3 June 2016

Household expenditure significantly contributed to GDP growth

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

According to a refined estimate, the gross domestic product in the first quarter was higher by 3.0%, year-on-year (y-o-y); compared to the previous quarter (q-o-q) it increased by 0.4%.

The refined estimate confirmed that performance of the Czech economy was increasing in the beginning of 2016 both in the y-o-y and q-o-q comparison. The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **increased by 0.4%, q-o-q**. **In the year-on-year comparison, the GDP increased by 3.0% at constant prices.**

The **gross value added** (GVA) **increased by 0.5%,** **q-o-q, and by 3.0%, y-o-y.** The favourable development of the economy continued in most of the economic activities of the Czech economy, especially in manufacturing. It increased by 6.4%, y-o-y; compared to Q4 2015 it grew by 1.8%. In the year-on-year comparison, the GVA grew also in most of the economic activities in services. For example, in trade, transport, and accommodation it increased by 3.8%, y-o-y, in real estate activities by 3.0%, and in professional, scientific and technical activities by 2.6%. Construction grew by 0.4%, y-o-y; however, compared to the previous quarter, its performance was by 4.1% lower (due to a high comparison base in the end of 2015).

On the **demand side**, the GDP growth was driven evenly by both the domestic and foreign demand. Continuing stable growth of household consumption was (at slowdown of investment activities) a factor that determined the growth of domestic demand. The y-o-y GDP growth (3.0%) was contributed to by final consumption expenditure (by 1.6 p.p.) and external trade (by 1.4 p.p.).[[2]](#footnote-2)

**Final consumption expenditure of households** increased by 3.1%, y-o-y; in the q-o-q comparison it was 0.9% up. Similarly as in the previous year, expenditure grew in all basic categories of household expenditure, especially in durable goods. **Final consumption expenditure of general government** increased by 2.9%, y-o-y; in the q-o-q comparison it was by 0.2%.

Investment activity was to a large extent influenced by a decline of investments in buildings and structures or rather by a high comparison base in 2015. **Fixed capital formation** was 0.6% up, y-o-y, while in the q-o-q comparison it decreased by 5.6%. The y-o-y growth of fixed capital was contributed to mainly by investments to transport equipment and housing.

**External trade balance** at current prices was in the Q1 significantly higher, y-o-y (CZK +89.1 bn) than in the previous year (CZK +74.4 bn). The growth was contributed to by both trade in goods as well as in services. **Exports**, which increased by 6.0%, y-o-y, at constant prices, was driven especially by trade in transport equipment and electrical equipment. Growth of **imports** by 5.6% was pulled markedly by sub-deliveries for the automotive industry and manufacture of electrical equipment. A faster decrease of import prices compared to export prices significantly increased the overall GDP deflator.

The **labour market**, owing to the continuing economic growth, continued to develop in a positive way, too. In the Q1 2016, total employment in terms of national accounts increased by 1.9%, y-o-y, and by 1.5%, q-o-q.

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Time series: <https://www.czso.cz/csu/czso/hdp_ts>

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 August 2016

*(GDP preliminary estimate for the second quarter of 2016)*

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 are calculated with exclusion of imports for final use.* [↑](#footnote-ref-2)