the Czech Republic remained above the European Union’s average, which is approximately 40%. Also in nominal terms, profits increased, y-o-y, despite an increase of labour costs, which increased by 9.7%1, year-on-year. The ***investment rate*** increased by 1.7 p. p.1 compared to that of 2021 and reached 29.4%.

The **profit rate** and the **investment rate** of non-financial corporations (%)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2022** |
| Profit rate | 45.0 | 45.3 | 46.9 | **46.9** | **46.1** |
| Investment rate | 29.4 | 30.1 | 29.3 | **28.9** | **29.4** |

Households: real income decreased by 5.4%

*“The household real income per capita decreased by 5.4% compared to that of 2021 and the household real consumption per capita decreased by 0.8%,”* Vladimír Kermiet, Director of the National Accounts Department of the Czech Statistical Office (CZSO), said.

**Household real income and expenditure**, y-o-y change (%)1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2022** |
| Real income | -3.8 | -6.9 | -5.1 | **-6.3** | **-5.4** |
| Real consumption (expenditure) | 7.0 | 0.9 | -4.5 | **-7.0** | **-0.8** |

The ***average monthly income from employment*** reached CZK 40 975**1** in 2022 and decreased by 8.0%, in real terms, compared to 2021.

The ***saving rate*** reached 17.3% in 2022 and was by 2.1 p. p.1 lower than in 2021. The ***investment rate*** in the household sector reached 9.6% in 2022 and thus it increased by 0.1 p. p.1

**Relationship to the rest of the world in 2022: profit from foreign investment reached CZK 424 billion**

***The profit from foreign investment* (profit belonging to foreign owners of corporations)** reached 6.2% of GDP. Foreign owners distributed CZK 300 billion in the form of dividends; almost CZK 124 billion were reinvested. This development reflects high profitability of foreign direct investment in the Czech Republic.

On the contrary, the outflow of income from profit was partially compensated by an inflow of income from abroad, especially by income from employment and by subsidies. A balance of primary income from abroad was by CZK 45 billion worse, y-o-y, and reached CZK −295 billion.

The **gross national income** decreased in real terms by 1.0% in 2022.

The **gross disposable income** for the whole economy decreased in real terms by 0.8% in 2022.

**GDP estimate refinement**

New data for the general government sector were also included in the sector accounts for the fourth quarter of 2022, which resulted in the refinement of the gross domestic product (GDP) growth rate estimate. The GDP decreased by 0.4%, quarter-on-quarter, and increased by 0.3%, in the year-on-year comparison, in the fourth quarter of 2022. The GDP increased by 2.5% in year 2022. For the time series of GDP resources and uses see: <https://www.czso.cz/csu/czso/hdp_ts>.

1 seasonally non-adjusted piece of data

All terms are in terms of national accounts; for explanations of terms written in **bold italics** see: <https://apl.czso.cz/nufile/Definitions.pdf>.

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Used data sources updated as at: 27 March 2023

Related CZSO website: <https://www.czso.cz/csu/czso/quarterly-national-accounts-gdp-resources-and-uses-and-gdp-preliminary-estimate>

Next Release will be published on: 30 June 2023 (Quarterly Sector Accounts for the first quarter of 2023)

*Data of quarterly sector accounts are seasonally adjusted unless otherwise stated.*

*The news releases of Eurostat on quarterly sector accounts are published later. The latest published information for the third quarter of 2022 is available at:*

https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-27012023-AP,

https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-11012023-AP.

*Quarterly sector accounts data are published on the CZSO website in the tables of Transactions in products and distributive transactions by sector:* <http://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa?mylang=EN&oblast=@RU>

*and quarterly non-financial sector accounts (current and capital accounts):*

<http://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa_mat?mylang=EN&oblast=@RU>