28 August 2015

Domestic demand-pull growth in the Q2

## GDP resources and uses – the second quarter of 2015

The gross domestic product in the second quarter was higher by 4.4%, year-on-year (y‑o‑y); compared to the previous quarter it increased by 1.0%.

According to the refined estimate, the Czech economy underwent a significant growth in the Q2 2015, both in the y-o-y and q-o-q comparisons. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted/[[1]](#footnote-1)\* increased **by 4.4%, y-o-y**;compared to the**Q1 2015**, it increased **by 1.0%** at constant prices.

The **gross value added** (GVA)increased by **3.8%**, **y-o-y**, and by **0.9%, q-o-q**. The economic growth was rather evenly distributed among all economic activities of the domestic economy. Manufacturing increased by 7.0%, y-o-y, and by 1.1% when compared to the Q1 2015. The y‑o‑y growth in construction was 3.1%. Also all of the economic activities in services grew markedly. Trade, transport, and accommodation increased by 2.8%, information and communication activities by 4.4%, and professional, scientific, technical and administrative activities by 5.9%, y-o-y.

On the **demand side**, the influence of capital formation supported by household consumption growth is strengthening. The q-o-q GDP growth was pulled by household consumption (a third contribution) and investment activities (two thirds contribution). Y-o-y, contribution to the GDP growth was distributed more evenly and also external trade contributed to it.

**Final consumption expenditure of households** increased by 3.1%, y-o-y. The same as in the previous quarter, expenditure grew on durable and non-durable goods as well as services. Q‑o‑q, household consumption increased by 0.7%. **Final consumption expenditure of general government** increased by 2.5%, y-o-y; in the q-o-q comparison it was by 0.5%.

**Investment activity** significantly increased in the Q2 2015. **Fixed capital formation** was 5.9% up, y-o-y, and 3.5% up, q-o-q. The y-o-y growth of fixed capital was contributed to mainly by investments to buildings and structures, however, investments to machinery and equipment grew markedly as well. **Change in inventories** was influenced (the same as in previous quarters) mainly by growing inventories of materials and work in progress.

**External trade balance** at current prices was stable in the Q2 2015, y-o-y, thanks to improving balance of services. External demand thus still was an important factor of the GDP growth. Both exports and imports grew almost the same: by 7.0% and 7.1%, respectively, y-o-y. Exports grew as usually mainly thanks to transport equipment but also, for example, electrical equipment and rubber and plastics. On the contrary, imports growth was pulled especially by machinery and electrical equipment, sub-deliveries for the automotive industry or fabricated metal products and chemical products.

Growing economic activity was positively reflected also in the labour market. In the Q2 2015, in terms of national accounts, 5 170 thousand persons were employed on average in the Czech Republic, which was a 1.4% growth, y-o-y, and 0.2%, q-o-q.

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Used data sources updated as at: 24 August 2015

Related CZSO 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 September 2015

*(Quarterly Sector Accounts for the second quarter of 2015)*

1. *\*/ Unless otherwise stated, all data presented in this news release are adjusted for price, seasonal, and calendar effects.* [↑](#footnote-ref-1)