29 August 2023

GDP decreased by 0.4%, y-o-y

## GDP resources and uses – the second quarter of 2023

According to the refined estimate, the gross domestic product decreased by 0.4%,
year-on-year, in the Q2 2023. In the quarter-on-quarter comparison, it increased by 0.1%. The year-on-year GDP decrease was influenced by lower final consumption expenditure of households and a decrease in inventories, whereas final consumption expenditure of general government, gross fixed capital formation, and external demand had a positive effect.

The refined estimate confirmed a slight quarter-on-quarter (q-o-q) increase of the Czech economy, while in the year-on-year (y-o-y) comparison there was a decrease for the second successive quarter already. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **was by 0.1% higher, q-o-q. In the y-o-y comparison, the GDP decreased by 0.4%.**

The **gross value added** (GVA) **decreased by 0.2%, q-o-q,** and **increased** **by 0.6%, y-o-y,** in the Q2 2023. A different development from the GDP was mainly caused by changes in the dynamics of paid subsidies on products since the beginning of the year. The q-o-q comparison of the GVA was the most negatively influenced by a group of economic activities of trade, transportation, and accommodation and food service activities (-1.0%). Positive effects came from industry with a 0.2% growth and financial and insurance activities (+2.5%).

The y-o-y GVA growth (+0.6%) was the most contributed to by manufacturing +0.9 percentage point (p. p.; growth by 3.8%) and information and communication +0.4 p. p. (+5.6%). The following had a negative influence: construction -0.2 p. p. (-2.7%) and a group of economic activities of trade, transportation, and accommodation and food service activities, which contributed -0.2 p. p. (-1.3%).

*“****On the demand side****, gross fixed capital formation and external demand were the main factors of the quarter-on-quarter GDP growth in the Q2 2023. Higher final consumption expenditure of households that increased for the first time after six quarters also had a positive contribution. On the other hand, a change in inventories had a significantly negative influence
on the quarter-on-quarter comparison,”* Vladimír Kermiet, Director of the National Accounts Department of the Czech Statistical Office (CZSO) comments on the data.

The y-o-y development of GDP was negatively affected by final consumption expenditure of households -1.9 p. p.[[2]](#footnote-2) and by a change in inventories -2.5 p. p. Final consumption expenditure of general government +0.7 p. p., gross fixed capital formation +0.8 p. p., and external demand +2.5 p. p. had a positive influence.

**Final consumption expenditure** increased by 0.3%, q-o-q. In the y-o-y comparison, it decreased by 2.0%. Of that, final consumption expenditure of **households** increased by 0.2%, q-o-q. Expenditure on purchase of non-durables and services increased. Final consumption expenditure of households decreased by 4.5%, y-o-y. Final consumption expenditure of **general government** increased, q-o-q, by 0.3% and in the y-o-y comparison it was by 3.3%.

**Gross fixed capital formation** increased by 3.4%, q-o-q. In the y-o-y comparison, it increased by 2.5%. Increasing were investments in transport equipment, ICT, and in other machinery and equipment to which mainly the sectors of non-financial corporations and of the general government contributed. On the other hand, investments in dwellings and in other buildings and structures were decreasing. **Change in inventories**[[3]](#footnote-3) was CZK +57.1 billion, which was by CZK 51.4 billion less compared to the corresponding quarter of the previous year.

The **international trade balance of goods and services** at current prices reached the value of CZK 100.9 billion; thus, it was by CZK 101.0 billion higher than in the corresponding period of the previous year. Exports decreased in real terms by 0.5%, q-o-q. In the y‑o-y comparison, it increased by 4.5%, in which the development was influenced the most by an increase in export of electrical equipment and motor vehicles. Imports decreased by 1.2%, q-o-q; in the y-o-y comparison, imports increased by 0.8%.

As for the price development in the Q2 2023, the total GDP deflator increased by 10.2%, y-o-y.

The **total employment**[[4]](#footnote-4) increased by 1.0%, q-o-q; in the y-o-y comparison, it increased by 0.8%. In total, by 0.2% more hours were worked in the q-o-q comparison; in the y-o-y comparison, it was by 0.9% more.

Notes:

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Used data sources updated as at: 22 August 2023

Time series: [Quarterly national accounts (czso.cz)](https://apl.czso.cz/pll/rocenka/rocenka.indexnu_kvart?mylang=EN&co=Q_HDP_ZAM)

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

*Next news release will be published on: 31 October 2023*

*(GDP preliminary estimate for the third quarter of 2023)*

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 adjusted for seasonal effects* [↑](#footnote-ref-3)
4. *in terms of national accounts* [↑](#footnote-ref-4)