27 November 2015

GDP growth in the Q3: +4.5%, y-o-y

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

The gross domestic product in the third quarter was higher by 4.5%, year-on-year (y-o-y); compared to the previous quarter it increased by 0.5% (q-o-q).

The refined estimate confirmed that the Czech economy maintained its high growth rate also in the Q3 2015. Besides stable growth of household consumption and investments, the development was supported markedly also by general government expenditure and foreign demand. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted/[[1]](#footnote-1)\* increased **by 4.5%, y-o-y**;compared to the **Q2 2015**, it increased **by 0.5%** at constant prices.

Long-term positive y-o-y and q-o-q gross value added development suggests that the domestic economy continues to substantially increase. The **gross value added** (GVA)increased by **4.3%**, **y-o-y**, and by **1.2%, q-o-q**, in the Q3 2015. Performance grew as for almost all economic activities of the domestic economy. As usually, manufacturing contributed the most to the GVA growth; it increased by 7.9%, y-o-y, and by 1.0% when compared to the Q2 2015. Unlike in the previous quarters, this time it was also construction, which contributed more markedly to the growth; construction increased by 5.5%, y-o-y, mainly thanks to increased general government expenditure. Also most of the economic activities in services reported high growth rate. Trade, transport, and accommodation increased by 3.3%, y-o-y, information and communication activities by 6.6%, and professional, scientific, technical and administrative activities by 5.2%, y-o-y.

On the **demand side**, the y-o-y GDP growth was supported evenly by all important expenditure components. Final consumption expenditure of households as well as general government expenditure both contributed the same to the y-o-y GDP growth by 0.8 percentage point (p.p.), fixed capital formation contributed with 1.6 p.p., and external trade 1.1 p.p. **\*[[2]](#footnote-2)\*/**

**Final consumption expenditure of households** increased by 3.0%, y-o-y; in the q-o-q comparison it was 0.3% up. Similarly as in the previous quarters, expenditure grew on durable and non-durable goods as well as services. **Final consumption expenditure of general government** increased by 4.4%, y-o-y; in the q-o-q comparison it was by 2.2%. The development was strongly supported by an increase of expenditure on repair and maintenance of the transport infrastructure.

**As for investments**, the trend, which started in the beginning of 2015, continued. Investment activity continued to significantly grow, namely thanks to increased investments of the general government. **Fixed capital formation** was 8.3% up, y-o-y, and 1.3% up, q-o-q. The y-o-y growth of fixed capital was contributed to mainly by investments to buildings and structures, accompanied by investments to machinery and equipment as well as transport equipment, which also continued to grow. **Change in inventories** was markedly influenced (the same as in previous periods) by growing inventories relating to production activity and (as it is usual in the Q3) also by growth of inventories of goods for resale.

**External trade balance** at current prices reached the amount of CZK 69.9 bn, in the Q3 2015. The surplus of trade with goods decreased, y-o-y; however, it was compensated by improvement of the balance of services. External demand thus remained to be an important factor of the economy growth. Exports increased at constant prices by 8.2%, y-o-y, and imports by 9.1%. Exports grew as usually mainly thanks to transport equipment, 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, fabricated metal products, and chemical products.

Positive economic development continued to be reflected **on the labour market**. In the Q3 2015, in terms of national accounts, 5 170 thousand persons were employed on average in the Czech Republic, which was a 1.2% growth, y-o-y. In the quarter-on-quarter comparison, the employment was stable.

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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: 16 February 2016

 *(GDP preliminary estimate for the fourth quarter of 2015)*

1. *\*/ Unless otherwise stated, all data presented in this news release are adjusted for price, seasonal, and calendar effects. There were 2 working days less in the Q3 2015 than in the Q3 2014.*  [↑](#footnote-ref-1)
2. \*\*/ *Contributions to the GDP growth are calculated with exclusion of imports for final use.* [↑](#footnote-ref-2)