1 December 2017

Czech economy increased by 5.0%, year-on-year

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

According to the refined estimate, the gross domestic product (GDP) was by 0.5% higher in the Q3 2017 compared to the previous quarter; in the year-on-year (y-o-y) comparison it increased by 5.0%. The favourable development of the Czech economy was contributed to especially by the domestic demand.

The refined estimate confirmed that the Czech economy continued to grow in the Q3. The **gross domestic product** adjusted for price effects and seasonally adjusted[[1]](#footnote-1) **was by 0.5% higher compared to the previous quarter**. **In the year-on-year comparison, the GDP increased in real terms by 5.0%**, the most since the Q3 2015.

The **gross value added** (GVA) **increased by 0.6%,** **q-o-q, and by 5.1%, y-o-y**.Most industries of the Czech economy were successful. The following contributed the most significantly to the y‑o-y GVA growth: manufacturing (2.1 p.p.), which was driven by production of transport equipment and by growth of manufacture of computer, electronic and optical products and electrical equipment. The growth of production in chemical industry also continued. The GVA in manufacturing increased by 1.1%, q-o-q, and by 7.9%, y-o-y. Energy industry was successful, too, as well as most of economic activities of services. In the year-on-year comparison, the GVA increased mainly in financial and insurance activities (9.0%), in professional, scientific and technical activities (6.9%), and in information and communication (5.7%). In construction, the GVA growth decelerated to 1.8%, y-o-y; in the q-o-q comparison, it dropped by 1.8%.

**On the demand side**, the y-o-y growth of GDP in the Q3 was supported equally by all the main components of the GDP. The domestic demand growth was contributed to by increasing household consumption and continuing growth of investment expenditure. The y-o-y GDP growth (5.0%) was contributed to by investment expenditure (1.6 p.p.[[2]](#footnote-2)), household consumption (1.5 p.p.), and external trade (1.5 p.p.). Unlike in the beginning of the year, the GDP growth has been already driven more by the domestic demand.

**Final consumption expenditure** increased by 3.4%, y-o-y, especially owing to **households**, the real consumption of which increased by 4.4% more than a year before and by 0.9% more than in the previous quarter.

**Final consumption expenditure of general government** remained unchanged in the q-o-q comparison; in the y-o-y comparison it was 1.1% up.

The year-on-year **growth of investment activity** was supported in the Q3 mainly by investments in dwellings and machinery equipment. In the q-o-q comparison, the fixed capital formation remained unchanged; in the y-o-y comparison it was by 7.5% higher.

The **balance of external trade in goods and services** at current prices reached in the Q3 2017 the value of CZK 87.2 bn, which was by CZK 1.1 bn less than a year ago. **Exports**, which increased in real terms by 7.2%, y-o-y, was driven as usually by trade in transport equipment, but also, for example, by trade in electronic and optical products, in machinery and electrical equipment. The growth of **imports** by 7.1% was significantly contributed to, for example, by sub-deliveries for the automotive industry and electronic and optical products.

From the point of view of price development in the Q3 2017, the y-o-y deflator of final consumption expenditure of households reached 2.4% and the deflator of gross fixed capital formation 1.0%. The total GDP deflator, which was 1.6%, was decreased by faster decrease of export prices over the import prices.

The Czech economy growth continued to be accompanied by the growth of employment. In the Czech Republic, 5 358 thousand persons were employed[[3]](#footnote-3) in average in the Q3 2017. **Total employment** was **0.8% up**, **q-o-q**; **in the year-on-year comparison it increased by 2.0%**. Development on the labour market thus continued to copy the Czech economy performance growth.

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Used data sources updated as at: 27 November 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 February 2018

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