2 June 2017

GDP 1.3% up, quarter-on-quarter

## GDP resources and uses – the first quarter of 2017

The refined estimate confirmed results of the preliminary GDP estimate. The gross domestic product in the first quarter of 2017 was higher by 1.3%, quarter-on-quarter (q‑o‑q), and by 2.9%, year-on-year (y-o-y). The Czech economy growth was contributed to by both external and domestic demand.

The **gross domestic product** (GDP) adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **was by 1.3% higher than in the previous quarter**. The Czech economy was thus growing quarter-on-quarter the fastest for the last two years. **In the year-on-year comparison, the real GDP growth rate was 2.9%.**

The **gross value added** (GVA) **increased by 1.3%,** **q-o-q, and by 2.5%, y-o-y**.Most industries of the Czech economy profited from the strong external and domestic demand. Manufacturing, which was driven mainly by automotive industry and related industries contributed the most significantly to the y-o-y GVA growth (+1.1 p.p.). The renewed production in chemical industry also contributed to the faster growth. The GVA of manufacturing increased by 1.0%, q-o-q, and by 3.9%, y-o-y. Most of economic activities of services were growing, too. Compared to the Q4 2016, the GVA in construction increased by 3.3%, although in the y-o-y comparison it was still a 4.9% decrease.

**On the demand side**, the GDP growth in the Q1 was supported mainly by the external demand and steadily growing household consumption. The y-o-y GDP growth (+2.9%) was contributed to by external trade (+1.7 p.p.)[[2]](#footnote-2) and final consumption expenditure of households (+1.0 p.p.).

**Final consumption expenditure of households** was 0.5% up, q-o-q, and 2.8% up, y-o-y. The same as in the previous year, household expenditure grew especially on durable and semi-durable goods. **Final consumption expenditure of general government** increased by 1.4%, q-o-q, and by 2.4%, y-o-y.

**Investment activity** was 0.6% down, y-o-y, especially due to the drop of investments to other buildings and structures. **Fixed capital formation** was by 3.6% up, q-o-q.

The Czech economy was successful in the Q1 2017 mainly thanks to stronger external demand. **External trade balance** in the Q1 2017 at current prices reached the value of CZK 86.0 bn. **Exports**, which increased in real terms by 5.4%, y-o-y, was driven especially by trade in transport equipment, machinery, and electrical equipment. The growth of **imports** by 3.9% was significantly contributed to by sub-deliveries for the automotive industry, manufacture of electrical equipment, and trade in basic metals.

From the point of view of price development in the Q1 2017, the y-o-y deflator of final consumption expenditure of households reached 2.8% and the deflator of capital formation 1.1%. Faster growth of import prices over export prices was an important factor decreasing the overall GDP deflator, which was 0.9%.

The Czech economy growth continued to be accompanied by the growth of employment. **Employment**[[3]](#footnote-3) was by **0.6% up**, **q-o-q**, and compared to the corresponding quarter of the previous year it **increased by 1.5%**.

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Used data sources updated as at: 24 May 2017

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 August 2017

 *(GDP preliminary estimate for the second 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 - imports for final use are excluded.* [↑](#footnote-ref-2)
3. *In terms of national accounts.*  [↑](#footnote-ref-3)