3 March 2017

GDP increased by 2.3% in 2016

## GDP resources and uses – the fourth quarter of 2016

According to a refined estimate, the gross domestic product in the fourth quarter of 2016 increased by 0.4%, quarter-on-quarter (q-o-q), and by 1.9%, year-on-year (y-o-y). The GDP growth for the entire year 2016 was 2.3%.

The Czech economy growth in the end of 2016 slightly accelerated. The growth was supported mainly by increasing consumption of households and by external demand. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **in the Q4** **was by 0.4% higher than in the previous quarter** and **compared to the corresponding quarter of 2015 it was 1.9% up.**

**GDP development (%**)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2016** |
| Compared to the previous quarter | 0.4 | 0.9 | 0.2 | **0.4** | **2.3** |
| Compared to the corresponding quarter of 2015 | 3.0 | 2.6 | 1.8 | **1.9** |

**GVA development (%)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | **Q4** | **Year 2016** |
| Compared to the previous quarter | 0.4 | 0.7 | 0.2 | **0.3** | **2.1** |
| Compared to the corresponding quarter of 2015 | 2.7 | 2.5 | 1.6 | **1.6** |

The **gross value added** (GVA)increased in the Q4 **by 0.3%,** **q-o-q, and by 1.6%, y-o-y**.The following were successful: manufacturing (as usually owing to the automotive industry and related industries), manufacture of electrical equipment, and also thanks to revitalization of chemical industry. Performance of manufacturing increased by 0.6%, q-o-q, and by 4.7%, y‑o-y. The GVA in most of the industries of services slightly increased as well. In construction, due to high comparison base, it was 10.7% down, y-o-y, and by 3.9% down, q-o-q.

**On the demand side**, the following were the key factors of the GDP growth in the Q4: increasing household consumption and external demand. The y-o-y GDP growth (+1.9%) was contributed to by the final consumption expenditure of households (1.4 p.p.)[[2]](#footnote-2) and external trade (0.9 p.p.). On the other hand, what influenced the GDP growth negatively was investment activity including inventories (-0.4 p.p.).

**Final consumption expenditure of households** maintained its rather high q-o-q growth rate (0.7%) and increased by 2.9%, y-o-y. **Fixed capital formation** in the Q4 was by 6.1% lower, y‑o-y, and in the q-o-q comparison it dropped by 0.6%. The year-on-year comparison of investment activity was (the same as throughout the entire year 2016) influenced by a high comparison base, which, moreover, included acquisition (lease) of military aircrafts in the Q4 2015.

**Balance of goods and services** reached at current prices the value of CZK 88.9 bn and was by CZK 9.6 bn higher than in the Q4 2015.

**Total employment**[[3]](#footnote-3) increased by 0.7% in the quarter-on-quarter comparison and was by 2.1% higher, y-o-y.

GDP resources and uses in 2016

The **GDP for 2016** was **by 2.3% higher** than in 2015. The same as in the Q4 2016, the main growth factors were: household consumption and external trade. The contribution of household consumption to the GDP growth was 1.1 p.p. and contribution of external demand was 1.2 p.p. However, investment activity did not contribute to growth throughout the entire year.

**Final consumption expenditure of households** increased by 2.9%, y-o-y, especially thanks to growing purchases of durables, e.g. cars. However, what was also growing was expenditure in all other categories. **External trade balance** increased at current prices by CZK 67.4 bn, y‑o‑y, to CZK 347.2 bn, which is the highest annual increment in the history of the Czech Republic. **Gross capital formation** for the entire year 2016 was by 1.3% lower than in 2015.

**GVA in 2016** increased **by 2.1%** compared to the previous year. Economic growth (except for construction) has been reported across the entire Czech economy, while contribution of manufacturing (1.3 p.p.) was over a half of the GVA growth.

**Total employment** increased by 1.8%, y-o-y, to 5 273 thousand persons. In total, there were by 2.6% more hours worked than in 2015.

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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: 16 May 2017

*(GDP preliminary estimate for the first quarter of 2017)*

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 - import for final use excluded unless otherwise stated.* [↑](#footnote-ref-2)
3. *In terms of national accounts.*  [↑](#footnote-ref-3)